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Getting Ready For Climate Finance: The case of Rwanda

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List of acronyms

Abbreviation	Explanation
AF	Adaptation Fund
AfDB	African Development Bank
BRD	Rwanda Development Bank
CCFF	Climate Change Fiscal Framework
CDIT	Centre for International Development and Training
CDKN	Climate and Development Knowledge Network
CDM	Climate development mechanism
CER	Climate Expenditure Review
CFR	Climate Finance Readiness
CIF	Climate Investment Funds
CIP	Climate Investment Plan
CPEIR	Climate Public Expenditure and Institutional Review
DG	Directorate General
EDPRS II	Second Economic Development and Poverty Reduction Strategy
ENR	Environment and Natural Resources Sector
EU	European Union
DFID	UK Department for International Development
FAO	Food and Agricultural Organisation (United Nations)
FMT	Fund Management Team (FONERWA)
FONERWA	National Climate and Environment Fund
GCCA	Global Climate Change Alliance
GCF	Green Climate Fund
GDP	Growth Domestic Product
GEF	Global Environmental Facility
GHG	Greenhouses Gases
GIZ	Deutsche Gesellschaft für Internationale Zusammernarbeit (GIZ) GmbH
IIED	International Institute for Environment and Development
INDC	Intended Nationally Determined Contribution (UNFCCC)
JSR	Joint Sector Review
KFW	Kreditanstalt fuer Wiederaufbau (German Developmen Corporation)
LCD	Least Developed Country
MDG	Millennium Development Goals (United Nations)
METEO	Rwanda Meteorology Agency
MIDIMAR	Ministry of Disaster Management and Refugee Affairs
MINAGRI	Ministry of Agriculture
MINALOC	Ministry of Local Government
MINECOFIN	Ministry of Finance
MINEDUC	Ministry of Education
MINICOM	Ministry of Trade and Infrastructure
MININFRA	Ministry of Infrastructure
MINITER	Ministry of Internal Security
MINIRENA	Ministry of the Environment
MINISANTE	Ministry of Health
MINITERE	Ministry of Lands, Environment, Forests, Water and Mines

MSMEs	Micro, Small, & Medium Enterprises micro-, small, and medium Enterprises
M&E	Monitoring & Evaluation
MRV	Monitoring, Reporting & Verification
NAMA	Nationally Appropriate Mitigation Action
NAP	National Adaptation Plan
NAPA	National Adaptation Programmes of Action
NCF	National Climate Fund
NCFISP	National Climate Finance Institutions Support Programme
NDA	Nationally Designated Authority (GCF)
NGO	Non-governmental organisation
NIE	National Implementing Entity (AF)
ODA	Official Development Assistance
OAG	Office of the Auditor General
PEER	Public Environmental Expenditure Review
PERECC	Public Expenditure Review for the Environment and Climate Change
PPCR	Pilot Programme for Climate Resilience (CIFs)
PPD	Project Proposal Document (FONERWA)
RDB	Rwanda Development Board
REDD	Reducing Emissions from Deforestation and Forest Degradation
REMA	Rwanda Environmental Management Authority
RNRA	Rwanda Natural Resources Authority
SDGs	Sustainable Development Goals (United Nations)
SIDS	Small Island Developing State
SREP	Scaling Up Renewable Energy Programme
UNCSD	United Nations Conference on Sustainable Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollars
WB	World Bank
WRI	World Resources Institute

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Abstract

The purpose of this report is to provide a comprehensive assessment of the state of climate finance readiness in the Republic of Rwanda so to identify key opportunities for strengthening the country's performance in accessing and delivering increasingly larger amounts of climate finance from international public and private sources. The report is divided into three parts respectively discussing: 1) a four-pillar framework with indicators for assessing climate finance readiness at the national level 2) an analysis of Rwanda's climate finance strategies, policies, institutions, and recent experience in accessing and delivering climate funds and 3) key findings and recommendations for each modality of the climate finance readiness framework. The report concludes by highlighting a number of lessons that can be drawned from the Rwandan experience in getting ready for climate finance. Based on desktop analysis of formal and informal policy materials, strategies and frameworks in Rwanda and phone interviews with key stakeholders, donors, and diverse recipients of climate funding, this study offers a fine-grained analysis of the state of climate finance readiness in Rwanda as well as a number of key recommendations to donors, policymakers, and other stakeholders on how to improve recipient developing countries' capacities to access and deliver future flows of climate finance.

JEL Classification: O: O2
Keywords: climate finance, climate finance readiness, Rwanda, developing countries, climat adaptation, climate policy, development, green growth.

0 | Introduction

0.1 Purpose of the report

In recent years, there has been a growing realisation that enhancing the effectiveness and the distributive fairness of international climate finance to developing countries will depend not only on the greater availability of a variety of financing resources (e.g. multilateral, bilateral, public, private), but increasingly as well, on the capacities of recipient countries and especially the most vulnerable ones, to absorb, manage, and implement money flows. Unlike developed countries indeed, which in general have the internal capacities to use and generate climate finance, developing countries and especially least developed countries (LCDs), often lack the necessary institutional, policy, and skills systems to access, manage and use climate finance effectively. Yet, early experiences with the mobilisation and channeling of international climate financial flows to developing countries shows that a lack of robust and lasting capacities at national and local levels can not only delay but also seriously compromise the funding and implementation of climate change adaptation and mitigation projects.[1] The setting up of adequate policy and institutional frameworks is also central to improving national ownership over the use of climate funds and can, over the long run, further strengthen the capacity of recipient countries to access a wider and more varied range of financial resources.[2] Hence, whilst some progress has been made in recent years, especially with regard to the establishment in some developing countries of national institutions specifically dedicated to managing climate funds, greater interests and efforts on the part of both developed and developing countries should be devoted to improving recipient countries' ***national climate finance readiness***, i.e. *their capacity to plan for, access, allocate, deliver and make use of climate finance resources, both domestic and international, as well as monitor, track, and report of its use and results*.[3] In so doing, it is important to gain a better understanding of the drivers and limitations of climate finance readiness development especially within the context of those recipient countries that have in recent years demonstrated substantial efforts towards strengthening capacities to access international climate funds.

Hence, the primary objective of this report which is to provide a comprehensive assessment of the state of climate finance readiness in the Republic of Rwanda, with a specific focus on the country's main climate change financing entity or vehicle, namely FONERWA, the French acronym for the *National Fund for the Environment and Climate Change*.

The rationale for selecting Rwanda as a case study was essentially threefold. First, as the second biggest recipient of the Belgium's direct development cooperation budget, Rwanda is a key Belgium's partner country in development cooperation and represents as such a particularly relevant case for the Belgian development cooperation community active in the region.[4] Second, Rwanda, in its efforts

1 These were one of the main conclusions resulting from a Green Climate Fund workshop on readiness which took place in Bridgetown, Barbados from July 11-12, 2013 and organised with the goal of enhancing learning on existing pratices and initiatives and programmes on readiness preparatory support (2013, p. 4).

2 Ibid.

3 This definition of climate finance readiness draws on a vast body of literature on international climate finance and especially on a 2012 UNDP report (see p. 4) written by V. Vandeweerd, Y. Glemarec, and S. Billet (hereafter referred to as UNDP 2012), and from a 2012 report by the Nature Conservancy Climate Change Program (NCCCP 2012: p. 7).

4 See the Belgium Development Cooperation website at:
http://diplomatie.belgium.be/en/policy/development_cooperation/where_we_work/partner_countries/rwanda
"The Republic of Rwanda is for Belgium the second partner country receiving its official development assistance. The evolution of the figures of the Belgian official development assistance for countries confirms this fact: Belgium's public development aid in Rwanda has grown steadily since the resumption of our cooperation after years of blocking due to genocide. It rose from € 15.3 million in 2004 to an average between 46 and 57 million euros per year since 2008. Bilateral cooperation is by far the most important channel for our cooperation. The expenses of the direct bilateral cooperation in Rwanda amounted € 32.1 million in 2008, € 42.6 million in 2010 and € 44.9 million in 2011."

to address climate finance readiness needs and challenges, is regularly portrayed as a pioneer country in Africa.[5] Accordingly, understanding the reasons why Rwanda has in recent years gained such a reputation might shed useful lights on the drivers and challenges of getting ready for climate finance especially in developing countries that, like Rwanda, are increasingly confronted with high climate adaptation priorities. Last but not least, despite some widespread optimism regarding the country's state of climate finance readiness, there is as yet no definitive evidence that Rwanda is "completely" ready and particularly with respect to the management, use, and monitoring of climate finance resources. In this regard, our study, by using a detailed and multi-dimensional conceptual framework, provides a more cautious, yet precise assessment of both the achievements and limitations of Rwanda's recent efforts towards getting ready for climate finance.

Essentially, the case study will address the following research questions:

1. To what extent is Rwanda ready for climate finance? In particular, how does the country fare in terms of all the core components and indicators of the climate finance readiness cycle?
2. What are Rwanda's main climate financial sources and flows?
3. What types of projects/programmes have been funded?
4. What kind of practical activities could further strengthen readiness to manage, disburse and use climate finance effectively in Rwanda?
5. What can we learn from the Rwandan experience for getting ready for climate finance?

The analysis, findings, and lessons offered therein provide the basis to guide policymakers, donors, and other stakeholders on how to strengthen climate finance performance in Rwanda. The analysis can also serve to promote constructive dialogues and discussions among donor and recipient countries on how to promote and design short- and long-term readiness strategies which can be ultimately more responsive to recipient countries' specific circumstances, needs, and priorities.

0.2 Method and scope

The methodology for this research is based on three main steps:
(1) The identification of the literature pertaining to the emerging topic of climate finance readiness. The literature targeted includes: conceptual frameworks on climate finance readiness developed by a variety of development cooperation organisations and research institutes;[6] guidelines and reports on climate finance readiness from international climate funds;[7] and multiple or single in-country assessments of climate finance readiness/performance.[8]
(2) The selection of core components and indicators of climate finance readiness and their integration into a conceptual framework which guides the case study analysis.
3) Desk research on Rwanda's climate change strategies, policies, and climate finance institutions, mechanisms, and activities complemented by individual phone or skype interviews with key experts and stakeholders involved in the governance, support, implementation and/or reception of climate

5 See for instance Chennells 2015.

6 These include frameworks developed by the UNDP (Glemarec et al. 2010; Vandeweerd et al. 2012); by the German Development Cooperation agency GIZ (Nakhooda et al. 2012; GIZ 2013a); the Nature Conservancy Climate Change Program (NCCCP 2012); Evidence on Demand and the International Institute for Environment and Development (Rai et al. 2015) and by OneWorld Sustainable Investments (OneWorld 2014).

7 Especially those provided by the Green Climate Fund Readiness programme (see http://www.greenclimate.fund/ventures/readiness) See also GCF 2013.

8 These include for instance, a GIZ's climate finance readiness study on Namibia, Tanzania, and Zambia (see GIZ 2013b); A policy brief by Chennells (2015) on Rwanda; A Ricardo-AEA study of CFR in India commissioned by Shakti Sustainable Energy Foundation (Steinbach et al. 2014) and an IIED policy brief on climate finance in Bangladesh, Ethiopia, Kenya, Nepal, Rwanda, The Gambia, and Zanzibar (Kaur et al. 2014).

finance in Rwanda. It is important to specify at this point, that most of the research participants have chosen to remain anonymous;[9] and that the interviews complemented and expanded upon the information gained from the desk research analysis, providing at times specific insights on recipients' personal experiences in accessing and using climate change funding in Rwanda.

Similarly to many other in-country assessments, this study evaluates Rwanda's recent experience with the mobilisation, management, and disbursement of international climate finance according to four distinct components of climate finance readiness, i.e. planning, access, delivery, and MRV (monitoring, reporting, and verification). In so doing, special attention is directed toward evaluating the design and activities of Rwanda's main climate finance institution, namely FONERWA, the National Fund for the Environment and Climate Change. Given the lack of available data on some issue areas, some our key findings and recommendations should be regarded as provisional and subject to further research. Overall, this report offers a starting point to more detailed discussions and planning with core policy planners and development partners inside and outside Rwanda.

0.3 Outline of the report

The report is divided in three sections. Following this introduction, the first section describes the core conceptual components and indicators of what it means to be ready for climate finance at the national level. This framework draws on a variety of sources but primary relies on an approach to climate finance readiness initially articulated in a 2012 UNDP report authored by Vandeweerd and colleagues[10] and developed further by a multiple case study analysis conducted by OneWord (2014). As we will see, these two studies work with a definition of climate finance readiness which has four core pillars: i.e. planning, access, delivery, and monitoring, reporting and verification (MRV). The second section, applies this framework to a detailed description of Rwanda's recent efforts to plan for, access, implement, and monitor international climate finance. The third section describes key findings and recommendations for each modality of the climate finance readiness framework. The report concludes by identifying some lessons that can be learnt from the Rwandan experience in pursuing greater climate finance readiness and by discussing potential avenues for further research on the gobal governance of climate finance readiness in particular.

9 The only research participant who has opted for not remaining anonymous is Ms. Kate Cooper, Climate and Environment Adviser at DIFD.

10 Note that this report draws on a initial UNDP discussion paper on climate finance readiness (Glemarec et al. 2010).

1 | Assessing national readiness for climate finance: a framework

1.1 Context

As well known, the scaling-up of funding and investments toward climate actions in developing nations is now crucial to achieving an effective and equitable global response to climate change. Not only are industrialised countries[11] historically responsible for the bulk (75%) of cumulative global greenhouse gases (GHG) emissions, they have more resources than developing countries and especially LCDs, to reduce GHG emissions and to build resilience to climate change.

Fortunately over the past 6-7 years, some progress has been made, at least toward a short-term finance pathway up to 2020. At the 15th and 16th conferences of the parties in 2009 and 2010, developed countries committed to provide 'new and additional'[12] financing to address the needs of developing countries, with balanced allocation between adaptation and mitigation. They agreed to provide USD 30 billion a year for the period 2010-2012 (i.e. Fast Start Finance) and to "jointly mobilise USD 100 billion per year by 2020 to address the needs of developing countries … from a wide variety of sources, public, private bilateral and multilateral, including alternative sources".[13]

Since these commitments were made, the volumes of international climate finance for both mitigation and adaptation have been on a steady rise. According to latest estimates (CPI 2015), in 2014, the total amount of climate finance increased by 18% compared to 2013 levels to reach an estimated USD 391 billion.[14] In that period, public climate finance increased by 8% and accounted for about USD 148 billion, while private finance, mainly in the form of investments in renewable energies, grew by 26%, totalising approximately USD 243 billion, and accounting for around 62% of total climate financial flows. Significant progress has been made as well in regard to developed countries' efforts to achieving their USD 100 billion a year commitments towards developing countries (i.e. mobilised climate finance). According to a recent OECD/CPI report on mobilised climate finance, the total volume of public and private mobilised climate finance increased from USD 52.2 billion in 2013 to USD 61.8 billion in 2014, the equivalent of a yearly average of USD 57.0 billion for 2013-2014, with about 71% of the total originating from the public sector.[15]

Despite these developments however, crucial issues remain. Chief among them is the persisting lack of an internationally agreed definition of climate finance, which makes it difficult still, to properly track and report on financial flows for climate actions.[16] Some concerns have been raised as well regarding the geographical and thematic allocation of international climate funds. The latest CPI

11 Defined as Annex 1 parties to the United Nations Framework Convention on Climate Change (UNFCCC).

12 Despite a lack of consensus as to what "new and additional" means, it is generally understood that new and additional funds should be superior to the previous climate financing levels and they should be additional to existing funding for development purposes.

13 UNFCCC 2011

14 To date, the most comprehensive estimates of total climate finance are provided by the Climate Policy Initiative (CPI) through its annual overviews of the overall landscape of climate finance flows (CPI 2011, 2012, 2013, 2014, 2015); by the UNFCCC Standing Committee on Finance (SCF) in its 2014 Biennial Assessment and Overview of Climate Finance (UNFCCC SCF, 2014); and most recently, by a OECD/CPI joint report released in advance of COP 21 and which specifically focuses on assessing developed countries' progress towards achieving their USD 100 billion a year commitments (hereafter referred to as 'mobilised climate finance').

15 Note however that the authors of the report carefully suggest that a large share of the rise in funds from 2013-14 is mainly due to a substantial increase in outflows from multilateral banks.

16 It is important to note here that, despite positive reactions, the 2015 Paris Agreement does not contain genuinely new actions and targets on climate change financing to developing countries beyond 2025. There remains notably much uncertainty about several key issues, including what should be included in climate finance, what new and additional means, and about the role that new actors and sources can play for the long-term mobilisation of climate finance.

report (2015) for instance seems to confirm a long-standing trend in the spatial distribution of climate finance which is that the majority of total money flows (about 74%) have been actually deployed in the country of origins. Such a pattern is confirmed by the OECD/CPI report on mobilised climate finance, which despite reaching USD 57 billion on average for 2013/2014, actually accounts for a small share of total climate financial flows (14-16%). The OECD/CPI report also highlights the persistent massive neglect of adaptation needs of the most vulnerable and poorest countries (LCDs, small island developing states (SIDs), and African States). According to the report indeed, only 16% of mobilised climate finance has been actually allocated towards climate adaptation. Last but not least, it is vastly agreed that the figure of USD 100 billion per year, pledged by developed countries up 2020, will not be sufficient to meet the actual climate finance needs of developing countries and especially LDCs. While estimates of these needs vary substantially, all tend to exceed by far, the annual provision of USD 100 billion per year, at times calling for trillions and not billions in new additional innovative climate financing. According to a recent study conducted by the International Institute for Environment and Development (IIED), the total cost of financing post-2020 climate actions in all 48 LDCs should at least amount to around USD 93.7 billion per year, a figure which far exceeds the amount of available international public climate finance currently reaching the LCDs (less than a third).[17]

To overcome some of these persisting issues, much effort have been made in the last years to reduce the fragmentation of the international architecture for climate change financing, a process resulting notably in the adoption in 2010, and formal establishment in 2013, of the Green Climate Fund (GCF).[18] At the same time, there has been a growing recognition among both donor and recipient countries, that enhancing the distributive fairness and effectiveness of climate finance, will depend not only the greater availability of a variety of financing resources, but also and perhaps more importantly, on the capacities of recipient developing countries to absorb and implement money flows effectively. If in recent years, some recipient countries have made some progress in establishing specific climate finance institutions and entities, many indeed still face daunting challenges in meeting some of the fiduciary standards and institutional requirements needed for accessing international funds and ensuring their effective and transparent allocation. The increasing emphasis on the need to improve the quality of national and local governance of climate finance echoes as well developing countries' growing interest in increasing their ownership over the management and uses of climate funds and relatedly, their capacities to access international funds directly, rather than through the mediation of international and bilateral institutions.[19]

It is in this context that in recent years, a number of think tanks, development cooperation organisations, NGOs, and international funds, have started to more systematically investigate how to evaluate and improve the uptake, management and implementation of international funds. In close connection with previous work on development aid readiness and REDD+ readiness, this wave of research has led to the development of several frameworks or approaches around the multi-dimensional notion of "climate finance readiness" (CFR). In its most generic definition initially provided by the UNDP in a 2012 report, the concept of CFR can be taken to refer to: "*the capacities of countries to* ***plan, access, deliver, monitor and report*** *on climate finance, both international and domestic,*

17 See IIED 2015.

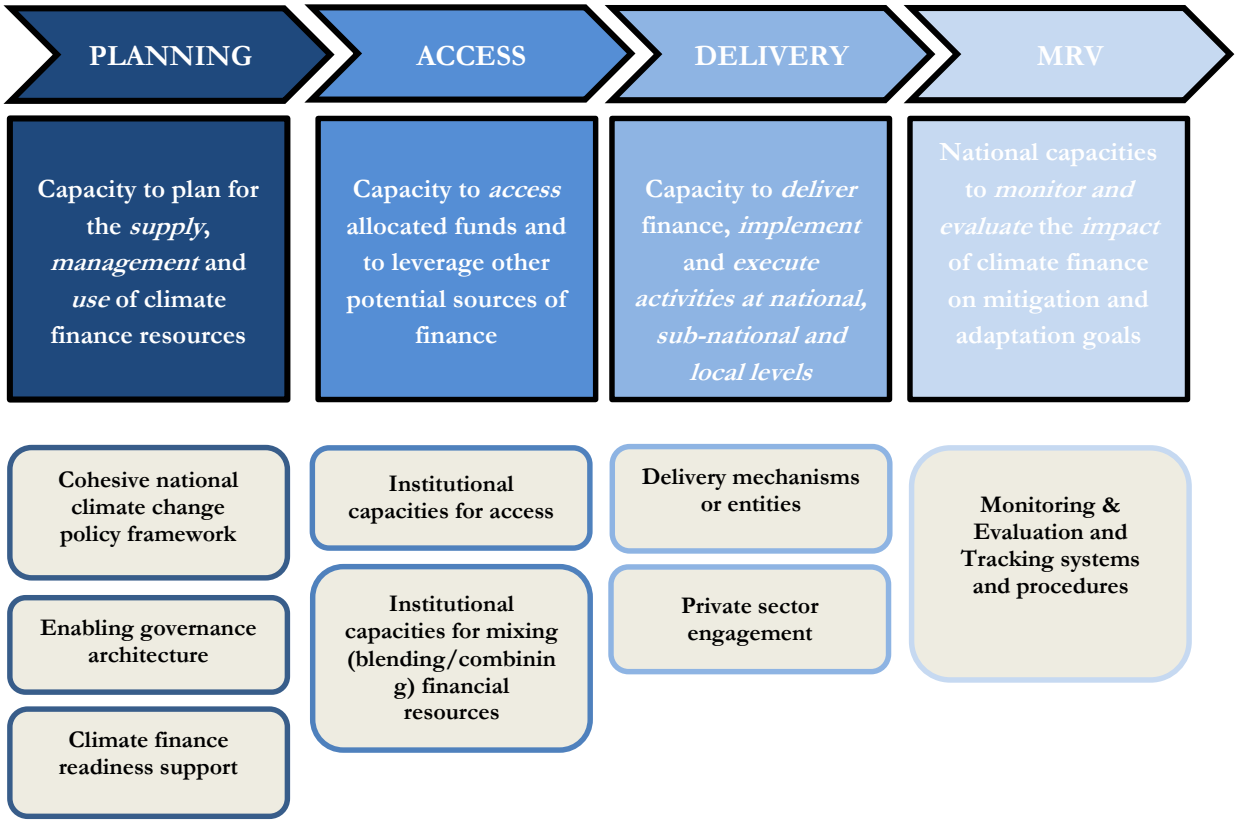
18 At COP 16 in Cancún, the Green Climate Fund (GCF) was formally adopted which, when fully operational and appropriately funded shall become the central channel for climate financing to developing countries. However, there is still much uncertainty about the overarching role of the GCF, whether, for instance, the fund can help to bring about much needed transparency and accountability in the mobilisation, administration, and use of money flows.

