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# Creation of the National Fund for Climate and Environment (FONERWA): Support to the Fund Management Team

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# CONTENTS

02	Table of Contents
03	List of Acronyms
03	List of Figures
03	List of Tables
04	Executive Summary

## 09 SECTION 1: PROJECT BACKGROUND

10	1.1	The National Context
11	1.2	The Project Theory of Change
12	1.3	The Project Manager
12	1.4	The Scope of Work
12	1.5	The Contract Extension
13	1.6	The Results Matrix

## 14 SECTION 2: PROJECT RESULTS

15	2.1	Fund Management/Operations
19	2.2	Resource Mobilisation
21	2.3	Capacity Development
24	2.4	Knowledge Management and Communications
28	2.5	Management of Risks

## 29 SECTION 3: PROJECT PERFORMANCE

30	Project Outcome
31	Project Outputs
31	Project Assumptions
32	Use of Project Resources

## 33 SECTION 4: EVOLUTION OF FONERWA

## 37 SECTION 5: LESSONS AND RECOMMENDATIONS

38	5.1	Lessons
40	5.2	Recommendations

## 42 ANNEXES



## LIST OF ACRONYMS

AfDB	African Development Bank
AR	Annual Review
CB	Capacity Building
CCD	Climate Compatible Development
CDKN	Climate and Development Knowledge Network
CFP	Call for Proposals
CIDT	Centre for International Development & Training, University of Wolverhampton, UK
CSO	Civil Society Organisation
DDP	District Development Plan
DESEQ	On-line learning company, UK
DFID	UK Aid Department for International Development
DFID-R	UK Aid Department for International Development – Rwanda Office
DP	Development Partner
DRC	Democratic Republic of Congo
EDPRS I	Economic Development & Poverty Reduction Strategy no.1 (2008-2012)
EDPRS II	Economic Development & Poverty Reduction Strategy no.2 (2013-2018)
EFU	External Finance Unit of MINECOFIN, Rwanda
EIA	Environmental Impact Assessment
FIP	Forest Investment Programme of the Climate Investment Fund
FMC	Fund Management Committee for FONERWA (also called the 'Board')
FMT	Fund Management Team for FONERWA
FRMS	Fund Results Management System
FTC	Fund Technical Committee for FONERWA
GGCRS	Green Growth & Climate Resilience Strategy, Rwanda 2011
GGGI	Global Green Growth Institute, South Korea
GoR	Government of Rwanda
Ha	Hectare
ICF	International Climate Fund
IOP	Individual Operational Plan
JD	Job Description
KfW	Germany Development Bank
LODA	Local Administrative Entities Development Agency
M&E	Monitoring & evaluation
MIDIMAR	Rwandan Ministry of Disaster Management and Refugee Affairs
MIFOTRA	Rwandan Ministry of Public Service and Labour
MINAGRI	Rwandan Ministry of Agriculture and Animal Resource
MINALOC	Rwandan Ministry of Local Government
MINECOFIN	Rwandan Ministry of Finance and Economic Planning
MINIFRA	Rwandan Ministry of Infrastructure
MINIRENA	Rwandan Ministry of Natural Resources
PD	Project Document for submission to FONERWA fund
PPCR	Pilot Program for Climate Resilience of the Climate Investment Fund
PPD	Project Proposal Document for submission to FONERWA fund
QA	Quality Assurance
RBM	Results Based Management
REMA	Rwanda Environmental Management Agency
Secretariat	GoR FONERWA fund management team
SREP	Scaling Up Renewable Energy Program of the Climate Investment Fund
TA	Technical Assistance
UN	United Nations
UNDP	United Nations Development Programme
VfM	Value for Money

## LIST OF FIGURES

Figure 1: The FONERWA Theory of Change

Figure 2: FONERWA Organogram

## LIST OF TABLES

Table 1: Examples of FONERWA's growing recognition in 2015

Table 2: Financial Breakdown for the combined 3-year period

Table 3: Summary of selected activities to inform FONERWA's Operation



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# Executive Summary



This report describes the achievements, challenges and lessons of the project “**Creation of the National Fund for Climate and Environment (FONERWA): support to the fund Management Team**”, otherwise known as the “FMT project”.

This DFID funded and CIDT managed project in Rwanda set up, operationalised, strengthened and transferred FONERWA, the Climate and Environment fund, to Government of Rwanda. The project ran for 3 years (36 months) from October 2012 till September 2015.

This report is divided into five chapters:

- **Chapter 1** describes the **background context** of the project.
- **Chapter 2** highlights **key achievements** of the project under two core areas of fund mandate: *Fund Management and Operations and Resource Mobilisation*; and in three cross-cutting areas: *Capacity Building; Knowledge Management and Risk Management*.
- **Chapter 3** gives a brief overview of achievements against the **targets in the project’s results framework** and summarises the financial expenditure of the project.
- **Chapter 4** describes the **evolution of the fund**, including the FONERWA Strategy and responses to the recommendations from the independent DFID Annual Review of 2015.
- **Chapter 5** offers some key **lessons** and makes **recommendations** for the next phase of support to the management of the fund.
- **Annexes 1-11** contain supporting information on project performance, risks, expenditure and strategy.

**An online repository** (not in the public domain) has been established at <http://cidt.org.uk/fonerwa-reports>. This archives 49 project outputs and includes documents pertaining to operationalisation, contract documents, implementation, sustainability documents, private sector, DFID Annual Reviews, promotions and more. It also hosts the 11 Quarterly project reports.

The report outlines the **national context** in which the project was launched and reveals whether the intended pathway and assumptions of the project **Theory of Change** held true. The **Project Manager** CIDT is briefly introduced, and the **scope of work** outlined.

The two over-arching **project objectives** were:

1. to operationalise and manage day-to-day activities of Rwanda’s Environment and Climate Change Fund (FONERWA) for the initial two years of its operation;
2. to ensure the on-going sustainability of the fund beyond the initial two-year period of its operation, both in terms of securing resources for future fund activities and ensuring that a functioning system, capacity and expertise is transferred to the GoR over the course of the initial two-year period.

Critically the ToRs emphasised that ensuring the **sustainability** of the fund (beyond the initial two-year period of DFID support) would be essential to its success. The ToRs set the challenge to ensure that GoR would be supported to take over responsibility for management of the fund by the end of the two year period. It was recognised that more time would be needed to build capacity for this **transfer of management** and for this reason a one year **contract extension** was granted in September 2015. Broadly speaking, the three years of project delivery were characterised by different phases of work.

**Year 1** established the FONERWA institutional structures, worked to capitalise the fund, commenced operationalisation activities, such as awareness raising, capacity building and initiating quarterly Project Proposal Document (PPD) rounds.

**Year 2** maintained and expanded operationalisation activities, including strengthening fund management, full Project Document (PD) review and approval processes, communication and additional resource mobilisation.

**Year 3** efforts supported transfer of fund management, through strengthening of GoR ownership and management capacity/systems.

The report summarises results and identifies lessons under seven areas, which are summarised below.

## FUND MANAGEMENT/OPERATIONS



FONERWA initially needed to have a lean management structure and be simple, realistic and tightly governed. Strong design, operational manual and governance system were essential in building confidence, transparency and accountability with and for national and international stakeholders and in orientating fund establishment and management. FONERWA has built a strong reputation nationally, regionally and internationally through rapid operationalisation, resource mobilisation and its innovative, country-owned approach. The modus operandi of a 'hybrid team' consisting of a core group of Rwandan national staff with management control of the FONERWA fund and access to call-down international consultancy technical support. The hybrid structure has proved to be effective and will remain relevant given the need to maintain the lean management structure. Operating a staff team with the full range of technical expertise across all climate related sectors is not feasible.

## RESOURCE MOBILISATION

The speed of the capitalisation of FONERWA, compared to other countries' attempts to design similar funds, is remarkable. Critical to this was early engagement of potential donors, the Government's integration of climate compatible development into national policy and the presence of strong institutional and governance conditions, built on a rigorous and realistic management design, enabling confidence in the

ability of the fund to deliver its mandate.

The FONERWA model has proven catalytic in both directly facilitating resource mobilisation into the Fund (US\$50 million according to April 2016 review) and through targeted technical assistance to leverage funds for wider GoR, including most recently GCF accreditation<sup>1</sup>.

## CAPACITY DEVELOPMENT

The lean staffing of the FMT struggled to meet the level of demand from applicants to the fund initially and a systematic structure for the provision of technical assistance had to be formulated including the development of bespoke online training resources for applicants. Whilst awareness raising and generic workshop training was highly successful in promoting the fund, the greatest capacity development gains have been through coaching, mentoring and specific small group support. Capacity for project implementation emerged as a key risk to the fund and resulted in low levels of disbursement and quality challenges. Three years rather than two were needed to set up an operational fund and transfer management to GoR.

## KNOWLEDGE MANAGEMENT AND COMMUNICATIONS

The recognition that delays in addressing comments by the applicants resulted in delays in disbursement, led to rescheduling of the call for proposals from quarterly to semi-annual calls. This allows applicants ample time to address FMT comments, and sufficient time to follow up on the project implementation by FMT. Attention is needed to meet the demand for information from different audiences via the FONERWA website. There is a challenge in relation to the collection, collation, generation and dissemination of project information and lessons concerning the relative capacities and skills within project implementation teams and the fact that the fund is highly dependent on these teams for the provision of this information. In addition supporting project implementers is resource (time, personnel and financial) intensive and therefore expensive.

## MANAGEMENT OF RISKS

Quarterly reporting on risks embedded risk appraisal and planning within the FONERWA management system. Risk management was required to be dynamic, flexible, responsive and ongoing as work streams developed and external circumstances changed. Conscious and conscientious risk management has been

<sup>1</sup> See Quarterly Reporting for full details at <http://cidt.org.uk/fonerwa-reports>.



critical in ensuring timely actions to respond to emerging risks and planning for the successful operation of the fund.

## PROJECT PERFORMANCE

FONERWA's demand-driven design led to a diversity of applications (PPDs) but unsustainable levels of quarterly project proposal document submissions, prompting adoption of a more targeted approach for concepts and less frequent calls.

## EVOLUTION OF FONERWA

Demand for the fund's services quickly exceeded that anticipated and extended beyond the originally designed functions. Application processes and procedures have needed to be revised to improve efficiency and, in particular, better facilitate engagement with the private sector. Lesson learning and the ability to flexibly respond to experience and changing conditions is vital for a new institution. These require resourcing in terms of staff, skills and time. External TA support is and will remain an ongoing need. Strategic development involves wide-ranging consultative and stakeholder engagement and inputs; the process of clarifying, refining and formulating the strategic direction and remit of a newly established institution is multi-faceted, challenging and time consuming, especially where this requires coordination between multiple agencies.

## RECOMMENDATIONS

The report offers 17 recommendations clustered into seven categories:

### Fund Management/Operations

1. A viable mechanism is secured to determine both the source and the level of funding required to pay for high quality ongoing fund management and TA support provision.
2. Periodic review to be undertaken of FONERWA management staffing roles, structure and capacities, especially in the light of a potential expanded role and remit.
3. FMT, FTC and FMC members to receive support and training inputs according to their role, mandate and needs.

### Resource Mobilisation

4. The FONERWA Resource Mobilisation Strategy and plan is to be finalised, adequately resourced and implemented.
5. FONERWA's role in supporting national Climate Finance mobilisation and coordination is clarified, refined and formalised, particularly in relation to the roles of MINECOFIN and of supported implementing agencies. This role must then be adequately resourced and embedded within the fund's processes, systems and plans.

6. The fund has, in a brief period demonstrated the capacity to attract external finances through successful engagement of global climate finance facilities such as the Green Climate Fund and the Climate Investment Funds within the World Bank. This unique comparative advantage needs to be promoted through further national recognition, support and appropriate resourcing, the potential for which is explored in the FONERWA strategic document (2015-18).

### Capacity Development

7. The FONERWA capacity development strategy and plan (2015-18) is finalised, adequately resourced and implemented.
8. Lessons and Recommendations from the CDKN District focussed CB project inform ongoing and future district support.

## Knowledge Management and Communications

**9.** Quality of information on the FONERWA website to be prioritised and updated more regularly. As a GoR Secretariat FONERWA can develop its online presence as a national knowledge portal for CCD, featuring regular news items, project ‘spotlight’ thematic lessons, application factsheets or ‘how-to’ notes, think-pieces on green growth, frequently asked questions etc.

**10.** Systems and processes are maintained, refined and supported for ongoing lesson learning, review and responding to experience, and communicating the fund’s results and impacts, in support of further resource mobilisation and managing the fund’s growing reputation.

## Implementation of projects funded by FONERWA

**11.** FONERWA’s role in supporting and overseeing implementation is clarified, refined and formalised, particularly in relation to potential conflict of interest and roles of implementing agencies. This role is then adequately resourced and embedded within the fund’s processes, systems and plans.

**12.** Capacity development for strengthening project implementation is addressed within the Fund capacity development strategy and plans.

## Management of Risks

**13.** Maintain and strengthen FONERWA risk appraisal and planning processes, retaining flexibility and responsiveness to changes in risks associated with fund performance, sustainability, strategic roles and external circumstances.

**14.** Ensure risk management and mitigation actions are appropriately resourced.

## Further Development of FONERWA

**15.** The FONERWA strategic plan is approved as a guiding document. The plan is shared more widely among national stakeholders and action points commenced to inform further refinement and development.

**16.** The strategic plan, and constituent components, are implemented in accordance with the action plan.



**17.** Staff and TA provision and fund management systems and processes assessed for capacity, capability and resource requirements for delivery of full range of FONERWA functions, and necessary resources provided.

Although some recommendations rely on external factors, it is expected that the recommendations should be delivered by the FONERWA Secretariat over the next two years (April 2016 - March 2018) via ongoing action plans and fund strategy implementation. CIDT continues to support the Secretariat on a greatly reduced scale, via CDKN support.

## IN CONCLUSION

The project mechanisms proved valid in supporting the intended pathway as described in the DFID Business Case Theory of Change. The project Outputs and Outcome are largely achieved - the Impact, which FONERWA contributes to, remains to be measured in the coming years. Critically, the Assumption that other Donors were willing/able to contribute to the fund held true. The two overarching project objectives were delivered: to operationalise and manage day-to-day activities of Rwanda’s Environment and Climate Change Fund (FONERWA) for the initial two years of its operation; and to ensure the on-going sustainability of the fund beyond the initial two-year period of its operation. The project was successful in securing resources for future fund activities and ensuring that a functioning system, capacity and expertise was transferred to the GoR over the course of the initial two-year period.



## SECTION 1

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# Project Background



## 1.1 THE NATIONAL CONTEXT

Rwanda is vulnerable to climate change, specifically to soil erosion, which when combined with a reliance on rain-fed farming and a lack of modern technology, creates serious constraints to agricultural development. Climatic shocks including intense rainfall, floods and droughts pose a substantial threat to rural livelihoods, including those engaged in tea and coffee exports<sup>2</sup>. Rwanda has experienced a temperature increase of 1.4°C since 1970, higher than the global average, and can expect an increase in temperature of up to 2.5°C by the 2050s from 1970. Rainfall is highly variable in Rwanda but average annual rainfall may increase by up to 20% by the 2050s from 1970<sup>3</sup>.

Rwanda's policy for sustainable development is guided by Vision 2020, which aims to transform Rwanda into a middle income knowledge based society with a goal of 1,240 USD GDP per capita. Government plans are implemented through the medium term strategy, currently the second Economic Development and Poverty Reduction Strategy, EDPRS II.

The Government of Rwanda is keenly aware of the economic risks presented by climate change. Rather than choose between environment or development, Rwanda is looking for resilient 'green growth' and an environmentally sustainable economy. In order to achieve its development aspirations, Rwanda must counter predicted impacts of climate change, estimated at up to 1% of GDP per year<sup>4</sup>. In order to address this challenge a Green Growth and Climate Resilient Strategy (GGCRS) was developed and adopted by Cabinet in 2011, to ensure that Rwanda's economic growth is climate resilient and low carbon and increasingly meets green economic growth needs.

FONERWA, the National Fund for Environment and Climate Change, was identified as an enabling pillar for the implementation of GGCRS. FONERWA is established as a cross-sectoral financing mechanism to support Rwanda's development objective of green and climate resilient growth. FONERWA has a legal basis in Organic Law No.4/2005 and was fully established by law No.16/2012 (the FONERWA Law). The fund became fully operational in



July 2013 following seed capitalization and formalisation of governance arrangements through the Prime Minister Order No. 158/03.

FONERWA's mandated objectives are to mobilise and manage resources to support institutions and individuals to protect the environment and natural resources and respond to climate change and its impacts. The GGCRS states that the Environment and Climate Change Fund, FONERWA, "will be the centrepiece of Rwanda's climate financing plan, attracting and streamlining climate finance with the Strategy, and leveraging private investment for low carbon initiatives." The FONERWA Law states that its responsibilities shall be the following:

- Mobilising and managing resources used in activities aiming at protecting environment and natural resources;
- Mobilising and managing funds to be used in the fight against climate changes and its impacts;
- To support public organs, associations and individuals aimed at protecting environment, research as well as managing climate change.

<sup>2</sup> More climate data from FONERWA can be found on the PPD applicant online resource under modules 1-3.

<sup>3</sup> Green Growth and Climate Resilience Strategy, Kigali, 2011

<sup>4</sup> Economics of Climate Change in Rwanda, 2009

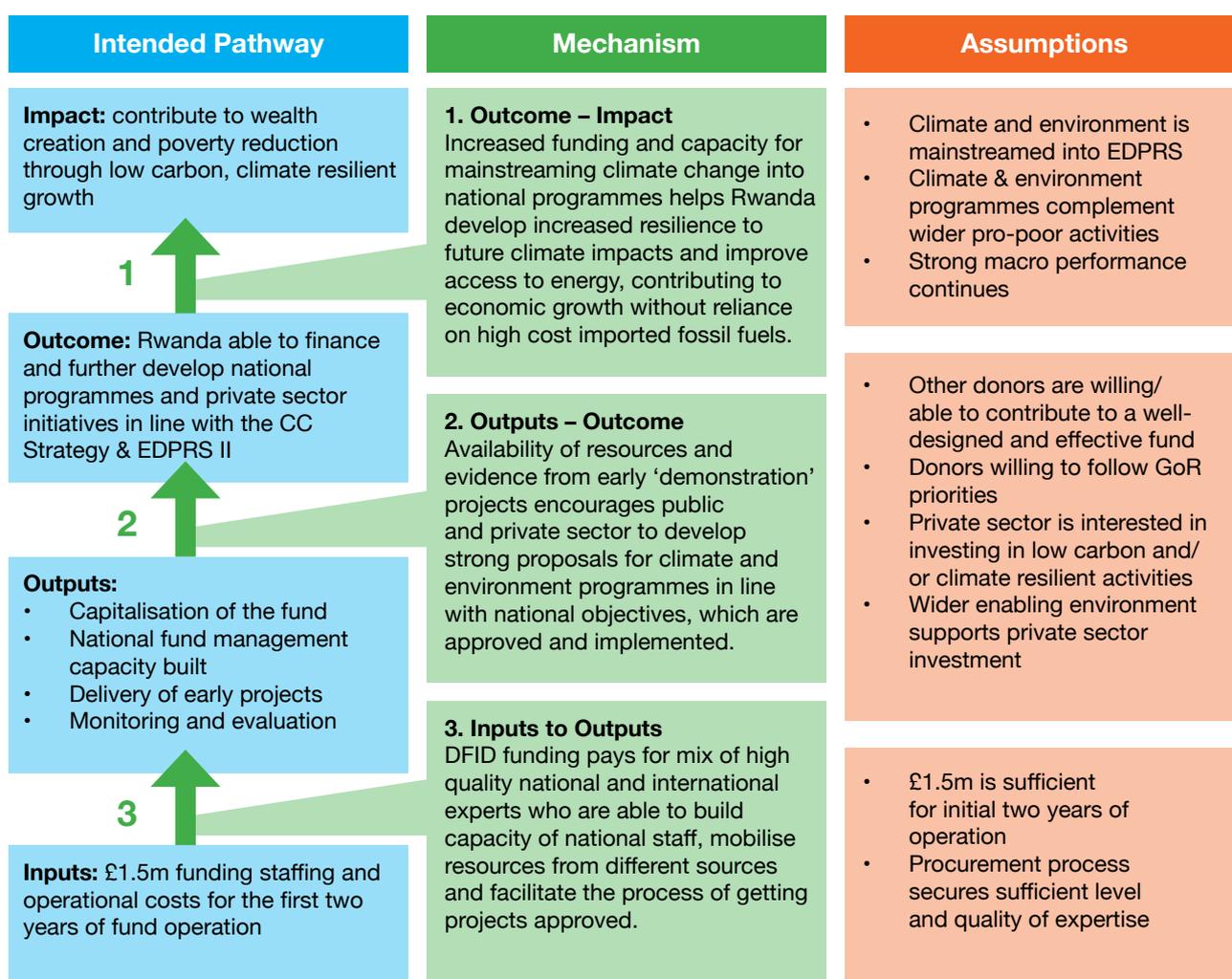
## 1.2 THE PROJECT THEORY OF CHANGE

In 2011 DFID developed a Business Case for support to the Government of Rwanda's climate resilience aspiration. The Theory of Change seeking to support the creation of a national fund for Climate and Environment is presented in Figure 1 showing the intended pathway and assumptions.

As at the end of 2015 it can be concluded that the theory of change has held and five observations stand out:

1. The mechanisms proved valid in supporting the intended pathway. The Inputs, Outputs and Outcome are largely achieved. The Impact, which FONERWA contributes to, remains to be measured in the coming years.
2. The Assumption that the Input of £1.5m for two years operation was sufficient turned out to be optimistic. It allowed insufficient time to build and hand over the management
3. The Assumption that other Donors were willing/able to contribute to the fund held true.
4. The Assumption that Private sector is interested in investing in low carbon and/or climate resilient activities and that wider enabling environment supports private sector investment has partially held as there has been significant interest in FONERWA from the private sector. However weaknesses in the capacity, capability and functionality of many parts of the private sector, and the engagement of FONERWA with the private sector have remained challenges throughout the project period. Details and commentary on FONERWA's engagement with the private sector are provided throughout this report.
5. Whilst good M&E systems and human capacity (Output) have been built up, they need further strengthening to meet the demands of monitoring a \$50 million fund.

