



MINISTRY OF ENVIRONMENT



ADAPTATION FUND

**PROJECT INCEPTION REPORT ON RWANDA SUBNATIONAL ADAPTION FUND IN
RWANDA**

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Executive summary

1.INTRODUCTION

1.1. Project Background

The Adaptation Fund (the Fund) supports concrete adaptation activities, projects and programmes that reduce the adverse effects of climate change facing communities, countries and sectors in developing country Parties to the Kyoto Protocol (KP) and Paris Agreement (PA) under the United Nations Framework Convention on Climate Change (UNFCCC). In particular, articles 9 and 11 of the PA assert the importance of readiness and capacity-building for enhanced access to climate finance and enhanced ability to undertake effective adaptation actions. Through its Readiness Programme for Climate Finance (Readiness Programme in short) the Fund provides readiness and capacity-building support to developing countries to access adaptation finance and deliver concrete projects that build resilience to communities globally, especially through its pioneering Direct Access modality.

Beyond Direct Access, the Fund has pioneered Enhanced Direct Access (EDA), which empowers developing countries to access and programme adaptation finance beyond what can be achieved through the Direct Access modality alone, by devolving decision-making in the programming of internationally allocated funds to the national and sub-national levels. The nature of EDA projects and programmes make it an important vehicle for locally led climate action by increasing opportunities for direct involvement of local beneficiaries at the sub-national level in both proposal development and project/programme execution. In turn, this can lead to the realization of benefits that enhance adaptation and resilience on the ground, such as the piloting of innovation built on bottom-up approaches through local knowledge and locally led action; the generation of additional knowledge for replication; and promoting the development of public private partnerships.

In October 2020, the Adaptation Fund Board (the Board), at the second session of its 35th meeting established a funding window for EDA. The funding available for EDA projects/programmes would be up to US\$ 5 million per country and would not count against the country funding cap for regular concrete projects/programmes. taking into account the Fund's experiences on local actions including the Direct Access and Enhanced Direct Access modalities.

Rwanda is a small, landlocked and hilly country in the East of Africa and most densely populated country in Africa with a population of 13,2M living in an area of 26,338 Km². Rwanda is on a positive growth trajectory and there is a national priority to transform Rwanda's economy into a Middle Upper Income country by 2035 and High-Income Country by 2050. The number of people living in poverty has also reduced, income inequality is falling, and Rwanda has also actively promoted gender equality and equity in its laws and

education policies. However, significant challenges remain. The economy is dominated by agriculture, which contributes 30% of GDP, accounts for around 70% of employment and dominates total exports by value. Rwandan agriculture has a high sensitivity to climate change and low adaptive capacity. Much of the population is involved in small-holder or subsistence rain-fed agriculture.

1.2. Problem Statement & Rational

Rwanda is a highly vulnerable country and will experience major impacts from climate change even in the short-term. It is estimated that climate change impacts will lead to costs equivalent to 1% of GDP each year even by 2030. There is a large adaptation challenge, and country needs are high. These costs are predominantly due to the impacts of changing climate extremes (extreme rainfall in the west and droughts in the east) and slow onset change (national) in the water-land-agriculture nexus, and have particularly high impacts for rural communities, where vulnerability is high, as evidenced by the Rwanda baseline.

Sustainable land use management practices. Rwanda has very high soil erosion rates due to the hilly terrain and intense precipitation, increasing with climate change. This option focuses on reducing soil erosion from intense precipitation using sustainable land conservation and protection measures, particularly with radical (bench) and progressive terraces. These reduce soil erosion rates, and run-off, increasing yields and also maintain soil carbon and reducing GHG emissions. Terracing and other soil management practices are an adaptation priority in the updated Rwanda NDC. The projects in this area will focus on ensuring tangible benefits for the most vulnerable rural communities.

Agroforestry and Climate-Smart Agriculture. Agroforestry and other sustainable agriculture techniques are a priority action for Rwanda, including in the national development plan, and they are a priority adaptation action in the NDC. This option includes a variety of agroforestry, management approaches, including the interface and interaction between agriculture and forestry, on-farm and at community level. It also includes other sustainable agriculture methods, including inter-cropping, cover crops, mulching, conservation agriculture. These options improve soil moisture retention and reduce run-off, build resilience to climate variability and future climate risks, and also increase productivity, and reduce greenhouse gas emissions, as part of the triple wins of climate smart agriculture. The projects in this area will focus on ensuring tangible benefits for the most vulnerable communities.