19 See especially GCF 2013.

and in ways that are catalytic and fully integrated with national development priorities and the achievement of the MDGs."[20]

As intended by its authors, this definition of CFR offers one of the most comprehensive accounts of what it means to be ready for climate finance at national and local levels and has since its introduction, served as the main conceptual basis for several frameworks. With respect to the concept of "readiness" itself, there is a widespread consensus that the latter should be viewed primarily as an ongoing process towards achieving varied capacities and mechanisms for climate finance.[21] Some studies however, and especially case-study analyses, prefer to employ the term in a more static sense in order to estimate various "states" and "degrees" of readiness in regard to climate finance in specific recipient countries. All in all however, most of the analyses on CFR, tend to proceed in a similar manner, by mapping out, albeit in more or less details, CFR's core components and their various indicators encompassing the variety of activities and/or capacities needed for building enhanced readiness for climate finance. Drawing especially on the four-part framework developed by the UNDP (2012) and further expanded by OneWorld (2014), the following section describes the core components and indicators of a conceptual approach which will serve as the foundation for an assessment of Rwanda's national policy and institutional landscape for climate finance (see table 1.1).

Table 1.1 : Key modalities and components of national climate finance readiness (adapted from UNDP 2012)



20 UNDP 2012, p. 4. This is indeed the most general and common definition of climate finance readiness upon which most analysts draw in order to evaluate or promote readiness at national and local levels. Of course today, the MGDs (Milennium Development Goals) have to be replaced by the SDGs (Sustainable Development Goals).

21 This emphasis on readiness as an ongoing process was first advanced by Nahkooda et al. 2012, p. 3 in one of the preliminary paper on GIZ's approach to CFR. As they explain it indeed: "[t]he question of "where readiness finance" stops and "climate finance" starts is a difficult one to answer. (…) We suggest that one way to distinguish between climate finance readiness needs and broader needs for climate finance is through the "pre-investment" lens: readiness is a process of identifying needs, and developing and effective strategy to meet those needs, rather than necessarily executing all of the activities that flow from that strategy. An index or scorecard based assessment approach may not always be useful. A diagnostic approach to understand readiness is likely to be more productive."

1.2 Climate finance readiness: key components and indicators

1.2.1 Modality#1: Planning

As duly noted by many climate finance experts, policy and financial **planning** is a preliminary yet critical step toward realising adequate levels of climate finance readiness at national and sub-national levels. Careful planning for the supply, management and use of climate finance can generate sound assessments of the expected costs of national climate change actions and programmes and lead to more robust understandings of the country's immediate and more long-term financial needs and priorities to address climate change. In most instances, demonstrated capacities for planning can help strengthen the country's ownership over climate change financing plans and actions and, by reassuring international investors and donors that the funds they provide will be appropriately delivered, monitored, and results generated,[22] planning activities are also linked with greater opportunities to draw from a wider range of financial resources, a capacity which is ultimately crucial to what it means to be ready for climate change financing.

Planning for climate finance however tends to involve a complex and multifaceted process of policy development, management, and deployment. While the scope, content, and processes for financial and policy planning will differ between countries according to their specific needs and circumstances, this modality of the CFR framework generally entails three main components **(see table 1.2 below)**:[23]

1. The development of ***cohesive national climate change policy and fiscal frameworks*** based on robust national/regional assessments of climate vulnerabilities and risks and which integrate climate change considerations into national development priorities and other relevant sectors.
2. The setting up of an **enabling *governance architecture*** which connects across policy sectors and organisational levels (i.e. national, subnational, and local) and which involves sufficient means of coordination and inclusiveness.
3. And the capacity, when needed, to benefit from **enhanced support for climate finance readiness.**

Table 1.2: Core components and indicators of national planning for climate finance

PLANNING	
CORE COMPONENTS	**INDICATORS**
Climate change policy and fiscal planning	• National climate change **policy strategies and plans** • National climate **fiscal strategy**
Enabling governance architecture	• A **whole-government** approach • Sufficient levels of **coordination** and **inclusiveness**
Enhanced preparatory support for readiness	• Access to climate finance **readiness support** • Focus on enhancing **national ownership**

22 Rai et al. 2015, p. xii.

23 This understanding of planning for climate finance is taken influentially, for example in UNDP 2012, p 6; GIZ 2013, p. 3 and OneWorld 2014, p. 38.

1.2.1.1 Climate change policy and financial planning

The establishment of a clear and coherent national policy framework for tackling climate change is evidently a vital prerequisite for building an effective and responsive national governance system for climate finance.[24] Robust and clearly articulated strategies and plans can help identify priority areas for climate change funding and facilitate the elaboration of project proposals that are in line with the country's unique circumstances and needs. At the same time, a coherently designed set of strong strategies promotes greater national ownership over the climate change agenda, for it is clear that in the presence of clearly articulated national climate change strategies, international donors and contributors are less likely to impose their own interests over the national climate financing process. Moreover, the existence of an adequate policy framework tends to send a strong signal to contributors of the country's willingness to address climate change issues and to achieve short- and long-term development objectives that are sufficiently in line with climate change concerns and priorities.[25]

While there is (and should be) no single blueprint for how to develop a cohesive policy framework for climate finance, the latter should at the very least, include the following two indicators: a) the elaboration of ***clear and coherent climate change strategies and plans*** and b) the development of ***a climate fiscal strategy or framework*** which identifies the costs of climate change actions and integrates climate change expenditures in national and/or subnational budgeting plans.[26]

a. Clear and coherent national strategies and plans

As the term implies, a cohesive national policy framework should at the very least, encompass clearly articulated national climate change strategies and programmes of actions which, on the basis of robust and up-to-date assessments of national climate change impacts,[27] identify the country's main climate change risks and vulnerabilities and articulate suitable and well-costed climate action plans and programmes.[28] Those climate change policy strategies should also integrate poverty alleviation and gender equality objectives and prioritize actions and plans that target the country's most vulnerable areas, sectors and population groups.

More importantly, an adequate policy response to climate change should take into consideration the multi-dimensional nature of its impacts on human development. In practice, this requires privileging an integrated approach that ensures policy coherence across policy sectors (i.e. horizontal integration) and among levels of government (i.e. national, subnational, local levels) (i.e. vertical integration).[29] An even more coherently designed national climate change policy framework is one which specifies climate change strategies and plans at the sector level (for example energy, transport, building, agriculture, natural resources, health) and especially focuses on the integration of climate change considerations into national development priorities and plans, via for instance, the adoption of so-called green-growth or climate-resilient and low-carbon development strategies.

Relatedly, the effective formulation and deployment of a coherent policy framework for tackling climate change at national and subnational levels and across policy sectors, should promote the active

24 See especially OneWorld 2014, p. 34.

25 This point is borrowed from Rai et al. 2015, p. 12.

26 For these two indicators, namely integrated climate change policies/plans and a climate-related fiscal framework, we draw especially on the study by OneWorld (2014) which expands on the 2012 UNDP's framework for climate finance readiness (UNDP 2012).

27 Climate vulnerability and Poverty/Gender assessments are important tools in the elaboration of policies and plans. By providing an overview of the country's vulnerable areas to climate change impacts and of how climate change risks might ultimately affect the poorest and most disadvantaged groups in society, such assessments indeed can serve as the basis for elaborating national climate change strategies and action plans that are adequately in line to national risks and responsive to poverty alleviation and gender equality objectives.

28 For more details on this point see especially OneWorld 2014, p. 35.

29 For a framework assessing how to strengthen sustainable development governance at the national and local levels see the ***10th RIO 2012 issue brief*** on Regional, national, and local level governance for sustainable development produced in 2011 by the United National Conference on Sustainable Development (UNCSD 2011). See also Raveslot et al. 2015 for a more specific framework on how to enhance climate change responses at the local level.

participation or consultative engagement of a broad range of stakeholder groups in society (e.g. NGOs, private sector, media, academia). Sufficiently inclusive decision-making processes tend indeed, to better acknowledge the inter-connectedness of long-term sustainable development objectives, thereby facilitating the elaboration and implementation of cross-sectoral and comprehensive climate change adaptation and mitigation policies and plans.

Main challenges to effective climate change policy planning

- Lack of robust climate change related data (e.g. climate change projections, vulnerability assessments, greenhouse gas emission forecasts).
- Insufficiently inclusive approach to environment/climate change policy making.
- Conflicts between ministries or governmental agencies and/or between national and subnational institutions which hinder the development of cross-sectoral and multi-levelled climate change policies and plans.
- Lack of adequate assessments of policy trade-offs between different policy sectors.

b. Financial Planning

Careful climate change policy planning should involve as well considerations about how to adequately finance the management and implementation of proposed national and sub-national actions to address climate change (i.e. fiscal/financial planning). At best, this entails elaborating a climate fiscal plan or framework which details climate-relevant expenditures in the budget of relevant ministries and other public agencies. Sound financial planning is a central prerequisite for the effective mobilisation and disbursement of climate finance resources. The development of a climate fiscal framework or national climate-related budgeting plan can inter alia, better inform policy decisions at all levels of government, make climate-related spending more transparent and accountable, enhance the probability that climate funds will be allocated according to established national priorities and objectives, and, to quote an IIED's brief on the topic, facilitate the incorporation of "climate change interventions into broader portfolios of investments, thereby unlocking other sources of capital".[30]

Technical assistance for promoting such fiscal analysis and planning is however, often needed as the notion of climate fiscal framework is still at an early stage of policy development and this even amongst developed countries. Currently it is clear that many, if not most developing countries still lack a climate-related fiscal strategy, a condition which often makes it difficult for international climate funders to properly assess the "true" costs of managing, coordinating and implementing national and sub-national climate change strategies and plans in recipient countries.[31]

This notwithstanding and as detailed in the literature on national climate finance, efforts to develop a climate-related budgeting/fiscal plan or framework can encompass a variety of methods or tools.[32] Depending on the country's existing financial and technical capacities, these can include the following instrument(s):

- **A climate expenditure review (CER)** is a diagnostic tool that can be used to identify, classify (mitigation vs. adaptation), and weight the country's current expenditures on climate change actions. Ultimately the data collected from such a review can help better document

30 IIED 2014, p. 17.

31 For this point we drew principally from Brown et al. (2013)'s study on strengthening country ownership and accountability in accessing climate finance (p. 14). See also Thornton 2010, p. 49 and 2011, p. 48 for more detailed accounts of the challenges associated with establishing climate fiscal frameworks in Africa and Asia.

32 For a more detailed description of these varied methods or tools see especially Rai et al. 2015, p. 42 and UNDP 2012, p. 8.

current opportunities and constraints for further integrating climate change within national and sub-national budget allocation and expenditures.[33]

- **A climate investment plan (CIP)** aims to build a climate change investment strategy and involves a cost-benefit analysis of proposed climate-related projects, programmes and interventions. A CIP, in other terms, helps estimate the costs/benefits of climate actions and plans and match these needs with potential finance sources and instruments most appropriate in different contexts.[34]

- **A climate resources mobilisation plan** usually follows the elaboration of a climate investment plan.[35] It connects the national climate change strategy with the investment plan and lists the various methods of funding that can be used to support programmed actions and projects. It determines which sources of funding are aligned with national priorities, and potentially blends various sources into one package suited to the purpose and length of the proposed project or programme of actions.[36]

- Finally, **a climate change fiscal framework (CCFF)** takes the climate mobilisation resource plan a step further and seeks to integrate climate-related expenditures into the national budget system, thereby allowing for a better budget allocation and prioritisation of climate change.[37] A climate fiscal framework can help ensure that climate finance will be used effectively but also integrates climate change actions into a broader portfolio of investments. Establishing a climate fiscal framework however can take as number of years and involves several complex and demanding steps including: i) identifying existing expenditures and modalities for delivering climate-related resources (both domestic and international from current Official Development Assistance (ODA) and other forms of external finance); ii) identifying additional expenditure requirements drawing from national climate policies and plans and other relevant policies; (iii) identifying financing gaps and preferred modalities for delivering further sources of public investment (external and domestic) and creating an enabling environment for private financial flows.[38]

Main challenges to elaborating a climate fiscal strategy/plan

- Lack of information/available data on national and subnational budget expenditures.
- Time consuming
- Lack of consistent indicators and markers to identify, classify, and weight climate-related expenditures.
- Politically not feasible in some countries characterised by relatively high levels of corruption and low levels of institutional integrity.

33 Dendura & Le (2015) provide a step-by-step guide on how to conduct national climate expenditures and institutional reviews (CPEIRs). The guidebook also offers a comprehensive overview of the key challenges that countries might face during the CPEIR implementation.

34 See especially OneWorld 2014, p. 35.

35 Ibid.

36 Ibid., p. 36.

37 Rai et al. 2015, p. 43.

38 A more detailed description of CCFF is provided by Rai et al. 2015, p. 17-18. Further information on how to effectively elaborate climate fiscal frameworks can be found at: http://climatefinance-developmenteffectiveness.org/

1.2.1.2 Enabling governance architecture

A second core component of planning for climate finance is the development of an enabling governance architecture for the elaboration, funding, and implementation of national climate change priorities and strategies. As suggested by the OneWorld's framework (2014, p. 38), two types of indicators are particularly important in this regard: a) the promotion of a "whole-government" structure that connects across policy sectors and levels of government, and b) the existence of adequate means of coordination and inclusiveness that provide for an integrated and comprehensive organisational framework.

a. A whole-government approach

Because climate change is a cross cutting issue demanding integration across the work programmes of a variety of government ministries, departments, and sub-agencies, an enabling governance architecture for climate change requires significant involvement of ministries other than the Ministry of the Environment such as the ministries of finance, agriculture, energy, health, and transport. An adequate institutional structure should be as well sufficiently open to the participation of other partners and stakeholders such as development banks, the private sector, civil society and research institutions. Seen in a broader light, an important benefit of such a cross-sectoral and ministerial approach is its awareness building role, for appropriate collaboration between ministries, stakeholders, and sectoral divisions can ensure that all relevant sectors and actors are well aware of their climate risks, needs, and roles and that climate change concerns are as a result, properly integrated into other sectors and institutional levels. In addition and from a more output perspective, adequate levels of inter-ministerial and sectoral cooperation on climate change risks facilitate the development and implementation of trans-sectoral projects and programmes on climate change.

b. Coordination and inclusiveness

One of the major issues confronting the development of a whole-government approach to climate change in which many different government institutions or agencies are involved in pursuing climate-related activities is the lack of coordination between them, potentially resulting in fragmented, duplicated, or conflictive national strategies.[39] Overall then, the process of setting up a whole-government architecture must include not only clearly articulated roles and responsibilities between different institutions and actors, but also effective means of coordination between ministries, agencies, and sub-national institutions.

In practice, this logically requires the establishment of a lead agency on climate change, with possibly, the formal mandate to deal with climate change policies, and of a cross-sector agency such as a climate change committee, which brings together representatives of key ministries and is responsible for climate policy oversight and coordination across lead sectors.[40] In many countries for instance, the Ministry of the Environment or a dedicated climate change agency often serves as the lead agency on climate change policy formulation and implementation but also as the coordinating entity with other key line ministries and departments. In regard to climate finance more specifically, coordination can be undertaken by an inter-ministerial unit which coordinates issues directly related to climate finance. Within the Ministry of Finance, the establishment of a unit specifically dedicated to climate change or the environment can help better mainstream climate change into the national budget system. Finally, the setting up of multi-stakeholder committees or units which bring together representatives from all government agencies, civil society and the private sector can ensure better vertical

39 This point is raised by many, if not most conceptual approaches to climate finance readiness. See for instance Nakhooda et al., 2012, p. 5; Brown et al. 2013, p. 15; OneWorld 2014, p. 38.

40 Brown et al. 2013; UNDP 2012.

coordination as well as the formulation of cross-sectoral strategies more attuned to the needs and priorities of diversely populated communities.

Main challenges to setting up an enabling governance architecture

- Lack of leadership and awareness of climate change issues at the line ministries to engage in climate change actions.
- Lack of allocated resources and capacity within relevant ministries or governmental agencies to take up additional responsibilities related to climate change.
- Weak cross-agency institutional arrangement (lack of communications between different ministries; absence, non-participation of key members due to busy schedules, not adequately informed to provide quality guidance)
- Weak capacities and resources of those stakeholders or groups willing to promote ambitious actions on climate change.[41]

1.2.1.3 Enhanced support for climate finance readiness

As suggested in the introduction, in recent years, there has been an increasing recognition of the need to provide readiness support for climate finance in recipient developing countries. For instance, a number of international climate funds and institutions as well as development partners have established specific programmes for helping decision-makers in developing countries to strengthen their capacities for accessing and delivering climate finance resources. These include, to name only the major ones, the Global Environmental Facility (GEF), the Climate Investment Funds (CIFs), the UNDP, the UN-REDD programme for REDD+ Readiness, the World Bank (WB), the Adaptation Fund (AF), the Climate & Development Knowledge Network, as well as the German Readiness Programme (implemented by GIZ, KfW, UNDP, United Nations Environment Programme (UNEP), the World Resources Institute (WRI), and the National Climate Finance Institutions Support Programme (NCFISP) (implemented by UNEP and the Frankfurt School of Finance & Management). Most recently, the governing body of the Green Climate Fund (GCF) has allowed for the Fund to provide "early readiness funding" to enhance country ownership and direct access to the Fund and consequently, the effectiveness of the Fund itself in channelling financial resources.[42] At least 50 % of the GCF's readiness funding (which is capped at USD 1 million per calendar year) is directed at vulnerable countries, including LCDs, SIDSs and African States and may be channelled either directly via Nationally Designated Authorities (NDAs) or indirectly through a wide host of delivery partners with the required experience and expertise.[43]

As explain in the UNDP report (2012), the emphasis on the importance of providing climate finance readiness funding and assistance reflects the now widespread recognition that planning for and using climate finance remains in some ways a complex and daunting challenge which when not conducted properly, can negatively impact the functioning of international climate funds as well. A crucial part of effective planning for climate finance requires then, the capacities of recipient countries to build solid partnerships with international donors and partners for strengthening capacities and sharing experience on climate finance readiness. This support again, is particularly important for most vulnerable countries where basic institutional and policy arrangements are weakly designed and at times even entirely lacking. While readiness support activities are quite broadly defined and tend to

41 This challenge was initially raised by Nakhooda et al. 2012, p. 3.

42 See especially Paragraph 40 of the GCF governing instrument which states that: "[t]he Fund will provide resources for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs, NAPs, NAPAs and for in-country institutional strengthening, including the strengthening of capacities for country coordination and to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund". Retrieved from http://www.greenclimate.fund/documents/20182/56440/Governing_Instrument.pdf/caa6ce45-cd54-4ab0-9e37-fb637a9c6235?version=1.0 (p. 10).