**Figure 1:** The FONERWA Theory of Change



## 1.3 THE PROJECT MANAGER

The Centre for International Development (CIDT) operates as a centre of excellence in capacity development for sustainable international development. CIDT is a social enterprise within the supportive framework of the University of Wolverhampton, staffed by 15 international development practitioners. CIDT has worked in over 130 countries, delivering results and building partnerships across public, higher education and private sectors and fielding specialised consultants to meet project, programme and institutional needs.

CIDT had strong experience and a solid understanding of Rwanda's development context, having previously supported DFID assistance to the GoR, particularly in relation to planning and the development of sector M&E frameworks for the EDPRS I, since 2006. This track record in Rwanda gave CIDT credibility, relationships and understanding of the Rwanda context, enabling it to play a catalytic role in supporting the creation and operationalisation of the FONERWA fund.

In 2011 the Rwandan government invited interested organisations to submit proposals to design a national climate and environment finance mechanism<sup>5</sup>. CIDT's proposal was selected by the funder CDKN, and CIDT was tasked with recommending the optimal design and scope for an operational fund. Through competitive tendering processes in 2012 CIDT was awarded the 2-year DFID contract to support the operationalisation of the FONERWA fund<sup>6</sup>, with a further extension granted in 2014 the project was extended by a year until September 2015; the final month of the FMT project intervention.

## 1.4 THE SCOPE OF WORK

According to the Terms of Reference (see Annex 1), the two overarching project objectives were:

1. to operationalise and manage day-to-day activities of Rwanda's Environment and Climate Change Fund (FONERWA) for the initial two years of its operation;
2. to ensure the on-going sustainability of the fund beyond the initial two-year period of its operation, both in terms of securing resources for future fund activities and ensuring that a functioning system, capacity and expertise is transferred to the GoR over the course of the initial two-year period.

The terms of reference clearly state the responsibilities of the FMT, under the leadership of the Fund Manager, to include:

- Preparing annual budget, work and procurement plans
- Ensuring the effective day-to-day operation of the fund
- Mobilising and manage resources
- Provide technical support and advice to public and private actors seeking to access the fund
- Awareness raising
- Acting as Secretary to the fund Technical and Managing Committees
- Processing submitted applications via specified steps
- Providing financial management and procurement oversight
- Managing risk
- Monitoring and reviewing the implementation of funded projects
- Lesson learning and relationship building

Critically the ToRs emphasised that ensuring the sustainability of the fund (beyond the initial two-year period of DFID support) was paramount to its success. A key challenge was set to ensure that the GoR would be supported to take over responsibility for management of the fund by the end of the two year period.

## 1.5 THE CONTRACT EXTENSION

The Fund Management Team (FMT) was required to evolve into a GoR Secretariat or equivalent body by September 2014. The project design called for the transfer of management from contracted consultants to GoR staff in the final 6-months of the FMT contract period (i.e between month 18 and 24 of operation).

However the year 1 annual report showed that further exploration of management options was required - partly due the 6-month delay in FONERWA capitalisation, with corresponding knock on effects on the proposed timeframe of management transfer.

There were three key strategic processes to support sustainability planning for the evolution of the Secretariat, the outputs of these can be found at <http://cidt.org.uk/fonerwa-reports>: the Sustainability Plan (April 2014), the CIDT Exit Strategy (August 2014) and the Report on the FONERWA Retreat (June 2014).

<sup>5</sup> CDKN Project Reference: TAAF-0043

<sup>6</sup> DFID Project Reference number PO5911



The Exit Strategy, designed at the end of year 2, explained that despite notable successes, there remained a lack of capacity amongst existing GoR staff to manage the fund, and that the FMT needed more time to embed the procedures and processes required for effective fund management and to transfer knowledge and capacity to GoR staff. After protracted negotiations, in September 2014 a contract extension was granted by DFID to CIDT for a one year extension to the FMT project.

## 1.6 THE RESULTS MATRIX

CIDT facilitated a participatory process to develop the logframe results frameworks to guide FONERWA implementation. A Meta-Data Handbook was also prepared to accompany the results framework, elaborating the definition, measurement method, data sources, responsibility and frequency for reporting against indicators. The Handbook can be found at <http://cidt.org.uk/fonerwa-reports>.

A 6-year log frame, given as Annex 2, details the targets of the overall FONERWA fund up to 2018.

A 2-year log frame given in Annex 3 details the original FMT sub-project, which is a service project to the 6-year log-frame delivering

its Output 4: 'The fund is sustainably, cost effectively and transparently managed' up to 2014. This project - extended to 2015 - is the subject of this report. From October 2012 till September 2015 the FMT had the dual responsibility to both fully implement the FMT log frame and also ensure the annual milestone targets of the 6-year FONERWA fund log frame were on track.

Following Annual Review recommendations the FONERWA results frameworks were revised in 2014 and 2015, via transparent representative stakeholder workshop processes, to update milestones so that they were realistically informed by implementation on the ground. In 2015 it was further agreed that fund output level targets should be based on the existing pipeline of approved projects rather than anticipate future potential project funding. The decision to reflect approved projects only, pushed FMT to be more accountable for fund results.

Approved projects must contribute to one or more of the FONERWA outputs however they do not necessarily have to fit under an existing indicator<sup>7</sup> and new indicators can be introduced to reflect the fund pipeline. This means that all approved project logframes are nested within the fund results framework, linking via project outcome indicators to fund output targets.

<sup>7</sup> For example projects on pollution, marshland irrigation and mushroom farming have been approved but do not contribute to any indicator in the logframe.



## SECTION 2

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# Project Results



This chapter describes the progress to support the two core mandates of the fund and addresses issues arising in three cross-cutting areas. The two core mandates of FONERWA are:

- Fund Management/Operations
- Resource Mobilisation

The three cross-cutting areas are:

- Capacity Building
- Knowledge Management and Communications
- Management of Risks

Broadly speaking, the three years of project delivery were characterised by different phases of work. Year 1 established the FONERWA institutional structures, worked to capitalise the fund, commenced operationalisation activities - awareness raising, capacity building and initiating quarterly application rounds. Year 2 maintained and expanded operationalisation activities, including strengthening fund management, full PD review and approval processes, communication and additional resource mobilisation. Year 3 efforts supported transfer of fund management, through strengthening of GoR ownership and management capacity/systems.

## 2.1 FUND MANAGEMENT/ OPERATIONS

### Establishing the fund

In collaboration with GoR and DFID-R, CIDT designed the institutional, administrative and procedural elements of FONERWA. A practical operational manual to govern the management of the fund was developed which specified the legal status, governance, management and institutional requirements, safeguards, transparency, accountability, audit and reporting requirements of the fund.

CIDT seconded a full-time staff member to Rwanda as the project manager, and by October 2012 a team of six Rwandan and international call down experts had been recruited on CIDT contracts. The small Fund Management Team (FMT) was hosted by the Rwanda Environment Management Authority (REMA) whose championship was instrumental in consolidating the FMT and growing the fund. Two governance

committees; the fund Technical Committee (FTC) and Fund Management Committee (FMC); were established to provide strong external scrutiny and authorise commitment of project finances. Funding decisions are made by the FMC, informed by the FTC, both of which are chaired by the GoR and include representatives from line ministries and development partners, private sector and CSO representatives.

### Public Calls for Proposals

Once the fund was capitalised in mid-2013, Rwanda started to finance climate change interventions to support the country's national development agenda. The focus of the work shifted to operationalising the fund through quarterly calls for project proposals from public and private sector and civil society beneficiaries.

### PPD/PD Screening

The primary processes of online Project Proposal Document (PPD) submission and screening and Project Document (PD) submission and expert review have worked very well. A major achievement was the subsequent refinement of processes ensuring rigour and maintaining standards. For PPDs an early amendment to the designed traffic light grading of applications was the introduction of a 'high amber' classification, to distinguish between "eligible and interesting but not fully meeting FONERWA requirements" PPDs and those formally meeting the eligibility criteria (and therefore not graded red) but of poor quality, for whatever reason(s). This enabled a more nuanced response by the FMT to applications and assisted prioritisation and targeting of capacity support to applicants.

The key achievement related to project application screening and review relates to the development of Quality Assurance processes. The volume and wide ranging technical nature of applications required the full time attention of all FMT staff plus international call down technical subject specialists, with unavoidable differences in practical application of the screening and review guidelines. For both application stages the FMT developed and implemented a senior staff QA system, to maintain control and consistency across applications.

By 2014 for PPDs the process had been developed to comprise:

<sup>8</sup> A Capacity Review has the 'flavour' of an audit, but is not conducted in as much depth, or look at specific accounts.

1. First screening by FMT staff;
2. Assignment of all 'greens' and a percentage of other grades (the higher % for 'high ambers' and decreasing %s of ambers and reds) for blind 2nd screening;
3. Review by senior management, of all applications receiving at least one 'green' from the 1st and 2nd screenings, together with a percentage of other graded PPDs.

The senior management QA process could also call in other FMT staff or TA where holding relevant expertise, such as the private sector specialist. A minimum of three staff review the QA applications before meeting to discuss and agree final grades. This process was successful in improving the consistency and quality of applications proceeding to PD development, and has further proved effective in identifying 'non-green' applications with high potential for ongoing engagement.

For PDs the QA process was largely fulfilled through the application of the designed governance system, with FMT administering, collating and reviewing technical reviews, subsequent review by the FTC, and applicants being provided with an opportunity to address comments before presentation of proposals and recommendations to the FMC. An amendment during the third year of the project period saw the above system replace the initial procedure in which applicants received comments only after FMC decisions. The alteration was designed to enable clear decisions from the FMC (ie reduce the option of 'approve subject to revisions') and set a time limit for applicant responses to comments and recommendations and stop it being an open ended process absorbing lengthy periods of FMT staff time.

The PD review process has been thoroughly, conscientiously and consistently applied and has provided high confidence to both national and international stakeholders as to the professionalism and transparency of the project approval process.

### **Technical Assistance to Projects**

A major component of FMT staff work throughout the project period has been the provision of orientation and technical assistance support to project applicants, especially during PD development.

The core focus of this support was in assisting applicants with meeting FONERWA application requirements, including alignment of project

actions and objectives with national, sub-national and the fund's objectives, developing M&E frameworks, demonstrating Value for Money and budgeting.

Initially support was provided largely on an ad hoc basis, as applicants approached staff, although pro-active engagement with applicants was also undertaken. As numbers of PD applicants increased it became apparent that a more systematic approach was needed to rationalise and better manage staff time, workloads and work programming.

During the second and third years of the project, therefore, a process was established whereby all successful PPD applicants were invited to a PD orientation workshop where PD requirements were explained and staff were able to meet with individual applicant teams to discuss their specific project designs. Follow up and additional assistance was then managed through pre-scheduled meetings where applicants could receive further support.

Following receipt of PDs and their review by external experts and the FTC, applicants were provided with comments from the review process and further orientated by FONERWA staff concerning issues needing addressing before revised submission to the FMC.

### **Fund Technical Committee (FTC)/ Fund Management Committee (FMC) Quarterly Meetings**

The FMT have been responsible for facilitating the establishment of the fund's governance bodies and the organisation of their respective meetings.

The FTC role is to support the fund approval process by reviewing PD applications and advising the FMC on the proposed projects' fit within the national development landscape, including in relation to other existing and planned development interventions. The FMC is the 'Board' of FONERWA responsible for major decisions concerning fund operations. It makes the final decision concerning project funding and directs the FMT concerning other fund functions.

FTC and FMC meetings are scheduled regularly in alignment with project application timeframes, following receipt and external review of PDs. In addition extra-ordinary FMC meetings are called as needed to address urgent governance decisions.

## Due Diligence/Funds Disbursement

In order to provide assurance to both the fund and its stakeholders, before funds are disbursed, Due Diligence (DD) is carried out on all project implementers to ascertain their legal status, operational set up, availability of systems to implement the project and strong financial management systems to manage the funds. Where projects do not commence implementation in a timely way, then as an ultimate sanction funding can be withdrawn, through FMC approval.

Challenges were encountered with this process, especially in relation to a number of the early CFP approved projects where applicant organisations either didn't comply or were slow in complying with the necessary conditions, leading to delays in fund disbursement and commencement of project implementation.

To address this, the project contracted Deloitte, in the final quarter of 2014, to deliver training to the FMT in Financial Due Diligence. Deloitte presented the "gold standard" of a good practice Capacity Review<sup>8</sup> process that can occur before funding decisions are finalised. The Deloitte consultant assisted FMT to assess existing fund governance and procedures at different levels, against this gold standard. A final report was submitted on fiduciary requirements for effective running of FONERWA.

## Recruitment of Additional Staff

The third extension year of the project was intended to provide time to test, ascertain and identify the quality and number of staff under the GoR management required to effectively run the full range of FONERWA operations from resource mobilization, proposal development TA support, supervision oversight of implementation, M&E and lessons learning<sup>9</sup>. It was recognized that a fit-for-purpose FMT structure - informed by skilled and experience developed under the support project - would be needed for effective transfer to GoR-led management.

There were other drivers - at the FONERWA Retreat in June 2014, it was flagged that the existing 6-member FMT (with 2 additional CDKN-funded support project staff) had an

insurmountable workload. There was a pressing need to expand the team as in addition to the 'business as usual' of regular calls for proposals, stronger oversight was needed of approved projects as they moved into the implementation phase.

In April 2014 a Sustainability Strategic Plan was developed which outlined the recruitment process for the FMT to expand using GoR recruitment modalities. The GoR used UNDP funds (UNDP funding support to the GoR<sup>10</sup>) to finance the recruitment of new staff identified as complementary to the current FMT, to carry out the full range of FONERWA operational functions. The Sustainability Strategy recommended that six full-time staff be recruited and trained, including a Private sector specialist, Project Analyst<sup>11</sup>; M&E specialist; Procurement Specialist, Financial Management Specialist, and Knowledge management/ Communications expert<sup>12</sup>. There were four recruitment rounds over the 12-month period, which included some procurement delays due to lack of qualified applicants. Overall, 13 staff were recruited under the GoR to serve as a Secretariat to manage the FONERWA fund from October 2015 onward. During the 3rd project year there were also several rounds of recruitment of locally-based Call-down consultants with selected subject matter specialization, in recognition of the valuable function the FMT project consultancy call-down had played over the project life-span.

A hybrid approach was followed, launching newly appointed long-term GoR Secretariat posts to work alongside the FMT consultants to ensure a smooth and sustainable handover to a GoR managed Secretariat. A key task for the transition year was for the FMT consultants to provide on-job training and capacity development to the newly recruited GoR Secretariat staff.

## Monitoring and Evaluation of Approved Project Implementation

Years 2012-13 of the FMT project were focused on the applications phase of the fund life cycle driven initially by the imperative to capitalise and operationalise the fund and then to disburse funding. It was only in early 2014 that funded projects began to come on-stream with an initial

<sup>9</sup> CIDT Exit Strategy Aug 2014

<sup>10</sup> UNDP: 2014-2018. Capacity Building Support to National Environment and Climate Change Fund (FONERWA)

<sup>11</sup> In later discussions, the Project Analyst post was elevated to 'Projects Manager', a counterpoint to the current Fund Management Specialist (or Fund Manager).

<sup>12</sup> New posts of District Facilitator, Internal Auditor and Driver were added in the final recruitment round of 2014

fund pipeline comprising just five projects. Years 2-3 of the project were characterised by a drive towards systematisation of fund Monitoring and Evaluation (M&E). Responsibility for monitoring and evaluation of the implementing projects rests with the two M&E Specialists<sup>13</sup>. From September 2014 FONERWA outcomes and outputs were monitored across the project portfolio with data collected, compiled and analysed by the M&E Specialists on a regular basis; enabling the FMT to take corrective measures as necessary. The M&E team employ a variety of means for data collection including review of project reports, field visits to verify reported data and case studies with project beneficiaries.

It was identified that two levels of M&E procedure needed to be put in place: 1) M&E guidelines for project implementers and 2) M&E guidelines for the FONERWA M&E team. These were developed through CIDT staff working alongside the M&E team to develop ownership of the outputs; and can be reviewed at <http://cidt.org.uk/fonerwa-reports>.

Supplementary tools and systems developed and piloted include:

- Revised robust Quarterly Reporting Report template (excel format)
- Synchronisation of Quarterly Reporting dates
- Quality Criteria for use by M&E Specialists in rating the quality of the reports submitted and ensuring they are of sufficient quality to meet fund requirements<sup>14</sup>
- Guidelines and templates for annual project lesson learning & project lesson learning log
- Guidance on setting a project baseline
- Guidance on establishing a project steering committee
- Guidance and templates on developing a project M&E Framework
- Guidance and templates on Project Mid-term<sup>15</sup> and Final Evaluation
- Checklist to support Pre-Grant Award Survey visits
- Checklist to identify projects with a significant gender focus / community participation<sup>16</sup>

At the fund level, the FMT/CIDT project management team submitted reports to DFID on a quarterly basis and these can be found at the online Project document repository.

## LESSONS

**FONERWA needed to have a lean management structure and be simple, realistic and tightly governed. This lean structure has recognized the need to expand within essential parameters during the project period to be able to fully deliver.**

**Strong design, operational manual and governance system have been essential in building confidence, transparency and accountability with and for national and international stakeholders and in orientating fund establishment and management.**

**FONERWA has built a strong reputation nationally, regionally and internationally through rapid operationalisation, resource mobilisation and its innovative, country-owned approach.**

**The modus operandi of a hybrid team, consisting of a core group of Rwandan national staff having management control of the FONERWA fund with access to call-down international consultancy technical support, has proved to be effective. This hybrid model will remain needed given the unfeasibility of operating a staff team with the full range of technical expertise required.**

<sup>13</sup> One in post from the outset of FMT project, the other recruited into a GoR post in 2014.

<sup>14</sup> As per indicator 4.1 of the FMT logframe

<sup>15</sup> MTR is advised if the projects is 3+ years in duration

<sup>16</sup> As required by indicator 4.2 of FMT logframe



## 2.2 RESOURCE MOBILISATION

### Internal Resource Mobilisation

During the first quarter of 2013 there was a delay in DFID capitalisation of the FONERWA fund, due to conflict in Eastern DRC, which caused some uncertainty in promoting applications to the fund. However in June 2013, the Rwandan government signed an historic agreement to capitalise FONERWA, with UK£22.5 million pounds support from the UK International Climate Fund<sup>17</sup>. FONERWA was designed as a ‘basket fund’ into which diverse sources of finance could be pooled, with at least 20% of the fund earmarked for the private sector and 10% for District Authorities and district level organisations. The GoR earmarked UK£1.7 million of domestic resources to kick-start the fund, and provided the legislative mandate for a government-run fund.

From the initial fund operations, the FMT held discussions with the German Development Bank, KfW, concerning funding for District climate adaptation projects. Following pre-assessment and appraisal studies and processes KfW committed €6.7 million euros to FONERWA earmarked for adaptation projects in districts. The funds were to be used for building

the resilience to climate change threats, in synergy with other KfW investments in District infrastructure, administered through the Local Administrative Entities Development Agency (LODA).

### Readiness and Technical Support for International Climate Finance

FONERWA’s role in facilitating access to international climate finance in support of national development objectives has been a major achievement throughout the project period. Particular achievements include:

- US\$10 million (the maximum amount possible) was secured from the Adaptation Fund for a project to increase the adaptive capacity of natural systems and rural communities living in exposed areas of North Western Rwanda to climate change impacts;
- US\$8.8 million from the African Development Bank for incorporation of resilience measures within the Energy Access Roll out Programme;
- Facilitation and achievement of MINIRENA’s accreditation with the Green Climate Fund (GCF);
- Securing of readiness funding to support development and design of projects and programmes under the GCF, PPCR and FIP.

<sup>17</sup> The UK government has set up the International Climate Fund (ICF) to provide £3.87 billion between 2011 and 2016 to help the worlds poorest adapt to climate change and promote cleaner, “greener growth”.

## Sustainability of Management Funding Support

During 2014 the UNDP agreed a programme of support to the Government of Rwanda, which included provision of funding for supporting FONERWA management and Technical Assistance (TA) costs. This provision was used through the latter part of 2014 and the first half of 2015 for the funding of additional FONERWA staff positions and contracting of consultants providing TA to the fund, particularly in undertaking PD expert reviews.

The agreement also included absorbing the national FMT consultants upon the conclusion of the DFID FMT project, thus providing for FONERWA management on full transfer to the GoR.

During the summer of 2015, however, it transpired that the UNDP was no longer able to fully meet its commitments, including the withdrawal of the agreed funding earmarked for FONERWA staff and TA.

This development resulted in urgent contingency planning during the final weeks of the project, for meeting ongoing staff and TA costs once DFID support ceased. The priority was to secure, as a minimum, short term cover for maintaining FONERWA's operation, whilst clarifying UNDP's position for the remaining agreement period and exploring and facilitating appropriate long term solutions.



## LESSONS

**The speed of the capitalisation of FONERWA, compared to other countries' attempts to design similar funds, is remarkable. Critical to this was early engagement of potential donors, the Government's integration of climate compatible development into national policy and the presence of strong institutional and governance conditions, built on a rigorous and realistic management design, enabling confidence in the ability of the fund to deliver its mandate.**

**The FONERWA model has proven catalytic in both directly facilitating resource mobilisation for the fund (\$50 Million), and provision of targeted assistance leveraging finance on behalf of GoR.**

## 2.3 CAPACITY DEVELOPMENT

There was far-ranging Capacity Development activity across all three years of the project, to different audiences and through different channels, as summarised below. Capacity development – always a key component of this support project – became even more central within the extension period. In August 2014 a consultative capacity assessment of FONERWA was conducted resulting in a detailed plan to guide capacity development activity in the third handover year. Details of the capacity assessment findings and plan can be found at <http://cidt.org.uk/fonerwa-reports>.

### Capacity Development of Project Applicants

Key to the fund's success was creating demand for the fund then ensuring that capacity existed to access it, within the public, civil society and private sector. Potential beneficiaries needed to understand how climate finance works, how to scope eligible projects and how to structure successful proposals.

In the first year of operation a capacity building programme was rolled out for target audiences with the potential to apply to the fund – including basic orientation on environment and climate change; project formulation and value for money for project applicants; and on-the-job training for FMT local staff members<sup>18</sup>. During this period, the capacity of fund beneficiaries in proposal development and project cycle management was the key capacity focus. The DFID 2013 Annual Review reported that substantial FMT effort had gone into the capacity building programme for project proposal preparation, with up to 300 beneficiaries, over 20 formal 2-day orientation workshops delivered by FMT, and numerous follow on coaching and mentoring sessions to applicants and grantees by FMT staff.