Integrated Water Resource Management. An adaptation priority in Rwanda's updated NDC is to improve water security, through a series of interventions that include water conservation practices, wetlands restoration, water storage and efficient water use. These actions help address increasing rainfall variability and increasing drought risks. The call for proposals will focus on small-scale projects that ensure tangible benefits for vulnerable communities. It includes rain-water harvesting (individual households and small-scale community systems) that provide water security during periods of rainfall variability, and small-scale rain-water harvesting for agriculture. It will also include wetland restoration to

improve water management and provide improved regulation of flows under a changing climate.

Small-scale irrigation. Irrigation is a major adaptation priority in the updated Rwanda NDC, to tackle increasing rainfall variability, dry spells and droughts. This option is focused on small scale irrigation projects, including solar irrigation to improve resilience to climate risks. This will include small scale solar irrigation, which aligns with a mitigation priority in the NDC.

2. Objective

The project aims to increase devolved adaptation decision making and finance through direct enhanced access to the sub-national level. This project will focus on funding local government and CSO projects, local districts, NGOs only, and is targeting to vulnerable communities in rural area.

1. To Increase readiness and capacity of subnational entities to directly access and program adaptation finance
2. Capacity building of local organizations/ people on project delivery

3. Approach and implementation plan

The Ministry of Environment (MOE) is the National Implementing Entity and will be responsible for the overall management of the Project, development of policies, strategies, guidelines and formulation of regulations, the monitoring and reporting of the achievement including resources of the project outcomes/outputs, to the Adaptation Fund.

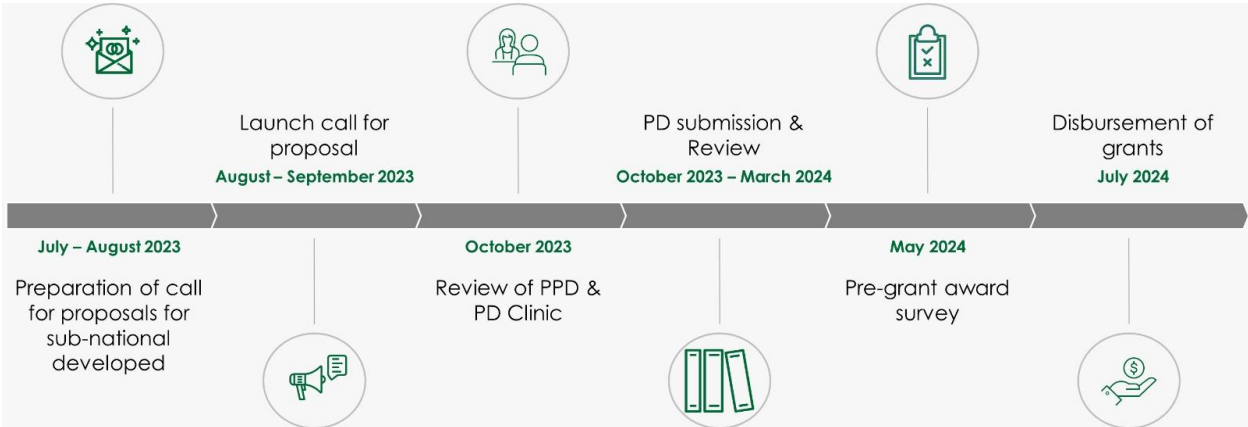
The Executing Entity will be the National Fund for Environment (FONERWA), which will execute the EDA project. FONERWA will be responsible for preparing and issuing the Calls for Proposals for sub-national projects, and evaluating these using existing processes within the Fund. The EDA project management will be implemented by the existing Fund Management Team. It will use the existing FONERWA operational manual and safeguards, as well as the existing financial, management, and monitoring processes including conducting an annual, external case study on gender inclusion on each sub-project with the aim of gathering lessons learned, to capture the impact of projects through baseline, midterm and endline evaluations. It will also be responsible for ensuring the delivery of these projects.

FONERWA will provide the grants, and manage the grants, for the projects approved. The EDA proposes to use the existing FONERWA fund management cycle. The FONERWA fund management team (secretariat) will ensure that Environmental Social Policy and Gender Policy and plans have been detailed under all projects. On the program level, disaggregated indicators will also be used in sub-project performance reporting, for example using gender and youth-sensitive spending report, how much of the project resources have been allocated to women's and youth resilience. FONERWA fund management team will ensure and improve gender-responsive project design by providing guidance on the development of gender-disaggregated data collection. FONERWA offers technical assistance to projects to develop

successful sub-projects, this includes technical assistance on gender inclusion. Beyond the use of indicators, the project management team will ensure tangible actions be taken in order to accelerate the participation of women.