43 See the GCF website at: http://www.greenclimate.fund/ventures/readiness.

vary substantially depending on the recipient country's priorities and readiness level, there is broad agreement, especially among developing countries that preparatory support should at the very least, promote national ownership over the climate finance process, notably by assisting recipient countries assessing their own needs and developing their own visions, plans, and strategies on climate change and climate compatible development more in general.[44]

1.2.2 Modality#2: accessing climate finance

A second core component of the climate finance readiness framework is **access,** which in broad terms, refers to a recipient country's ability to 'access allocated funds and to leverage other potential sources of finance'.[45] As mentioned in the previous section on planning, the development of robust climate-related policy, financial, and institutional frameworks is a recommended prerequisite for enhanced access to international climate finance, for careful planning can provide assurance to international funders that the funds they provide will be properly managed and, to some degrees, effectively disbursed and monitored. Over the past five years or so however, with the international climate finance architecture growing even more complex and fragmented, it has become increasingly challenging for recipient countries to effectively tap into all the resources potentially available.[46] The result is that today, an in-depth or adequate knowledge of the evolving international landscape for climate finance, of the variety of sources and funds potentially available, their access modalities and delivery mechanisms, is a critical first step toward accessing a sufficient range and variety of financial resources.

These concerns apart, improved access to international climate finance generally demands having in place adequate national financial institutions and/or mechanisms capable notably of 1) directly accessing funds, rather than having to rely on the mediation of multilateral/bilateral intermediaries or institutions; and 2) blending or combining different financial resources in order to benefit from a wider range of financial instruments that would otherwise not be available.[47] Essentially, these two core components of access (direct access and blending/combining) are important not only because they can enhance national ownership over allocated funds, but also because they can increase access to a wider amount and variety of climate finance resources **(see table 1.3 below)**.

Table 1.3 : Core components and indicators of national access for climate finance

ACCESS	
CORE COMPONENTS	**INDICATORS**
Institutional Capacities for Access	• **Accredited National Implementing Agency** (NIE) especially for direct access • **Capacity to formulate projects** that attract and catalyse further public and private funding •
Institutional Capacities for blending/combining finance	• National **financial mechanisms** (e.g. National Climate Fund) • Capacities to **blend/combine resources** to address climate compatible development needs.

44 The emphasis on the importance of promoting national ownership was clearly stated during the 2013 GCF workshop on CFR in Bridgetown, Barbados (GCF 2013, p. 6).

45 This definition is taken from OneWorld 2014, p. 45; see also UNDP 2012: p. 10.

46 This concern has been raised previously in GIZ's approach to climate finance readiness (see GIZ 2013, p. 4).

47 These two core components of the access modality are taken from the UNDP report, UNDP 2012, p. 10.

1.2.2.1 Institutional capacities for access

Effective and efficient access to climate finance – especially from international sources - requires of course, the establishment and in most cases, the designation of national financial entities or mechanisms capable of mobilising sources of funds and directing them towards mitigation and/or adaptation projects aligned with national development priorities. Depending on national circumstances, mobilisation needs and priorities, these climate financial entities can vary greatly from core national ministries, sectoral agencies and financial institutions (such as national development banks) to sub-national agencies and local government agencies **(see Box 1.1 below).**

Presently, an increasingly popular option for the effective management and eventually access to climate finance is to establish a National Climate Fund (NCF) which, when properly designed and efficiently managed, can provide for "a country-driven system that can support climate change goal-setting and strategic programming, oversee climate change project approval, measure project implementation and performance, offer policy assurance and financial control of climate change funds, and assist with partnership management".[48] In sum, a NCF represents a key institutional tool to facilitate the access, management, disbursement, and monitoring of various sources of climate finance. However, the designing and setting up of a national climate fund can be a highly complicated task that can take up to several years. As a result and as rightly suggested by Rai et al. (2015) in their topic guide on national climate finance: "[i]n practice, the focus should be on designing an effective financing channel rather than simply opting for a single intermediary. An appropriate approach could be to use a combination of intermediaries depending on their complementing roles" (p. 39).

48 This is taken from a 2011 UNDP's guidebook on how to design and establish NCFs (UNDP 2011).

Box 1.1: List of examples of national financial intermediaries for climate finance mobilisation

Policy makers may select intermediaries keeping in mind current and future resource mobilisation and allocation needs. A decision tree based on the readiness of financial intermediaries is useful when identifying the most appropriate one. For instance:

- Climate finance channelled through ***core national ministries*** may allow countries to have full ownership of how resources are spent. Climate expenditures are already coordinated by core ministries of finance through the budget and channelled through line ministries such as ministries of agriculture, energy or local government. Using finance ministries to deliver finance has several benefits. These include stronger country ownership of how resources are spent, their ability to use the budget process to mainstream climate finance across a range of institutions and to deploy fiscal policy to create incentives for private investments. However, if fiduciary standards of national systems are weak the results may be variable and it could be difficult to guarantee that available resources are appropriately allocated, spent and tracked. Countries will need support to strengthen their national systems, including improved public financial management. In the short run, countries may use multilateral or international entities to deliver finance on an interim basis.
- ***National development banks (NDBs)*** are important conduits for climate finance as well as other development related expenditures. NDBs have long experience of strategic financial management for development objectives. In some countries, NDBs are already channelling climate related expenditures, such as energy, transport and agriculture – but this can be expanded further.
- ***National climate funds (NCFs)*** *can* access finance directly because of their ability to pool, collect and allocate finance from domestic, international, public and private sources. They are also able to mobilise funds by blending grant and non-grant allocations. While NCFs can be created and subsequently accredited as implementing entities, this is likely to involve a lengthy process. It is important to first ensure that an NCF is the best option for channelling climate finance, and a plan must be put in place to phase out transitional interim trustee arrangements once national capacities are built.
- ***Multilateral entities*** are able to attract finance because of their capacity to combine and blend finance to cover risk and lower incremental costs. They also ensure strong financial management and standards for risks and safeguards. However, their conflicting roles as trustees and implementers, as well as their high administrative charges can make them less attractive at the national level.
- ***Sub-national agencies*** or local government entities and sub-national budgeting processes also provide an important channel for climate finance. Climate change has very local impacts and local governments provide a way to respond to this diversity.

Source: Rai et al. p. 45-46

Direct access

Over the past few years however, there has been a growing recognition among both multilateral donors and recipient countries of the importance of adopting or strengthening national climate finance institutions in ways that ultimately allow for direct access to multilateral sources of climate finance. Under the direct access modality indeed, a recipient country can access, implement, and manage funds without having to rely on the intermediary role of an international, multilateral or bilateral entity (i.e. indirect access) but directly, via a nationally accredited entity (usually a government ministry, agency, department, a national climate fund, or even a non-governmental organisation).[49] This mode of access, which has thus far been tested by the GEF and applied by the AF and more recently by the GCF, has several benefits compared to the indirect mode, including the strengthening

49 This definition draws especially from UNDP 2011, p. 8. See also: Nakhooda et al. 2012, p. 10; Rai et al. 2015, p. 28; OneWorld 2014, p. 3. For a more detailed overview of the concept of direct access to climate finance see a discussion paper by 2011 Bird et al. sponsored by ODI and the UNDP.

of national ownership over climate finance disbursement and management, a better alignment of funding decisions with national priorities, and lower administrative costs.

Despite its wide appeal however, achieving direct access modalities – such as those under the AF and the GCF – remains very costly, time consuming, and not without challenges. Essentially, the application process for direct access requires designating and accrediting a national implementing entity (NIE) with inter alia, adequate financial and programming capacities, high fiduciary standards, transparent multi-stakeholder allocation systems, and established capacities to function as an effective implementing agency.[50] As explained by UNDP (2012, p. 10): "Strong demand for assistance to build these capacities underscores the limited capacity and the importance of readiness activities in this area", and few countries have to this point, shown significant progress in gaining direct access to international climate finance.[51] The difficulties in gaining direct access might explain why in recent years, some recipient countries have started to privilege a more flexible approach to accessing finance, one which allows for choosing from a wide variety of international, bilateral, and multilateral sources and to simultaneously pursue different modes of access.[52]

Institutional capacities for combining/blending resources

In addition to direct access, effective access to climate finance is also associated with the ability to mix different financial resources, using different types of financing instruments, a process which allows recipient countries to leverage a wider range and variety of financial resources and to strengthen their ownership over the management and use of climate funding. Demonstrated capacities for mixing different types of financing instruments and resources facilitate as well the funding of cross-sectoral responses to climate change and can improve the confidence of donors and investors that their funds are being used along with other resources, thereby potentially reducing their financial risks.

As explained in the detail by the 2012 UNDP report (p. 12), mixing climate finances can take two forms: either by ***combining,*** whereby different types of financing instruments (loans, grants) are brought together side by side to support a single project or programme of action; or by ***blending***, whereby one financing instrument (such as a risk guarantee) is used to restructure the terms of another, non-grant resource.[53] In practice, both modalities require specific country-driven financial mechanisms or tools, capable of managing the process of accessing and mixing multiple financial resources. Typically, and especially within development finance, developing countries have relied on national development banks (especially for blending resources) whose established banking capacities and functions make them particularly suitable for this role. The blending/combining of climate funds can also be undertaken by a NCF, but this often demands complex financial capacities, a robust management structure, capacities to allocate funds in a transparent and accountable manner and formal and informal connections with development banks, finance ministries, and private sector organisations.[54] Building capacities for blending resources in particular require creating conditions that facilitate private sector investments, capacities to attract and collect varied forms of financing resources, and an approach to project management and funding that is inclusive of a variety of stakeholders. While some countries have some mechanisms in place, many developing countries are confronted with several capacity constraints, including most notably, a weakly developed and/or organised private sector which explains in part why thus far, most of the climate funding (especially for adaptation purposes) has come from public grants or loans and little from more complex financial instruments involving the widespread participation of private actors.

50 For a list of requirements for direct access see specially Annex 1 of UNDP 2012 report.

51 OneWorld 2014, p. 3.

52 See especially GCF 2013, p. 7 and also, Nakhooda et al. 2012, p. 10.

53 For another description of what is meant by blending and combining climate finance resources see UNDP 2011; and Rai et al. 2015, p. 18-19.

54 See UNDP 2012, p. 16.

1.2.3 Modality#3: climate finance delivery

Once adequately mobilised, funds must then be appropriately channelled to support a variety of climate adaptation and/or mitigation projects and programmes. This is the third pillar of the CFR framework, i.e. the **delivery** modality, which as the term implies, refers to the set of capacities required for the effective disbursement of mobilised funds towards climate adaptation and mitigation activities.[55] It is evident that building robust delivery capacities at the national level is an important factor for the successful implementation of national climate priorities and programmes. Adequate delivery mechanisms are also of the utmost importance for ensuring that disbursed funds are directed towards those areas, sectors, and population groups most vulnerable to climate change impacts and risks.

Many capacities are necessary for the effective national delivery of climate funds and as for the other modalities of the climate finance readiness framework; no single blueprint does and should exist. In general however, adequate delivery of climate money flows depends primarily on two interrelated factors: 1) the establishment of efficiently managed financial vehicles with the capacity for disbursing allocated funds through the identification, selection, implementation, and execution of technically sound and cross-sectoral climate-related projects and programmes; and increasingly 2) the capacity to facilitate private sector investments and support in climate change mitigation and adaptation projects[56] **(see table 1.4 below)**. These two elements of the delivery modality often go hand in hand but the latter, i.e. capacity for private sector engagement, is often more difficult to achieve in vulnerable contexts, where the private sector lacks the necessary incentives to invest in the environment or to extend services to the poor and the most vulnerable.

Table 1.4: Core components and indicators for the effective delivery of climate finance

DELIVERY	
CORE COMPONENTS	**INDICATORS**
Delivery mechanisms/entities	• Financial **mechanisms/entities** (implementation and execution of projects and programmes) • Robust **fiduciary management** & Capacity for **project development** in line with national and sectoral priorities • **Coordination** at national and project levels
Private sector engagement	• **Policy conditions** for enhance private sector participation • **Support/training** to private sector organisations

55 Ibid., p. 16; OneWorld 2014, p. 48.

56 These two indicators for effective delivery are taken mainly from the frameworks developed in the OneWorld 2014 and the UNDP 2012 reports. Note however, that the emphasis on private sector engagement is the hallmark of GIZ's approach for climate finance readiness (see GIZ 2012; Nakhooda et al. 2012; and GIZ 2013).

1.2.3.1 Delivery mechanisms/entities

Effective climate finance delivery at national, subnational and local levels depends, first and foremost, on the establishment of adequate financial mechanisms or entities, generally a NCF, responsible with disbursing funds and the implementation and coordination of climate actions and activities at the project level. The efficiency of these mechanisms requires having robust fiduciary management and established capacities for planning and implementing projects and activities in line with national climate change and development strategies and sectoral priorities. Improved delivery of climate funds is also conditional on the availalability of local expertise and skills, for climate change policy responses are generally implemented at the provincial and community levels. This often requires providing technical assistance and training to potential recipients of funds (especially to small-scale local actors) with respects to project proposal writing and development, as well as with application and reporting procedures. Finally, and as just mentioned in the previous section on access, adequate institutions for delivery are increasingly expected to be able to blend and combine different types of climate resources so as to draw from a wider range of financial sources and instruments.[57]

When setting up adequate delivery mechanisms, establishing multi-levelled coordination systems that operate at both national and local levels is essential.[58] Delivery mechanisms need to be adequately linked with national low-emission and climate-resilient development strategies so to ensure greater policy coherence between planning, access, and implementation of funds. Coordination at the project level is also important in order to facilitate the effective implementation of projects and especially, their responsiveness to local needs and development priorities (i.e. pro-poor, gender sensitive and respect for local rights and traditions and values.) At the project level, coordination can be provided by establishing multi-stakeholder committees or platforms that support the inclusion of local stakeholders and groups in decision making and implementation processes related to climate finance. At the national level, coordination often requires developing formal or informal ties with core ministries and especially with those responsible for the planning of low-carbon and climate-resilient development strategies. Readiness support to strengthen these coordination systems is often needed. In this regard, contributor countries as well as international readiness support initiatives can play an important role in assisting the government of recipient countries in putting in place adequate rules, procedures, or platforms for enhanced coordination and harmonization at all levels of governance and societal organisation.

1.2.3.2 Private sector engagement

As well-known, the private sector represents an important but largely untapped resource for the financing of climate change actions and/or the provision of technical assistance in developing countries. Financial support from the private sector, including from large and small companies and from commercial institutions such as banks and insurers, is especially vital when the financing of climate-related activities cannot be solely provided by public or non-profit donors or entities. An increasingly important feature of effective climate finance delivery then, is to find ways to encourage greater private sector investment and support in climate change projects and programmes and in developing regulatory and policy conditions that can attract private sources of funding. Private sector engagement for instance is one of the core pillars of GIZ's readiness programme for climate finance **(see box 1.2 below)**. GIZ's approach suggests that a critical but often overlooked first step in the promotion of enhanced private sector engagement is for decision makers to explore the specific limitations and opportunities of different types of private sector organisations, and their respective incentives for enhanced participation in the pursuit of climate-resilient and low-carbon development

57 UNDP 2012, p. 16.
58 Ibid., p. 19.

goals.[59] As explained indeed in a discussion paper of the GIZ framework[60]: "[t]he degree of commercial autonomy of certain companies classified under the domestic private sector, for example, may influence appetite for investing in such entities. A privately owned company that is almost entirely dependent on revenues derived from the state may be viewed as representing too high an exposure to policy risk, as might government-sponsored enterprises or privately owned companies, which have filled the space formally occupied by state-owned enterprises." Once a more robust understanding of the variety of needs and limitations of different types of private organisations is achieved, a crucial next step is then for the government in partnership with private sector actors, to develop policy and an regulatory conditions that can facilitate the participation of micro, small, and medium enterprises (MSMEs) and the financial sector.[61] In this process, private sector organisations should also receive targeted training on how to develop profitable projects that are relevant to national climate change adaptation and mitigation objectives.

Box 1.2: GIZ's approach towards greater private sector participation in national climate finance

To mobilise the private sector for low-carbon and climate-resilient development, it is necessary to remove investment barriers and support private businesses and financial institutions in tapping new business opportunities and adjusting their risk management practices. Actors in the financial sector such as central banks, regulatory authorities, banks and insurance companies also need support in order to be more active in this field. GIZ provides support in the following areas:

Assisting governments to **improve the overall investment climate** for private business, including developing and implementing environmental regulation and market-based instruments. GIZ also helps design, implement and monitor interdisciplinary policies on green finance. Green finance policies are overall strategies to strengthen the financial sector to support the transformation into a low-carbon, resource-efficient economy.

Facilitating public-private policy dialogues on climate-relevant issues such as sustainable business models or the role of institutional investors, project developers and policy makers. This helps mobilise private investors both in developed countries as well as emerging economies.

Assisting central banks and supervisory/regulatory authorities in **designing, implementing and monitoring green financial sector regulation,** for instance modified green credit policies or reporting standards. This enables financial institutions and insurance companies to offer improved financial and climate insurance products.

Supporting financial institutions in **developing green financial products** to promote a low carbon development and adaptation to climate change, e.g. micro-credits and loans for small and medium-sized enterprises for renewable energies or energy efficiency measures and climate risk insurance products. In addition, GIZ facilitates dialogue between consumers, product providers and financiers of product innovations.

Enabling partners to develop products and services for private enterprises and business associations in order to implement sustainable value chains. GIZ support includes the promotion of market analyses, technical and economic (pre-) feasibility studies, environmental and social impact assessments, stakeholder consultations and consultation of markets for green business development.

Helping private enterprises and financial institutions in **integrating climate and environment challenges in corporate risk management schemes** and value chains

Source : GIZ 2013, p. 6.

59 See especially GIZ 2013, p. 20; see also OW 2014, p. 50.
60 Nakhooda et al. 2012, p. 7.
61 GIZ 2013, p. 20.

1.2.4 Modality#4: MRV of climate finance flows and uses

Table 1.5 : Core components and indicators of MRV of climate finance flows and uses

MRV	
CORE COMPONENTS	**INDICATORS**
National M&E Framework	• Adequate **data collection processes** • Systemic **reporting** • Regular **evaluation processes and review** • Inclusive **stakeholders** involvement
Cohesive tracking approach	• Implementation of **tracking framework** (e.g. Climate Public Expenditure and Institutional Review).