A key follow on challenge identified was how to effectively and efficiently coach applicants rather than 'write the proposal for them'. It became

apparent there was a need to set boundaries with grant applicant project developers because helping project applicants who 'dropped in' for unscheduled advice was absorbing vast amounts of FMT time.

The high demand for FMT face-to-face support during the application phase was due to a combination of factors: the fund's stringent application process, little alternative forms of guidance (e.g. online), a push for holistic (hence complex) projects and the requirement for sizeable project interventions (over US\$1m).

In Year 2 more streamlined and focussed guidance was developed which resulted in significant improvements in the quality of project proposals coming to FONERWA.

### Private Sector Capacity Development

Within the design document, the fund was planned to mature in three stages, as shown in the diagram below. Following an initial delay due to the need to identify and recruit a suitable private sector specialist, the fund's private sector strategy was developed during the second half of 2013, with guidelines produced in December 2013.

The FMT successfully implemented the design elements of:

- A Grant Instrument with three components since January 2014.
- A Low Interest Loan instrument through a partnership with BRD (Development Bank of Rwanda) with the agreement signed in July 2015.

Substantial technical assistance has been provided to potential private sector beneficiaries, and the private sector has participated in five calls for proposals, resulting in seven successful private sector applications to the FONERWA fund. The 7 approved private sector projects by September 2015 consisted of 3 Credit Line projects and 4 Innovation Grant projects.



<sup>18</sup> See Mahony, D (2013) Project preparation & screening process workshop report.

## District Capacity Development

Alongside the FMT project, from 2013-15 CIDT managed a CDKN funded capacity development project to support District level access to the fund. District level Government and non-government organisations were coached and mentored on a one-to-one basis to develop concept notes and project proposals targeting the fund. The CIDT's two-person team operated from the same REMA office that housed the FONERWA FMT. The activities and outputs from this support project, together with lessons and recommendations for District level capacity support were summarised in the project's final evaluation report<sup>19</sup>.

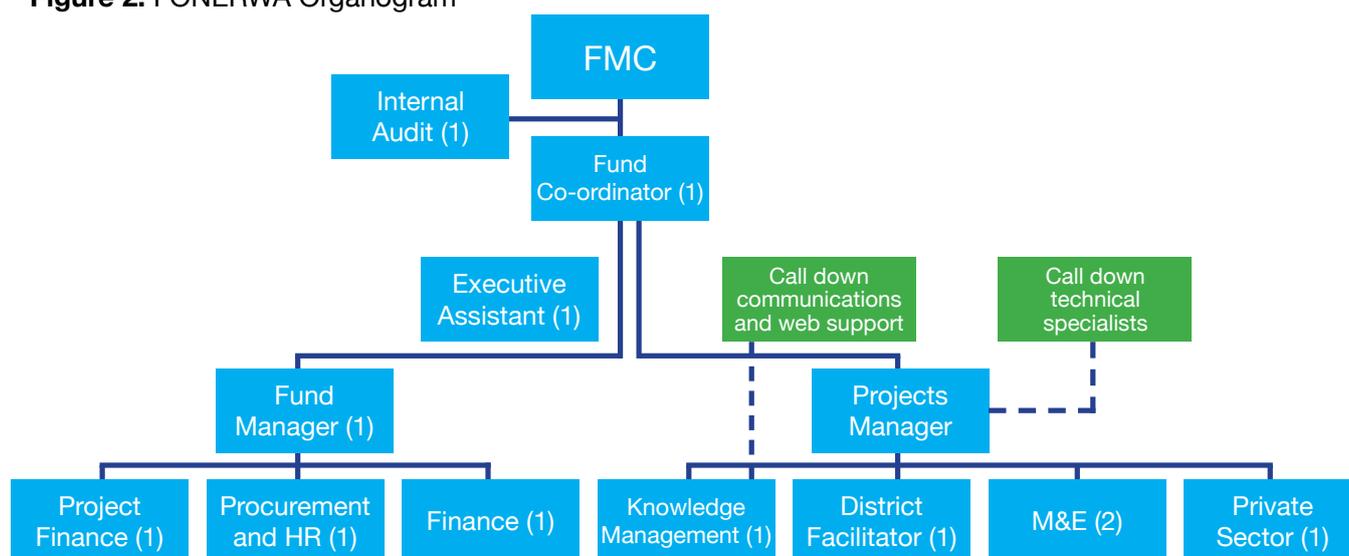
The recruitment of the CDKN project's National Facilitator to the FMT for a six month input and the recruitment of a permanent District support post within the Secretariat are strategies designed to ensure continuity to TA support to District Based Organisations. As a result of training provided by the CDKN capacity project<sup>20</sup>, a team of National consultants has been actively serving in various capacities including providing technical assistance to District based project applicants and acting as consultants and project coordinators for FONERWA funded projects, with their recruitment following GoR procurement procedures.

## Orientation, Training & Mentoring of New FMT Staff Recruits

A key deliverable in the transition to a GoR Secretariat from a team of consultants (the FMT) was the development of an organogram. MINIRENA took the lead in discussions to ensure that the organizational structure was approved by MIFOTRA, in order that the structure be operational by March 2015. The organogram, given in Figure 2 below, was refined to develop sub-teams with managers (lines of reporting responsibility), in order to build a Senior Management Team for enhanced effectiveness in management of fund operations.

Incoming new GoR staff have been complementary and crucial in supporting the FMT to transition the fund from a project to a fully fledged institution, particularly at pinch-points of high demand, such as PPD review and latter stages of PD development. As an important step of the fund evolution, this gave scope to identify clearer boundaries between roles and eliminate overlaps of responsibilities between team members. To this end, templates for Job Descriptions (JDs) and Individual Operating Plans (IOPs) were developed<sup>21</sup>, thus clarifying responsibilities for specific deliverables and facilitating more effective resource deployment.

**Figure 2: FONERWA Organogram**



<sup>19</sup> Report of the Final Evaluation of the CDKN Rwanda FONERWA Capacity Building Support Project , 2015

<sup>20</sup> The CDKN-funded project increased national TA with competence in: facilitating CCD, in particular the integration of the principles and programmes of action of the GGCRS into plans and programmes, including District Development Plans (DDPs); the development and production of high quality project proposals able to successfully access FONERWA and other funding sources.

<sup>21</sup> The JD defines the role, responsibilities and reporting lines while the IOP is an individual annual work plan with a defined set of objectives and deliverables that links to the Job Description and the FONERWA Workplan.

In addition each staff member developed a Personal Development Plan, which along with the IOPs form the basis of the fund Performance Management system (output 2.2 of the FMT logframe).

The capacity needs for FONERWA management staff in the third year were identified as less about formal training and more around documenting and formalising fund management procedures. There was a need to institutionalise practices, strengthen the operational performance and service delivery functions of the Secretariat and for staff to retain ownership of the systems developed. With the FONERWA management operations ongoing, capacity development for incoming staff took the form of 'learning on the job' or 'learning by doing'. Capacity building initiatives targeted new staff, in the expectation of reasonable competence standards in place 6 months after appointment<sup>22</sup>.

## LESSONS

**The lean staffing of the FMT struggled to meet the level of demand for support and needed to systematise and structure provision of technical assistance, including development of online resources for applicants.**

**Whilst awareness raising and generic workshop training was highly successful in promoting the fund, the greatest capacity development gains have been through coaching and mentoring and specific small group support.**

**Capacity for project implementation emerged as a key risk to the fund and resulted in low levels of disbursement and quality challenge.**

**Three years rather than two were needed to set up an operational fund and transfer management to GoR.**

## FONERWA Support to GGCRS and EDPRS 2 Objectives and Implementation

In addition to the direct leveraging of resources to the fund and other GoR agencies (see section 2.2 on Resource mobilisation), the support, and championing, of these processes provided by FMT staff and TA has facilitated a far greater awareness and engagement of stakeholders concerning climate change vulnerabilities, analysis of appropriate responses, CCD planning and programming. At the national level the FMT has provided critical assistance in securing funding from the Adaptation Fund and MINIRENA's accreditation by the GCF. Ongoing processes in which FMT staff and TA have contributed include design and development of the programme proposal to the GCF and engagement with PPCR, FIP and SREP planning and processes.

The increased understanding of, and respect for, FONERWA's potential to support mainstreaming and integration of climate change and environmental issues within the national planning process has seen FMT staff supporting MINECOFIN through participation in the EFU and Development Partners Coordination Group meetings. In particular the opportunity presented by the GCF, and the integrated nature of the programme proposal under development at the end of the 3 years has seen meaningful engagement with, within and between MINIRENA, MIDIMAR, MINAGRI, MININFRA, MINECOFIN, the private sector and social enterprises.

FMT staff and Technical Assistance procured through the project have been instrumental in leading and supporting the project development and facilitating understanding of the multifaceted challenges and opportunities inherent in CCD. This process, and the consequential improvements in awareness, understanding and capacity within and across key sectors and agencies, can reasonably be expected to contribute to more effective integration of climate change issues within the national planning landscape into the future.

The leveraging of monies from KFW and the funding of the MINALOC 'Greening DDPs' project has further seen significant support to these same processes at the sub-national level. The timing of the commencement of

<sup>22</sup> Capacity activity in Year 3 included: Development of FMT Capacity Development request form & guidelines; Six members of FMT undertook and passed an online learning course focused on results-based management/logical framework approach (20 learning hours)

the MINALOC project in particular created unexpected opportunities for FMT staff engagement with LODA in the national process of District Development Plan revision.

## Development of Technical Guidance Notes

As FONERWA gained experience in receipt and review of project applications the need for further support to applicants in technical options analysis was identified. Many project designs included existing or previously used technical elements without comprehensive assessment of alternatives and/or a clear decision process in the selection of these technologies. The need for support in this area was further emphasised by queries and discussions within Joint Sector Review and Senior Management Meetings in MINIRENA.

During the final two quarters of the project period, FONERWA therefore commissioned a consultant to produce two technical guidance notes on biogas and rainwater harvesting (chosen as well aligned with Rwanda's development targets and as common technologies within project applications) to pilot technical options analysis support.

The aim of the guidance notes was to detail different design options, outline their pros and cons in terms of accessibility, system performance and durability, and cost effectiveness, detail the key components of each system, assess the functionality of each and provide information concerning the materials and resources required and ballpark costs. These guidance notes can be found at: <http://cidt.org.uk/fonerwa-reports>.

## 2.4 KNOWLEDGE MANAGEMENT AND COMMUNICATIONS

### FONERWA Website

A high quality website was designed by an international creative media team at project inception. This comprised the 'front-end' public facing website (Squarespace) and a sophisticated 'back-end' system (Drupal) to support the application submission, management and review process online. There was a lack of internal capacity and mandate for oversight of the web until the Knowledge Management Specialist was recruited in September 2014, and this delayed transfer to local ownership.



### Case study 1: Akanyaru Watershed Protection Project

**Terracing is an important activity undertaken by many District Authorities in Rwanda, and yet FONERWA funding has allowed Gisagara to upscale this activity four-fold. The project has been developing and protecting buffer zones around the water bodies by planting bamboos and pennisetum, further controlling erosion, helping to improve water quality and providing a habitat for wildlife. It is hoped that the buffer zones will attract tourism to view the many bird species that exist around the Akanyaru Watershed, itself an Important Birds Area (IBA). Find out more at: <http://cidt.org.uk/wp-content/uploads/2015/11/Akanyaru-Case-Study.pdf>.**

Part of the transfer of management included sourcing and procuring of local IT companies to host, maintain and develop the website, on which the important fund applications function relied. By September 2014 two local companies had been identified and the website was transferred to the company that hosts Government of Rwanda websites. In addition GoR funding was directed to two call-down communications consultants.

## Development/Updating Knowledge Products for Dissemination (e.g. FONERWA Brochure, Project Briefs)

A number of such products can be found at <http://cidt.org.uk/fonerwa-reports> including:

- Three case studies of project implementation
- Two technical briefing notes
- FONERWA PPD online resource
- FONERWA Brochure and Launch Brochure
- FONERWA video

It was identified in year 3 that a 'smarter' form of technical assistance to PPD applicants, and a reduction of transaction time of FMT staff, would be the development of an online learning course using a 10 module structure. This was designed with the aim to be placed on the FONERWA website for applicants.

## Gathering & Disseminating Lessons Learned from Project Implementation

In Year 3 a Knowledge Management Strategy was drafted by the Knowledge Management Specialist with support from CIDT, which specifies three key components:

- Improving fund practices and processes through capturing and learning from project development support and appraisal.
- Lesson learning and dissemination throughout the project life cycle (good/best practices, case studies, success stories, evaluation etc.)
- Promoting good practices in climate change adaptation and resilience - nationally, regionally and internationally.



### Case study 2: Send a Cow Rwanda

The project district is characterized by high levels of poverty, the use of poor agricultural practices, and low protection against soil erosion. The project has constructed over 50 ha of progressive terraces, 8 tree nurseries and 150 heap composts utilizing local labour to facilitate skills transfer and income generation in the local communities. Project training has helped farmers to utilize their household land more effectively by developing kitchen gardens, harvesting rainwater, and controlling erosion. Find out more at <http://cidt.org.uk/wp-content/uploads/2015/11/SACR-Case-Study.pdf>.

Under the Quality Assurance Review of project quarterly reporting in April 2015, it was identified that the quality of lessons identified by project implementers was poor – in many cases these were not specific or meaningful, and the concept of “lessons learnt” had not been well-understood. In response to this a lesson learning template and guidelines were developed and workshops held with project implementers to launch these tools, disseminate lessons and share implementation experiences.

Due to the implementation timeframe of most projects, it is too early for most projects to identify lessons that will inform implementation (either their own, or that of comparable projects.) However there have been a range of lessons generated at the fund level which have informed improvement in practices.

### **A fund lesson learnt**

**The recognition that delays in addressing comments by the applicants resulted in delays in disbursement, led to rescheduling of the call for proposals from quarterly to semi-annual calls. This allows applicants ample time to address FMT comments, and sufficient time to follow up on the project implementation by FMT.**

### **A project lesson learnt**

**Learning informed the revision of project scope for project implementers Send a Cow Rwanda. SACR had planned to use a collective biogas system, however due to the tension created amongst the beneficiaries in the intervention area they opted to adopt individual biogas systems, without any cost implications to the project.**

## **Backend Project M&E System in Place**

In addition to building the funds internal procedures and tools, in year 3 an online M&E database/MIS was developed and tested. This Fund Result Management System (FRMS) was designed to track project log-frame and FONERWA log-frame results and allow aggregation of project level data against the fund level indicators. Following the project closure the Secretariat intention was for project implementers to report quarterly online via this FRMS.

## **Sharing Experience**

Being one of the few functioning national climate funds, FONERWA's operational existence is of great interest to international audiences, who are keen to understand the fund's practical role in support to the achievement of Rwanda's green growth and climate resilience ambitions. In July 2015 Kigali hosted a global lesson learning workshop in which FMT and Secretariat staff presented 'the Rwandan story' and shared experience of the operationalisation of FONERWA.

## **Case study 3: MINALOC project**

**The Greening District Development Plans project targets long-term District level planning to ensure that development in Rwanda takes a green path. The project has achieved the greening of 30 DDPs, covering all districts in Rwanda. Not only does this ensure that districts are on a path consistent with EDPRS2, but it has also raised awareness among district staff of the importance of climate compatible development and the ways in which it is put into practice. DDPs and the staff responsible for implementing them now pay greater attention, for example, to the need for Environmental Impact Assessments (EIAs) before embarking on large infrastructure projects. Find out more at <http://cidt.org.uk/wp-content/uploads/2015/11/MINALOC-Case-Study.pdf>**

At the 2015 World Economic Forum annual summit in Davos, Switzerland, the President of Rwanda, His Excellency Paul Kagame participated in the Tackling Climate, Development and Growth panel discussion along with the UN Secretary General, World Bank President and International Monetary Fund President. President Kagame used the example of FONERWA, to emphasise that cooperation at national and international levels is essential to solving the challenges of climate change<sup>23</sup>.

The following section gives evidence of a small sample of the international press coverage of FONERWA.

### Examples of FONERWA's growing recognition in 2015

Rwanda secures GCF grant to accelerate access to climate finance, Green Climate Fund, Songdo October 2nd 2015 - <http://www.greenclimate.fund/-/rwanda-secures-gcf-grant-to-accelerate-access-to-climate-finance>.

African states urged to bolster responses to climate change, The New Times, Rwanda's leading English Daily, August 18th 2015 - <http://www.newtimes.co.rw/section/article/2015-08-18/191667>.

Africa has a major role to play in the climate talks, says Kofi Annan in the Africa report, Africa Progress Panel, July 16th 2015 - <http://www.africaprogresspanel.org/africa-has-a-major-role-to-play-in-the-climate-talks-says-kofi-annan-in-the-africa-report>.

Rwanda's Ministry of Natural Resources granted Accreditation Status by Green Climate Fund, PR Newswire, July 10th 2015 - <http://www.prnewswire.com/news-releases/rwandas-ministry-of-natural-resources-granted-accreditation-status-by-global-green-climate-fund-300111358.html>.

Climate Finance: Lessons from Rwanda, June 2015 - [http://cdkn.org/2015/06/fiduciary-standards-and-access-to-climate-finance/?loclang=en\\_gb](http://cdkn.org/2015/06/fiduciary-standards-and-access-to-climate-finance/?loclang=en_gb).



## LESSONS

**The recognition that delays in addressing comments by the applicants resulted in delays in disbursement, led to rescheduling of the call for proposals from quarterly to semi-annual calls. This allows applicants ample time to address FMT comments, and sufficient time to follow up on the project implementation by FMT.**

**Attention is needed to meet the demand for information from different audiences via the FONERWA website.**

**There is a challenge in relation to the collection, collation, generation and dissemination of project information and lessons concerning the relative capacities and skills within project implementation teams and the fact that the fund is highly dependent on these teams for the provision of this information. In addition supporting such teams is resource (time, personnel and financial) expensive.**

<sup>23</sup>Speaking on the 23rd January 2015, [http://cdkn.org/2015/01/watch-rwanda-chooses-environment-prosperity/?loclang=en\\_gb](http://cdkn.org/2015/01/watch-rwanda-chooses-environment-prosperity/?loclang=en_gb).

## 2.5 MANAGEMENT OF RISKS

Appraisal of risk and mitigation planning has been integral throughout the operationalization of FONERWA. The nature the risks and their relative importance has evolved as operationalization has progressed, as would be expected. Higher importance risks at an early stage included those related to capitalization and receipt of project proposals of sufficient quality and management and process risks concerning review and approval to disbursement and implementation and sustainability.

To reflect the importance of addressing and responding to risks a process of quarterly review of risks and mitigation planning between FMT and DFID-R was undertaken throughout the project period. Full details of risk assessment and mitigation plans are available within the FMT quarterly reports and summarized in Annex 4, which presents challenges that arose along the project journey and the remedial actions taken during the three years.

Annex 5 provides a table of the highest risks affecting FONERWA as of June 2015 and included in the final quarterly report of the project period. Of these five risks are classified as having high or medium risk probability:

### High Probability Risks

- Weak engagement with the Private Sector
- Failure to align with other relevant policies, programmes and systems

### Medium Probability Risks

- Failure to recruit quality staff for fund management
- Implementing projects fail to deliver results and/or offer poor value for money (identified as 2 separate risks)

The established quarterly risk appraisal of and mitigation planning process is itself a significant mitigation measure. The management team has also undertaken a range of actions in implementing specific mitigation and/or contingency plans. At the end of the project period the following actions had been undertaken or were in process in relation to the above risks:

- Contracting of private sector consultant to develop the fund Private Sector strategy, including measures for streamlining private sector application processes and development of a third private sector



financial instrument (both scheduled for implementation from January 2016).

- Development of FONERWA Strategic plan (see section 4 and Annex 11) including actions for clarification and refinement of FONERWA's role and remit in relation to other GoR agencies, and for increasing the fund's support to implementation and demonstration of results for and from both FONERWA funded projects and programme level interventions.
- Scheduling of recruitment of HR specialists to assess and provide options for appropriate staff structure and salary ranges to attract and retain quality personnel.
- Streamlining, refinement and strengthening of M&E and disbursement procedures and systems.

## LESSONS

**Quarterly reporting on risks embeds risk appraisal and planning within the management system.**

**Risk management needs to be dynamic, flexible, responsive and ongoing as work streams develop and external circumstances change.**

**Conscious and conscientious risk management has been critical in ensuring timely actions and planning for the successful operation of the fund.**



## SECTION 3

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# Project Performance



This section measures the project performance against the targets specified in the FMT logframe. The project targets were revised for the extension year of the project, therefore two baselines exist - the updated targets in the extension year and the original contract targets of 2012.

Annex 7 offers a detailed breakdown of achievement against the targets under each indicator.

Annex 8 tests the project assumptions as stated in the logframe and assesses whether these assumptions held and were valid.

### **PROJECT OUTCOME:** **Rwanda able to finance and further develop national programmes and private sector initiatives which contribute to low carbon and climate resilient development**

This was achieved with the fund capitalised beyond the original projection of US\$40 million and 23 funded projects supported. See Annex 9 for a list of approved projects as of June 2015. In addition further Rwandan climate compatible programmes beyond FONERWA having been technically supported by the FMT and funds for further CCD programmes leveraged directly by FONERWA.

Engaging the private sector was delayed because selecting the appropriate financing instruments took time. In 2015 FONERWA achieved more traction with the private sector and the Secretariat is continuing to work to improve Private Sector access to the fund.

#### **Outcome Indicator 1: Cumulative volume of finance [US\$ millions] mobilized for climate and environment purposes (as contributions/ co-financing/ fund sponsored projects – disaggregated by PS, GoR, other partners/ sources.)**

The total target capitalisation set for 2014 was \$17m. The total achieved by 2015 is \$58.1m so the target has been exceeded.

#### **Outcome Indicator 2: Number of Project Profile Documents: a) received by the FMT; b) meeting the standard required to proceed to PD stage; c) approved by the FMC.**

All three targets have been exceeded, against both the 2012 and 2015 targets.

The first call for proposals in 2013 far exceeded expectation with over 700 applications received and 329 fully screened. The enormous quantity of applications made it difficult to manage expectation and deal with the demand. However the process was highly successful in getting FONERWA established and recognised.