The grant window will support the implementation of adaptation measures at subnational level. As highlighted above, the grants will use the FONERWA fund and processes, and target district and local government, and civil society organizations. This will fund civil society organizations (with anticipated grant sizes of USD 100,000 – USD 250,000) and Local / District Government (with anticipated grant sizes USD 500,000 – USD 1,000,000), or combinations of these working together as consortiums (e.g., a local government plus a CSO). The anticipated duration of projects will be for 2-3 years. The funded organizations will deliver (execute) the actual adaptation projects, and thus will be executing entities as well. They will be responsible for implementation of the grants, reporting and under close scrutiny from FONERWA.

TENTATIVE PLAN



4. Budgeting Re-Arrangements

In line with the Government of Rwanda’s planning and budgeting procedures, NIE & NEE have prepared annual budget which was approved by the Steering committee meeting and have proposed some budget reallocation on NIE, while the NEE’s budget remains the same. To provide context, both the previous and the new budgets were incorporated. This was done to facilitate a comprehensive grasp of how the alterations to the budget lines were done. See below:

Figure 1: Previous NIE Budget

Project cycle management fee		No/units	Cost per Unit	Cost Rwf	Cost in USD
Programme management fees	Management fee	1	117,110,476	117,110,476	113,699
Capacity building for ESMP monitoring and Gender inclusiveness	Lump sum & Hotel facilities	2	20,000,000	40,000,000	38,835
Technical Assistance support for program implementation	Days	60	721,000	43,260,000	42,000
Project Steering Committee Meetings	Lump sum and Hotel facilities	200	51,000	10,200,000	9,903
Programme Midterm evaluation	Consultation Fee	1	55,000,000	55,000,000	53,398
Programme Final evaluation	Consultation Fee	1	55,000,000	55,000,000	53,398
Program oversight for supported projects (MoE site visits)	Lump sum & Transport	200	52,000	10,400,000	10,097
External audit (annual) - includes audit for each project	Consultation fee	4	20,000,000	80,000,000	77,670
TOTAL				410,970,467	399,000

Figure 2: New NIE Budget

Project cycle management fee		No/units	Cost per Unit	Cost Rwf	Cost in USD
Programme management fees & support for program implementation	Management fee	2	160,370,476	160,370,476	154,830
Capacity building for ESMP monitoring and Gender inclusiveness	Lump sum & Hotel facilities	2	40,000,000	80,0000	77,670
Project Steering Committee Meetings	Lump sum and Hotel facilities	200	51,000	10,200,000	9,903
Programme Midterm evaluation	Consultation Fee	1	45,000,000	45,000,000	43,700
Programme Final evaluation	Consultation Fee	1	40,000,000	40,000,000	38,900
Program oversight for supported projects (MoE site visits)	Lump sum & Transport	695	52,000	36,150,000	35,097
External audit (annual) - includes audit for each project	Consultation fee	4	10,000,000	40,000,000	38,900
TOTAL					399,000

In addition to the above, the Steering committee meeting that was held in July of 2023, recommended the following:

- Develop the Call for Proposal, with an expected launch in September; this will include material for the Project Profile Document (PPD) and the Project Document (PD).
- Call for proposal take a month to review and the response to shortlisted candidates will be done in November 2023.
- In the development of the proposal, it was suggested to have a steering committee every quarter but a change has been proposed to have the steering committee done twice a year at least during the planning stage.

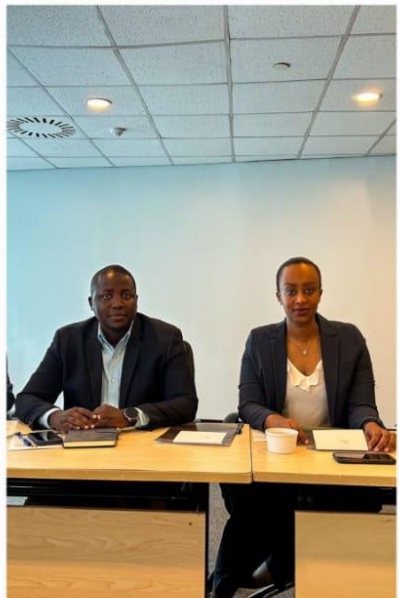


Photo: During the inception meeting & Steering Committee