Finally, climate finance readiness requires capacities to monitor, report, and verify (MRV) the flows and impacts of national climate finance and resultantly, the capacities to strengthen the transparent, accountable and effective delivery of funds. If currently, recipient developing countries are not fully compelled to systematically report on their uses of international climate finance, data provided on how allocated funds are being disbursed and for which aims, is increasingly requested by international donors. In fact, continued and increased access to global funds is increasingly contingent on having in place adequate monitoring and evaluation capacities. MRV is also crucial for achieving direct access modalities to the AF and the GCF.[62] Additionally, the data feedback provided by MRV processes can be used to enhance policy and financial planning "as data on financial flows is collected, planning decisions on needs, sources, and channels can be altered creating a dynamic planning process that is resilient to a changing climate."[63]

However, building robust capacities towards monitoring and tracking climate finance more effectively is far from being an easy task. Even developed partner countries are currently experiencing many challenges in this area.[64] As recently reported by a World Resources Institute (WRI) working paper documenting some of developing countries' key concerns around this issue, a number of persisting political, technical, and capacity constraints make it difficult for recipient countries to develop more effective approaches to monitoring climate finance **(see box 1.3 below)**,[65] chief among them being the continuing lack of clear definitions and criteria of climate finance and relatedly, of consistent indicators, markers, and codes for analysing and classifying financial data across policy sectors and activities. Another set of issues lies with the limitations or lack of reliability of the information provided by non-governmental actors (especially private financial data) and in some cases by development partners themselves, which as just mentioned equally struggle to effectively track and monitor their respective climate finance expenditures and contributions. Last but not least, some developing countries and especially the least developed ones are also confronted with significant capacity/institutional constraints such as weak institutional arrangements, insufficient technical expertise and managerial capacities to identify and record expenditures on climate change, and lack of transparency and accountability of national financial institutions. As concluded by the WRI framework, these numerous constraints tend to point to the importance of readiness support

62 See especially OneWorld 2014, p. 53; UNDP 2012, p. 20; GIZ 2013, p. 19.
63 UNDP 2012, p. 20.
64 See especially Clapp et al. 2012 for a more detailed discussion of some of the challenges developed countries face in tracking climate financial flows.
65 Tirpak et al. 2014.

and cooperation in assisting developing countries in building the required capacities to monitor the flow of climate finance. Developed partner countries as well, need to take necessary steps to improve their monitoring of climate financial information and privilege as much as possible recipient countries' institutions and systems to reduce the duplication of systems and lighten the administrative burden on developing countries.

Box 1.3 : Main challenges to monitoring climate finance in recipient developing countries

- Inconsistent definitions and criteria to define climate finance
- Inconsistent markers, indicators, and codes to characterize financial data (e.g., by sector and activity)
- Insufficient institutional arrangements, including unclear roles and responsibilities of different
- ministries
- Insufficient technical processes and systems to identify and record climate finance expenditures
- Lack of information on climate finance provided by nongovernmental actors
- Lack of capacity to monitor different financial instruments
- Limitations on the availability of private financial data
- Lack of transparency and predictability on the part of development partners contributing climate finance
- Limited use by development partners of developing country national systems and different administrative requirements by each development partner.

Source: Tirpak et al. 2014, p. 2.

Notwithstanding these challenges, it is clear that in recipient countries, effective capacities for monitoring and verifying climate financial flows derive principally from having at the national level a coordinated and unified monitoring and evaluation system (M&E)[66] which establishes clear roles and responsibilities for different actors, effectively monitors financial flows and expenditures (i.e. M&E of climate finance), and measures their impacts on climate change actions plans and activities (i.e. verification of results). With sufficient and adequate institutional capacities in place, recipient countries can more effectively determine the share of public and private expenditures on climate change, their specific purposes (i.e. adaptation vs. mitigation) as well as how effectively they address national climate mitigation and adaptation priorities.[67] In practice however, this requires a highly complex governance architecture that stretches horizontally, across various governmental agencies and ministries, but also vertically, across subnational and local levels. Developing sufficient means of coordination and harmonization in this context can easily become a challenge and much support in this regard is often needed to promote harmonized procedures and rules, as well as robust communication lines, sufficient technical expertise and managerial capacities at all levels of the M&E framework.

An increasingly well-recognised step developing countries can take to enhance their reporting of climate financial flows and results of financed interventions to the UNFCCC and other development partners is to set up **robust and cohesive tracking systems** targeting potentially different types of expenditures on climate change (e.g. public, private, domestic, and international). As specified by the UNDP report (2012) and the OneWorld (2014) case studies, and mentioned earlier in our section on financial planning, an important tool in this process are Climate Public Expenditure and Institutional Reviews (CPEIRs), a diagnostic method which allows to identify climate change expenditures within national budgets and to check whether established M&E systems and procedures are working properly and effectively.

66 See notably OneWorld 2014, p. 53.
67 UNDP 2012, p. 20.

2 | Case study - climate finance in Rwanda

2.1 Climate change in the Rwandan context

Rwanda is a landlocked country with a population of 11.34 million and a GDP of US$7.890 billion.[68] It qualifies as a low income country but expected annual GDP growth is in excess of 7% until 2018.[69] The country is particularly vulnerable to the effects of climate change. High population growth in conjunction with temperature increases higher than the global average have increased pressure on natural resources, land and agriculture in particular. Agriculture is largely dependent on regular and predictable rainy seasons which have been severely disrupted by changes in climate and will be disrupted more in the future. The intensification of crop yields and cultivation have, furthermore, contributed to soil erosion and land degradation. Agricultural outputs constitute 43% of the country's GDP and sustain 90% of the population.[70] These factors have made Rwanda susceptible to extreme weather. Moreover, the country is dependent on oil and energy imports as its power generation capacities do not currently suffice to provide sustainable energy.

Existing climate variability already has considerable economic costs as a result of extreme weather events,[71] however, future climate change will lead to additional economic costs which may be as high as 1% of the GDP by 2030. Additionally, costs of increased malaria burdens stemming from shifting weather patterns could reach US$50m per year by 2050. Economic costs of lower agricultural output are expected as well and medium-term costs to address future climate change are between US$50-300m per year by 2030 and possibly as high as US$600m if accelerated development is included.[72] Due to the heavy reliance on foreign aid to domestic budgets, spending is particularly vulnerable to fluctuations in terms of aid disbursements which increases the burden on internal resource mobilisation to support climate change adaptation. At the moment, foreign aid constitutes 30-40% of the annual national budget.[73] This is compounded by low tax revenues which constituted merely 14.1% of GDP in 2013[74] and exports.[75] For these reasons, Rwanda recently became a member of the V20, the 20 countries most vulnerable to the negative effects of climate change.

In 2015, the Rwandan government commissioned a climate change vulnerability index to estimate vulnerability at national and household levels and to assess how investments in climate resilience have thus far paid off. Additionally, the index can help identify new opportunities and needs for investment.[76] To this end, the index determines baselines at the national and household levels in order to provide a broad evidence base. At the national level, quantitative indicators and baselines have been established and at the household level, data for an index is largely based on qualitative data. The index should ultimately be used as a 'living' document which is based on regularly updated baselines. The next update is in fact scheduled for 2017.

The national index is composed of indicators on meteorological and disaster risk reduction, agriculture, food and nutrition, water, health, terrestrial biodiversity, and energy, infrastructure and transportation. Each indicator is divided into a set of sub-indicators based on three categories,

68 World Bank, http://data.worldbank.org/country/rwanda
69 Ibid,
70 See especially Ngabitsinze et al 2011.
71 Downing & Watkiss 2009.
72 Ibid.
73 World Bank, http://www.worldbank.org/en/country/rwanda/overview
74 REMA and UNDP, Public Expenditure Review for Environment and Climate Change for Rwanda 2008-2012. Available at http://www.unpei.org/sites/default/files/e_library_documents/Rwanda_PEER_2013.pdf.
75 Green Growth Strategy, 2011.
76 REMA, Baseline Climate Change Vulnerability Index for Rwanda, 2015.

namely, exposure, sensitivity and adaptive capacity. Baselines are derived from international sources and national statistical data. The household index is based on a large-scale household survey which has also been subdivided into the three categories just mentioned. The index is also structured along the five Provinces of the country, namely Northern Province, Eastern Province, Southern Province, Western Province and Kigali. In its conclusions, the index suggests that exposure and sensitivity are variably high throughout the country and adaptive capacities are low at different degrees throughout the country. The Eastern Province is the most vulnerable to climate change at the household level based on aggregate statistics, whereas Kigali displays the lowest stats in terms of exposure and sensitivity but lags behind regarding adaptive capacities. Vulnerability at the household level was measured in terms of exposure to heat, shift in rainfall start date, change in rainfall amount (Eastern Province) and change in rainfall amount in the Southern Province.[77] Regarding sensitivity, irrigation of fields is viewed with most concern in all provinces.[78] Adaptive capacity is highest in the areas of changes in practice following an extreme weather event (Western and Northern Provinces) and awareness (Eastern Province).[79]

At the national level, the vulnerability index makes 29 policy recommendations, each divided into thematic subsets including strategic cross-sector action, adaptation planning, climate information services, agriculture, water resources management, health, biodiversity as well as transportation and energy infrastructure **(see Annex 1)**. The adaptation subset recommends the adoption of a National Adaptation Plan (NAP) in line with the UNFCCC and based on multi-stakeholder consultations and community-based adaptation. The index also specifies which ministries and stakeholders should be involved in the realisation of what recommendations. REMA, Rwanda Environmental Management Authority, is quite logically, given a strong role in coordinating and implementing the results of the index.[80]

All in all, the vulnerability index provides a sound, evidence-based analysis of climate change vulnerability in Rwanda at the national and household levels. It points out that vulnerability is high and adaptive capacities are low throughout the country. However, it should be noted that the index concedes that some issues with baseline data were encountered in the process of analysis.[81]

2.2 Planning for Climate Finance

2.2.1 Rwanda's international commitments, actions and INDCs

Rwanda submitted its National Adaptation Programme of Actions (NAPAs) to the UNFCCC in 2006 which identified eastern, central-western and northern regions as most vulnerable due to the frequent occurrence of droughts and floods, soil degradation and the destruction of habitats and infrastructure respectively. The NAPAs propose a number of adaptation options. First, a list of 20 options is presented which is then reduced to 11 options that correspond with the most urgent and immediate needs in line with national development policies. These include promotion of non-rain-fed agriculture, introduction of drought resistant crop species and early warning systems to prevent harm from natural disasters **(see Annex 2).**

77 Ibid, Figure 5.
78 Ibid, Figure 6.
79 Ibid, Figure 7.
80 Ibid, para. 2.6.
81 Ibid, para. 2.7.

Rwanda submitted its Intended Nationally Determined Contributions (INDCs) to the UNFCCC ahead of COP21 in September 2015. The INDCs frame the overall goal of transitioning the country into a climate resilient economy based on energy security from low carbon energy supplies. Other goals include the preservation of ecosystem services, food security, enhanced disaster risk management and social security.[82] Priority areas of action for adaptation in each sector are based on the Green Growth Strategy from 2011 **(see Annex 3).** Sector goals are subdivided into agriculture, forestry, tourism, water, land use and cross cutting issues. Due to its status as a Least Developed country, Rwanda's INDCs put emphasis on urgent adaptation actions. Furthermore, the INDCs call for close cooperation between ministries, sector agencies, research centres and universities.

2.2.2 Policy and fiscal Frameworks

2.2.2.1 Regulatory context

The Republic of Rwanda has a potent and comprehensive climate policy framework to lay the foundation for a transition towards a low carbon economy and attract financial support for adaptation projects. This is grounded on a set of strong policies to tackle climate change related issues which have been sanctioned by the state since around 2009 and been consistent until now.

The Constitution of Rwanda enshrines the right to a healthy environment under Article 49 which stipulates that every citizen and the state have the obligation to protect the environment. Organic Law N° 04/2005 specifies the modalities of this Article. Note that the Constitution is currently under review. Under the new proposal, Article 49 may be divided into two Articles which are, however, similar in content to the said Article. The aforementioned Law N° 04/2005 (Organic Law Determining the Modalities of Protection, Conservation and Promotion of Environment in Rwanda) is the main legal vehicle to safeguard environmental protection, the sustainable use of resources and social welfare and the environment. Under Article 7(1), the Protection Principle is established under which 'extravagant financial expenses as well as degradation' are to be discouraged through protection which also extends to potential harm to the environment which has not yet been scientifically proven. Further, Law N° 70/2013 Governing Biodiversity in Rwanda stipulates modalities on management and conservation of biodiversity implementing a variety of related international obligations.

In 2000, the Rwandan government adopted Vision 2020 which is designed to guide the country's path towards a middle income country by 2020 with strong economic growth, the generation of private investment and the transformation from subsistence agriculture to a knowledge based economy.[83] Vision 2020 is implemented by the Economic Development and Poverty Reduction Strategy (EDPRS). The EDPRS entered its second stage when EDPRS II (2014-2018) was adopted. EDPRS II is divided into thematic areas which include economic transformation, rural development, productivity and youth employment and accountable governance. Under the economic thematic area, it is envisaged to attract large foreign investments in priority sectors and pursue a green growth strategy to economic transformation. The EDPRS II, furthermore, includes 7 cross-cutting issues which are to be mainstreamed into all policy areas and ministries. One of them is the issue of environment and climate change under which action is needed to mainstream environmental sustainability into productive and social sectors and to reduce vulnerability to climate change.[84]

82 Intended Nationally Determined Contributions for the Republic of Rwanda, p. 2-3, available at: http://www4.unfccc.int/submissions/INDC/Published%20Documents/Rwanda/1/INDC_Rwanda_Nov.2015.pdf

83 Note that the target of transforming Rwanda into a middle income country by 2020 is still upheld by the government but seems increasingly unlikely with time progressing. The country is in all sectors still heavily reliant on foreign aid.

84 EDPRS II, para. 35 (b).

In 2013, the Ministry of Natural Resources (MINIRENA) enacted the Five Year Strategic Plan for the Environment and Natural Resources Sector (2014-2018) (ENR Sector) which implements the second phase of the EDPRS. The aim of the Strategic Plan is to manage and utilize resource and the environment sustainably in light with equitable development and poverty reduction goals. It is built on 5 strategic objectives, one of which being climate resilience for support of economic, social and cultural development goals. The climate change objective is to be realised through ecosystem rehabilitation and ensuing job opportunities, technology transfer on irrigation, renewable energy and agroforestry, the implementation of an incentive structure to reward performance in environmental management and, lastly, the operationalisation of the National Fund for Climate and Environment (FONERWA), the country's main climate finance vehicle.

The Environment and Climate Change Sub-Sector Strategic Plan 2013/14 – 2017/18 was adopted in 2013 to further implement EDPRS II and Vision 2020 with a particular focus on climate change related issues. It highlights priorities and resources that need to be mobilised to tackle environmental degradation and climate change. It also seeks to mainstream climate change issues into all policy-making fields and promotes the implementation of mitigation and adaptation mechanisms to boost climate resilience. According to some estimates, the environment and climate change sub-sector needs to mobilise and expend US$ 54,324,593 in order to implement the Strategic Plan. For these purposes, FONERWA is to assume leadership in mobilising and administering climate finance.[85]

In 2011, MINIRENA coordinated the adoption of the project Green Growth and Climate Resilience – National Strategy for Climate Change and Low Carbon Development (hereinafter the Green Growth Strategy). This strategy aims to tackle Rwanda's vulnerability to climate change.[86] In particular, it aims to mainstream climate change and low carbon development into all areas of the economy and policy-making.[87] Special emphasis is put on climate resilience and adaptation which is divided into 4 pillars, namely, irrigation infrastructure, a robust road network, the establishment of a Centre for Climate Knowledge and Development and agroforestry.

At the sub-national level, District Development Plans identify needs in all districts based on stakeholder and grassroots consultations. These include biodiversity and climate change elements. Environment Officers shall be hired by all districts to ensure environmental matters are included in development plans.[88] In addition, environmental committees have been formed at local level in accordance with Law N° 04/2005.

Further streamlining and mainstreaming is facilitated by Joint Sector Reviews (JSR) which have been set up as cross-sectoral dialogues involving members of relevant ministries, civil society organisations, donor organisations and the general public. These are held bi-annually and are chaired by the lead ministry in conjunction with the co-chairing donor agency. They have served as important platforms of consultation, exchange and provided opportunities for comments. However, it should also be noted that in practice, civil society organizations usually enjoy a slightly less privileged position in these forums and that JSRs have most often been used to merely communicate governmental plans and policies.

Overall though it is clear that an enabling policy environment, consistent efforts to mainstream climate change issues, joint sector reviews, decentralisation and meticulous planning from central to

85 Environment and Climate Change Sub-Sector Strategic Plan 2013/14 – 1017/18, 2.1.
86 Green Growth Strategy 2011, i.
87 Ibid, ii.
88 Environment and Climate Change Sub-Sector Strategic Plan 2013/14 – 1017/18, 2.2.

local level together tend to create a coherent and proactive policy environment for tackling climate change in Rwanda.

2.2.2.2 Financial Planning

In regard to financial planning, the second indicator for planning for climate finance, a number of key policies and strategies unveil the existence of some kind of climate investment and resource mobilisation plans.

Chief among them is the Green Growth Strategy which contains a number of options for financing climate change actions. These however, are mainly focused on fast start finance for adaptation and mitigation through international climate funds.[89] Additionally, the strategy puts an emphasis on the importance of leveraging private capital and domestic funds so as to complement international sources of funds, but also to decrease the country's reliance on foreign aid and ultimately on international financing mechanisms. This notwithstanding, the only concrete ideas for increasing private investment pertain to mitigation efforts such as the promotion of renewable energy including feed-in tariffs and power purchase agreements or the improvement of business conditions for start-ups. No plans for private investment in adaptation are presented. The use of the Clean Development Mechanism (CDM) and voluntary carbon markets are put forward as potential supplementary options. A list of all finance options is provided which details all available climate funds for each sector.[90] With respect to domestic sources of funds, the Green Growth Strategy envisages fiscal reforms including taxes on environmentally harmful corporate behaviour as well as subsidies and tax cuts for environmentally sustainable practices. It also lays down plans for Rwanda Development Board (RDB) to adopt a green investment index to attract foreign direct investment by rating and ranking environmental practices of Rwandan corporations. Finally, according to the strategy, it is FONERWA which is to assume leadership in leveraging finance (within of course the meaning of the strategy) and in streamlining climate finance plans.

The ENR Strategic Plan for its part, provides a resource mobilisation evaluation of the EDPRSII climate change-related projects. The plan indeed, estimates that the implementation of these projects will amount to RWF164,341,177,000 whereas funds currently available total RWF67,733,648,000. The remaining RWF96,607,529,000 are intended to be generated from internal public investment resources, on-going project funds, donor sources mobilised into basket fund, non-public sector resources and cross-sector collaboration. Here again, FONERWA is expected to play an integral role in mobilising funds.

A fiscal performance review related to the environment has also been recently conducted. According to the Fiscal Performance Report June-December drafted by MINECOFIN, it is estimated that RWF8,469,439,886 were earmarked for the 2015/2016 financial year for the environment sector. The share of projects, starting with the highest, totals at RWF3,443,957,651 for environmental protection, RWF2,779,999,224 for the protection of biodiversity, RWF1,819,025,500 for research and development related to environmental protection and RWF426,457,511 for pollution abatement.[91] The execution rate of projects for the first two quarters of the fiscal year was at 46%.[92] In addition,

89 Green Growth Strategy 2011, vi.

90 Ibid, Figure 15.

91 MINECOFN, Fiscal Performance Report June-December 2015, http://www.minecofin.gov.rw/fileadmin/user_upload/2015-2016_BUDGET_EXECUTION_BY_SECTORS.pdf.

92 MINECOFIN, Fiscal Performance Report June-December 2015, March 2016, p. 16. http://www.minecofin.gov.rw/fileadmin/user_upload/BUDGET_EXECUTION_REPORT_FOR_THE_JULY-DECEMBER_2015.pdf.

the report lists four main achievements in the environmental protection sector for the second quarter of the 2015/2016 financial year: 1) rational land use through land use plans and mapping, 2) the construction across the country of green villages equipped with rainwater harvesting facilities and biogas digesters, 3) the establishment of the Environment and Climate Change Innovation Centre, and 4) increased access to climate information disseminated through different public channels.