## **LESSONS**

**FONERWA's demand-driven design led to a diversity of applications (PPDs) but unsustainable levels of quarterly project proposal document submissions, prompting adoption of a more targeted approach for concepts and less frequent calls.**

#### **Outcome Indicator 3. % of projects successfully implemented.**

The 80% target set has never been achieved to date, due to start-up delays after initial disbursement, caused by procurement challenges and the risky/innovative nature of some projects<sup>24</sup>. The challenge of meeting this indicator is likely to increase as the fund pipeline of projects grows each year.

The positive impact of the fund will ultimately be measured by the implementation achievements of its 30 funded projects (across which US\$41.7 million has been committed.) See Annex 9 for the summary of FONERWA funded projects and their implementation status. The results of implementing projects include:

- 4,449 Area (ha) of protected against soil erosion;
- 3,156 Area (ha) of watersheds and water bodies protected;
- 1,618 Area (ha) forest and agro forest coverage;
- 2,423 Number of household with improved access to off-grid clean energy;
- 5,128 Number of people supported to cope with effects of climate change and
- 20,528 Number of green jobs created.

<sup>24</sup> In 2015 FMT clarified the measurement of this indicator (see Metadata Handbook) as the number of projects achieving at least 80% of their output level milestones/targets expressed as a proportion of the total number of funded projects.

## PROJECT OUTPUTS

### **Output 1: Process of screening projects and disbursing finance is managed effectively.**

The process of screening projects was effectively achieved through a dual approach: FMT staff screening of PPDs and call-down of international experts and FTC to review PDs. Over the three years of implementation more than a thousand PPDs have been screened.

The fund commitment to projects is on track but the disbursement rate is slower than anticipated. The 2015 DFID Annual Review made a series of recommendations (3.1-3.6) concerning the slow rate of disbursement including reducing bottlenecks to increase the rate of disbursement to projects. See Annex 10 for a full listing of the DFID AR recommendations and how these were addressed by FMT.

### **Output 2: Capacity for managing the fund built and transferred to Government of Rwanda.**

Transfer of management was not achieved in the first two years of the project and was the primary reason for the extension year. Substantial progress was made in developing capacity and handover of management in 2014-2015. The Output statement was fully achieved by September 2015.

### **Output 3: Awareness raising and technical assistance support submission of good quality proposals.**

The 2014 DFID AR scored the performance against this Output as A+. Technical support to applicants is delivered by the FMT staff through face to face training as well as coaching, mentoring and consultations. In 2015 in order to reduce FMT transaction time, training material was developed for an on-line PPD course to be accessed by applicants on the FONERWA website. Indicators were revised upwards during implementation and at the end of the FMT project period all the indicators targets were achieved or exceeded.

### **Output 4: Results from FONERWA are effectively and transparently monitored and lessons disseminated.**

The 2015 DFID AR graded the performance against this Output as an A because M&E systems were put in place and under implementation. However with the incremental increase of funded projects along with the increasing international interest in the fund, demands for knowledge and data are likely to grow.

**Output Indicator 4.1 (% of active projects collecting data of sufficient quality and timeliness to satisfy the FONERWA monitoring and evaluation system):** The FMT DFID Annual Review found that an 80% target is very ambitious. This target was not achieved which is a cause for concern and indicates a shortfall in the capacity of grantee project management staff. However it is also positive in that this trend was detected via design and implementation of new Quality Reporting Standards and Quarterly Reporting Quality Assurance mechanisms introduced by the FMT. Prior to this progress was reported as 100%.

**Output Indicator 4.2 (% project documents affecting households that demonstrate transparent community participation and gender equality in (a) proposal development (b) implementation):** This target was reported as 100% achieved in September 2014 based on data reported by project implementers. The indicator was revised for clarity in the 2015 logframe revision and two new checklist tools were developed to assist FMT to identify projects that qualify as having a strong gender focus or community participation.

**Output Indicator 4.3 (Percentage of projects whose emerging lessons, both positive and negative, have been collated and disseminated by the FMT):** Achievement of 4.3 is dependent on 4.1 and several mechanisms have been put in place to support this, including fund Knowledge Management Framework, project Lesson Learning Log and quarterly project Lesson Learning workshops.

## PROJECT ASSUMPTIONS

There were 12 assumptions listed in the 2012 FMT project log frame. Annex 8 assesses the extent to which the assumptions held for the duration of the three year project intervention.

- The higher level assumptions (1-3) at outcome and impact level held up well.
- Assumptions 4-8 related to the functionality of the FONERWA institutions of FMT, Secretariat, FTC, FMC held up as anticipated.
- Assumption 9-10 about engaging with the private sector have been valid but less strong. The national enabling environment for PS to flourish needs strengthening and the Secretariat continue to explore the optimum fund engagement mechanisms.
- Assumption 11 and 12 require continuing attention to develop capacity within the implementing projects.

## USE OF PROJECT RESOURCES

The FMT were required to demonstrate clear value for money at each stage of the implementation process. This included demonstrating that administrative costs were minimised; that management processes (including procurement) were designed to maximise cost effectiveness; and that funds were allocated based on evidence of results to ensure the greatest possible impact achieved. Performance of the FMT and its sub-contractors was managed through clear contracts with robust and appropriate terms of reference, including results indicators, and payments based on performance.

This section briefly summarises the project budget allocations and expenditures over the 3-year period. The financial contracts were in two distinct periods and Annex 6 describes these two contract periods in more detail.

### Year 1-2 contract expenditure

A financial summary table for the initial two-year contract period is shown in Annex 11, Table 1. The project has predominantly procured knowledge and expertise to operationalise the FONERWA fund. Therefore over half the expenditure in the two-year project was spent on long term staff fees and just over a quarter on short term fees; totalling 85.7% of the total expended budget on staff fee costs. The expenses accounted for one-seventh of the project costs, proportionally less than anticipated. From the total allocation of £1,300,693.00 an amount of £26,788.19 remained unspent which in September 2014, DFID-R gave clearance to roll over into the Extension year 3 contract period.

### Year 3 contract expenditure

At the end of the 12 month extension period, there was expenditure of £649,884.91 accounting for new allocation of £623,075.00, plus £26,788.19 roll-over underspend (overspend of £21.72). In the final year, over half the budget was spent on the fees of the 7 long term staff; and one-third on short term consultants, management and capacity building. Similar to the previous contract period less than one-eighth of the total budget allocation was spent on expenses.

### Overall Summary for the total 3 year project period

The final breakdown of expenditure across the three year project shows that:

- £1,923,789.72 was spent over the 3 years;
- Over half (£1,068,546.00) was expended on long term staff based in Kigali;
- Almost one-third (£589,070.48) was expended on short term consultancy support;
- About one-seventh was expended on project expenses which included the various website support contracts (£266,173.24).

Table 6 in Annex 11 shows the quarterly project spend. Over the full three years the average spend per quarter was £160,315.81 and per year was £641,263.24.

External Audits were conducted in 2013, 2014 and 2015 and recommendations from these were used to inform ongoing operational procedures and processes. Independent Audit Reports can be found at <http://cidt.org.uk/fonerwa-reports>.

**Table 2:** Percentage breakdown for the combined 3-year period

Code	Budget Headings	Spent UK£	Percentage
<b>1</b>	<b>Project Fees</b>		
1A	Long term	1,068,546.00	55.54%
1B	Short Term	589,070.48	30.62%
		1,657,616.48	86.16%
<b>2</b>	<b>Project Expenses</b>		
2A+B	International travel and acc' costs	86,642.63	4.50%
2C+D	Local expenditures	104,625.29	5.44%
2D	Website	74,905.32	3.89%
		266,173.24	13.84%
		<b>1,923,789.72</b>	<b>100%</b>



## SECTION 4

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# Evolution of FONERWA



As a new young institution, FONERWA has needed to learn, evolve and adapt:

- i) To improve its performance and delivery of its functions, and
- ii) To respond to emerging and emergent challenges and opportunities

Over the period of fund operations since April 2013 significant demand has built up for the fund's services from multiple stakeholders –

both in relation to the core fund functions as designed, and extending beyond the original FONERWA roles of resource mobilisation and fund management and disbursement. To capture experience and inform future options and development both internal and external reviews, and commissioned studies and analyses, have been undertaken. Individual reports for many of these have been prepared and submitted to DFID. Please refer to these reports on the Project Document Repository for fuller details. Table 3 summarises these.

**Table 3:** Summary of selected activities to inform FONERWA's Operation

Date	Activity	Purpose
29 May 2014	FMT Retreat	<ul style="list-style-type: none"> <li>• Consider performance to date</li> <li>• Assess strengths and weaknesses</li> <li>• Discuss future operational options</li> <li>• Identify future needs</li> <li>• Develop working action plans</li> </ul>
18-19 June 2014	FONERWA (FMT, FTC, FMC) Retreat	<ul style="list-style-type: none"> <li>• Agree and harmonise understanding of the role of FONERWA in Rwanda</li> <li>• Examine possible sustainable options for how FONERWA be institutionally positioned to serve as the national channel/platform for environment and climate financing.</li> <li>• Examine the pros and cons of each of the possible options</li> <li>• Develop a longer term shared sense of the future direction for FONERWA</li> <li>• Examine internal lessons learnt and develop some ideas/plans for improving FONERWA design systems and processes</li> </ul>
Dec 2014	FONERWA Backward-Forward Review	<ul style="list-style-type: none"> <li>• Evaluate the current FONERWA portfolio</li> <li>• Assess how well this is meeting the fund's overarching objectives</li> <li>• Discuss how this information might inform the future strategic development of FONERWA</li> </ul>
Jan-May 2015	Externally funded study into the institutional position of FONERWA	<ul style="list-style-type: none"> <li>• Assess options for FONERWAs institutional position within Rwanda</li> <li>• Compare the advantages and disadvantages of each in terms of operational effectiveness and in relation to accessing international climate finance</li> </ul>
March-May 2015	FONERWA's Future: Options Paper	<ul style="list-style-type: none"> <li>• Identification of potential options for the future strategic direction of FONERWA</li> </ul>
March – May 2015	Study considering the fund's engagement with the Private Sector	<ul style="list-style-type: none"> <li>• Assess FONERWAs experience in engaging with the private sector</li> <li>• Identify strengths, weaknesses and gaps</li> <li>• Propose options for strengthening and deepening engagement with the private sector</li> </ul>

<b>May 2015</b>	GoR stakeholder consultations	<ul style="list-style-type: none"> <li>Gather information on GoR agencies expectations and needs from FONERWA</li> <li>Engender thinking across the GoR on opportunities and options for FONERWAs future support to the GoR</li> </ul>
<b>May-June 2015</b>	Study mapping Resource Mobilisation opportunities	<ul style="list-style-type: none"> <li>Review of available information on sources of climate finance relevant to supporting green growth and climate resilience in Rwanda</li> <li>Improve understanding of the availability and modalities of the different finance options and their potential relevance for Rwanda</li> </ul>
<b>June 2015</b>	Presentation of FONERWA (climate finance) to Development Partners Coordination Group	<ul style="list-style-type: none"> <li>MINECOFIN provides broad orientation for all climate finance at the national level to be channelled through FONERWA</li> </ul>
<b>July 2015</b>	Legal analysis of the available options for institutionalization of the fund	<ul style="list-style-type: none"> <li>To adequately inform and guide the FMC in decisions towards short to medium term management structure, arrangement and decision making on behalf of the fund operations.</li> </ul>

Another core component in the fund evolution process has been the DFID Annual Reviews of the fund undertaken in 2014 and 2015.

The main recommendation areas from the 2015 Review are summarised below:

- Establish a Technical Facility for ongoing technical assistance support to the fund management team
- Clarify and better formalise roles and responsibilities both within the management team and between the FMT, FTC and FMC
- Undertake an Annual Review of logframe indicators and targets
- Improve performance in engagement with and disbursement to the Private Sector
- Streamline and improve funding disbursement to projects
- Streamline and improve project application, review and approval processes
- Improve analysis and reporting of and on projects, as well as of fund performance
- Improve monitoring of funded projects
- Improve knowledge management and communication of lesson learning, including better use of the fund website
- Facilitate clarification and refinement of FONERWA strategic planning and then refine staffing, management and resources to be able to deliver new strategic functions

Annex 10 provides the full table of the DFID 2015 Annual Review recommendations and responses from FMT. Almost all of the recommendations have been or were in process of being addressed by the end of the project period. Many had been directly actioned, such as the formalisation of the fund management team organogram, refinement of private sector engagement, streamlining of CFP, review and disbursement processes, LF review and improvements to the website; others have been incorporated within the response to the final recommendation and the crystalized need (emerging from the whole lesson learning process) for the development, articulation and formalisation of a **FONERWA Strategic Plan**.

In addition to drawing on the above processes, and their associated outputs and recommendations, the development of the strategic plan, undertaken throughout 2015, was underpinned by two overarching questions:

1. 'How can FONERWA best support the Government of Rwanda's vision for the country's sustainable development?'
2. 'What does FONERWA need to look like in order to play its due role of transitioning Rwanda to a green growth and climate resilient future?'



Six key strategic areas form the basis for the fund's strategic plan:

1. Mainstreaming and programme level interventions, including EDPRS II priority actions and GGCRS programme of actions
2. Resource mobilization
3. Demand driven fund
4. Implementation and Demonstration of Results
5. Capacity & Capacity Development
6. Secretariat/ Technical Facility

The draft plan proposes actions under each of these strategic areas, many directly drawing from the DFID Annual Reviews and other learning and study outputs. These range from discrete programmable actions to more process orientated activities, especially emerging or 'extended' roles and strategic areas which interact with other GoR agencies, with the aim of facilitating clarification and progress as to FONERWA's function and role. A number of actions also concern ongoing development and refinement of plans to inform the strategic direction and development of the fund. As such the plan is primarily seen as a guiding document, that will organically develop, rather than as a finalised plan.

The draft Strategic Plan, shared with the FMC in November 2015, is given in Annex 6. The process of refining, sharing and agreeing the plan remains ongoing, with the aim for approval as a guiding document during early 2016.

## LESSONS

**Demand for the fund's services quickly exceeded that anticipated and extended beyond the originally designed functions.**

**Application processes and procedures have needed to be revised to improve efficiency and, in particular, better facilitate engagement with the private sector.**

**Lesson learning and the ability to flexibly respond to experience and changing conditions is vital for a new institution. These require resourcing in terms of staff, skills and time.**

**External TA support is and will remain an ongoing need.**

**Strategic development, especially of a newly formed institution involves wide-ranging consultative and stakeholder engagement and inputs.**

**The process of clarifying, refining and formulating the strategic direction and remit of a newly established institution is multi-faceted, challenging and time consuming, especially where this requires coordination between multiple agencies.**



## SECTION 5

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# Lessons and Recommendations





## 5.1 LESSONS

### Fund Management/Operations

FONERWA needed to have a lean management structure and be simple, realistic and tightly governed. But this lean structure had to be expanded during the project period to be able to fully deliver results that are aligned to core fund objectives.

Strong design, operational manual and governance system have been essential in building confidence, transparency and accountability with and for national and international stakeholders and in orientating fund establishment and management.

FONERWA has built a strong reputation nationally, regionally and internationally through rapid operationalisation, resource mobilisation and its innovative, country-owned approach.

The modus operandi of a hybrid team, consisting of a core group of Rwandan national staff having management control of the FONERWA fund with access to call-down international consultancy technical support, has proved to be effective and will remain needed given the unfeasibility of operating a staff team containing the full range of technical expertise required.

### Resource Mobilisation

The speed of the capitalisation of FONERWA, compared to other countries' attempts to design similar funds, is remarkable. Critical to this was early engagement of potential donors, the Government's integration of climate compatible development into national policy and the presence of strong institutional and governance conditions, built on a rigorous and realistic management design, enabling confidence in the ability of the fund to deliver its mandate.

The FONERWA model has proven catalytic in both directly facilitating resource mobilisation for the fund (\$50 Million), and indirectly (\$11 Million) through provision of targeted technical assistance.

### Capacity Development

The lean staffing of the FMT struggled to meet the level of demand for support and needed to systematise and structure provision of technical assistance, including development of online resources.

Whilst awareness raising and generic workshop training was highly successful in promoting the fund, the greatest capacity development gains have been through coaching and mentoring and specific small group support.

Capacity for project implementation emerged as a key risk to the fund and resulted in low levels of disbursement and quality challenges.

Three years rather than two were needed to set up an operational fund and transfer management to GoR.

## **Knowledge Management and Communications**

The recognition that delays in addressing comments by the applicants resulted in delays in disbursement, led to rescheduling of the call for proposals from quarterly to semi-annual calls. This allows applicants ample time to address FMT comments, and sufficient time to follow up on the project implementation by FMT.

Attention is needed to meet the demand for information from different audiences via the FONERWA website.

There is a challenge in relation to the collection, collation, generation and dissemination of project information and lessons concerning the relative capacities and skills within project implementation teams and the fact that the fund is highly dependent on these teams for the provision of this information. In addition supporting such teams is resource (time, personnel and financial) expensive.

## **Management of risks**

Quarterly reporting on risks embeds risk appraisal and planning within the management system.

Risk management needs to be dynamic, flexible, responsive and ongoing as work streams develop and external circumstances change.

Conscious and conscientious risk management has been critical in ensuring timely actions and planning for the successful operation of the fund.

## **Project performance**

FONERWA's demand-driven design led to a diversity of applications (PPDs) but unsustainable levels of quarterly project proposal document submissions, prompting adoption of a more targeted approach for concepts and less frequent calls.

## **Evolution of FONERWA**

Demand for the fund's services quickly exceeded that anticipated and extended beyond the originally designed functions.

Application processes and procedures have needed to be revised to improve efficiency and, in particular, better facilitate engagement with the private sector.

Lesson learning and the ability to flexibly respond to experience and changing conditions is a vital for a new institution.

These require resourcing in terms of staff, skills and time.

External TA support is and will remain an ongoing need.

Strategic development, especially of a newly formed institution involves wide-ranging consultative and stakeholder engagement and inputs; the process of clarifying, refining and formulating the strategic direction and remit of a newly established institution is multi-faceted, challenging and time consuming, especially where this requires coordination between multiple agencies.

## 5.2 RECOMMENDATIONS

### Fund Management/Operations

1. A viable mechanism is secured to determine both the source and the level of funding required to pay for high quality ongoing fund management and TA support provision.
2. Periodic review to be undertaken of FONERWA management staffing roles, structure and capacities, especially in the light of a potential expanded role and remit.
3. FMT and FMC members to receive support and training inputs according to their role, mandate and needs.

### Resource Mobilisation

4. The FONERWA RM strategy and plan to be finalised, adequately resourced and implemented.
5. FONERWA's role in supporting national Climate Finance mobilisation and coordination is clarified, refined and formalised, particularly in relation to the roles of MINECOFIN and of supported implementing agencies. This role must then be adequately resourced and embedded within the fund's processes, systems and plans.
6. The fund has, in a brief period demonstrated the capacity to attract external finances through successful engagements of global climate finance facilities such as the Green Climate Fund and the Climate Investment funds within the World Bank. This unique comparative advantage needs to be promoted through further national recognition, support and appropriate resourcing.



### Capacity Development

7. The FONERWA capacity development strategy and plan (2015-18) is finalised, adequately resourced and implemented.
8. Lessons and Recommendations from the CDKN District focussed CB project inform ongoing and future district support.

### Knowledge Management and Communications

9. Quality of information on the FONERWA website to be prioritised and regularly updated. As a GoR Secretariat FONERWA can develop its online presence as a national knowledge portal for CCD, featuring regular news items, project 'spotlight' thematic lessons, application factsheets or 'how-to' notes, think-pieces on green growth, frequently asked questions etc.
10. Systems and processes maintained, refined and supported for ongoing lesson learning, review and responding to experience, and communicating the fund's results and impacts, in support of further resource mobilisation and managing the fund's growing reputation.



## **Implementation of projects funded by FONERWA**

11. FONERWA's role in supporting and overseeing implementation is clarified, refined and formalised, particularly in relation to potential conflict of interest and roles of implementing agencies. This role is then adequately resourced and embedded within the fund's processes, systems and plans.

12. Capacity development for strengthening project implementation is addressed within the Fund capacity development strategy and plans.

## **Management of risks**

13. Maintain and strengthen FONERWA risk appraisal and planning processes, retaining flexibility and responsiveness to changes in risks associated with fund performance, sustainability, strategic roles and external circumstances.

14. Ensure risk management and mitigation actions are appropriately identified and addressed.

## **Further Development of FONERWA**

15. The FONERWA strategic plan is approved as a guiding document. The plan is shared more widely among national stakeholders and action points commenced to inform further refinement and development.

16. The strategic plan, and constituent components, are implemented in accordance with the action plan.

17. Staff and TA provision and fund management systems and processes assessed for capacity, capability and resource requirements for delivery of full range of FONERWA functions, and necessary resources provided.



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# Annexes



## **LIST OF ANNEXES**

**ANNEX 1:** Terms of Reference for Fund Management Team for the Rwanda Environment and Climate Change Fund (FONERWA)

**ANNEX 2:** FONERWA M&E Results Matrix log-frame for 2012-2018 [6 year period]

**ANNEX 3:** FMT M&E Results Matrix Log-frame for Oct 2012-Sep 2014 [2 year period]

**ANNEX 4:** Key challenges and remedial actions taken across the project period

**ANNEX 5:** FONERWA's highest risks – June 2015

**ANNEX 6:** FONERWA Draft Strategic Plan 2015-2018 (October 2015)

**ANNEX 7:** Project Performance Against Logframe Targets

**ANNEX 8:** Testing the Project Assumptions

**ANNEX 9:** Status of projects supported by the fund

**ANNEX 10:** Responses to the DFID 2015 Annual Review Recommendations

**ANNEX 11:** Financial Expenditure Summary

# Annex 1: Terms of Reference for Fund Management Team for the Rwanda Environment and Climate Change Fund (FONERWA)

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## 1. Introduction

The Department for International Development (DFID) is the part of the UK government that manages Britain's aid to poor countries and works to get rid of extreme poverty. We are working to reach the Millennium Development Goals (MDGs), the international targets agreed by the United Nations (UN) to halve world poverty by 2015.