Lastly, a Public Environmental Expenditure Review (PEER) for the years 2006-2008 and a Public Expenditure Review for Environment and Climate Change (PERECC) for the period 2008-2012 were conducted respectively in 2010 and in 2013 by REMA under the auspices of UNDP. These two reviews aimed to account for public expenditures on the environment and climate change in both the public and private sectors with distinctions made between adaptation and mitigation, as well as to draw lessons from environmental efforts under EDPRS I in order to inform spending under EDPRS II. What the PERECC shows in particular is that a wide variety of ministries and districts are currently involved in climate change actions, such as MINIRENA, MININFRA, MINISANTE, MINAGRI, MINITERE and MININTER.[93] For the fiscal years 2008-2012, the budget for the environment and climate change amounted to RWF31,804.19bn whereas the execution rate totalled at RWF28,077.88bn.[94] MINIRENA, defined as the lead ministry, had a budget execution rate of 82% in the 2011-2012 fiscal year.[95] It can be observed that spending on the environment vis-à-vis all other functions steadily increased until 2012-2013, the last fiscal year covered by the PERECC.[96] However, it should also be added that merely 3 districts' environmental and climate change expenditures exceeded the national average which is bumped by Kayonza district in the east which boasts exceptionally high expenditures.[97] Total environmental expenditures in the country amounted to 0.89% of the GDP in 2012.[98] Regarding remaining challenges, it is concluded that there is no sectoral policy on climate change yet.[99] Furthermore, it has been detected that districts largely lack capacity to plan for climate change adaptation and mitigation and mainstream EDPRS II. Despite recent improvements in terms of public financial management, two factors tend to complicate the inclusion of climate change and environmental expenditures in a single repository. First is the fact that 57% of aid contributions to the sector remain outside country systems as they are not delivered through sector budget support or general budget support and, the second is that donor-funded projects are not included in fiscal reporting.[100] The country is also given low grades for engagement of a broad range of stakeholders in budget oversight.[101] It should also be noted that total revenue as percentage of GDP under EDPRS II is projected to fall while grants from foreign donors are likely to fall and internal revenue is set to rise at a negligent rate.[102] Apart from the urban centre in Kigali, all districts' performance in terms of revenue collection remains poor.[103] Moreover, it may be noted that the proportion of budget given to MINIRENA under EDPRS I was lower than in the three years before.[104] Based on the analysis of budget execution and ministerial responsibilities, five recommendations are made. These include support from MINIRENA and MINECOFIN to districts on resource mobilisation for climate change efforts, building of capacities in FONERWA and

93 Respectively: Ministry of the Environment, Ministry of Infrastructure, Ministry of Health, Ministry of Agriculture, Ministry of lands, Forests, Waters and Mines, and Ministry of Internal Security.
94 PERECC 2008-2012, Table 4.1.
95 Ibid, Table 4.2.
96 Ibid, Table 4.4.
97 Ibid, Figure 4.5.
98 Ibid, Table 4.5.
99 Ibid, para. 67.
100 Ibid, para. 91.
101 Ibid, Table 3.6.
102 Ibid, Figure 3.4.
103 Ibid, Figure 3.7.
104 Ibid, Table 4.7.

MINECOFIN to directly access climate finance and the alignment of all sector strategies with EDPRS II.

2.2.3 National Institutional architecture for climate finance

2.2.3.1 Key stakeholders in climate Finance

The Ministry of Natural Resources (MINIRENA) is the competent ministry to deal with issues regarding the environment and natural resources and it currently serves as the National Implementing Entity (NIE) of the Adaptation Fund. Within MINIRENA, the Rwanda Environment Management Authority (REMA) is charged with tackling climate change under its Climate Change and International Obligations Unit which currently (2014/15) employs 5 full time staff[105] with one officer currently working full time on climate change adaptation. REMA is also the Nationally Designated Authority (NDA) under the Green Climate Fund. Over the last few years, REMA which enjoys financial autonomy,[106] has assumed a particularly strong leadership in climate change related issues, a factor contributing to a clear ownership of climate policies and initiatives. This being said however, it should be recalled that most foreign aid contracts supporting climate change and environmental efforts tend to be made between donor countries and the Ministry of Finance (MINECOFIN) rather than MINIRENA.

Rwanda has a national climate fund, FONERWA which serves as the main vehicle for climate finance in the country. It was developed in close collaboration between MINIRENA, REMA and MINECOFIN with the purpose of managing and disbursing climate finance to approved projects across the country.

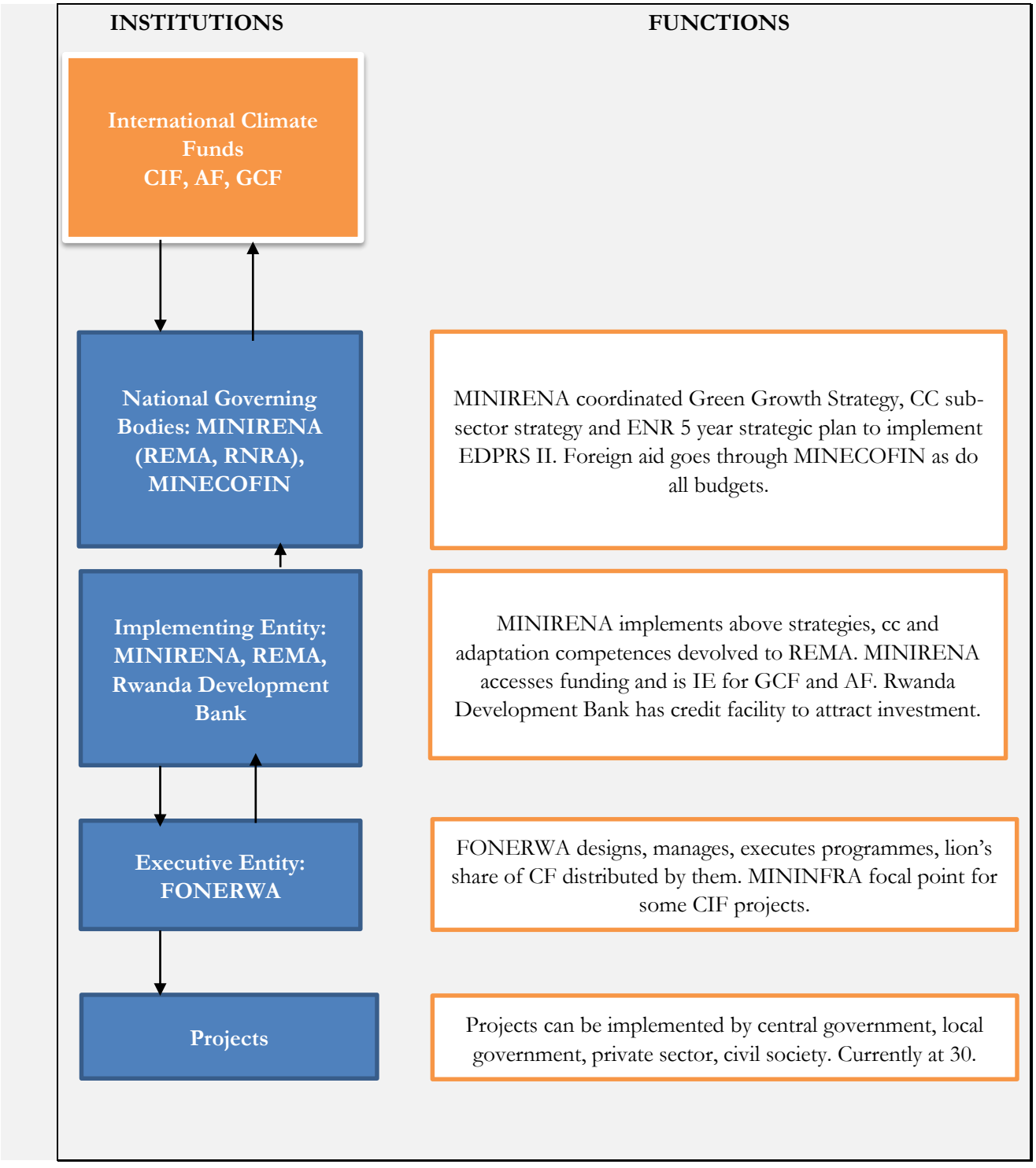
2.2.3.2 Coordination between Various Stakeholders

In terms of climate policy-making, MINIRENA and its sector agency REMA coordinate most efforts with close support from other key ministries such as MINECOFIN **(see figure 2.1 below).**

There has been substantial coordination between FONERWA, MINECOFIN, REMA and Rwanda Development Bank (BRD) which is in line with the climate change mainstreaming aims of EDPRS II and the Green Growth Strategy. This is also done in a bid to enhance streamlining of projects and increase capacities.[107] MINECOFIN also supports FONERWA's technical committee in order to streamline funding activities and to ensure funding is in line with the National Development Plan.[108]Additionally, FONERWA has lent support to MINIRENA in accessing funds from the Adaptation Fund.

105 REMA, http://www.rema.gov.rw/index.php?id=19 (accessed October 30, 2015).
106 Law N° 04/2005, art. 65 (1).
107 Ibid.
108 IIED (2014) (accessed November 10, 2015).

Figure 2.1 : Rwanda's National Architecture for Climate Finance



2.2.4 Access to climate finance readiness support

In recent years, Rwanda's main climate finance institutions have received extensive capacity-building assistance and funds from international partners and organisations **(see table 2.1 below).**

In particular, substantial climate finance readiness support has been provided by the UK development agency (DFID). DIFD provided £2.2m in technical assistance to increase the operational efficiency of FONERWA's fund management team (FMT), covering the period from 2012 to September 2015 (FMT component). The FMT component has been reasonably successful but was extended for an extra year in September 2014 to facilitate transitional arrangements to full Government management. This has now been achieved with continuity being ensured by retaining staff. Improvements have also been made in regard to the calls for projects proposals. The final evaluation of FMT support is expected to be published in three months or so.

The FMT component scored B in 2012/13, A in 2013/14 and A in 2014/15 whereas the risk score was consistently deemed medium. Several achievements have been made in terms of strengthening M&E and reviewing the logframe, transition to full government ownership, reviewing of applications and the application process. In 2014/15, further progress has been made by the FMT in resource mobilisation, quality of PPDs. Moreover, systems and processes have been strengthened, an M&E plan has been developed (operational since May 2015), capacity building trainings were given to private sector and districts, and staff performance management has been enhanced. Annual reviews of DFID support to FONERWA are available online and the most recent one tracks developments over the financial year 2014/2015.[109]

From February until June 2012, the Climate and Development Knowledge Network (CDKN) provided £325,000 to FONERWA for the purpose of facilitating the implementation of the Green Growth Strategy as well as enhancing the design and operationalisation of FONERWA. Special support is still delivered to FONERWA's fund management team and an external CDKN expert is currently working in FONERWA. From 2013 to 2015, CDKN supported FONERWA by building capacity in the private sector, civil society and government agencies in various districts. This programme was executed by the Centre for International Development and Training (CIDT), a not-for-profit organisation within the University of Wolverhampton.[110]

Capacities outside FONERWA are currently being built courtesy of a grant by the GCF. On 7 September 2015, Rwanda received a grant of $300,000 from the GCF under its Readiness and Preparatory Support Programme to support the implementation of the Green Growth Strategy. The funding is managed by FONERWA over a period of 12 months mainly to strengthen the capacity of REMA, define roles and responsibilities and assess priority areas which may need further GCF finance. Upon completion, it is hoped that the results of this process may facilitate further funding from and potentially direct access to GCF.

109 Key documents related to DFID's support to FONERWA are available online at: https://devtracker.dfid.gov.uk/projects/GB-1-203431/documents.

110 For more information see the CDIT's website at: http://cidt.org.uk/portfolio/fonerwa/

Table 2.1: Climate finance readiness support to Rwanda according to organisations

Organisation	Purpose	Amount	Timeframe
DFID	Capacity building in FONERWA's fund management team	£2.2m	2012-2015
CDKN	Implementation of Green Growth Strategy and capacity-building in the private sector (CSOs) and districts, resource mobilization	£325,000 + ?	2012 and 2013-2015
GCF	Implementation of Green Growth Strategy, strengthen role of implementing agency	$300,000	2015-2016

2.3 Accessing climate finance

2.3.1. National institutions/mechanisms for access

There are a variety of institutions in Rwanda that may access and have accessed climate finance for different purposes.

Chief among them is MINIRENA which works as the National Implementing Entity for the Adaptation Fund and REMA which has been accredited as the Nationally Designated Authority by the Green Climate Fund. Other ministries and sector agencies seem to be able to access other types of climate funds. For instance, Rwanda Natural Resources Authority (RNRA) has received support from the European Union in addressing linkages between land administration and climate change and the Ministry of Infrastructure (MININFRA) has successfully mobilised funding from the Climate Investment Funds (CIFs).

At present however, it is FONERWA, Rwanda's National Fund for the Environment and Climate Change, which works as the country's main climate finance vehicle. Note that the fund is not yet accredited to directly access funds from the AF or the GCF, but is in the process of seeking accreditation from GCF.

FONERWA was first created in 2005 by Organic Law 04/2005 to play a supporting role for REMA. It was a few years later, in 2012, that the fund, through the Law No16/2012 was charged under the supervision of MINIRENA, with mobilising and managing financial resources to be used for addressing climate change and its impacts[111] and to support public organs, associations and individuals variously involved in tackling climate change.[112] FONERWA's budget is to be sourced from a variety of public and private sources, among them state allocated budget, grants and subsidies,

111 Law No 16/2012, Article 2 (2).
112 Ibid, Article 2 (3).

donations and bequests, fines emanating from a variety of environmental penalties, timber fees and other fees determined by law.[113] Non-domestic sources include funds from bilateral and multilateral organisations as well as the private sector which may buy in through project co-financing, the purchase of equity or grants. FONERWA is incorporated into MINIRENA but has its own administration which includes a Managing Committee (FMC) **(see table 2.2. below)** which is in charge of monitoring the activities of the fund, determining its top level direction and funding ceilings as well as taking final funding decisions and the screening of projects in quarterly meetings, a technical committee and a Secretariat/fund management team (FMT) to oversee day-to-day business and fund mobilisation. The FMC cooperates with the central government through ministries' permanent secretaries, district authorities through the Ministry of Local Government (MINALOC), civil society organisations, the private sector and development agencies.[114] It is chaired by the permanent secretary of MINIRENA and co-chaired by a development agency on a rotational basis. Other collaborating ministries include the Ministry of Finance (MINECOFIN), the Ministry of Agriculture (MINAGRI), the Ministry of Infrastructure (MININFRA), MINALOC and the Ministry of Education (MINEDUC). Additionally, it accommodates the CEO of the Private Sector Federation, the CEO of Rwanda Development Bank and the chairperson of Rwanda Civil Society Platform.[115]

Table 2.2: FONERWA's Managing Committee (FMC) (adapted from FONERWA Operational Manual)

FONERWA Managing Committee (FMC)		
Permanent secretaries: Chair: MINIRENA (also acts as Chief Budget Manager) MINECOFIN MINAGRI MIDIMAR MININFRA MINICOM MINALOC MINISANTE MINEDUC	Co-chair: heads of all contributing development partners on rotational basis	Private sector/CSOs: CEO of Private Sector Federation CEO Rwanda Development Bank Chairperson of Rwanda Civil Society Platform

The technical committee's role is to advise the managing committee to avoid duplication of projects with projects of ministries, the private sector or development agencies and to ensure all projects are in line with national priorities and FONERWA's objectives through strategic screening and quarterly reviews. It also recommends and determines resource ceilings and allocates resources based on windows.[116] It is chaired by REMA and co-chaired by a development agency on a rotational basis. Members include a number of DGs, the deputy CEO or Rwanda Development Bank and one representative of all contributing development agencies **(see table 2.3).**

113 Ibid, Article 7.
114 FONERWA Operational Manual, 2012.
115 Ibid.
116 Ibid.

Table 2.3: FONERWA's Technical Committee (adapted from FONERWA Operational Manual)

FONERWA Technical Committee (FTC)		
Chair: Chair DG REMA Co-chair (on a rotation basis, e.g. DFID)	Membership: DG National Budget Directorate (MINECOFIN) DG Planning and Research Directorate (MINECOFIN) DG Planning: MINIRENA, MINAGRI, MININFRA, MINICOM, MINALOC, MIDIMAR, MINISANTE, MINEDUC, DG RNRA Deputy CEO of Rwanda Development Bank One representative of each development partner	Secretary: FMT

Additionally, the Fund Management Team deals with day to day business of the fund, mobilises funds, provides technical support to applicants, builds capacity of stakeholders and prepares financial reports **(see Box 2.1).**

Box 2.1: Functions of the FMT (adapted from FONERWA Operational Manual)

Outputs of the FMT

1. Manage the Fund;
2. Mobilise and manage public and private financial resources, as per the FONERWA Law;
3. Provide technical support and advice to public and private actors seeking to access the Fund;
4. Build capacity of Ministry of Environment and Natural Resources (MINIRENA), Rwanda Environment and Management Authority (REMA), Rwanda Development Bank (BRD) and other relevant stakeholders on a continuous basis to manage the fund in the medium to long term;
5. Provide secretarial services to the Fund's Technical and Managing Committees;
6. Provide financial management and procurement oversight, including facilitating annual external audits by Office of the Auditor general (OAg);
7. Monitor and review the implementation of funded projects in coordination with relevant government agencies; 8. Manage the knowledge generated by funded projects; 9. Ensure timely implementation of the work plan.

FONERWA's actions are guided by its 2012 Operational Manual. The manual indeed governs the fund's direction through detailed guidelines on project screening procedures, monitoring and evaluation procedures, procurement and financial management procedures, terms of reference on governance structure, operational costs, planning of capacity building and value-for-money strategies. This detailed manual has been praised by donors and international organisations as an important step in making the fund both sustainable and accountable.[117]

Since the fund's overhaul in 2012, the political discourse in Rwanda has been very supportive of FONERWA and its policies are largely in line with FONERWA's aims as the fight against climate change has become a priority area for the government of Rwanda. As suggested, FONERWA is

117 This point in indebted to Rai et al, 2015, p. xi.

currently the main engine through which climate finance in Rwanda is attracted, managed, and channelled. It is expected that the fund will make a contribution amounting to 20-30% of the gap in funding for tackling climate change.[118] Between 2013 and 2015, US$50m were mobilised of which 10% are dedicated to covering managing costs while the remaining is directed to financing a variety of climate change projects and activities.[119]

Funds may be disbursed to public or private initiatives and institutions such as ministries, civil society organisations, communities or the private sector and calls for proposals are lodged every six months. Note that foreign applicants have to have a Rwandan partner for implementation according to a 2013 *PPD Guidance Note*. Applicants have a window of one month for each disbursement period in which they may submit project documents (i.e. Project Proposal Documents, or PPDs). It may be argued that high transaction costs and open calls for proposals put small projects at a disadvantage as they may not be able to stump up funding and not provide the sort of integrated and large-scale approach FONERWA demands. A more focused call for proposals may help better integrate small-scale projects.

FONERWA offers a variety of modes of financing to applicants. These are divided into short-term, medium-term and long-term options with short-term options involving in kind support and grants, medium term options, low interest loans and guarantees and long term options, investment and other 'innovative' instruments.[120] It is noteworthy that NGOs and civil society organisations are only eligible to apply for short-term options, government bodies may get involved in short and medium term modes of financing whereas business enterprises are eligible to apply for all but one instrument.[121] 20% of funds are reserved for private sector projects and 10% for initiatives led by Districts.[122]

Project proposals may be submitted within the scope of one of the four Thematic Financing Windows. These are Conservation and Sustainable Natural Resource Management, Research and Development, Technology Transfer and Implementation, Environment and Climate Change Mainstreaming as well as Environmental Impact Assessment Monitoring and Enforcement.

As mentioned earlier, FONERWA does not as yet, have direct access to the GCF but efforts by MINIRENA to access climate finance are usually substantially supported by FONERWA. Moreover, foreign aid is usually disbursed to MINECOFIN which in turn relay funds to FONERWA. Funding is, therefore, at the moment principally channelled through MINIRENA, REMA and MINECOFIN. This notwithstanding, FONERWA has over the last few years, developed into Africa's largest demand-based climate fund[123] and it is planning for enhanced direct access to the GCF by 2016. According to a brochure published 24 months after commencing operations, government capitalisation commitments of US$100m are envisaged.