DFID's mission is to help eradicate poverty in the world's poorest countries and this is underpinned by our set of values:

- Ambition and determination to eliminate poverty
- Ability to work effectively with others
- Desire to listen, learn and be creative
- Diversity and the need to balance work and private life
- Professionalism and knowledge

DFID wishes to work with Service Providers (SP) who embrace the above, and also demonstrate Corporate Social Responsibility (CSR) by taking account of economic, social and environmental factors. These practices, whether operated locally, regionally or internationally, should also comply with International Labour Organisation (ILO) core standards on labour and social matters.

DFID have been working with the Government of Rwanda (GoR) in support of its climate and environment objectives since 2009, most recently in the development of a National Strategy for Climate Change and Low Carbon Development which was approved by the Rwandan Cabinet in October 2011. A key recommendation from the Strategy was the **creation and operation of a National Fund for Climate and the Environment (FONERWA)**<sup>1</sup>. DFID Rwanda is supporting the GoR in setting up and operating this Fund through providing financial support for a Fund Management Team (FMT), as set out in this Terms of Reference. The FMT will support the GoR to establish and operate the fund for an initial period of two years, over which time capacity and responsibility for managing the Fund will be transferred to the GoR.

The aim of FONERWA is to respond to the current and future national climate and environmental financial landscape, to further support and accelerate Rwanda's sustainable economic development goals. FONERWA is part of Rwanda's direct response to the growing recognition that climate finance can be best managed at the country level. It is intended to be a vehicle through which climate and environment finance is channelled, programmed, disbursed and monitored in Rwanda particularly towards national priority areas, which have been and continue to be constrained by limited budget. More information on the proposed Fund Design is provided in [section 12 – background](#) and in annex 1.

## 2. The Objective

The overarching objectives of the FMT are twofold:

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<sup>1</sup> A French acronym

to operationalise and manage day-to-day activities of Rwanda's Environment and Climate Change Fund (FONERWA) for the initial two years of its operation

to ensure the on-going sustainability of the Fund beyond the initial two-year period of its operation, both in terms of securing resources for future Fund activities and ensuring that a functioning system, capacity and expertise is transferred to the GoR over the course of the initial two-year period.

### 3. The Recipient

The main recipient of this work will be Rwandan environment and climate change stakeholders across government, civil society, the private sector, research institutions, communities and individuals in Rwanda.

### 4. The Scope

#### A. Establishment of the Fund

In line with the above objectives, the FONERWA Fund is expected to commence operations no later than August 2012. There will be a three-month Inception Phase, during which the FMT is expected to establish the Fund. Systems for resource mobilisation, disbursement, project development and management, financial and risk management, monitoring and evaluation etc. will need to be established in line with the Fund Design Document. The Fund design is currently underway and expected to complete in July 2012. The interim report for the design work is attached at annex 1.

#### B. Management of the Fund

The FMT, under the leadership of the Fund Manager, will be responsible for the following activities and outputs:

- **Preparing annual budget, work and procurement plans** for the FMT, submitting them to REMA/DFID for approval, and ensuring their timely implementation.
- **Ensuring the effective day-to-day operation of the Fund:** The Fund Manager will be responsible for delivering programme, financial, procurement and staff management functions following GoR procedures and compatible with GoR systems, ensuring high level of quality control across these tasks. At the end of the 3-month Inception Phase, the Fund Manager will deliver outputs specified in Section 6 – Deliverables below. Progress to the Implementation Phase will be dependent upon approval of the implementation plan by DFID and the Rwanda Environment Management Authority (REMA), and the satisfactory performance of the FMT.
- **Mobilise and manage resources:** The FMT will oversee and facilitate the mobilisation of public and private financial resources, as per the FONERWA law, including GoR finance as well as existing and emerging sources of external and innovative finance. This will be carried out based on financial instruments and structures specified in the Fund Design Document. The FMT will manage resources responding to the specific needs of Development Partners, including earmarking of funds in close consultation with FONERWA Technical and Managing Committees.
- **Provide technical support and advice to public and private actors seeking to access the Fund:** This includes a proactive approach to identification and generation of project and programme concepts, and the provision of technical assistance to potential applicants. FONERWA will be expected to support activities across the government, which contribute to the climate change and environment goals of GoR. The FMT is therefore expected to provide policy analysis, training, support and facilitation during project proposal development.

- **Awareness raising:** The FMT will develop and maintain a strategic project/programme portfolio, including marketing and creating awareness of the Fund to the full range of prospective applicants, and proactively working with them to identify and promote proposals.
- **Acting as Secretary to the Fund Technical and Managing Committees,** to be convened on a quarterly basis and as the need arises.
- **Processing submitted applications via the following steps:**
  - I. Appraise project/programme proposals to ensure fit with eligibility criteria which are being developed as part of the fund design work (currently underway), including reviewing budgets, work plans and accounting systems;
  - II. Shortlist proposals on the basis of technical assessments;
  - III. Arrange for qualifying applications to be assessed by the Technical Committee;
  - IV. Provide active support to applicants, including in-house technical advice and feedback on project ideas and proposals;
  - V. Be proactive in terms of identifying and assisting in the generation of proposals across the sectors, and managing associated risks;
  - VI. Ensure performance-based financing through timely disbursements based on the achievement of agreed project/programme delivery targets;
  - VII. Oversee project/programme implementation and manage associated risks
- **Providing financial management and procurement oversight,** including facilitating annual external audits by Office of the Auditor General (OAG). The FMT will need to ensure compliance with GoR financial management regulations and requirements of contributors to the Fund.
- **Managing risk:** The Fund manager will need to assess risks of FONERWA's approach to disbursement at regular intervals and manage identified risks. This will include drafting contingency plans and programming adequate flexibility to deal with unforeseen risks.
- **Monitoring and reviewing the implementation of funded projects** in coordination with relevant Government agencies: The FMT will provide high quality monitoring and evaluation of project implementation, and ensure that projects funded by FONERWA deliver according to plan, are cost effective and results-oriented. The FMT should treat the following monitoring and evaluation responsibilities as a core part of its duties:
  - Assist in the design and application of a robust and transparent M&E system for individual funded projects/programmes, including qualitative and quantitative performance benchmarks that are gender-disaggregated to the extent possible. This should include key performance indicators required to contribute to the overall FONERWA M&E framework, and should be designed in consultation and collaboration with DFID Rwanda and REMA;
  - Agree on suitable mechanisms for, and frequency of, reporting with project partners to ensure monitoring information is available to meet project needs;
  - Promote best practice in the implementation of FONERWA projects, and develop effective ways to disseminate best practice solutions and lessons learned;
  - Maintain data records on applicants – whether successful or unsuccessful – and funded projects, including their activities, outputs and outcomes. All records will be owned by and provided to REMA and DFID;
  - Use the findings of the project M&E to refine and modify the design of the FONERWA Fund to improve its effectiveness.

In addition, the FMT will be required to set up its own operational M&E framework and reporting mechanisms by end of the inception phase. This must be clearly and intricately linked with the overall

Fund M&E system to ensure alignment with GoR systems. The FMT will itself be subject to independent evaluation.

- **Lesson learning and relationship building:** The FMT will be responsible for ensuring that it shares its experiences on the above functions with key stakeholders, in particular the GoR. The Fund Manager is expected to establish and maintain effective working relationships with other relevant organisations and programmes, including line ministries, relevant private sector and civil society organisations and Development Partners, including any future contributing donors. The FMT will also strengthen cross-sectoral linkages in order to capture synergies and avoid duplication of effort.

The Fund will be open to proposals from both the public and private sector; depending on the funding instrument, private sector proposals may be provided with funding through an arrangement with BRD, under the management of the Fund. Different thematic financing 'windows' have been proposed in areas of: (1) Conservation & Rehabilitation of Natural Resources, (2) R&D and Technology Transfer, (3) Environment & Climate Change Mainstreaming and (4) Monitoring Environmental Management Plans, based on Environmental Impact Assessments. For further information on financing windows, and their associated key entry points, financing instruments, beneficiaries and governance structure, see Section 12 - Background.

Funding decisions will rest with the Fund Managing Committee (FMC), with rules and criteria set out in the Fund Design Document. The FMC will comprise key partners, including the GoR, representatives from multilateral organisations, bilateral donors, civil society and the private sector. DFID (on a revolving basis with other participating donors) and REMA will act as co-chairs of the Fund Technical Committee, responsible for short-listing proposals.

Whilst the FMT will be based in REMA as part of the FONERWA Secretariat, the Fund will maintain a national character and support projects across sectors.

### **C. Ensure long term sustainability of the Fund**

A key function of the FMT will be to support GoR ownership of the Fund by transferring capacity and expertise and responsibility for Fund Management from the FMT to the GoR. As the FONERWA Secretariat is likely to be based in REMA, with oversight provided by the Ministry of Environment and Natural Resources (MINIRENA), these institutions should be a key focus for transfer of capacity and expertise, particularly on the job training related to resource mobilisation, planning and budgeting,, procurement, financial management, proposal development, project screening, risk management and monitoring and evaluation.

However, the FMT will also need to ensure sufficient capacity is built within BRD (who will be responsible for financing arrangements with the private sector) and GoR line ministries (particularly in regard to proposal development) in order to ensure the long term sustainability of the Fund.

The Fund Manager will need to put in place a clear plan for ensuring expertise and responsibility is transferred to local staff over the course of the contract.

### **D. Knowledge Management**

Responsibilities for knowledge management include:

- Develop a project/programme database to help market the FONERWA Fund and share lessons as a basis for resource mobilisation;

- Facilitate learning across the financing windows on themes that cut across more than one project/programme, on what has worked or has not, enabling factors, and unintended as well as intended outcomes;
- Ensure that the information, evidence and experience generated by the FONERWA Fund and its grantees is summarised and disseminated, in order to contribute to an improved understanding among stakeholders of what works and what does not.

## **E. Value for Money**

The FMT will be required to demonstrate clear value for money at each stage of the implementation process. This will include demonstrating that administrative costs can be minimised; that management processes (including procurement procedures) are designed to maximise cost effectiveness; and that funds can be allocated based on evidence of results to ensure the greatest possible impact is achieved. A clear process for measuring value for money should be included within the fund operation-monitoring framework.

The FMT will design a procurement strategy in line with, best practices and value for money principles, which will be approved by DFID. The FMT will be responsible for its performance and for managing any poor performance by sub-contractors. Performance of the FMT and its sub-contractors will be managed through clear contracts with robust and appropriate implementation plans, including results indicators, and payments based on performance.

## **5. Constraints and Dependencies**

Ensuring the sustainability of the Fund (beyond the initial two-year period of DFID support) is paramount to its success. A key challenge will therefore be to ensure that the GoR is supported to take over responsibility for management of the Fund by the end of the two year period.

A constraint to the success of the Fund will be the extent to which resources are available to finance suitable proposals. A key objective of the FMT will therefore be to identify sources of external funding (e.g. from bilateral and multi-lateral development partners and other international sources of finance) to complement GoR resources and support the delivery of Fund objectives.

A significant challenge during the implementation of this programme will be to identify, target and support the development of potential project/programme proposals across government and the private sector, and to ensure that activities are not duplicated across the institutional spectrum. The FMT will need to encourage cross-sectoral applications in order to uphold the Fund's national character, and support a synergistic and coordinated approach to environment and climate change. DFID expects the FMT to fully address these challenges and promote a balanced portfolio of support.

## **6. Deliverables**

The FMT is responsible for delivering the following outputs in line with DFID requirements:

### **6.1 Inception Phase (3 months):**

#### **By Month 1:**

- A final, costed and approved work (implementation) plan for the forthcoming year with key deliverables;
- An indicative rolling budget and work plan for two years

- Full project logical framework including indicators, milestones and targets and a plan for collecting baseline information where required

#### **By Month 2:**

- Fine tuning of the Fund Operations Manual (including procedures and processes for disbursement / project development and management, financial management, M&E etc.) that is currently being produced as part of the preparatory design work for the Fund with relevant forms / document templates;
- Establish the FMT office in Kigali (possibly within the REMA office), with all key administrative/financial staff in place.

#### **By Month 3:**

- Grant application documents/forms, tools and processes;
- Finalisation of applicant guidelines and assessment criteria;
- Develop and agree with REMA/DFID on a satisfactory reporting format;
- Establishment of robust M&E system and framework required to generate reliable data/information;
- A marketing and communications strategy;
- First round of promotion of the FONERWA;
- Plan for ensuring long term sustainability of the Fund, including a strategy for resource mobilisation and transfer of capacity and expertise
- Final report of the inception phase submitted to REMA and DFID

**Other:** The Fund Manager will provide any further information or documentation, as the need arises, to be determined in consultation with REMA and DFID.

#### **6.2 Throughout the Fund Implementation Phase (3-24 months):**

- Established linkages to sources of domestic and external funds to ensure resources are mobilised for FONERWA
- An indicative pipeline of project/programme proposals spanning the range of sectors, institutions and private actors to be developed in partnership stakeholders;
- Annual amendments to the strategic plan of FONERWA, including reassessment of outreach and phased introduction of new financial instruments, and their delivery mechanisms;
- Forecasted annual budget, work and procurement plans at the start of each fiscal year, for the following year;
- Obtain quarterly progress reports from grantees against delivery milestones, including financial reports with supporting documents;
- Obtain annual reports from grantees on progress against project logframes;
- Provide timely response and feedback to grantees on key implementation issues that require further attention.
- Quarterly progress reports submitted to REMA/DFID detailing (1) initiatives in the pipeline, and stage reached, e.g. number of applications received, spending forecasts, actual expenditure, (2) Fund budget, (3) quarterly costed work plans, (4) progress against work plans, (5) any technical and management issues for consideration by REMA/DFID, (6) progress against the FONERWA logframe, (7) progress against strategic priorities for providing capacity building support;
- Project/programme database to be developed and accessible online;

- Annual audited accounts approved by an independent auditor;
- Other reporting and documentation, as the need arises, to be determined in consultation with REMA and DFID.

#### 4. Reporting and Co-ordination

The FMT, led by the Fund Manager, will be responsible for reporting to REMA and DFID (as the primary donor to this initiative), among other relevant stakeholders, and for obtaining progress reports from grantees.

DFID Rwanda will maintain oversight of the FMT in close collaboration with REMA, including the activities of the Fund Manager. Similarly, the Fund Manager will be responsible on all issues to DFID Rwanda and REMA. The DFID Climate and Environment Adviser and the DG-REMA will be the first points of contact on technical and administrative issues.

In turn, DFID will have the following specific responsibilities with respect to this contract:

- Approve deliverables of the FMT;
- Act as a co-chair of the Fund Technical Committee;
- Participate in any other relevant meetings and workshops.

#### 5. Competency and Expertise

The FONERWA Fund will be a flexible and responsive mechanism that will conduct outreach and project/programme design support, and provide grant financing to successful bids. The composition and expertise of the Fund Management Team should reflect this.

We envisage the FMT initially comprising a core skeleton of around 6 staff (a Fund Manager, and other staff who between them can provide a range of specialist expertise related to resource mobilisation, proposal development, M&E, and key sector-specific knowledge (e.g. on agriculture, infrastructure and private sector development or other specific expertise related to the proposed thematic financing windows – see [section 12](#)). Additional technical expertise/support should be available to other sectors and ministries (e.g. MINECOFIN) at short notice. However, bidders may wish to propose additional staff with other relevant expertise and alternative structures.

A key objective of the Fund is to ensure that expertise and responsibility is transferred to local staff over the course of the contract. Bidders will need to consider how their proposed staff composition and structure will facilitate this, for example, by including Rwandan member(s) of the team in a deputy fund manager position and/or other core role(s). In the last six months of the initial two-year operation period, we would expect a national fund manager to be in place to help ensure that the GoR is in a good position to take over full Fund Management responsibility at the end of the two year period. This role could be fulfilled by a member of the FMT or a GoR-appointed individual. Either way, the FMT will need to ensure this individual is supported to ensure a smooth transition at the end of the two-year period.

**The Fund Manager** should demonstrate clear evidence of leadership capabilities, fund management experience, and experience of working closely with senior government policy-makers and key stakeholders. A key capability will be the ability to stand back towards the end of the contract and allow gradual handover to Rwandan staff.

**The Fund Management Team** will together demonstrate strong evidence of the following:

- Fund management experience;
- Expertise of climate & environment issues, as applied to a developing country context;
- Experience of finance mobilisation (including leveraging private finance);
- Clear and in-depth understanding of international financing environment with speciality in climate financing;
- Experience and/or demonstrated ability for effective advocacy that leads to national access (particularly LDC's) to international climate finances;
- Experience of developing proposals relevance to this Fund;
- Strong background on developing and implementing monitoring and evaluation frameworks;
- Working knowledge of the Rwandan context;
- Experience of dealing with government policy makers, financial institutions, development partners and other key stakeholders, particularly the private sector.

## **6. Timeframe**

The programme will start with a three-month Inception Phase (August 2012 to October 2012), followed by a 21 months implementation phase. Progression from inception to implementation phase will be contingent upon satisfactory performance of the FMT during the inception phase.

The contract will be for a period of two years with a break clause after the initial three-month inception period and a possible extension of up to 12 months subject to need and review recommendations. If circumstances require further extension beyond the original contract duration/agreed extensions, DFID will consider doing so by means of the negotiated procedure.

## **7. Contracting Arrangements**

DFID will assess bids for the provision of the FMT. Bids should clearly specify total fixed costs, and be broken down into estimated person days, daily rates and non-staff costs (also disaggregated where appropriate). The inception phase and implementation phase should be costed separately.

## **8. Performance Requirements**

The Fund Manager will be subject to performance reviews on an annual basis, as part of DFID standard Annual Reviews of the programme.

The financial capacity of the Fund Manager will be reviewed in line with the Annual Review process, as set out in the paragraph above, to ensure that they continue to have the financial capacity to deliver the programme outputs.

The role of the FMT is an interim arrangement. The aim is to build the capacity of GoR institutions to effectively manage environment and climate change finance directly in the medium-term. The Fund Manager will support this effort by ensuring that expertise and responsibility is gradually transferred to local staff over the course of the contract.

## 9. Background

The aim of FONERWA is to respond to the current and future national, climate and environmental financial landscape, to further support and accelerate Rwanda’s sustainable economic development goals. This aim was formalised in the Organic Law No. 4/2005 calling for the establishment of FONERWA, and subsequent Law determining the organisation, patrimony, functions and attributions of FONERWA, approved by Parliament in April 2012. The rationale for establishing the Fund includes:

- **Law** – Legal basis in Article 65 of the Organic Law on Environment No.04/2005, and FONERWA Law to be gazetted in March 2012
- **Finance Gaps** – Addresses existing ENR/CC financing gaps
- **Resource mobilisation** – Opportunity to generate resources to support environmental sustainability, resilience to CC and green growth
- **Harmonisation** – Instrument to streamline aid and extra-budgetary support and existing funds (e.g. Water & Forestry funds)
- **National priorities** – Support mechanism to diverse beneficiaries within the GoR, civil society, private sector, communities, individuals

It is envisaged that GoR’s priorities for environment and climate interventions will be supported by FONERWA in a variety of ways. This includes support to proposal development towards accessing emerging international financing opportunities, providing technical assistance to cross-sectoral applicants within the public and private sectors, and insuring that Fund activities align with national development priorities. Development of the Fund therefore represents a key readiness activity to provide a national mechanism for accessing local (CSOs/private sector co-financing) and global financial resources to implement environment and climate related programmes, and for delivering a nationally coordinated response to climate change.

Rwanda has already made significant progress in terms of fund establishment and management, in addition to strategic planning and budgeting processes. The FONERWA approach, guided by the Law establishing FONERWA, will ensure alignment with these existing systems, in addition to strategic plans and policies (e.g. Vision 2020, upcoming revised Economic Development and Poverty Reduction Strategy (EDPRS)).

The FONERWA design framework consists of four Thematic Financing Windows and respective Entry Points or priority investment areas, detailed in the table below. Given the FONERWA Bill’s requirement that 0.1% of all public and private capital projects (less operating costs) are collected under FONERWA for Environmental Impact Assessment monitoring and management by the GoR, this is also given a specific thematic window – but was kept separate from the financial needs assessment.

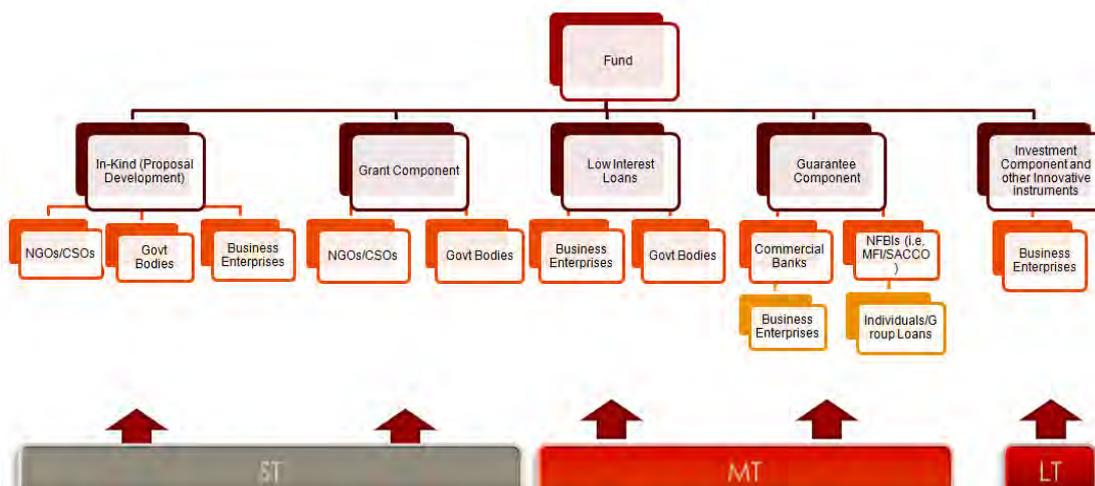
### Proposed thematic financing windows and entry points.

Window 1: Conservation & Sustainable Natural resources management	Window 2: R&D and technology transfer	Windows 3: Environment & climate change mainstreaming	Window 4: Environmental Impact Assessments (EIAs)
1. Ecosystem rehabilitation	1. Renewable energy & energy efficiency	1. Strategic Environment & Climate Assessments	1. Monitoring implementation of environment

	technology	(SECAs)	management plans
2. Sustainable land management	2. Pollution management	2. Sector-specific adaptation and mitigation	2. Environmental auditing
IWRM	3. Irrigation technology	3. Support to cross-sectoral integrated planning (e.g. IDP, VUP)	
4. Sustainable forestry management	4. Applied and adaptive research (agroforestry, waste, urban planning)		
5. Sustainable mines & quarries	5. Disaster risk reduction		
6. Promotion & protection of biodiversity	6. Data collection, monitoring & MIS		

Regarding financial instruments, FONERWA will utilise several to achieve its objectives, phasing in more complicated instruments over time. The below figure presents the financing instruments in the short term (ST), medium term (MT), and long term (LT), and targeted beneficiaries, which includes national (line ministries) and sub national (e.g. Districts) Government bodies, civil society and the private sector. Financing instruments targeted at the private sector, will be disbursed through Rwanda Development Bank (BRD).

**Proposed financial and non-financial instruments for FONERWA.**

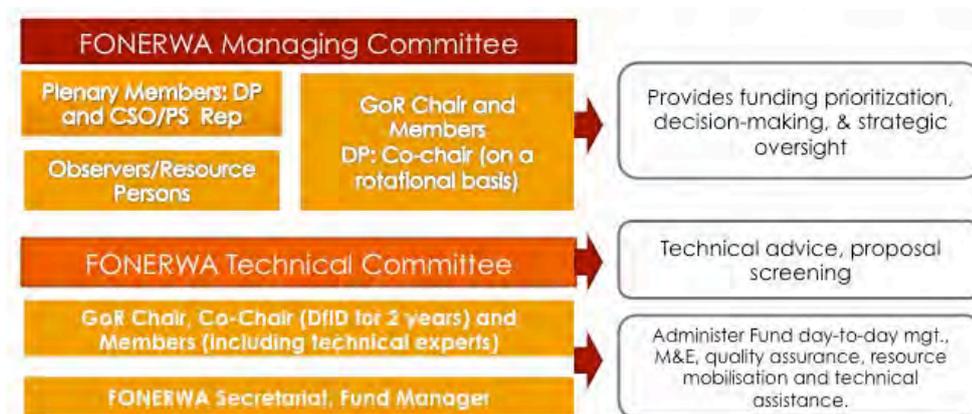


The Ministry in charge of environment and climate change (presently MINIRENA) is stipulated in the FONERWA Bill as the national institution responsible for Fund oversight, while REMA is the agency in charge of day-to-day Fund management.

The governance structure of FONERWA has been developed to allow oversight and GoR control of its projects/ programmes whilst ensuring transparency and accountability. The FMT will need to work closely with REMA to support them in their ownership of the Fund and ensure that the GoR develop sufficient capacity to ensure their effective day-to-day management of the Fund in the longer term.

The figure below illustrates the proposed FONERWA governance structure consisting of a Managing Committee, Technical Committee and Secretariat, with the latter working in partnership with a FMT for the first 1-2 years of operation.

**Proposed FONERWA governance structure.**



The FONERWA Managing Committee will be responsible for the monitoring and directing of the Fund’s activities. It is the highest organ in the GoR for FONERWA management and oversight and involves participation from a cross-section of stakeholders including the GoR at central (Permanent Secretaries) and district levels (through MINALOC), civil society, the private sector and development partners. The FONERWA Technical Committee will be responsible for ensuring strong ownership of FONERWA-supported activities, and enhancing their sustainability, and will consist of Director Generals from key environment and climate related sectors as well as Development Partners.

The Secretariat will provide facilitation for the central coordination of FONERWA and will be responsible for day-to-day management of the Fund. The FMT will initially make up the majority of the Secretariat although additional staff may be provided by the GoR. Over time, the FMT will transfer skills, expertise and Fund management responsibilities to the GoR, as well as building capacity for development of climate and environment funding proposals from within key sectors, enabling the effective management and operation of the Fund in the longer term.

## Annex 2: FONERWA M&E Results Matrix log-frame for 2012-2018 [6 year period]

PROGRAMME NAME	FONERWA Environment and Climate Change Fund								
IMPACT	Impact Indicator 1	Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	
Rwanda's economic growth is environmentally sustainable, low carbon and climate resilient and contributes to wealth creation and poverty reduction	Percentage change in vulnerability index <sup>2</sup>	Planned							
		Achieved							
		Source	<i>Methodology development through ENR sector before June 2013</i>						
	Impact Indicator 2	Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	
	Rwanda carbon intensity (emissions/GDP)	Planned	0.39	<0.45	<0.5	<0.55	<0.6	<0.65	<0.7
		Achieved							
		Source	REMA Ministry of Finance (MINECOFIN) reports (for GDP); statements to UNFCCC (for CO <sub>2</sub> emissions) <i>Methodology development through ENR sector before June 2013</i>						
	Impact Indicator 3	Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	
	No' of Green jobs created in Rwanda <sup>3</sup>	Planned	0	[to add]	[to add]	[to add]	[to add]	[to add]	[to add]
		Achieved							
		Source	MINIRENA, MIFOTRA <i>To be updated when EDPRS II targets finalised and advocate this is included in national level data collection</i>						

### Legend:

Objectives / expenditure
Indicators of achievement
Monitoring targets
Risk/Assumptions
Not required

<sup>2</sup> The indicator will be considered for the ENR sector to build on current pilot initiatives.

<sup>3</sup> Green jobs would include low carbon development, green energy, ecotourism, mining & Natural Resource enterprises, etc.

OUTCOME	Outcome Indicator 1		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	Assumptions	
<b>Sustainable and equitable<sup>4</sup> finance supports national programmes and private sector initiatives to address climate and environment priorities</b>	Cumulative volume of finance [US\$ millions] mobilised for climate and environment purposes as A). contributions to Fund; B). co-financing for Fund supported projects disaggregated by: a).private sector b).GoR c).MDBs / other development partners (including DFID)/other sources* <sup>5</sup>	Planned	Aa.\$0.0m Ab.\$0.0m Ac.\$0.0m Ba.\$0.0m Bb.\$0.0m Bc.\$0.0m	Aa.\$0.0m Ab.\$1.3m Ac.\$8.7m Ba.\$1.0m Bb.\$0.0m Bc.\$0.0m	Aa.\$0.0m Ab.\$3.0m Ac.\$30m Ba.\$4.6m Bb.\$0.0m Bc.\$1.1m	Aa.\$0.0m Ab.\$7.2m Ac \$56m <sup>67</sup> Ba.\$12.64m Bb.\$0.0m Bc.\$1.2m	Aa.\$0.0m Ab.\$9.6m Ac.\$70m Ba.\$15.92m Bb.\$0.0m Bc.\$3.0m	Aa.\$0.0m Ab.\$12m Ac.85m Ba.\$19.40 Bb.\$0.0m Bc.\$4.2m	Aa.\$0.00m Ab.\$15.0m Ac.\$100.00m Ba.\$23.0m Bb.\$0.0m Bc.\$5.3m	Climate change and environment is mainstreamed into strategies and budgets ensuring sustainability of budget decisions  Climate and environment programmes complement wider pro-poor activities	
		Achieved									
		Source	FMT quarterly and annual reports; Project-level data This needs extensive consultation (GoR (MINECOFIN, MINIRENA), CIDT (FMT), BDF).								
		Outcome Indicator 2		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	
		Number of Project Profile Documents: a) received by the FMT b) meeting the standard required to proceed to Project Document stage c) approved by the FMC <sup>8</sup>	Planned	a.0 b.0 c.0	a.15 b.8 c. 5	a.45 b.23 c.13	a.90 b.45 c.25	a.140 b.75 c.40	a.200 b.115 c.60	a.260 b.160 c.85	Strong macro-economic performance continues  FMT gains the confidence of funding agents
			Achieved								
			Source	FMT quarterly and annual reports							
		Outcome Indicator 3		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	
		% of projects successfully implemented. <sup>9</sup>	Planned	0	80	80	80	80	80	80	
			Achieved								
	Source		FMT quarterly and annual reports, project –level data								

<sup>4</sup> Referring to equitable distribution of resources given the levels of geographical dimensions of poverty, as highlighted in latest EICV survey

<sup>5</sup> The \* throughout document highlight the ICF indicators

<sup>6</sup> Optimistic scenario

<sup>7</sup> Funding levels in excess of \$26M (in 2014) and/or \$40M (in 2015) will require additional resources for the FMT to effectively manage the fund.

<sup>8</sup> Emphasis on large scale, cross-sector and integrated project planning and execution using project management approaches that have a track record of successful implementation IDP and VUP will serve as institutional vehicles for effective planning and implementation of projects/programs.

<sup>9</sup> Where success is defined as the project being on track to delivering at least 80% of the results set out in its Project Document

INPUTS (UK£ pounds)	DFID (£)	Govt (£)	Other (£)	Other (£)	Total (£)	

OUTPUT 1	Output Indicator 1.1	Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	Assumptions		
Conservation and management of natural resources strengthened and sustained as a result of the Fund	Area (ha) of <u>land</u> secured against erosion <sup>10</sup>	Planned	0	150 <sup>11</sup>	600	1,200	1,800	2,400	3,000	Good quality projects / proposals approach the Fund for support under this funding window and are approved.  Fund has sufficient resources to achieve its goals.	
		Achieved									
		Source	FMT quarterly and annual reports (aggregating project-level data) checked against annual reports from Joint Sector Reviews of Ministry of Agriculture (MINAGRI) and Land Office Records Assessments								
	Area (ha) <u>forest</u> and agro-forest cover (disaggregated by afforestation / restored forest / agroforestry)	Planned	0	400	2,000	3,000	4,000	5,000	6,000		
		Achieved									
		Source	FMT quarterly and annual reports (aggregating project-level data) checked against Rwanda Natural Resources Authority (RNRA) data								
	No' of ha of <u>watersheds</u> rehabilitated	Planned	0	20 <sup>12</sup>	40	80	120	160	200		
		Achieved									
		Source	FMT quarterly and annual reports (aggregating project-level data) checked against Rwanda Natural Resources Authority (RNRA) and Rwanda Environment Management Authority (REMA) data								
	Number of mining sites that implement environmental sustainability beyond minimum legal requirements <sup>13</sup>	Planned	0	3 <sup>14</sup>	10	15	20	25	30		
		Achieved									
		Source	Ministry of Environment & Natural Resources, Licencing documents, Cooperative records, Geology and Mining Department database								
	<b>IMPACT WEIGHTING (%)</b>	<b>25%</b>							<b>RISK RATING (H, M, L)</b>		<b>Medium</b>

<sup>10</sup> The milestones are based on projections from MINAGRI in the study "Support the methodological framework for soil conservation in the agricultural sector under SPAT-3, June 2012"

<sup>11</sup> The basis of calculation is 2% of annual targets (MINAGRI, 2011)

<sup>12</sup> 2% of ENR M&E log frame targets

<sup>13</sup> Environmental sustainability refers to efficient water & wastes management

<sup>14</sup> 2% of ENR M&E draft document targets

OUTPUT 2	Output Indicator 2.1		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	Assumptions	
Renewable energy and other environmentally sustainable, low carbon and climate resilient technologies adopted, developed and/or improved for use in Rwanda, as a result of the Fund	No' of monitoring and MIS systems with sufficient environmental & climate change data to inform policy decisions	Planned	0	1	2	4	4	4	4	Private sector is interested in investing in low carbon, climate resilient activities and wider enabling environment supports this.  Good quality projects / proposals approach the Fund for support under this funding window and are approved  Fund has sufficient resources to achieve its goals	
		Achieved									
		Source	FMT quarterly and annual reports								
	Output Indicator 2.2		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018		
	a) Mw produced through clean energy <sup>15</sup> projects * b) No' of people with improved access to clean energy (disaggregated by gender and income) *	Planned	a.0 b.0	a.0 b.150 <sup>16</sup>	a.0.4 b.1000	a.0.6 b.2000	a.1.0 b.3000	a.1.5 b.4000	a.2.0 b.5000		
		Achieved									
		Source	FMT quarterly and annual reports (aggregating project-level data) checked against MININFRA/EWASA data								
	Output Indicator 2.3		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018		
	Tonnes of Co2 equivalent emissions avoided *: )	Planned	.0	0	116	174	290	435	580		
		Achieved									
		Source	FMT quarterly and annual reports (aggregating project level data)								
	Output Indicator 2.4		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018		
	No' of Rwandan a) citizens and b) women and girls who have built resilience to climate change impacts <sup>17</sup>	Planned	a.0 b.0	a.0 b.0	a.9,000 b.4,500	a.15,000 b.7,500	a.20,000 b.10,000	a.25,000 b.12,500	a.30,000 b.15,000		
		Achieved									
		Source	FMT quarterly and annual reports (aggregating project level data) checked against MINAGRI data								
	IMPACT WEIGHTING (%)	25%							RISK RATING (H, M, L)		High

<sup>15</sup> 5% of the current energy sector projections: Source, Support the methodological framework for soil conservation in the agricultural sector under SPAT-3, June 2012  
The basis of calculation is 2% of annual targets (MINAGRI, 2011)

<sup>16</sup> Supply of Biogas, Solar (lanterns), and energy saving stoves is used to measure household access to clean energy. This is based on records from REMA projects.

<sup>17</sup> Data based on records and experience from AAP and LDCF projects implemented by REMA.

OUTPUT 3		Output Indicator 3.1		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	Assumptions		
Environment and climate change issues mainstreamed into policies, programmes, plans budgets and activities for public and non-public agencies	Total no' of proposals [ppd stage] from GoR Ministries incorporating climate & environment considerations into existing or new planned programmes	Planned	0	5	20	40	60	80	100		Ministries are able to absorb additional resources  Good quality projects/proposals approach the Fund for support under this funding window and are approved  Fund has sufficient resources to achieve its goals		
		Achieved											
		Source	FMT quarterly and annual reports										
	Output Indicator 3.2		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018				
	Total no' of programmes of action in the Green Growth Strategy developed into proposals submitted for funding	Planned	0	1	3	5	7	9	11				
		Achieved											
		Source	FMT quarterly and annual reports; Rwanda Green Growth Strategy										
	Output Indicator 3.3		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018				
	Total no' of green jobs created: disaggregated by a).gender, b).youth, c).< 6 months, d).> 6 months	Planned	0	40	500	2,000	3,000	4,000	5,000				
		Achieved											
		Source	FMT quarterly & annual reports (aggregating project-level data) checked against MININFRA data										
	IMPACT WEIGHTING (%)		25%							RISK RATING (H, M, L)		Medium	

OUTPUT 4 <sup>18</sup>		Output Indicator 4.1		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018	Assumptions
The Fund is sustainably, cost effectively and transparently managed	% of a)Project Profile Documents b)Project Documents reviewed within 10 and 30 <sup>19</sup> working days respectively, and in accordance with agreed screening procedures	Planned	a.0 b.0	a.50 b.40	a.80 b.60	a.90 b.80	a.90 b.85	a.95 b.90	a.95 b.95	FMT follow agreed financial and operational management procedures  The FMT provides strategic guidance and effective decision making  Sufficient capacity exists to respond to lessons learn  Fund Management Team support GoR to build capacity	
		Achieved									
		Source	FMT quarterly and annual reports, verified by Fund Technical Committee.								
	Output Indicator 4.2		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018		
	% of available fund executed per year (disaggregated by recipient: government agency, private sector, CSOs)	Planned	0	80	90	95	95	95	95		
		Achieved									
		Source	FMT quarterly and annual reports								
	Output Indicator 4.3		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018		
	% Project Documents affecting household level that demonstrates transparent community participation and gender equity in: a) proposal development b) implementation	Planned	a.0 b.0	a.80 b.80	a.85 b.85	a.90 b.90	a.95 b.95	a.100 b.100	a.100 b.100		
		Achieved									
		Source	FMT quarterly and annual reports (aggregating project level data)								
	Output Indicator 4.4		Baseline June 2012	Milestone June 2013	Milestone June 2014	Milestone June 2015	Milestone June 2016	Milestone June 2017	Target June 2018		
% of projects whose emerging lessons (both positive and negative) have been collated and disseminated by the FMT	Planned	0	0	80	80	80	80	80			
	Achieved										
	Source	FMT quarterly and annual reports									
IMPACT WEIGHTING (%)	25%								RISK RATING (H, M, L)	Low	

<sup>18</sup> The FMT Project services this larger programme log frame and delivers this Output 4

<sup>19</sup> Provided project documents received by FMT within 15 working days of next scheduled meeting of the management committee

## Annex 3: FMT M&E Results Matrix Log-frame for Oct 2012-Sep 2014 [2 year period]

PROJECT TITLE	Creation of the National Fund for Climate & Environment (FONERWA): support to the Fund Management Team				
IMPACT	Impact Indicator 1	Baseline (June 2012)	Milestone 1 (June 2013)	Milestone 2 (June 2014)	Target (October 2014)
Contribute to wealth creation and poverty reduction in Rwanda through low carbon and climate resilient economic growth	Percentage change in vulnerability index of local communities in Rwanda <u>Or</u> Number of Rwandan citizens made less vulnerable to climate change (disaggregated by gender)	<i>Indicators, measurement methodologies, baseline and targets currently being developed as part of the Rwanda Environment and Natural Resources (ENR) sector M&amp;E framework, and expected to be in place by June 2013.</i>			
		<b>Source</b>			
		See above			
	<b>Impact Indicator 2</b>	<b>Baseline (April 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>
		0.39	<0.45	<0.5	<0.55 <sup>20</sup>
	Carbon intensity of GDP (MtCO <sub>2</sub> /US\$1000)	Rwanda CO2 emissions data from International Energy Agency (IEA). GDP data from Ministry of Finance (MINECOFIN) report. Other domestic sources of emissions data will also be used for cross-checking			

<sup>20</sup> Carbon intensity target is benchmarked against carbon intensity of Middle Income Countries (MICs). Of 82 MICs for whom IEA data on carbon intensity was available, 51% had carbon intensities <0.7. Rwanda aims to reach MIC status by 2020. These milestones allow Rwanda's carbon intensity to increase linearly, but still remain less than 0.7 by 2018. This target implies Rwanda performs better than the MIC group average.

OUTCOME	Outcome Indicator 1	Baseline (June 2012)	Milestone 1 (June 2013)	Milestone 2 (June 2014)	Target (October 2014)	Assumptions
Rwanda able to finance and further develop national programmes and private sector initiatives which contribute to low carbon and climate resilient development	Cumulative volume of finance mobilised for climate and environment purposes as (A) contributions to the Fund <sup>21</sup> ; (B) co-financing for fund supported projects  Disaggregated by: (a) private sector; (b) GoR; (c) MDBs/other development partners/other sources* <sup>22</sup>	A. (a) 0 (b) 0 (c) 0	A. (a) 0 (b) \$1.3m (c) \$0m	A (a) 0 (b) \$3.0m (c) \$10m	A. (a) 0 (b) \$5m (c) \$12m	Climate change and environment is mainstreamed into strategies and budgets ensuring sustainability of budget decisions
		B (a) 0 (b) 0 (c) 0	B (a) \$1m (b) 0 (c) 0	B (a) \$4.6m (b) 0 (c) \$1.1m	B (a) \$9m (b) 0 (c) \$1.2m	
		<b>Source</b> Fund Management Team (FMT) quarterly and annual reports				
	<b>Outcome Indicator 2</b>	<b>Baseline</b>	<b>Milestone 1</b>	<b>Milestone 2</b>	<b>Target</b>	
	Total number of Project Profile Documents (PPDs) (a) received by the FMT (b) meeting the standard required to proceed to Project Document (PD) stage (c) approved by the FMC	(a) 0 (b) 0 (c) 0	(a) 15 (b) 8 (c) 5	(a) 45 (b) 23 (c) 13	(a) 60 (b) 30 (c) 18	
		<b>Source</b> FMT quarterly and annual reports				
		<b>Outcome Indicator 3</b>	<b>Baseline</b>	<b>Milestone 1</b>	<b>Milestone 2</b>	<b>Target</b>
	% of projects successfully implemented. Where success is defined as the project being on track to delivering at least 80% of the results set out in its Project Document	0	80	80	80	
		<b>Source</b> FMT quarterly and annual reports; project level data				
<b>INPUTS (£)</b>	<b>DFID (£)</b>	<b>Govt (£)</b>	<b>Other (£)</b>	<b>Total (£)</b>	<b>DFID share (%)</b>	
	1.3m	-	-	1.3m	100%	
<b>INPUTS (HR)</b>	<b>DFID (FTEs)</b>					
	<b>0.3 C&amp;E Adviser; 0.1 Programme manager</b>					

<sup>21</sup> As currently resourced, the Fund Management Team has the capacity to manage a total Fund of up to around \$40m. If more resources are mobilised for the Fund, additional fund management staff will need to be recruited. The additional cost for this would be met from overall Fund resources.

<sup>22</sup> Indicators followed by an asterisk (\*) are key performance indicators for the International Climate Fund (ICF)

<sup>23</sup> The 100% achievement now reported by the FMT for October 2015 is because there was no screening or reviews for PPDs and PDs done in the last two quarters.