118 FONERWA, http://cdkn.org/wp-content/uploads/2012/03/1106_cidt_engagement_webready.pdf (accessed November 2, 2015).
119 Green Climate Fund Readiness Inception Document, 2015, https://www.greenclimate.fund/documents/20182/140177/20151231_-_Rwanda_Inception_Report.pdf/ca3a7d5f-e134-479b-8ced-26a1bd800fcb.
120 Ibid.
121 Ibid.
122 Ibid.
123 Chennells 2015.

2.3.2. Climate financial flows in Rwanda

2.3.2.1. Access to climate finance

To date, Rwanda's climate change authorities have benefitted from a considerable amount of international and domestic climate finance from different actors such as development agencies, international organisations and the national government.

£26m in seed capitalization were given to FONERWA by DFID, a support which is expected to conclude in March 2017. According to DFID, the programme is overall deemed successful. Results have been published online annually with the most recent annual review covering the financial year 2014/2015.

FONERWA is also receiving funds from KfW, the German development bank, at a total value of €7m, which support projects at district level targeting climate change adaptation. This grant agreement was signed in 2014.

UNDP is currently providing US$5m to FONERWA (composed of US$3m from UNDP directly and US$2m from One UN). The start date was 1 January 2014 and the end date will be 30 June 2018. Implementing partners are MINIRENA and RNRA.

Apart from international donors and cooperators, the government of Rwanda committed US$3.7m to FONERWA funding by 2015.

In 2014, FONERWA and BRD signed a loan agreement over RWF4bn. This money will be used to fund the Bank's capacity to identify climate interventions specifically of private sector initiatives (on lending capacity of private sector investments). FONERWA's RWF4bn were topped up by BRD with RWF1.7bn constituting in total RWF5.7bn revolving line of credit. Projects will be jointly identified by FONERWA and BRD.[124]

Moreover, 16 projects have been approved by the Global Environment Facility of which 3 are currently under implementation and 3 have been completed. This includes a project approved in 2014 and named Increasing the Capacity of Vulnerable Rwandan Communities to Adapt to Adverse Effects of Climate Change: Livelihood Diversification and Investment in Rural Infrastructures which was awarded a US$8,824,749 grant from the GEF and US$45,386,000 in total co-financing. This project is managed by the African Development Bank (AfDB).

The Adaptation Fund is another prominent international partner that has provided funding to adaptation projects in the country. Of US$9,969,616 pledged by the Adaptation Fund to Rwanda, US$3,249,920 have been transferred as of March 2016 for a programme named Reducing Vulnerability to Climate Change in North West Rwanda through Community Based Adaptation. This programme aims at strengthening resilience of ecosystems and communities to foil the negative impacts of climate change especially in terms of natural disasters. Rwanda's application was approved in January 2013 and the project commenced in April 2014 with MINIRENA as the implementing entity and RNRA as the executing entity.

On November 16, 2015, Rwanda secured a $50m grant from the Climate Investment Funds (CIFs) under the Scaling Up Renewable Energy Programme (SREP). This will be used to enable the private sector to develop off grid electricity with renewable energy. SREP will be used to reinforce forestry

124 https://www.brd.rw/?FONERWA-extends-Rwf-4-billion-line (accessed 12 May 2016).

policies and the Pilot Programme for Climate Resilience (PPCR) funded as well by the CFIs, will be used to protect water resources and scale up hydropower generation.

Finally, the Global Climate Change Alliance (GCCA), a fund administered by the European Union (EU), committed €4.555m to be managed by the European Commission and disbursed to RNRA. This programme ran from 2010 until 2012 and aimed at reducing rural vulnerabilities through supporting the establishment of a new tenure system that incentivizes sustainable agricultural practices. This programme was renewed in 2015 at a volume of €4m.

2.3.2.2. Private Finance

FONERWA not only has a private sector strategy in place but also organised two private sector stakeholders engagement workshops (6-10 November, year unknown) in order to identify relevant barriers and opportunities for greater private sector engagement. These meetings focused mainly on the three sectors that currently attract most of private sector project proposals: i.e. on- and off-grid electricity sectors and green buildings. Despite these efforts, however, it seems that it is yet not commercially viable for FONERWA to support the development of greater private sector participation.[125] This role is actually, currently played by Rwanda Development Bank (RDB) which operates a credit facility aimed at incentivising private investments into low-carbon, climate resilient industries focusing on climate mitigation.[126]

2.4. Delivering climate finance

There seems to be no exhaustive list of all projects funded by FONERWA. Instead, the website provides an overview of a selection of 28 projects whereas 30 projects have been funded at this point. 8 are implemented by the national government, 9 by district governments, 4 by NGOs and 7 by the private sector. 21 of them are currently under implementation, 7 have been approved for implementation. Project documents of 19 submissions can be accessed online. A summary is available for one project and no details are provided for 8 projects. 3 projects were financed by credit line, 25 with a grant **(see table 2.4).**

Table 2.4: List of FONERWA funded projects (adapted from: http://www.fonerwa.org/projects/)

Name of Project	Implementing Entity
Rooftop Rainwater Harvesting in high density areas of Nyarugenge, Gasabo, Kicukiro, Musanze, Nyabihu and Rubavu Districts	RNRA
Akanyaru watershed protection project	Giasagara District
Vulnerable ecosystem recovery programme towards climate change resilience	REMA
National e-waste management strategy for Rwanda to support the establishment of sustainable recycling industries	Rwanda Resource Efficient and Cleaner Production Centre/ Ministry of Trade and Industry
Sustainable Management and Environmental Rehabilitation for Poverty Reduction	Send a Cow Rwanda

125 http://www.iied.org/three-ways-developing-nations-can-close-climate-finance-gaps (accessed 12 May 2016).

126 This was mentioned especially in IIED, 2014 but we haven't been able to find greater information on the role of the RDB in promoting greater private sector investments in climate change activities and projects.

Integrated land, water resources and clean energy management toward poverty reduction project in Musanze District	Musanze District
Gaseke Minis-Hydro Power Plant	Novel Energy Limited
Supporting the Integration of Greening District Development Plans	MINALOC
Technical & Structural Studies For Incorporating Resource efficient and Environmentally friendly Features into Family Homes at CACTUS GREEN PARK (CGP), Gasabo District, Kigali City	Horizon Group Ltd
Sustainable biodiversity: mapping and domesticating the mycological riches of Rwanda's forests	Kigali Farms
Karongi District integrated greening village Program	Karongi District
Ecosystem rehabilitation and green village promotion	Nyamasheke District
Strengthening meteo Rwanda's weather and climate services to support development	Rwanda Meteorology Agency (METEO)
Congo Nile Ridge Foothills Integrated Environmental Management Project	Muhanga District in partnership with CARITAS Diocese Kabgayi
Rice husk (biomass) to power project	Novel Energy Ltd
Restoring yanze river and watershed through scaling up agroforestry technologies for resilience to climate change	Rulindo District
Environmental protection in and around refugee camps	MIDIMAR
Sustainable forestry, agro forestry and biomass energy management for climate resilience in Gatsibo district	RNRA
Sustainable forest and watershed resources management in Nyagatare district	Nyagatare District
Rusuli community-led, eco-friendly marshland development project	Welthungerhilfe
Zero carbon affordable housing solution in Rwanda	Zero Carbon designs Ltd, Rwanda
The Water Energy Food Security Nexus in the Akagera Watershed: Linking evidence collection, local action and stakeholder dialogue for sustainable development and climate change resilience	Albertine Rift Conservation Society (ARCOS Network)
Rain Water Harvesting And Reuse In Kamonyi District	Kamonyi District
Clean and affordable electricity access for off-grid Rwandan communities using solar-powered microgrids	MESH POWER
Supporting sustainable, climate resilient livelihoods for poor farming households in Bugesera	AVVAIS
MPENGE 1 and 111 Micro Hydropower Projects	Great Lakes Cement
Mwogo Watershed Protection Project	Nyamagabe District
Climate mainstreaming pilot for the coffee and tea sectors	MINAGRI

In its first application period in January 2013, project proposals were mainly submitted for micro level projects which were not deemed suitable by FONERWA as the fund seeks to support more

large-scale, integrated projects. In the first disbursement period, only 13 applications met all criteria. As a result, the fund saw the need for technical assistance. For this purpose, FONERWA organised a Project Profile Document Preparation workshop (May/June 2013) and a draft worked PPD can be accessed on their website. Subsequently to these trainings, the quality of PPDs was raised. Since then, more workshops have been organized to build capacity in terms of project proposals. Applicants that already have sufficient general capacity to apply for funding and have successfully accessed funds from different partners in the past may nevertheless benefit from trainings on the specific PPD guidelines of FONERWA. In addition to these trainings, beneficiaries typically meet several times yearly to discuss best practices in terms of implementation and reporting and exchange experiences.

Substantively, projects are comprised of a vast variety or initiatives. They range from practical climate adaptation activities such as rainwater harvesting, re-settling vulnerable communities, environmental protection of refugee camps and eco-friendly marshland development to climate change mainstreaming through district development plans, technical and structural studies as well as mitigation projects such as carbon-neutral housing, the installation of solar panels and hydropower projects. It can be noted that the majority or projects either concentrate on the urbanised area of Kigali, the western regions or aim to have a national impact.

However, it should be noted that the majority of projects are centred around Kigali and the north-west of the country and that only a small number of projects across the Eastern region, the country's region most vulnerable to climate change and with the lowest adaptative capacities, have so far received financial support from FONERWA.

2.5. MRV of climate money flows

Rwanda has exhibited efficient mechanisms to account for the use of aid money and the delivery of results. The World Bank's Statistical Capacity Index has confirmed that Rwanda has strong statistics and accounting systems at its disposal.[127] This is primarily the result of a reinforced public financial management system which was introduced in 2008 and strengthened by the 2013-18 Public Financial Management Sector Strategic Plan.[128] The Institute of Chartered Accountants was developed in order to fill a gap on accounting and auditing skills[129] and the National Institute of Statistics of Rwanda has reinforced statistical capacity as the primary producer of national data on, inter alia, GDP, CPI and PPI.[130] Effective systems of external auditing have since been put in place that monitor the government's accounts and the lower chamber of Parliament holds the government to account regarding reporting and auditing.[131] Further support to avoid malpractice and streamline financial processes is lent by MINECOFIN through the Integrated Financial Management Information System. Public procurement is monitored by the Rwanda Public Procurement Authority which aims to enhance transparency and independent oversight.[132] The Anti-Corruption Law 23/2003 further ensures good governance standards in terms of financial management.

127 World Bank Statistical Capacity Index, http://databank.worldbank.org/data/reports.aspx?source=Statistical-capacity-indicators (accessed November 3, 2015).

128 CDKN (2015), available at : http://climatefinanceready.org/opinion-high-fiduciary-standards-and-rwandas-access-to-climate-finance/ (accessed November 2, 2015).

129 Ibid.

130 National Institute of Statistics of Rwanda, http://www.statistics.gov.rw/about-us/overview (accessed November 3, 2015).

131 CDKN 2015.

132 In practice, public officials are still deeply entrenched in private business as many supposedly private companies are held by governmental shareholders or are managed by elites close to the government. Examples include agricultural cooperatives or several utility companies.

However, it should also be noted that the Rwandan government has failed to submit statistical data to international organisations or development partners on a variety of issues. For instance, it has never reported on agricultural expenditure to the United Nations Food and Agriculture Organisation (FAO) and statistical data submitted to donors for aid interventions is occasionally over-confident or lacks annotations on methodologies. It was recently reported that poverty statistics may be subject to rigging.[133] Furthermore, it should be noted that reports of the Auditor General have only been published up to the financial year 2012/2013. These reports, moreover, do not make specific mention of expenditures related to the environment or climate change.

With respect to FONERWA, the Fund uses the accounting mechanisms of Rwanda Development Bank and its expenditures are included in the annual budget allocations of all ministries.[134] Additionally and in order to keep track of results, FONERWA operates a Monitoring and Evaluation Results Matrix for 2012-2018. This Matrix lists objectives and expenditure, indicators of achievement, monitoring targets, and risk and assumptions. Further, monthly, quarterly and annual financial statements which include cash receipts and payments, grant details and accounts payable are submitted by FONERWA to MINECOFIN. The Office of the Auditor General is in charge of preparing annual accounts. Additionally, the Operational Manual of FONERWA provides clear guidance on MRV mechanisms, and the monitoring of individual projects and overall performance **(see table 2.5).**

Table 2.5: FONERWA's MRV procedures (adapted from Operational Manual, p. 33)

Type of monitoring	Title of reports	Measure progress towards	Frequency	Submitted to	Prepared by
Action Plan Monitoring process	Monitoring reports (of projects)	Project action plans	Quarterly	FTC/FMC	Fund management team
Annual Review	Joint review reports	Project progress towards delivery of FONERWA outputs	Annual	FMC and all other key stakeholders	FTC and FMC
Fund Performance Evaluation	Evaluation report	Progress towards the achievement of FONERWA outcomes and contribution towards FONERWA impact	Every three years (first evaluation at end of DFID two year support)	FMC/FTC and all other key stakeholders	Independent externals/Fund Management team

133 The Herald, 'Rwanda Accused of Manipulating Poverty Statistics', http://www.herald.co.zw/rwanda-accused-of-manipulating-poverty-statistics/ (accessed November 3, 2015).
134 IIED, 2014.

In brief, fund's beneficiaries are required to submit project progress reports quarterly. These reviews report on expenses and progress made by the individual projects against the logframe agreed between the beneficiary and the Fund. These quarterly reports are submitted to FONERWA's fund management team where reports are collated for further monitoring processing by international funders. In this regard, FONERWA has created a 7-step guideline for beneficiaries along which M&E activities are to be carried out and of which project progress reports are a constituent **(see Annex 4).** These steps define the M&E activity, persons responsible for the activity, timeframes of the activity, deliverables and the role of the fund management team in supporting the activity. These 7 steps are comprised of M&E framework design, confirmation of baseline data, an inception meeting, quarterly project progress reporting, project steering group meetings every 6 months, annual review workshops to engage in lessons-learnt exercises and mid-term/final project evaluations. However, when last accessing (in May 2016) the document online, it was not complete and some sections were left entirely blank.

As just noted, FONERWA has a Monitoring and Evaluation Results Matrix for 2012-2018 in place which is available online and which sets and measures results based on objectives, performance indicators and annual monitoring targets. Risks and future assumptions required for achieving the targets are factored into the predictions and calculations. Results are so far publicly available for the 2012-2014 period.

Last but not least, the PEER and the PERECC described previously in the section on fiscal/financial planning for climate finance, are potentially potent tracking frameworks to account for public environmental and climate change expenditures in the country **(see Annex 5).** Regarding the limitations of the PERECC, the following conclusion was made:

> *Bringing all expenditure for environment and climate change from public institutions on one hand and from the non-state actors on the other is still a challenge. It was only encouraging that for the public institutions, the public financial management systems are improving over years but more effort is needed to address some of the aspects that scored a "D" (…). It would be too optimistic to think that non-state actors can voluntarily and willingly declare their expenditures for environment and climate change without, first a legal framework; and second, a standardized format on how they have to fill it, and above all, an indication of what benefits or incentive they would get to declare their expenditures which can land into the hands of their competitors. It is for this reason that a strong recommendation has been given that future reviews should be restricted to public institutions.*[135]

135 PERECC, para. 163.

3 | Rwanda's climate finance readiness: key findings and recommendations

Altogether, our analysis suggests that Rwanda can rightly be viewed as a leader in Africa in terms of CFR. In the past decade indeed, Rwandan authorities developed robust capacities to effectively plan for climate finance allowing for the country to access funds from a wide range of sources. But, despite substantial efforts to establish an enabling national governance architecture, progress remains to be made in promoting more effective and responsive institutional capacities for the management and disbursement of allocated funds. It should be noted however, that Rwanda's main climate financial vehicle – FONERWA - is still at the early stage of its operationalisation and that since its overhaul in 2012, actions have been continuously undertaken to improve its application system, managerial efficiency, disbursement capacity and pace, inclusiveness, and monitoring and evaluation procedures. Additionally and as in many other developing countries, it is clear that the private sector in Rwanda has yet to play a more significant role in financially supporting climate change actions, especially in the context of adaptation needs. The following table **(3.1)**[136] briefly lays out our key findings on Rwanda's performance on each modality of CFR. A more detailed description follows.

Table 3.1: Summary of key findings according to each CFR's modality STRENGTHS WEAKNESSES

PLANNING
• A **strong and cohesive policy and regulatory** framework • Adequate **policy focus** on adaptation • **Enabling** governance architecture • **Financial planning** in progress • **Extensive access** to international support for climate finance readiness
• No **national** climate change policy • **Limited awareness** of the climate change vulnerability index • Insufficient **sub-national integration** of climate change concerns • Limited **coordination of government agencies** accessing CF • Rigid **organisational structure** within ministries • Limited opportunities for **NGOs consultation and participation** • Concerns about the impact of recent **political developments**
ACCESS
• **Established access** to a variety of potential financial sources(especially AF and GCF) • **Advanced** institutional capacities for access
• Limited capacities **for private sector engagement** • **Lack of coordination** between accessing entities
DELIVERY

et al. 204, pp. ix-x).

- **Leading delivery mechanism** for climate finance (i.e. FONERWA)

- Slow and complex **application process**
- Funds mainly disbursed to **government-led projects**
- Concerns about **FONERWA's communication** with non-governmental beneficiaries
- Unequal **geographical distribution** of funds
- Limited capacities for **blending/combining climate finance**

MRV

- Existence of a **national MRV system/framework**

- Unclear/complex **MRV system and lack of reporting capacities** at the local level
- Perceived lack of accuracy of the **reported data**

3.1. Study's key findings

3.1.1. Planning

a) Strengths

A strong and cohesive policy and regulatory framework

Over the last decade, Rwanda has put in place a foresighted policy and regulatory framework to mitigate and adapt to the negative impacts of climate change, one which draws on robust climate vulnerability assessments and adequately mainstreams climate change considerations into development planning and strategies. Climate resilient and low carbon development has become indeed a core objective of Rwanda's national development framework. Starting with the 2000 Rwanda's long-term development strategy (Vision 2020), Rwanda's national development plans have since been refined and extended through a host of sector and sub-sector strategies as well as key strategic plans such as the Green Growth Strategy of 2011. Most recently, Rwanda updated its Economic Development and Poverty Reduction Strategy (2013-2018) (EDPRSII) in ways that aim at improving cross-sectoral cooperation on environment and climate change issues. Overall, this set of national development strategies and policies clearly lays out short- and long-term plans to address or adapt to the cross-sectoral impacts of climate change at national and sub-national levels.

Adequate policy focus on adaptation

Rwanda's strategies and policies that integrate climate change concerns tend, for the most part, to focus on adaptation to climate change, an approach which is well in line with Rwanda's estimated vulnerability to the negative effects of climate change. However, plans for mitigation efforts have featured prominently as well.

Enabling governance architecture

The development of a cohesive policy framework for climate change has been made possible by the existence of an adequate governance structure to innovate, guide, manage and implement climate change related policies and strategies. Headed by MINIRENA and its sector agency REMA, the sector enjoys strong leadership and a sense of ownership. Both insitutions have been very active in promoting and mainstreaming climate change actions into planning, implementation, and monitoring across relevant sectors. Complementary actions are taken by MINIRENA's second sector agency, RNRA, as well as MINECOFIN and other key ministries such as MININFRA and MINALOC. REMA's close collaboration with MINECOFIN has also led in 2012 to turning FONERWA into Rwanda's main climate finance delivery mechanism and one of Africa's leading climate funds.

Financial planning in progress

With respect to financial planning, active efforts have been made to elaborate a climate fiscal framework. These include a climate investment framework and resources mobilisation plans which are spelled out in the Green Growth Strategy and the ENR Strategic Plan as well as public expenditures reviews on the environment and climate change that were conducted in 2008 and 2013. These sector specific public expenditure reviews serve as detailed accounts of climate- and environment-related expenditures over the course of four fiscal years. Furthermore, MINECOFIN has included environmental budgets and expenditures in its bi-annual Fiscal Performance Reports.