OUTPUT 1	Output Indicator 1.1	Baseline (June 2012)	Milestone 1 (June 2013)	Milestone 2 (June 2014)	Target (October 2014)	Assumptions
Process of screening projects and disbursing finance is effectively managed	% of (a) Project Profile Documents and (b) Project Documents reviewed within 10 working days, and in accordance with agreed screening procedures	(a) 0	(a) 60	(a) 80	(a) 85	Resources available through the Fund are sufficient to attract a high number of good quality proposals
		(b) 0	(b) 50	(b) 60	(b) 70	
		<b>Source</b> FMT quarterly and annual reports, verified by Fund Technical Committee.				
	<b>Output indicator 1.2</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>	The Fund Management Committee (FMC) and Fund Technical Committee (FTC) meet regularly and function effectively
<b>IMPACT WEIGHTING</b>	% of available Fund resources executed per year (disaggregated by recipient: private sector/ government/CSOs)					
35%		0	80	90	92	
		<b>Source</b> FMT quarterly and annual reports				<b>RISK RATING</b> Medium
<b>INPUTS (£)</b>	<b>DFID (£)</b>	<b>Govt (£)</b>	<b>Other (£)</b>	<b>Total (£)</b>	<b>DFID share (%)</b>	
<b>INPUTS (HR)</b>	<b>DFID (FTEs)</b>					

<b>OUTPUT 2</b>	<b>Output Indicator 2.1</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>	<b>Assumptions</b>
Capacity for managing the Fund built and transferred to Government of Rwanda	Number of initial local technical staff recruited who are retained at the end of the project period	0	n/a	n/a	3	Trained staff remain in the Fund Secretariat  Sufficient numbers of staff to cope with workload
		<b>Source</b>				
	FMT quarterly and annual reports					
	<b>Output Indicator 2.2</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>	
	% of the Fund Secretariat made up of locally-trained technical staff	0	10%	50%	80%	
		<b>Source</b>				
Fund management Team quarterly and annual reports						
<b>Output Indicator 2.3</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>		
	0	5	5	5		
	<b>Source</b>					
<b>IMPACT WEIGHTING</b>	Number of government of Rwanda staff participating in mentor meetings or workshops with FONERWA mentors at least once a month	<b>Source</b>				<b>RISK RATING</b>
25%		Fund management Team quarterly and annual reports, discussions with REMA and MINIRENA staff				Medium
<b>INPUTS (£)</b>	<b>DFID (£)</b>	<b>Govt (£)</b>	<b>Other (£)</b>	<b>Total (£)</b>	<b>DFID share (%)</b>	
<b>INPUTS (HR)</b>	<b>DFID (FTEs)</b>					

<b>OUTPUT 3</b>	<b>Output Indicator 3.1</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>	<b>Assumptions</b>
Awareness raising and technical assistance support submission of good quality proposals	Number of people trained in developing proposals (disaggregated by private sector/district level government/central government/CSO)	0	100	175	250	Private sector is interested in investing in low carbon and/or climate resilient activities  Wider enabling environment supports private sector investment procedures
	<b>Source</b>		Fund management Team quarterly and annual reports			
	<b>Output Indicator 3.2</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>	
	Number of requests to the FMT for (a) information relating to the Fund; and (b) Technical Assistance in proposal development	(a) 0	(a) 50	(a) 150	(a) 200	
		(b) 0	(b) 15	(b) 50	(b) 65	
	<b>Source</b>		Fund management Team quarterly and annual reports; based on information from the FONERWA website and email records			
<b>Output Indicator 3.3</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>		
% of projects that receive technical assistance in proposal development from the Fund Management Team and which are subsequently approved by the Fund Management Committee	0	80	80	80		
	<b>Source</b>		Fund management Team quarterly and annual reports			
<b>IMPACT WEIGHTING</b>	<b>Output indicator 3.4</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>	
25%	Number of financial instruments targeting the private sector developed and piloted by the FMT	0	One instrument developed	1	2	
		<b>Source</b>		Fund management Team quarterly and annual reports		
		<b>RISK RATING</b>		Medium		
<b>INPUTS (£)</b>	<b>DFID (£)</b>	<b>Govt (£)</b>	<b>Other (£)</b>	<b>Total (£)</b>	<b>DFID share (%)</b>	
<b>INPUTS (HR)</b>	<b>DFID (FTEs)</b>					

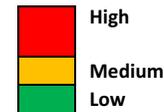
<b>OUTPUT 4</b>	<b>Output Indicator 4.1</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>	<b>Assumptions</b>
Results from the Fund are effectively and transparently monitored and lessons disseminated	% of active projects collecting data of sufficient quality and timeliness to satisfy the FONERWA monitoring and evaluation system	0	90	100	100	Sufficient M&E capacity and expertise is available
	<b>Source</b>					
	FMT quarterly and annual reports					
	<b>Output indicator 4.2</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>	Sufficient capacity exists to respond to lessons learnt
% project documents affecting households that demonstrate transparent community participation and gender equality in (a) proposal development (b) implementation	(a) 0	(a) 80	(a) 85	(a) 87		
	(b) 0	(b) 80	(b) 85	(b) 87		
<b>Source</b>						
FMT quarterly and annual reports (aggregating project level data)						
<b>IMPACT WEIGHTING</b>	<b>Output indicator 4.3</b>	<b>Baseline (June 2012)</b>	<b>Milestone 1 (June 2013)</b>	<b>Milestone 2 (June 2014)</b>	<b>Target (October 2014)</b>	
15%	Percentage of projects whose emerging lessons (both positive and negative) have been collated and disseminated by the FMT	0	0	80	80	
		<b>Source</b>				
FMT quarterly and annual reports					Medium	
<b>INPUTS (£)</b>	<b>DFID (£)</b>	<b>Govt (£)</b>	<b>Other (£)</b>	<b>Total (£)</b>	<b>DFID share (%)</b>	
<b>INPUTS (HR)</b>	<b>DFID (FTEs)</b>					

## Annex 4: Key project challenges and remedial actions taken

Project Period	Challenges & risks	Remedial Action
Q1 Oct-Dec 2012	Setting up bank accounts and getting funds to Rwanda for local consultants and purchases was very difficult	Recruited a very competent local accountant within the FMT to manage local banking
	Scepticism by local stakeholders that FONERWA would ever 'get started'	Recruited high quality Rwandan staff and imbibed a culture of high expectation and productivity, a performance based culture. Produced a very comprehensive inception report and operational handbook to improve confidence and establish a sense of momentum
	<b>Armed conflict in DRC caused DFID to suspend funding to programmes in Rwanda</b>	FMT commenced searching for additional 'basket funding' capitalisation from other Donors such as KfW.
Q2 Jan-Mar 2013	FONERWA unknown in Rwanda and hence no demand for its services	Awareness raising and orientation workshops to encourage demand and applications to the Fund FMT staff provided guidance to Rwandan stakeholders on how to apply to FONERWA and its rules and procedures. A 'learning by doing' approach with each FMT staff member preparing and teaching their subject content & improving confidence & competence in communication and training skills of the FMT staff.
	<b>Armed conflict in DRC caused DFID to suspend funding to programmes in Rwanda</b>	Provided DFID with all the information and assurances needed to ensure confidence in the Fund as an earmarked entity which could not be fungibly used for other purposes. ie. Set up FMC and FTC governance structures plus recruited a well-qualified Fund finance manager.
Q3 Apr-Jun 2013	Low private sector engagement and applications to FONERWA	Appointment of a private sector expert within the FMT to mentor and guide private sector applications and develop loan instruments
	Low District level engagement and applications to FONERWA. ie. Lack of understanding how to apply and engage with FONERWA by District level stakeholders	Mobilised a 2-year CDKN (sister) project specifically to encourage and empower District level stakeholders to make applications to the FONERWA fund.
Q4 Jul-Sep 2013	<b>Delay in Fund capitalisation causes delay in call for proposals leading to an overall delay in project implementation</b>	Immediately on confirmation of DFID capitalisation of the FONERWA fund CIDT mobilised the 1st call for project proposal documents (PPDs) – a huge response triggering all FMT staff and consultants to be needed to deal with the demand
Q5 Oct-Dec 2013	GoR impatience at lack of projects funded on the ground resulting in low GoR motivation to take ownership of FONERWA management	CIDT orientate FMT staff to appreciate the imperative of getting successful funded projects started or suffer serious reputational damage. FMT focus hard on further training and support for successful PPD applicants to convert and upgrade their applications into successful PDs.
Q6 Jan-Mar 2014	GoR impatience at lack of projects funded on the ground	The 1 <sup>st</sup> PDs approved by FMT and FMC and funding disbursement commences.

Q7 Apr-Jun 2014	<b>Lack of a sustainability plan for the FMT after DFID/CIDT funds end. ie. How to pay the salaries of the FMT staff?</b>	Mobilised a retreat with key stakeholders to consider and appraise longer term sustainability options
		Request for a 1-year DFID extension to allow more time to deal with this weakness
Q8 Jul-Sep 2014	GoR still may not be ready to take over FMT, a year later, in September 2015?	Capacity needs assessment commenced to create and build a robust GoR Secretariat during extension year
	DFID/CIDT funds running out for local expenditure given increasing demands	UNDP support for FONERWA sourced and commenced and reduces pressure on DFID/CIDT funds
Q9 Oct-Dec 2014	Inadequate data collection systems to record progress of FONERWA and its funded projects	M&E systems reviewed and built up.
	<b>FONERWA perceived as an externally driven institution</b>	Prime Minister leads 'FONERWA Launch' which is widely publicised in both Rwanda and throughout East Africa.
		Recruitment of new staff to the new FONERWA Secretariat.
Q10 Jan-Mar 2015	<b>Slower disbursement from FONERWA Fund to projects than had been planned and expected</b>	Increase in size and number of projects moving from PPD → PD to approval for funding hence increasing overall commitment.
Q11 Apr-Jun 2015	FONERWA Website sub optimal	Shift locus of control from International to local service provider. Procure a year of technical support.
		Improve knowledge content. Commence development of PPD course learning materials to go on FONERWA web site.
	Poor internet connection causing slow communications and lower FMT productivity	Purchase of upgraded internet equipment
	In 3 years' time running out of international finance to meet growing national demands for the FONERWA funds.	Prepared a grant agreement with the Green Climate Fund, to help implement national green growth strategy and get closer to securing substantial GCF funding.

# ANNEX 5: FONERWA's highest risks - June 2015



P = Probability  
I = Impact

#	Risk	Mitigation Strategy	Residual Risk		Change in risk assessment (since last update 30th June 2015)	Additional actions/ Contingency plan
			P	I		
<b>RISK OF FAILURE TO ALIGN WITH OTHER RELEVANT POLICIES, PROGRAMMES AND SYSTEMS</b>						
1	FONERWA is not fully integrated in the GoR system as initially planned in the design phase.	<ol style="list-style-type: none"> <li>On-going involvement of stakeholders in workshops and meetings such as Senior Management meetings in MINIRENA.</li> <li>Timely engagement of Strategic stakeholders in implementation of FONERWA.</li> <li>Engagement and participation of governance levels (FTC, FMC) in informing sustainability.</li> <li>FONERWA organogram proposed; ensure approval by Government Authorities.</li> </ol>	Low	High	<p>Institutional positioning report finalised and presented to the GoR while documentation for the design is under preparation</p> <p>Increase in number of local staff under GoR arrangements where most of the local FMT team applied to occupy their present positions</p>	<p>Institutional design documentation finalised to guide decision making by relevant policy makers.</p> <p>Consider further resources to support Fund management.</p>
<b>RISK OF FAILURE TO MOBILISE SUFFICIENT RESOURCES</b>						
8	Unfavourable aid landscape - suspension of aid and of cooperation from key Rwanda partners.	<ol style="list-style-type: none"> <li>Continue to engage bilateral and multilateral potential partners using MINECOFIN EFU(with the support and influence of DFID) - lead donor for FONERWA)</li> <li>Project proposal development targeting Multilaterals such as AF and GCF</li> <li>An elaborate mapping of potential donors with demonstrated interest in providing support to Rwanda.</li> <li>Focus on ensuring approved projects generate good results to encourage continued and enhanced support from donors.</li> <li>Carry out scenario planning in case of changes in financing.</li> <li>Ensure institutional positioning and arrangements for FONERWA are appropriate for robust resources mobilization targeting major global climate funding sources.</li> </ol>	Low	High	<p>The likelihood of the risk happening is still low due to the availability of institutions entitled to climate change financing. Also, FONERWA's representation in this quarter's DPCG meeting by MINECOFIN is planned to yield fruitful results. Also, GCF starting the process of Rwanda's accreditation has brought in more security</p>	<p>Design an appropriate institutional positioning for FONERWA which are appropriate for robust resources mobilization targeting major global climate funding sources. The resource mobilisation strategy should be designed in a way that addresses this component.</p>
<b>RISK OF FAILURE TO ENGAGE THE PRIVATE SECTOR</b>						
10	The available private sector financial instruments and resources may not be sufficient and attractive to the private sector	<ol style="list-style-type: none"> <li>Elaborate on private sector financing in the resources mobilisation strategy and engage DPs for funds purposely for private sector financing</li> <li>Make an assessment and introduce other relevant financial instruments</li> <li>Included special focus on Private sector in institutional positioning of FONERWA</li> </ol>	High	Medium	<p>The likelihood of this risk happening has been changed from medium to high based on the current financial status and the expected big projects from the private sector seeking for funding. Also, the implementation of the private sector engagement strategy is likely to take some time.</p>	<ol style="list-style-type: none"> <li>Elaborate on private sector financing in the resources mobilisation strategy and engage DPs for funds purposely for private sector financing.</li> <li>Develop short term and medium term strategy for the private sector based on FONERWA institutionalisation.</li> <li>Design a road map for implementation of the private sector engagement strategy.</li> </ol>

RISK OF FAILURE TO EFFECTIVELY COMMUNICATE OPPORTUNITIES AND IMPACT OF FONERWA						
12	Lack of national capacity to implement a communication strategy that targets global climate financing sources.	<ol style="list-style-type: none"> <li>1. Effective communication strategy that is appropriate to global audience.</li> <li>2. Design an effective training and dissemination system by use of knowledge management tools and instruments.</li> <li>3. Improve functionality of website to facilitate user friendly access to FONERWA information.</li> </ol>			Streamlined knowledge management system plans with competent staff and availability of funds. Also, communication experts have been contracted on call down basis to design and guide the implementation of FONERWA communication strategy	Consider reallocating resources to improve external communication. Give priority to finalisation and implementation of the communication strategy
RISK OF WEAK PROJECT IMPLEMENTATION						
14	Lack of reports of sufficient quality from all project activities which highlight lessons learned	<ol style="list-style-type: none"> <li>1. Ensuring that reports are submitted on time.</li> <li>2. FONERWA team to work closely with implementers particularly during early phases of project planning and implementation.</li> <li>3. Engagement with project implementers in support of project implementation and reporting to ensure reporting meets expected quality standards.</li> </ol>			The project quarterly reporting format is revised to ensure all relevant information is reported and a review is made by the FONERWA team before a final report is submitted. Also, M&E system has been designed to facilitate reporting on lessons learned	Streamline the performance report review process. Finalise the M&E system and guide project implementers on how to record the data.
15	Projects may have unintended consequences that harm the reputation of FONERWA e.g projects which themselves may have negative climate and environment impacts.	<ol style="list-style-type: none"> <li>1. Ensure Environment and Social Impact Assessment sections of PPD/PD are strengthened in proposal development.</li> <li>2. Ensure Environmental management plans are in place and regulatory procedures including environmental audits are carried out.</li> </ol>			Streamlined project review process. Also more competent sector specialists have been hired and added on the existing team of consultants. Also the FTC has been empowered with more experts	Ensure project proposal criteria meets FONERWA requirements.
16	<b>NEW RISK: Projects</b> failure to yield timely results as planned which also affects disbursements and designed financial forecasts due to delays in project implementation	<ol style="list-style-type: none"> <li>1. Ensure that project beneficiaries have designed quarterly implementation plans</li> <li>2. FONERWA M&amp;E team to carry monthly checks on implementation status and challenges</li> <li>3. To agree on budget forecasts and make monthly checks on spending</li> </ol>			This being a new risk the initial assessment is the same as the residual	To implement the designed strategies.
RISK OF UNSUSTAINABILITY OF FUND MANAGEMENT ARRANGEMENTS						

19	The GoR may not be able to take over FONERWA financial responsibilities after the end of DFID support in September 2015	<ol style="list-style-type: none"> <li>Engage the relevant Government officials to design an appropriate FONERWA structure and ensure cabinet approval.</li> <li>Design a GoR staff recruitment strategy and ensure recruitment in August 2014 and March 2015 targets the current FMT staff to continue supporting FONERWA operations beyond DFID period.</li> </ol>		The likelihood of the risk happening is still low due to the systems in place under GoR arrangements and ownership from the relevant policy makers. Also, most of the local FMT team have indicated intentions of remaining in their positions under GoR procedures	<p>Escalate discussion with GoR on FONERWA structure and Cabinet approval.</p> <p>Consider alternative funding arrangements e.g. imposing a management fee on contributions to FONERWA.</p> <p>Strict monitoring of the FMT designed work plan which is ending 30th September 2015 and ensure that all systems are set up.</p> <p>Also seek for more operational finances in addition to UNDP capacity building funds</p>
21	Difficulty recruiting sufficiently skilled staff with relevant capability to manage the Fund	<ol style="list-style-type: none"> <li>Engage GoR to recognize high level of skill set required to effectively run FONERWA and plan for recruitment of skilled staff.</li> <li>To design a competitive compensation structure to attract skilled staff.</li> </ol>		The risk has not changed since the Fund coordinator position is not yet filled while it is considered critical. Also, FONERWA is considered unique without a similar institution for comparison.	Consider further resources to support Fund Management.
<b>RISK THAT POOR VALUE FOR MONEY PROJECTS RECEIVE FUNDING</b>					
25	Lack of the technical skills by the private and public sectors to develop quality projects for funding.	<ul style="list-style-type: none"> <li>Capacity building and development to both private and public sectors through training and technical support to project development.</li> <li>Design a public awareness program to attract quality project proposals</li> <li>Allocate specific finances to capacity building programs and also partner with relevant stakeholders e.g MINALOC, PSF etc., and CDKN for District support</li> </ul>		Planned support from a national team trained for this purpose, Availability of local call down consultants to be used for this purpose, Lessons learned from the already financed projects.	Re-allocate resources to support additional capacity development for project developers. Also, show case those projects which are already under implementation.
26	The PPD and PD process may not be effectively managed (e.g screening procedures not followed) and relevant data.	<ol style="list-style-type: none"> <li>Have organized data per organizational category (Public organization, Ministry, NGO, private sector etc;) from PPD to PD. Also, have a back up of all submissions per call for proposal and their respective screening results.</li> <li>Communicate to all applicants and file/back up these responses FTC and FMC review results should be filed/backed up with all relevant documents.</li> </ol>		The risk is still considered low due to the current re-organisation of the knowledge management systems with a Planned streamlined communication and data storage system.	Consider reviewing the PPD and PD process. Streamline the communication system through designing appropriate response measures.
27	Projects may not yield the intended results where funds are not used for the intended purpose.	<ul style="list-style-type: none"> <li>Design an effective grant agreement and other relevant grant guiding policies and monitor the implementation.</li> <li>Carry out an elaborative pre grant award survey-Due Diligence with an experienced firm. Also carry out quarterly reviews during project implementation.</li> <li>Monitor management of the project risks.</li> <li>Organise quarterly progress meetings with grant beneficiaries and also request for a copy of steering committee quarterly meetings.</li> <li>Organize relevant trainings to grant beneficiaries e.g in areas of financial management, Monitoring and evaluation, GoR procurement system etc.</li> </ul>		Planned periodic field visits and spot checks/ audits are expected to minimise the fiduciary risk.	Streamlined M&E system. Hire an experienced firm in fiduciary risk management. Also, organise staff training on fiduciary risk management and Due Diligence to projects approved for funding.

# Annex 6: FONERWA Draft Strategic Plan - October 2015

## 1. Background

Environmentally sustainable, climate resilient and green economic growth are established development priorities of the Government of Rwanda (GoR). Since 2005, Rwanda has worked to operationalise a sustainable financing mechanism in order to achieve these objectives, known as the Environment and Climate Change Fund – FONERWA.

The Fund for Environment and Climate Change was identified as an enabling pillar for the implementation of GGCRS. FONERWA is Rwanda's climate change and environment fund, established as a cross-sectoral financing mechanism to achieve Rwanda's development objectives of green and climate resilient growth. As a national basket fund, FONERWA is both an instrument to facilitate direct access to international environment and climate finance, as well as to streamline and rationalise external aid and domestic finance.

FONERWA has a legal basis in Organic Law No.4/2005 and was fully established by law No.16/2012 (the FONERWA Law). The operation and organisation of this mechanism is ultimately guided by Rwandan Law, in the form of the FONERWA Law, which has been approved by Parliament.

The Fund operations started in October 2012 on the basis of a design and operational manual that were endorsed by stakeholders as key guidance instruments that would serve as a start for future evolution of the fund. The fund became fully operational in July 2013 following seed capitalization from the UK Department for International Development (DFID) and formalisation of governance arrangements through the Prime Minister Order No. 158/03. The seed capital enabled the full range of operations that started with initial robust capacity building and public awareness efforts to call for proposals, the review of applications and the funding decisions that led to implementation of the projects in the early part of 2014.

The fund has to date demonstrated significant demand for the Fund's services from multiple stakeholders including public sector, private sector and non-governmental organizations, and FONERWA is increasingly seen as the national coordinator for mobilising climate finance in Rwanda as well as providing support to effective mainstreaming of environment and Climate Change issues across broad sectors of the national economy.

### 1.1 Strategic Planning process

A series of consultative processes have been undertaken to inform the evolution of the fund and its operations. A summary of some of the more formal key milestones in this process is provided in Table 1, below. These have been informed and augmented by multiple informal discussions and meetings with numerous national and international stakeholders, and particularly inputs from the Ministry of Natural Resources as well as development partners who intervene in the Environment and Natural Resources (ENR) Sector.

**Table 1: Summary of selected Key Activities to inform FONERWA’s operation**

Date	Activity	Purpose
29 May 2014	FMT Retreat	<ul style="list-style-type: none"> <li>• Consider performance to date</li> <li>• Assess strengths and weaknesses</li> <li>• Discuss future operational options</li> <li>• Identify future needs</li> <li>• Develop working action plans</li> </ul>
18-19 June 2014	FONERWA (FMT, FTC, FMC) Retreat	<ul style="list-style-type: none"> <li>• Agree and harmonise understanding of the role of FONERWA in Rwanda</li> <li>• Examine possible sustainable options for how FONERWA be institutionally positioned to serve as the national channel/platform for environment and climate financing.</li> <li>• Examine the pros and cons of each of the possible options</li> <li>• Develop a longer term shared sense of the future direction for FONERWA</li> <li>• Examine internal lessons learnt and develop some ideas/plans for improving FONERWA design systems and processes</li> </ul>
Dec 2014	FONERWA Backward-Forward Review	<ul style="list-style-type: none"> <li>• Evaluate the current FONERWA portfolio</li> <li>• Assess how well this is meeting the fund’s overarching objectives</li> <li>• Discuss how this information might inform the future strategic development of FONERWA</li> </ul>
Jan-May 2015	Externally funded study into the institutional position of FONERWA	<ul style="list-style-type: none"> <li>• Assess options for FONERWAs institutional position within Rwanda</li> <li>• Compare the advantages and disadvantages of each in terms of operational effectiveness and in relation to accessing international climate finance</li> </ul>
March-May 2015	FONERWA’s Future: Options Paper	<ul style="list-style-type: none"> <li>• Identification of potential options for the future strategic direction of FONERWA</li> </ul>
March – May 2015	Study considering the fund’s engagement with the Private Sector	<ul style="list-style-type: none"> <li>• Assess FONERWAs experience in engaging with the private sector</li> <li>• Identify strengths, weaknesses and gaps</li> <li>• Propose options for strengthening and deepening engagement with the private sector</li> </ul>
May 2015	GoR stakeholder consultations	<ul style="list-style-type: none"> <li>• Gather information on GoR agencies expectations and needs from FONERWA</li> <li>• Engender thinking across the GoR on opportunities and options for FONERWAs future support to the GoR</li> </ul>
May-June 2015	Study mapping Resource	<ul style="list-style-type: none"> <li>• Review of available information on sources of</li> </ul>

	Mobilisation opportunities	<p>climate finance relevant to supporting green growth and climate resilience in Rwanda</p> <ul style="list-style-type: none"> <li>• Improve understanding of the availability and modalities of the different finance options and their potential relevance for Rwanda</li> </ul>
June 2015	Presentation of FONERWA (climate finance) to Development Partners Coordination Group	<ul style="list-style-type: none"> <li>• MINECOFIN provides broad orientation for all climate finance at the national level to be channelled through FONERWA</li> </ul>
July 2015	Legal analysis of the available options for institutionalization of the fund	<ul style="list-style-type: none"> <li>• To adequately inform and guide the FMC in decisions towards short to medium term management structure, arrangement and decision making on behalf of the fund operations.</li> </ul>
October 2015	Secretariat & FTC Strategic orientation and Planning Workshop	<ul style="list-style-type: none"> <li>• To update on strategic planning process, receive inputs from FONERWA staff and FTC members and identify priority action points.</li> </ul>

Further to the above consultative sessions, a number of policy relevant dialogue sessions were conducted, in the main; to garner orientation for technical discussions on how the fund would be structured and managed to effectively address cross-sector national sustainable development challenges and opportunities.