Extensive access to climate finance readiness support

In planning for climate finance, Rwanda has benefited enormously (and still does) from substantial readiness and preparatory support provided by a number of international partners and organisations (i.e. DFID, CDKN, and most recently the GCF). This support has mostly targeted FONERWA's management team, and its capacities to effectively mobilise, manage, and deliver finance. This extensive support provision from key international partners suggests that Rwanda is already viewed as a trusted recipient country for the management and use of international public aid.

b) Weaknesses

Absence of a national climate change policy

Despite commendable efforts to elaborate a set of climate change plans and strategies, no national climate change policy has yet been adopted. As of now indeed, most of Rwanda's climate policies and objectives are laid out in the national development frameworks and broader documents regarding the environment. A specific climate change policy framework might enable actors to establish proper responsibilities and roles for implementing and coordinating programmes of actions which thus far have been shared among diverse sectoral agencies with potentially competing interests.[137] Relatedly, a climate change policy strategy might ensure a better estimation of the scope and costs of required climate actions and ultimately, a more effective and responsive allocation of financial resources.

Limited awareness of the climate change vulnerability index

In 2015, the government published the climate change vulnerability index which lays down the science of vulnerability and highlights which regions are particularly affected by the negative effects of climate change. It is concluded that the eastern region is extremely exposed to climate change and has the least adaptative capacities. However, there are doubts that the results of the vulnerability index are sufficiently used to inform policy decisions. It can be noted, for instance, that there is a lack of coordination between MINIRENA's two sector agencies REMA and RNRA. Whereas the vulnerability index was published by REMA, it is virtually unknown inside RNRA which, nevertheless, receives a substantial amount of climate finance from international donors and

137 See especially Cadwell et al. 2015 (p. 4)

implements FONERWA projects. This lack of consideration is also reflected in FONERWA projects which, geographically speaking, only rarely focus on the eastern region.

Insufficient subnational integration of climate change concerns

Despite recent efforts by REMA and FONERWA to integrate climate change considerations into district development plans and budgets, there is still a lack of awareness of climate change and related strategies at sub-national and community levels and especially in parts of the country most vulnerable to the negative effects of climate changes.[138] Greater coordination between national authorities and the Ministry of Local Government as well as with village mayors in revising and extending District Development Plans is hence particularly critical in this regard.

Limited coordination of governance agencies involved in accessing CF

It has been shown that a host of different ministries and sector agencies are currently accessing international climate finance. Whereas MINIRENA acts as the NIE to the Adaptation Fund and REMA has been designated as NDA to the Green Climate Fund, other ministries such as MINAGRI and MININFRA or sector agencies such as RNRA have independently leveraged climate funds from international partners. However, a lack of coordination between actors may lead to inter-ministerial competition for funds, duplication of projects and issues regarding the reporting of climate change expenditures.

Rigid organisational structure within ministries

Within ministries, it has been reported that internal processes are often overtly rigid and subject to top-down decision-making. These structures in conjunction with stern performance contracts imposed on all public officials do not allow for much flexibility and, therefore, capacities to adapt to the relatively new field of climate finance. More specifically, this organizational rigidity may in the future weaken opportunities to leverage additional sources of finance.

Limited opportunities for NGO consultation and/or participation

Moreover, the current governance architecture for climate change does not allow for adequate inclusion and participation of civil society organisations. The main channel through which communication between relevant ministries and other actors in the sector is to be conducted is the Joint Sector Reviews (JSRs). However, in practice JSRs usually serve as platforms for the government to make top-down announcements about the performance and direction of the sector. It has been observed as well that communication with civil society organisations is severely constrained. It should also be noted that there is no adequate representation of civil society on any FONERWA boards hence why the ability of NGOs to participate in agenda setting, request information and monitor performance is extremely limited as it seems they are structurally relegated to mere observer status.

Concerns about the impact of recent political developments

Recent political developments in Rwanda have also led to concerns regarding the country's capacities to secure continued access to aid and climate finance more specifically. The amendment of the constitution in 2015 which allowed the incumbent President Paul Kagame, to run for three more terms has met with sharp criticisms from a number of donor countries. Some have even resorted to prospects of cutting financial flows altogether. Furthermore, the arrest of the DG REMA in March 2016 may lead to uncertainty regarding the future direction of REMA and, by implication, FONERWA.

138 Ibid, p. 5.

3.1.2 Access

a) Strengths

Established access to a variety of potential sources

Funding for the implementation of climate-related activities and plans in Rwanda is currently mobilised through a variety of sources including internal public investments resources, external development partner resources, international climate finance which is now mostly channeled through FONERWA and non-public sector resources (NGOs and the private sector).

Advanced capacities for access

As shown in our analysis, Rwanda has developed advanced capacities for accessing climate finance from a varied number of international donor organisations and bilateral partners. It has already received substantial amounts of funding from the AF, the Least developing Countries Fund (LCDF), the GCF (i.e. mainly in the form of climate finance readiness support) and from the UK development agency, DFID. It has in place appropriate institutional arrangements such as MINIRENA which serves as the NIE for the AF and REMA which has been accredited as the NDA by the GCF. FONERWA which has so far played a crucial supporting role in assisting MINIRENA in leveraging funds from the AF is currently seeking direct access to the GCF. Rwanda's national fund for the environment and climate change has moreover been the beneficiary of £26m in seed capitalization from DFID. A host of other ministries and sector agencies have also accessed climate finance, among them, RNRA, MINIFRA and MINAGRI.

In total, Rwanda has to date received in excess of US$50m in climate finance from international partners (excluding funds used to support governance architecture). Additionally, the central government has awarded US$3.7m to FONERWA which has also established a credit facility together with BDR to attract private sector investment to the tune of RWF4bn. Essentially, these demonstrated capacities to secure funding from a variety of international sources of climate finance show that Rwanda already enjoys considerable trust from donors and international partners. Certainly, there is ample evidence that Rwanda had prior to accessing climate funds already achieved a solid track record in the use of and delivery of public development aid, with the OECD in particular, regularly grading Rwanda as one of the recipient developing countries making the most effective use of development aid.[139]

b) Weaknesses

Limited capacities for private sector engagement

While the funding for climate activities is said to be provided by a variety of sources, lack of available data potentially suggests that there has been thus far low levels of support sourced from the private sector. No reliable data for instance could be obtained to verify any private sector investments. On the BDR's website, no information could be found on the credit facility operated in conjunction with FONERWA.

Lack of coordination between accessing/implementing entities

As mentioned above in regard to the planning modality, there is currently a lack of coordination between the different ministries and sector agencies involved in accessing international climate finance, which in the end might further complicate issues related to institutional overlaps, duplication of projects, and inter-ministerial competition for funds.

139 See CDKN opinion (2015) at: http://cdkn.org/2015/06/fiduciary-standards-and-access-to-climate-finance/?loclang=en_gb (last accessed May 2016).

3.1.3 Delivery

a) Strengths

Leading delivery mechanism for climate finance

Since its relaunch back in 2012, FONERWA has established itself as one of the leading climate funds in Africa. Over the past three years or so, the fund has been able to mobilise a considerable amount of finance from a vast number of international partners, not only securing non-negligible capital injections from DFID (26M pounds) and from the German Development Bank (KfW) (7m Euros/USD 9m), but also assisting governmental agencies in leveraging international climate finance from the LDCF and AF. Thus far, 30 projects have been funded, targeting a variety of activities related to the environment, climate adaptation or low-carbon development. The Fund, which is still at an early stage of development, has since becoming fully operational consistently undertaking actions to improve its performance and operational efficiency. The Fund has for instance received substantial capacity building support from DFID which contributed to enhancing its operational efficiency, the quality of project proposals submitted, and learning. As one of the biggest funds of its kind in Africa, there is no doubt that FONERWA plays a central role in improving Rwanda's capacities to both mobilise and deliver climate finance. As mentioned a few times already, the fund is currently in an advanced stage of negotiations to obtain direct access to the GCF.

b) Weaknesses

Slow and complex application process and implementation delays

A number of beneficiaries have stated that the application process to receive funding from FONERWA tends to be overly rigid and bureaucratic. It has been reported that often marginal details in the project proposal are dwelled on rather than engaging with more substantial questions. Furthermore, the application process can be particularly cumbersome for smaller entities applying for funding with the design targeting overly odious outputs and outcomes not being conducive to the private sector. There have been no reports on the effectiveness of FONERWA's training on application procedures. Implementation delays have been a recurrent challenge as well for the Fund and especially for its beneficiaries. This is related again to the review and approval process of projects which is currently not sufficiently streamlined and/or exempt from bottleneck issues.[140]

Funds mainly disbursed to government-led projects

FONERWA's cumbersome and complex application process might explain why most projects funded thus far have been carried out by government entities. Large ministries and sector agencies already have substantial capacity at their disposal whereas districts have so far received considerably more funding and attention to be trained in submitting project proposal documents. Another factor that hands an advantage to governmental projects is the fact that, ideologically speaking, large-scale, all-encompassing projects are preferred to small-scale projects which are essentially easier for small non-governmental entities to plan, implement and monitor. This leads to the observation that some non-governmental entities, in an effort to receive any funding at all, had to resort to small-scale projects which are not necessarily in line with FONERWA's climate-focused targets.

Concerns raised about FONERWA's communication with non-governmental beneficiaries

Furthermore, it could not be verified whether communication between FONERWA and non-governmental beneficiaries is seamless. A number of research participants have stated that progress reports that were submitted to FONERWA were never followed up on and no feedback had been received. These factors have led some non-governmental entities working in the Rwandan climate

140 This echoes in many ways DFID's most recent reviews of the fund's management efficiency and application process. See : https://devtracker.dfid.gov.uk/projects/GB-1-203431/.

sector to state they prefer to apply for funding elsewhere due to the cumbersome application procedures and requirements throughout the project.

Unequal geographical distribution of funds

As demonstrated in the climate vulnerability index, the eastern region is the most vulnerable to the negative effects of climate change. It is also the region with the weakest adaptive capacities. However, a closer look at the geographical distribution of FONERWA-funded projects, suggests that the region is not sufficiently covered by projects. To date, 28 projects are presented on FONERWA's website as being under implementation. However, according to further information, 30 projects are currently being funded. Hence, a lack of information does not allow a full appreciation of projects funded by FONERWA.

Limited capacities for blending climate finance

So far, it is clear that there has been limited use of innovative financing mechanisms and blending financing instruments for low-carbon/climate resilient projects. The capacity to deliver complex projects involving a multiple financing instruments and institutions is currently limited.

3.1.4 MRV

a) Strengths

Existence of a national MRV system/framework

Our analysis suggests that Rwanda is already equipped with a set of thorough MRV procedures and mechanisms to monitor verify and report on climate-related expenditures and financial flows, a fact which is rather commendable for a least developed country. The conduct of environmental expenditures reviews along with MINECOFIN's bi-annual reporting on environmental expenditures and FONERWA's internal accounting and auditing mechanisms make up indeed for a rather well-integrated and robust MRV and tracking system. FONERWA's internal accounting and auditing mechanisms appears particularly stringing and coherent and is complemented by the MRV activities of other actors, such as those conducted by MINECOFIN and the Office of the Auditor General.

b) Weaknesses

Unclear/complex MRV system and lack of reporting capacities at the local level

Despite these promising developments, some recurring issues persist. First, a closer look at all the MRV activities spelled out by FONERWA in its internal guidelines, evaluation matrices and guidelines provided to beneficiaries on how to report on project progress, unveils a set of MRV activities that are rather complex and potentially confusing to carry out properly and efficiently. They can appear overtly bureaucratic and for non-governmental beneficiaries of the funds in particular, the rigid, multi-facetted and often burdensome reporting mechanisms can rapidly become overwhelming. Second, since FONERWA relies on accurate reporting from beneficiaries in order to report to MINIRENA, MINECOFIN and donor countries, a lack of reporting capacities on part of beneficiaries may distort realities on the grounds which are then relayed. Since beneficiaries have to report on the progress of their own projects, issues may also be raised regarding the neutrality of these reports. It has been reported by donors that, for this reason, project progress reports have to be cross checked through field visits. Finally the involvement of a host of actors involved in accessing and delivering climate funds and/or in monitoring and recording climate finance receipts and expenditures might result in a fragmented and hence confusing MRV system with overlapping or unclearly defined roles and responsibilities.

Perceived lack of accuracy of the reported data

In the past, some concerns have been raised regarding the accuracy of the data reported by government officials. Concerns for instance, have been voiced in regard to recently published poverty statistics which were alleged to be inaccurate as well as in regard to financial reporting to donor countries which has been shown to use false baselines and non-transparent methodologies.

3.2 Key recommendations

The above findings lead to a number of key recommendations to the government of Rwanda and to climate readiness support partners and climate finance donors in order to improve the effective management, coordination, and delivery of climate finance at national and subnational levels. It should be noted that some of these recommendations are already being carried out by FONERWA and by other agencies of the government of Rwanda. Their budgetary implications have not been assessed but it is clear that for some of them, their timely implementation shall require additional technical and capacity-building assistance from climate finance readiness support partners.

- **Developing and updating a specific national climate change policy.**

The elaboration of a national policy framework specifically dedicated to climate change could improve Rwanda's climate change policy framework. As noted earlier, a national climate change policy can promote a set of institutional agencies with clearer responsibilities and roles for implementing, coordinating, and monitoring proposed programmes and action plans. This in turn can help better manage issues of institutional overlaps and competition for funds. Bringing climate policy objectives into a more integrated policy framework would also ensure a better estimation of the scope and costs of required climate actions and consequently, a more effective and responsive allocation of financial resources across policy sectors and institutional levels. Further, the adoption of a climate change policy may help streamline M&E procedures which are currently overly technical and bureaucratic and shared among a variety of actors with little coordination.

- **Improving awareness of climate change vulnerability assessments at national and community levels.**

Climate vulnerability assessments should be more widely disseminated to lower levels as well as other sectors of government. Different stakeholders (private, non-governmental organisations) as well as the public should also be better informed about its existence and its relevance for policy development, implementation and change. As recently suggested by a IIED-led study on how climate change vulnerability assessments can best impact policy and planning, greater awareness of climate change vulnerability assessments and potential solutions is ultimately critical to learning, and can facilitate the implementation of necessary policy change at all levels and sectors of governance.[141]

- **Promoting more coordination between the various entities accessing climate finance**

The government of Rwanda should promote greater coordination between the different ministries and agencies currently involved in mobilising climate finance notably in order to better address issues related to institutional overlaps, duplication of projects and inter-ministerial competition for funds. This could entail establishing a knowledge management platform which allows for the sharing of information across institutions, policy sectors, and institutional levels relevant to the landscape of climate finance access and delivery in Rwanda.

- **Enhancing the vertical integration of national climate change strategies and objectives[142]**

141 Taylor and Lassa 2015, p. 27.
142 For how to promote an integrated response to climate change at the local level in developing countries see UNDP 2015.

Efforts should be made to better integrate climate change adaptation and mitigation actions not only in all relevant sectors (and not merely in the sectors of the economy/development and finance) but also at the local levels. In this endeavour, additional efforts should be undertaken to enhance the capacities of vulnerable sectors, groups, and districts to effectively address climate change impacts. In Rwanda, greater coordination between national authorities and the Ministry of Local Government and heads of local communities in revising and potentially extending District Development Plans is especially critical in this regard.

- **Creating greater/newer opportunities for NGOs participation**

The improvement and implementation of current climate compatible development policies and strategies would benefit from strengthening existing platforms for non-governmental actors (including micro- and small-business entrepreneurs and community leaders) to participate in policy influencing dialogues and processes (i.e. JSRs).

- **Strengthening capacities for private sector engagement**

As in most developing countries, there is still a need in Rwanda to further private sector investments in climate-related activities and participation in the design and implementation of climate change actions and plans. The involvement of the private sector is critical over the long term for sustainably financing climate compatible development. While significant progress has been made in this matter, further efforts should be make in particular bringing the private and public finance sectors more closely together (blending resources) to finance sustainable investments. As suggested in the first part of this report and following the GIZ's readiness programme for climate finance **(see box 1.2),** a first step that the government of Rwanda can take is to improve the overall investment conditions for private business, a process which requires developing further environmental regulation, fiscal policies, and market-based instruments. The government in cooperation with other actors such as FONERWA or MINIREMA, should also assist private businesses and financial institutions in integrating climate change and other environmental concerns in corporate risk management schemes and value chains, as well as provide them training on how to co-finance climate-related projects and activities. Support should also be provided to financial institutions in elaborating green financial products (e.g. micro-credits, loans for small and medium-sized enterprises for renewable energies or energy efficiency measures) and climate risk products. Last but not least, greater efforts should be devoted to the issue of how to foster greater engagement of the private sector in adaptation finance. In this respect greater clarity is needed on the potential financial benefits (short as well as long term) stemming from promoting greater adaptive capacities throughout the country.

- **Promoting continued efforts to strengthen and simplify FONERWA's application process and disbursement system.**

Despite recent efforts undertaken by FONERWA's Managing Committee (FMC) and management team (MF) (with the support of DFID) to simplify the application process and ensuring a more rapid progress to implementation, additional actions should be made to simplify and strengthen the Fund's application system. Special attention notably, should be paid to making FONERWA's project selection process more transparent to applicants. Whereas project documents are available online, no decisions can be accessed which makes it difficult to assess selection criteria. A number of beneficiaries have, for instance, reported that they could either not submit their preferred projects as they were unaware whether they would fall within the remit of FONERWA or preferred to access different funds as their application processes are easier to navigate. In addition and following DFID's recent recommendations, the Fund should also establish different application/approval processes for small and large projects. A fast-start process could be proposed to smaller project (total cost of project ≤ USD 100m) thereby allowing to dedicate more resources and times for larger projects. Other

recommendations from DFID included the need to increase FMT staff numbers and resources in order to speed-up fund disbursements, invest in reducing current bottlenecks and considering creating a dedicating team for providing support/training to project applicants to project document development towards project approval and supervision of project implementation, and increasing the number of staff in the management team to avoid too many responsibilities or functions being concentrated in the hands of few individuals.[143]

- **Increasing the number of applicants/beneficiaries from the non-governmental sector**

It can also be observed that the majority of funds have been so far, disbursed to governmental organisations which may not always be in the best position to assess local vulnerabilities. It is, therefore, advisable to raise the quota of funds designated for private sector and NGO applicants so as to avoid a potential disjoint between FONERWA and non-governmental applicants which could create an image of FONERWA as a fund 'from the government for the government'. This recommendation is in line with DFID's suggestion to consider setting a minimum of 20% target for privet sector participation in the logframe so as to increase the number of private sector project supported by the fund.

- **Simplification and streamlining of MRV procedures**

M&E procedures should be streamlined and simplified across institutions to allow for the release of overly bureaucratic processes. Similarly, the calculation of climate expenditures should be more precise in terms of methodologies. The mere existence of quantifications without a clear explanation of quantitative methodologies does not allow for easy verification. FONERWA's MRV processes are heavily reliant on data produced by fund beneficiaries that are not necessarily well versed in these processes. In order to avoid the production of false numbers and double or triple verification by two or more actors, it is necessary to simplify this process and release the bureaucratic pressure on beneficiaries.

143 See again DIFD website on support programmes provided to FONERWA: https://devtracker.dfid.gov.uk/projects/GB-1-203431/documents. (last assessed May 2016).

4 | Conclusion: lessons from Rwanda

The main goal of this report was to provide a detailed assessment of the state of climate finance readiness in Rwanda. In so doing, we drew on the distinction commonly made in the literature, between the four pillars of climate finance readiness: i.e. planning, access, delivery, and MRV. For each pillar, we then selected a set of indicators which served as the basis for our investigation and analysis of Rwanda's efforts to achieve what can be rightly considered, a relatively advanced level of climate finance readiness.

In closing this report, it is appropriate to highlight the main lessons that can be learned from the Rwandan experience in getting ready for climate finance, and their potential implications for climate finance readiness development in other recipient developing countries. On closer examination indeed, the Rwanda case raises a number of important points that can inform donors, policymakers, and other stakeholders on how to improve recipient countries' capacities to plan for, access and deliver future flows of climate finance.

Chief among them is the importance of building a strong political leadership and unambiguous political commitment to fighting climate change at national and subnational levels. As discussed in the conceptual part of this report, the development of a strong and cohesive policy environment conducive to tackling the negative impacts of climate change is a crucial prerequisite to receiving finance. This includes elaborating a targeted climate change policy which adequately mainstreams climate change concerns into national development priorities and other relevant sectors, and articulating a climate fiscal strategy which, at the very least, helps estimate the costs of proposed climate change actions and plans. The case study of Rwanda shows that in this endeavour, a strong political backing of climate change priorities is of the utmost importance. If efforts are supported by the highest echelons of government, trust from international partners can be gained, the leveraging of funds accelerated and coordination between ministries can be enhanced.

Effective planning requires as well that all climate change related efforts are adequately linked with up-to-date scientific assessments of climate change vulnerabilities and adaptive needs throughout the country. More importantly, evidence-based knowledge about current and future climate change impacts should be effectively disseminated to relevant policy sectors, subnational levels of governments, and relevant citizenry. Rwanda has produced a detailed vulnerability index, but our analysis suggests that where cooperation between ministries and sector agencies is weak, these assessments may not be able to inform efforts by all sectors and actors.

Additionally, our analysis points to the important role that local institutions, such as districts in the case of Rwanda, and NGOs, should play in the elaboration and implementation of climate change related projects. Both sets of actors indeed, are often in the best position to detect and mitigate vulnerabilities as they are usually better aware of local circumstances and needs. In this respect, preparing and implementing climate change finance depends crucially on the provision of capacity-building assistance and partnerships at all levels of governments and on the active engagement of local actors and organisations, as well as NGOs in processes of policy development and implementation. In Rwanda for instance, NGOs have yet to more effectively contribute to policy making processes. Existing opportunities for multi-stakeholder consultations at the national level, like JSRs (Joint Sector Reviews) are in practice, more informative than participatory, working as top-

down platforms for the government to communicate new strategies with little to no possibility for NGOs interventions. This is not to say that commitment to climate change from the highest levels of government is not of the upmost importance, but the latter must be complemented by the provision of adequate venues for political participation and deliberation and this at all levels of government.

Our study also shows that while a rigid set of MRV processes and procedures can be beneficial in tracking and monitoring the use of climate change expenditures, a lack of flexibility can contrariwise, result in unnecessary bureaucratic costs and burdens, potentially reducing financing opportunities from smaller actors, NGOs and the private sector. Relatedly, MRV procedures tracking the flow of climate finance demand sufficient capacities at all levels to produce reliable data. It can normally be assumed that beneficiaries of national funds (CSOs, private sector) have the least capacities to adequately report on expenditures. However, governmental institutions are usually likely to depend on data produced at project level. As the case study suggests, continued capacity building efforts at various levels are required in order to produce reliable data. Otherwise, verification processes by governmental institutions and international donors are required which may delay further disbursements. A simplified reporting system for fund beneficiaries, as proposed by DFID in Rwanda is hence a necessity.

Relatedly, and as mentioned already, government of recipient developing countries must now find innovative ways to attract greater investments from the private sector that especially target climate adaptation projects. This requires not only forming adequate public-private partnerships but also developing green fiscal policies and instruments which adequately target climate adaptation efforts. It is also of the utmost importance to rapidly create a broad base of fund beneficiaries. As found, in Rwanda, most projects funded have been government led projects. This has led to dissatisfaction on part of CSOs and the private sector and to the funding of a host of programmes that may not be adequately targeting the country's most vulnerable areas (the Eastern region), sectors and population groups.

Finally, our research, along with many other case studies on CFR, comes down firmly in favour of a less rigid or formal global governance approach to climate finance readiness support and climate finance more generally. As well known, recipient developing countries' climate change needs and circumstances differ greatly, not to mention differences in terms of political, economic, and institutional contexts. For instance, our study shows that if Rwanda has made substantial progress towards planning for and accessing international climate finance, daunting challenges remain when it comes to achieving effective delivery and monitoring capacities. An adequate approach to governing climate finance to developing countries then should conceive of climate finance readiness as an ongoing process that goes far beyond the "accessing" phase and which is mostly governed by open-ended rules, guidelines, standards, objectives, and benchmarks for assessing and enhancing progress towards their implementation through ongoing monitoring and review of their implementation by recipient countries and their local actors and provide opportunities for continuous learning and revision.[144] Ultimately such an approach to climate finance readiness at the international level can better help assess whether the guidelines and criteria set up by the GCF and other organisations adequately align with recipient countries' specific concerns, expectations, and circumstances.

144 For a recent description of such a governance approach, called "experimentalist governance, see especially: Overdevest and Zeitlin (2014)..

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Annexes

Annex 1

RECOMMENDATIONS FROM CLIMATE CHANGE VULNERABILITY INDEX (p.45-47)

4.1.1 Strategic Cross-Sector Action

1. Develop tools and approaches to mainstreaming climate change adaptation into all climate sensitive policies and programs of the Government of Rwanda, and update national strategies to improve how climate change vulnerabilities and adaptation are addressed – with both efforts influencing financial flows to support climate change adaptation at the local level; and report again in 2017 on the Vulnerability Index at the national and household levels. Fully implement national commitments under all multilateral environmental agreements and ensure concrete targets and timetables are met.
2. Enforce existing check lists for policy monitoring related to the GGCR Strategy.

4.1.2 Climate Change Adaptation Planning

1. Develop a national adaptation plan through a multi-sector, multi-stakeholder process involving both government and non-government sector that integrates participatory community-based adaptation approaches supporting community engagement and learning, that is broadly owned by participating stakeholders.
2. Develop and disseminate appropriate tools that integrate participatory community-based adaptation approaches to continually improve responses to emerging climate risks and threats.
3. Develop a clear and concrete approach that facilitates policy makers to lead and guide the implementation of a national adaptation plan.

4.1.3 Climate Information Services

1. Develop clear and concrete policy to effectively manage robust data and climate projections to address uncertainties associated with climate change.
2. Provide appropriate climate information services to all Ministries, Departments and Agencies with climate sensitive policies and programs, and to the NGOs and private sector involved in development.
3. Mainstream climate change vulnerability information into government decision-making with climate safeguard measures and climate risk screening requirements and tools in place.
4. Develop capacity to prepare climate change projections and the capacity to apply them to various climate sensitive socio-economic sectors policies and programs.
5. Implement an effective early warning systems nation-wide for disaster risk reduction related to climate hazards.
6.Require accurate monitoring of the cost of damages caused by – and attributed to – weather-related hazards and multi-source hazards directly involving weather variability.

4.1.4 Agricultural Production

1. Increase agricultural production and capacity through a national strategy that fully integrates environmentally sustainable production systems, including climate smart agricultural methods such as increased use of organic fertilizers and highly efficient irrigation.
2. Develop agricultural production targets including multi-year projections that integrate climate change impact scenarios, and ensure that current and future climate impacts in agriculture sector are well understood by senior decision-makers in the agriculture sector and national leaders.

4.1.5 Water Resources Management

1. Fully implement the national water resources management strategy integrating aggressive water conservation methods in water deficit watersheds, combined with intensive programs to increase water storage such as water harvesting; water catchment, etc.

2. Increase access to reliable clean drinking water where it is not available using intensive targets and timetables.

4.1.6 Health

1. Strengthen the social safety net/social protection for full inclusion of vulnerable people, including much greater health insurance coverage.
2. Reduce extreme malnutrition especially among children under 5 years old through specific targeted interventions.
3. Reduce the prevalence of the causes and incidents of illness and death from diarrhea and malaria especially among children under 5 years old; and specifically address causes of the recent upturn in malaria incidents while increasing understanding of the reasons for this recent upturn.
4. Increase the proportion of national health costs covered by domestic resources relative to costs covered by external resources.
5. Provided reliable effective community-based public health services to urban slum dwellers.
6. Increase the number of nurses and doctors per unit of population.
7. Increase the rate of access to improved sanitation – with hand washing system – kandagira ukarabe.

4.1.7 Biodiversity

1. Define concrete targets and timetables for protection of biodiversity, including natural habitat and critical ecosystems measured on the abundance of groups of selected species relative to established baselines, linking to RDB Tourism to engage tourism partners to help reach specific targets.

4.1.8 Transportation and Energy Infrastructure

1. Increase access to electricity, for uses such as lighting, for a large portion of the population – a key step to increased resilience – using intense targets and timetables.
2. Increase the amount of electricity produced from renewable energy sources including renewable natural resources and using decentralized distribution systems.
3. Increase the number of kilometers of paved roads in the road network including national roads and district roads outside of Kigali – a key step to achieve increased resilience; and assess the road network for climate change vulnerability in order to set priorities for climate proofing the road infrastructure.
4. Increase the availability of – and access to – public transportation for people in all cities and in rural areas
5.Assess the climate change vulnerability of multi-purpose dams including hydro-electric production facilities, including both future production and future climate projections - in the context of protecting the watersheds.

These recommendations are addressed to various audiences – decision-makers and leaders as well as institutions and agencies with sector responsibilities. Action taken in response to these recommendations will help Rwanda to reduce its vulnerability to climate change at the national scale. As a package of recommendations, it is anticipated that the Prime Minister's Office and the Cabinet will have ultimate responsibility. In particular:

- Recommendations 1, 4, 7 and 9 are for action at a high level as they implicate the whole of government - across all Ministries, Departments and Agencies.
- Recommendations 2 and 3 are to draw attention to those agencies with current commitment, reinforcing the critical nature of action in their purview that facilitates and supports adaptation.
- Recommendations 5 and 6 are specifically to those agencies involved in the preparation of a national adaptation plan, such as REMA, though other agencies may be implicated.
- Recommendations 8 and 10 implicates MINIREMA but when done provides information to a wide range of Ministries, Departments and Agencies which, if they use the climate information, will be strengthening decisions and action taken under Recommendations 1.
- Recommendations 11 and 12 directly implicate MIDIMAR and those agencies to which MIDIMAR relates in implementing and maintaining disaster risk reduction (DRR) activities.

• Recommendations 13 to 23 refer respectively to Agriculture, Water Resources (IWRM) and Health. Recommendation 24 refers to REMA. • Recommendations 25 to 29 refer to Rwanda Energy Group (REG) and Road Transportation Development Agency (RTDA) and the Ministry of Infrastructure.

Annex 2

ADAPTATION OPTIONS IN THE NAPAs (p.42)

1. Promotion of non rain-fed agriculture;
2. Intensive agriculture and animal husbandry;
3. Introduction of drought resistant species;
4. Integrated water resource management;
5. Stocking and conservation of agriculture produce;
6. Information systems, early warning and rapid intervention mechanisms;
7. Development of sources of energy alternative to firewood;
8. Preparation and implementation of a national land development plan;
9. Access to health facilities and fight vectors of water-borne diseases;
10. Promotion of non agricultural activities, and
11. Preparation of a forest development plan.

Annex 3

SECTOR ACTIONS IN THE INDCs

ADAPTATION CONTRIBUTION

Agriculture

1. Sustainable intensification of agriculture
   - 1.1. Mainstreaming agro ecology techniques using spatial plant stacking as in agro-forestry, kitchen gardens, nutrient recycling and water conservation to maximize sustainable food production
   - 1.2. Utilizing resource recovery and reuse through organic waste composting and wastewater irrigation
   - 1.3. Using fertilizer enriched compost
   - 1.4. Mainstreaming sustainable pest management techniques to control plant parasites and pathogens
   - 1.5. Soil conservation and land husbandry – Reduced GHG emissions from farmland and increased carbon sink through agro forestry practices
   - 1.6. Irrigation and water management
2. Agricultural diversity in local and export markets
   - 2.1. Add value to agricultural products through processing to meet its own market demand for food stuffs

Forestry

3. Sustainable forestry, agro-forestry and biomass energy
   - 3.1. Promote afforestation/reforestation of designated areas through enhanced germplasm and technical practices in planting and post-planting processes
   - 3.2. Employ improved forest management for degraded forest resources

Tourism

4. Ecotourism, conservation and payment for ecosystem services promotion in protected areas
   4.1. Maximize business tourism (the largest source of export revenues) through strategic conference management in order to maximize the distribution and volume of business travelers throughout the year

Water

5. Integrated water resources management and planning
   5.1. Establish a national integrated water resources management framework that incorporates district and community-based catchment management
   5.2. Develop water resource models, improved meteorological services, water quality testing and improved hydro-related information management
   5.3. Develop a national water security plan to employ water storage and rain water harvesting, water conservation practices, efficient irrigation and other water efficient technologies

Land use

6. Integrated approach to sustainable land use planning and management
   6.1. Employ and integrated approach to planning and sustainable land use management
   6.2. Improve spatial data by harnessing ICT and GIS (geographic information system) technologies

Cross-cutting

7. Disaster management
   7.1. Conduct risk assessment and vulnerability mapping
   7.2. Establish an integrated early warning system and disaster response plan
   7.3. Employ community-based disaster risk reduction (DRR) programmes designed around local environmental and economic conditions to mobilize local capacity in emergency response and to reduce locally specific hazards
8. Climate data and projections
   8.1. Improve observation facilities to provide all climate information necessary for future monitoring, climate trend detection, management of climate variability, early warning and disaster management

MITIGATION CONTRIBUTION

Energy

1. Low carbon energy mix
   1.1. Establishment of new grid connected renewable electricity generation capacity in the form of large-scale hydro power plants and solar PV power
2. Sustainable small scale energy installation
   2.1. Installation of solar PV mini grids in rural communities
3. Energy efficiency and demand side management
   3.1. Increase energy efficiency through demand side measures and grid-loss reduction
   3.2. Promote environmentally sustainable use of biomass fuels

Transport

4. Efficient resilient transport system
   4.1. Bus promotion of public transport, improvement of transport infrastructure, setting vehicles' emission standards and regulations and integrated national transportation planning

Industry

5. Green industry and private sector development
   5.1. Scale up resource efficiency to reduce energy demand in agro processing industries
   5.2. Establishment of eco-industrial park of green industry complex

Waste

6. Implementation of low carbon urban systems
   6.1. Utilization of urban waste as a high value resource stream

Forestry

7. Sustainable forestry, agro forestry and biomass energy
   7.1. Mandate licensing of sustainable charcoal production techniques

Annex 4

7-STEP GUIDELINES ON MRV PROCESS FOR FONERWA BENEFICIARIES

STEP	M&E Activity	Responsibility	Deliverable & template	Timeframe	Role of FMT
1	M&E Framework design	Project Monitoring and Evaluation Officer	M&E Framework	Within 3 months	Orientation to project on setting the framework. Review and validate final framework.
2	Confirm Project Baseline	Project Monitoring and Evaluation Officer with support from Project Manager	Inception Report / Baseline survey report	Commenced within 3 months of project starting	Guidance on when a survey is needed and how to conduct survey. Ensure baseline data is identified and review results.
3	Inception meeting	Project Manager	Minutes of Inception Meeting	Within 2 months of signing Grant Agreement	Brief projects on M&E requirements

STEP	M&E Activity	Responsibility	Deliverable & template	Timeframe	Role of FMT
4	Project progress reporting	Project Co-ordinator	Progress Reports	Quarterly	Review and validate with field visit where necessary.
5	Project steering group meetings	Project Director	Minutes of Project Steering Group	Six monthly	Review Minutes and ensure corrective action is taken by project .
6	Annual review workshop (Lesson Learning Exercise)	Project Co-ordinator	Annual Review Report	Annually	Participate in workshop, review report, disseminate lessons
7	Mid-term[145] and/or Final Evaluation	External consultant	Final evaluation report	Mid-term and/or final quarter of project cycle.	QA the drafting of ToRs & consultant selection. Ensure quality of final report

Annex 5

ENVIRONMENTAL AND CLIMATE CHANGE PROBLEMS ACROSS DISTRICTS AND POTENTIAL SOLUTIONS, FROM PERECC 2008-2012

List of environmental and climate change issues by reporting districts	Recommendations
1.Insufficient local revenue and /or budgets, or budget remaining constant over years or no budget line at all [Gakenke, Gasabo, Gatsibo, Huye, Kamonyi, Muhanga, Musanze,Ngororero,Nyabihu,Nyagatare,Nyamagabe,Nyaruguru, Rubavu,Ruhango,Rusizi,Rutsiro,Rwamagana]	MINECOFIN should increase budget support to districts as it works with MINALOC to guide them in uniform revenue raising strategies, including from ENR. 2. Districts should build public private-partnership in addressing some of the environmental problems through formal MoUs
2.Only forestry receives earmarked fund, and even then not from MINIRENA but from other sectors or donors and the mentality exists that environment only means tree planting. [Bugesera, Gatsibo, Kayonza, Kirehe, Ngoma, Nyabihu, Ngororero ,Rulindo]	MINECOFIN should broaden the 'Environmental Protection' functional classification to signal priorities within and across sectors and should

145 MTR will be recommended if the project is 3+ years in duration – as advised in PD Review

	increase the amount of earmarked funds covering more than forests, preferably using the broadened chart of accounts.
3.Low awareness and skills for environmental management and to address Climate Change issues [Gatsibo, Gicumbi, Gisagara, Karongi, Kamonyi,Karongi,Muhanga,Musanze, Ngoma,Nyabihu,Nyagatare,Nyaruguru,Rubavu,Ruhango,Rusizi, Rutsiro]	1.ENR Sector Working Group should develop and fund a communication awareness strategy using multiple channels pertinent to audiences 2. MINIRENA should develop a capacity building programme for environmental management.
4.Poor mindset or taking environment as gift from God, or not realising direct tangible benefits from protecting the environment [Bugesera, Huye, Kayonza, Ngoma, Musanze ,Rwamagana]	Government should balance quick gain demonstration projects with those for "public goods' benefits to rally participation of many stakeholders
5.Low involvement of the private sector, NGOs, CBOs in addressing environmental and climate change issues,[Busegera, Gicumbi, Gisagara, Kamonyi,Karongi,Ngoma,Nyabihu ,Rutsiro,,Rulindo]	Districts should build upon the active private firms, NGOs, CBOs they listed in Annex 6 and new ones to partner with in implementing ENR activities through formal MOUs with clearly agreed upon roles, targets and budgets
6.Lack of data and information base on environmental issues and opportunities to influence planning and budgeting rationally, systematically and consistently [Gasabo, Gisagara, Nyamagabe,Nyaruguru,Rubavu,Rutsiro]	MINALOC in collaboration with MINIRENA, REMA, and RNRA should commission District Environmental Resource Profiles that capture the resource base, the problems faced, the opportunities and translate them into a well costed long term sustainability plan.
7.Poor involvement of planners in issues of environment and Climate Change or low mobilization by local authorities [Busegera, Kamonyi, Kirehe, Muhanga]	Mayors and Executive Secretaries should involve planners and local leaders in identifying and budgeting for ENR and climate change issues by forming district environmental committees.
8.ENR not considered priority by the districts [Gasabo, Gatsibo, Kicukiro,Ngororero,Nyaruguru,Rwamagana,Muhanga]	As in 2 above

9.Disasters reverse actions to protect the environment, or high maintenance budgets are needed or the resources available are outweighed by the rate of degradation [Gicumbi, Rusizi, Rulindo]	1.MINIRENA should support districts in costing environmental activities 2. FONERWA should create a financing window for environmental and climate change disasters.
10.ENR is considered as cross cutting and marginised [Kayonza, Nyamagabe]	As in 2 above
11.Lack of transport [Gakenke}	Departments should cost-share the available transport
12. Industries constructed in wetlands/encroachment in wetlands/ poor sewage systems that leak, and waste management only for those who can afford. [Kicukiro]	Kigali City should improve urban planning by garzetting land for different purposes e.g industry, settlement, public transport, recreation, conservation, without forgetting to gazette and protect critical wetlands from encroachmen
12.Climate change issues are seasonable and difficult to plan and budget for [Rusizi]	1. As in 9 above. 2. FONERWA should partner with institutions to popularize climate change risks. 3. MINAGRI should upscale weather indexed insurance for agriculture.