In addition to addressing specific questions and issues, these meetings and discussions have enhanced understanding of the fund, its objectives and potential and as such have laid the foundation for the strategic planning of the fund. FONERWA's management response to these processes, their outputs and recommendations are the principal basis for the FONERWA strategic plan to 2018.

## 2. The Strategic Plan 2015-18

### 2.1 Purpose

The purpose of this plan is to detail the key strategic objectives and corresponding actions for FONERWA for the period 2015-2018. The periodicity has been deliberately aligned with the national medium term planning framework and it is envisaged that the current strategic plan will serve as a critical input to the third generation of the Economic Development and Poverty Reduction Strategy, the EDPRS which will begin in 2017. Informed through comprehensive stakeholder engagement processes and activities including policy level dialogues, since May 2014, its development has been centred around responding to two key questions:

- “how can FONERWA best support the Government of Rwanda’s vision for the country’s sustainable development”, and
- “what do we want FONERWA to look like in order to play its due role of transitioning Rwanda to a green growth and climate resilient future?”

### 2.2 Vision

To respond to Rwanda’s current and future needs for environment and climate change related financing, to further support and accelerate goals of sustainable economic development.

## 2.3 Mission

To mobilize, manage, monitor and facilitate cross sector access to environment and climate related finance.

## 2.4 Core Functions

The core functions of FONERWA, as detailed in the FONERWA Law (No.16/2012) are the following:

1. Mobilising and managing resources used in activities aiming at protecting environment and natural resources;
2. Mobilising and managing funds to be used in the fight against climate changes and its impacts;
3. To support public organs, associations and individuals aimed at protecting environment, research as well as managing climate change.

## 3. Strategic Objectives

FONERWA's objectives are to mobilise and manage resources and support other institutions and individuals in the protection of environment and natural resources, and in responding to climate change and its impacts. The Green Growth and Climate Resilience Strategy (GGCRS) states that the Environment and Climate Change Fund, FONERWA, "will be the centrepiece of Rwanda's climate financing plan, attracting and streamlining climate finance with the Strategy, and leveraging private investment for low carbon initiatives."

This section details 6 key strategic areas for FONERWA over the plan period, as identified and prioritised through the extensive consultation process.

### 3.1 Mainstreaming and programme level interventions including EDPRS II priority actions and GGCRS Programme of Actions

The primary objective under this area is to enhance FONERWA's strategic role in supporting climate change mainstreaming and programme level interventions, in line with the FMCs decision of May 2015.

This will be facilitated through three main areas:

- I. In coordination with METEO, REMA climate change unit and communications teams, build on existing **climate information**
- II. Refining FONERWAs priorities and positioning for **responding to existing and emerging issues for key sectors**
- III. Improve **engagement with GOR agencies and development partners**, to influence development planning and climate finance coordination (linked with Strategic Area 2.2)

Aim	Actions
<b>Improve quality and communication of Climate information</b>	<ul style="list-style-type: none"> <li>• Building on existing data, rationalise and improve up to date climate data and projections</li> <li>• Assess scope to improve data &amp; projections</li> <li>• Present the information in user-friendly formats, and</li> <li>• Improve access and sharing of the information</li> </ul>
<b>Refine planning &amp; positioning of FONERWA for strategic support</b>	<ul style="list-style-type: none"> <li>• <b>Gap analysis of the GGCRS Programmes of Action</b> <ul style="list-style-type: none"> <li>○ Identify critical gaps in implementation of the GGCRS</li> <li>○ In combination with I) above, identify critical sectors and investments likely to be affected by climate change</li> <li>○ Gap analysis of existing/ future/ planned interventions</li> <li>○ Identification of support areas</li> <li>○ Inform / link to Resource Mobilisation strategy priorities (see Strategic Area 2.2 below)</li> </ul> </li> <li>• <b>Prepare FONERWA for responding to emerging issues for Key Sectors:</b> <ul style="list-style-type: none"> <li>○ Undertake studies and analyses to inform key sector engagement options and modalities, and</li> <li>○ Preparation of position papers</li> </ul> </li> </ul>
<b>Improve engagement with MINECOFIN and development partners</b>	<p>FONERWA engagement in:</p> <ul style="list-style-type: none"> <li>• budgeting &amp; planning meetings of priority sectors</li> <li>• DPR</li> <li>• DPCG – on needs basis</li> <li>• Regular communication with EFU</li> </ul>
<b>Improve engagement with other GoR Agencies</b>	<p>FONERWA engagement in:</p> <ul style="list-style-type: none"> <li>• TWG</li> <li>• JSR</li> </ul>

### 3.2 Resource mobilization

The objective under this area is to enhance FONERWA’s effectiveness in filling the climate financing gap across all sectors of the national economy.

To effectively achieve this goal will require the fund to operate as a special service delivery mechanism that attracts, facilitates and mobilizes significant climate related finance to address sector specific as well as cross-sectoral projects and programmes that deliver high impact result to achieve sustainable development.

In order to build on current success and transition to higher levels of resource mobilization effectiveness, broader national recognition and support is needed. Already the Ministry of Finance has provided scope and sufficient momentum by signalling FONERWA as a decisive platform for all cross sectoral climate finance flows to Rwanda. This decision was made at the June 2015 Development Partners Coordination Group (DPCG) meeting.

These processes will be facilitated through three main areas:

- I. Communicate the message that FONERWA is **the national platform for all cross sectoral climate finance flows to and in Rwanda**. (with MINECOFIN)
- II. Facilitate on going engagement with the **Green Climate Fund (GCF)** and other **Climate Financing Agencies**
- III. Development and finalisation of climate **Resource Mobilisation Strategy**
- IV. **Positioning** FONERWA for future Resource Mobilisation

Aim	Actions
<b>Improve awareness and understanding of FONERWA's role as the national platform for all cross sectoral climate finance flows to and in Rwanda</b>	<ul style="list-style-type: none"> <li>• Work with MINECOFIN to agree modalities and approaches for communications</li> <li>• Undertake communication with stakeholders</li> </ul>
<b>Maintain and enhance engagement with the GCF &amp; other Climate Financing Agencies</b>	<ul style="list-style-type: none"> <li>• Use GCF readiness support to prepare Rwanda to participate in the enhanced direct access program the GCF will be Piloting in 2016</li> <li>• Assess and facilitate accreditation opportunities for FONERWA (GCF, EDA, GEF)</li> <li>• Appropriate engagement with other climate financing agencies</li> </ul>
<b>Finalise, implement &amp; communicate FONERWA Resource Mobilisation Strategy</b>	<ul style="list-style-type: none"> <li>• With MINECOFIN, define scope of climate financing under 3 areas: green economy / climate resilience / environmental sustainability</li> <li>• Align with strategic planning work to identify specific financing options and opportunities against strategic priorities</li> <li>• Package in a strategy document</li> <li>• Design communication strategy and tools</li> <li>• Coordination, consultation and sharing with GoR agencies</li> </ul>
<b>Position FONERWA to most effectively facilitate Resource Mobilisation</b>	<ul style="list-style-type: none"> <li>• Implement Resource Mobilisation systems and processes as appropriate</li> </ul>

### 3.3 Maintain and enhance the effectiveness of the Demand Driven fund

The objective under this area is to manage and adapt the operation of FONERWA's demand driven fund, as part of the transition to a more strategic approach.

There are two main priorities under this area:

- I. Adapt the management and operation of the fund to **increase the strategic value from funded projects**
- II. Improve the fund's engagement with the **Private Sector**

Aim	Actions
<b>Increase strategic value from funded projects</b>	<ul style="list-style-type: none"><li>• Introduce restricted or targeted calls for proposals</li><li>• Undertake a feasibility assessment of introducing a Rolling CFP</li></ul>
<b>Increase engagement with the Private Sector</b>	<ul style="list-style-type: none"><li>• Design and implementation of streamlined application documents and processes for the private sector</li><li>• Introduction of Rolling CFP for PS</li><li>• Development and launch of viability gap funding instrument for the Fund</li></ul>

### 3.4 Implementation & Demonstration of Results

Successful implementation of projects and FONERWA are linked in two critical ways:

- For delivering the ultimate purpose of the fund, which is to assist the achievement of the Country's development objectives in line with National Green Growth and Climate Resilient priorities
- For demonstration of results to attract and access further and future finance

Whilst FONERWA can not directly implement projects, there is a need for FONERWA to play a more active role in relation to implementation.

The objective under this area is therefore to ascertain and then engage in appropriate roles and support for ensuring successful implementation of projects, and in the sharing and demonstration of results, for both:

- I. **FONERWA funded projects**, and
- II. **Other projects using earmarked funds** from, especially, international climate finance sources, such as the Adaptation Fund and GCF. Particularly where FONERWA has been instrumental in facilitating access to these sources.

Aim	Actions
<b>Enhance role in overseeing the implementation of FONERWA funded projects</b>	<ul style="list-style-type: none"> <li>Assessment of options for overseeing implementation</li> </ul>
<b>Increase FONERWA's role in overseeing implementation and sharing results from other projects</b>	<ul style="list-style-type: none"> <li>With relevant other agencies, assess appropriate roles and support for FONERWA in overseeing project delivery and supporting communication of results</li> </ul>

### 3.5 Capacity & Capacity Development

Throughout FONERWA's operational life there has been high demand for capacity development support to fund applicants. This is expected to continue and for the scope of capacity development demand to broaden as FONERWA's role expands and transitions into new strategic areas.

This holds implications, i) in terms of FONERWA staff's own capacities and skills and ii) in terms of supporting other sectors, agencies and partners in mainstreaming, integrating, planning and implementing Rwanda's GGCR development goals.

The objective under this area is to ensure that Secretariat staff possess the necessary skills and capabilities themselves, and enhance FONERWA's capacity development support to stakeholders.

Aim	Actions
<b>Enhance FONERWA's ability to support Capacity Development for the achievement of Rwanda's GGCR development goals</b>	<ul style="list-style-type: none"> <li>Finalisation and implementation of FONERWA's Capacity Development Strategy</li> </ul>

### 3.6 Secretariat/ Technical Facility

The developing roles and responsibilities of FONERWA outlined in this plan requires:

- I. **Resourcing**, and,
- II. A **supportive management mechanism** that has the wherewithal to function with efficiency and effectiveness commensurate with the high ambition.

The objective under this area is thus the appropriate resourcing and establishment of a **knowledgeable Secretariat backed by a technical facility**.

Aim	Actions
<b>Secure sustainable resourcing for FONERWA management</b>	<ul style="list-style-type: none"><li>• Assess appropriate funding options that guarantee continuous access to proven high quality technical expertise</li><li>• Application of Management fees</li></ul>
<b>Ensure efficient and effective management of FONERWA</b>	<ul style="list-style-type: none"><li>• Implementation of the Secretariat Action plan</li><li>• Establish a FONERWA technical facility</li></ul>

### 4. Conclusion

The strategic areas identified under the current strategic planning process for the fund are planned to address the country's environment and climate related management challenges and opportunities. Even in its nascent stage, the fund has demonstrated unparalleled performance but is still undergoing accelerated evolution to provide effective responses to growing national demands of sustainable development. The current strategic plan forms an important part of the collective response that will unfold over the 3-year period through the annual action planning framework. The annual action plan for the year ahead is outlined in Annex 1 and will be supported by the existing operational manual, both of which will serve as critical guiding instruments to achieve the goals of the fund.

# ANNEX 7: PROJECT PROGRESS AGAINST TARGETS

## FMT Log frame Output 1

*From current 2015 log frame*

OUTPUT 1	Output Indicator 1.1	Target 2015	Achieved Sept 2015
Process of screening projects and disbursing finance is managed effectively.	% of: a) Project Profile Documents. b) Project Documents approved, reviewed within 20 and 30 working days respectively, and in accordance with agreed screening procedures	(a) 90 (b) 80	(a) 100 (b) 100
	<b>Output Indicator 1.2</b>	<b>Target</b>	<b>Achieved</b>
	Cumulative % of total funds: a) committed b) disbursed to approved projects (disaggregated by recipient: government agency, private sector, CSOs)	(a) 65 (b) 25	(a) 84 (b) 24

*From original 2012 log frame*

OUTPUT 1	Output Indicator 1.1	Baseline June 2012	Milestone 1 June 2013	Milestone 2 June 2014	Target October 2014
Process of screening projects and disbursing finance is managed effectively	% of (a) Project Profile Documents and (b) Project Documents reviewed within 10 working days, and in accordance with agreed screening procedures	(a) 0 (b) 0	(a) 60 (b) 50	(a) 80 (b) 60	(a) 85 (b) 70
		<b>Source</b> FMT quarterly and annual reports, verified by Fund Technical Committee.			
	<b>Output indicator 1.2</b>	June 2012	June 2013	June 2014	October 2014
	% of available Fund resources executed per year (disaggregated by recipient: private sector/ government/CSOs)		80	0	92
<b>IMPACT WEIGHTING</b>					
35%		<b>Source</b> FMT quarterly and annual reports			

**Output 1 objective.** The process of screening projects was effectively achieved through a dual approach: FMT staff screening of PPDs and call-down of international experts to review PDs; with FTC governance oversight of the process. Over the three years implementation more than a thousand PPDs have been screened.

**Output Indicator 1.1:** The number of days in the 2012 target was increased as a result of the higher than expected number of PPD applications which led to a failure to meet the 10 day turn-around target. The 20 and 30 days criteria now stated are regarded as workable and realistic<sup>23</sup>. The DFID Annual Review (March 2015) found that 1a. was achieved but 1b was not.

**Output Indicator 1.2:** The Fund commitment to projects is on track but the disbursement rate is slower than anticipated.

<sup>23</sup> The 100% achievement now reported by the FMT for October 2015 is because there was no screening or reviews for PPDs and PDs done in the last two quarters.

As of November 2015 the GoR FONERWA Secretariat report that USD 41.7 million has been committed to the approved projects and the remaining balance of USD 8.2 million is allocated for the 7th Call for Proposals, including: 63% of the funds are committed to Government institutions; 15% of funds are committed to the private sector and 6% of funds are committed to CSOs.

The disbursement of committed funds as of October 2015 (24%) was lower than anticipated due to the fact that many start-up projects were experiencing delays in procurement. A number of the first approved projects took significant time to comply with FONERWA post-approval, pre-grant award requirements. Procedures were revised in 2014 to address this post-grant approval timelag.

The 2015 DFID Annual Review made a series of recommendations (3.1-3.6) concerning the slow rate of disbursement including reducing bottlenecks to increase the rate of disbursement to projects. See Annex 10 for a full listing of the DFID AR recommendations and how these were addressed by FMT.

## FMT Log frame Output 2:

*From current 2015 log frame*

OUTPUT 2	Output Indicator 2.1	Planned 2015	Achieved Sept 2015
Capacity for managing the Fund built and transferred to Government of Rwanda	Number of initial local technical staff recruited who are retained at the end of the project period	n/a	2
	<b>Output Indicator 2.2</b>	Planned	Achieved
	Fund Secretariat Management systems embedded	Organogram IOPs JDs operational	Organogram IOPs JDs are operational
	<b>Output Indicator 2.3</b>	Planned	Achieved
	% of the Fund Secretariat made up of local technical staff	80	100
	<b>Output Indicator 2.4</b>	Planned	Achieved
	Number of government of Rwanda staff recruited for the fund management secretariat	7	12

*From original 2012 log frame*

OUTPUT 2	Output Indicator 2.1	Baseline June 2012	Milestone 1 June 2013	Milestone 2 June 2014	Target October 2014
Capacity for managing the Fund built and transferred to Government of Rwanda	Number of initial local technical staff recruited who are retained at the end of the project period	0	n/a	n/a	3
		<b>Source</b>			
	FMT quarterly and annual reports				
	<b>Output Indicator 2.2</b>	June 2012	June 2013	June 2014	October 2014
	% of the Fund Secretariat made up of locally-trained technical staff	0	10%	50%	80%
		<b>Source</b>			
Fund management Team quarterly and annual reports					
<b>Output Indicator 2.3</b>	June 2012	June 2013	June 2014	October 2014	
Number of government of Rwanda staff participating in mentor meetings or workshops with FONERWA mentors at least once a month	0	5	5	5	
	<b>Source</b>				
Fund management Team quarterly and annual reports, discussions with REMA and MINIRENA staff					
<b>IMPACT WEIGHTING</b>					
25%					

**Output 2 objective.** Transfer of management was not achieved in the first two years of the project and was the primary reason for the extension year. Substantial progress was in developing capacity and handover of management in 2014-2015. The level of GoR ownership and commitment towards making FONERWA and its management team sustainable, demonstrated from October 2014 to September 2015, has been high. The Output statement was achieved by September 2015.

**Output Indicator 2.1.** This target has been met as three of the original staff are still with the FMT.

**Output Indicator 2.2.** A new indicator was introduced and was achieved by October 2015.

**Output Indicator 2.3** In 2015 a Rwandan national was appointed to the PS specialist role, so the target was 100% achieved.

The 2012 indicator was deleted in the 2014 logframe revision as no longer relevant.

**Output Indicator 2.4.** A new indicator was introduced and has been exceeded.

### FMT Log frame Output 3:

*From current 2015 logframe*

OUTPUT 3	Output Indicator 3.1	Planned 2015	Achieved Sept 2015
Awareness raising and technical assistance support submission of good quality proposals	Number of people trained in developing proposals (disaggregated by PS/district level government/central government/CSO)	759	1050
	<b>Output Indicator 3.2</b>	Planned	Achieved
	a) Number of people visiting the FONERWA website; b) No of requests to the FMT for TA in proposal development	(a) 1545 (b) 200	(a) 6213 (b) 307
	<b>Output indicator 3.3</b>	Planned	Achieved
	No of financial instruments targeting the PS developed and piloted by the FMT	2	2

*From original 2012 CIDT log frame*

OUTPUT 3	Output Indicator 3.1	Baseline June 2012	Milestone 1 June 2013	Milestone 2 June 2014	Target October 2014
Awareness raising and technical assistance support submission of good quality proposals	Number of people trained in developing proposals (disaggregated by private sector/district level government/central government/CSO)	0	100	175	250
	<b>Source</b>				
	Fund management Team quarterly and annual reports				
	<b>Output Indicator 3.2</b>	June 2012	June 2013	June 2014	October 2014
	Number of requests to the FMT for (a) information relating to the Fund; and (b) Technical Assistance in proposal development	(a) 0 (b) 0	(a) 50 (b) 15	(a) 150 (b) 50	(a) 200 (b) 65
	<b>Source</b>				
	Fund management Team quarterly and annual reports; based on information from the FONERWA website and email records				
<b>Output Indicator 3.3</b>	June 2012	June 2013	June 2014	October 2014	
% of projects that receive technical assistance in proposal	0	80	80	80	
<b>Source</b>					

	development from the Fund Management Team and which are subsequently approved by the Fund Management Committee	Fund management Team quarterly and annual reports			
<b>IMPACT WEIGHTING</b>	<b>Output indicator 3.4</b>	June 2012	June 2013	June 2014	<b>October 2014</b>
25%	Number of financial instruments targeting the private sector developed and piloted by the FMT	0	One instrument developed	1	<b>2</b>
		<b>Source</b>			
		Fund management Team quarterly and annual reports			

**Output 3 objective.** In January to June 2013 the FMT developed and delivered a training programme<sup>24</sup> to raise awareness of the Fund to key GoR, private sector and CSO interested parties including how to submit good quality project proposal documents.

By the end of 2013 the FMT staff had become confident trainers and developed the technical content needed to convey. The 2014 DFID AR scored the performance against this Output as A+.

Technical support to applicants is delivered by the FMT staff through face to face training as well as coaching, mentoring and consultations. In 2015 in order to reduce FMT transaction time, this material was put into an on-line PPD course to be accessed by applicants on the FONERWA website.

**Output Indicators.** These were revised upwards during implementation. At the end of the FMT project period all the indicators targets were achieved or exceeded.

**Output Indicator 3.1:** Performance against this indicator exceeded the target by 138%. This was attributed to the continuous training sessions provided to the different stakeholders, mostly in Project Documentation (PD) orientation.

**Output Indicator 3.2a:** Within the extension year visitors to the website totalled 6,213, exceeding the target by 402%. This increased visibility is attributed to the improved content on the website and publicity such as the Fund Launch, FONERWA presence at COP etc driving traffic to the site.

**Output Indicator 3.2b:** 307 people have requested TA exceeding the target by 153%. The increase is due to awareness campaigns made by the FMT, creating demand for the Fund.

**Output Indicator 3.3** is achieved with the target of 2 private sector financial instruments developed and piloted, including the Innovation Grant and the Low-interest Credit Line.

<sup>24</sup> See the 'Project Preparation & Screening Process Workshops Report' of 2013 in <http://cidt.org.uk/fonerwa-reports/>

## FMT Log frame Output 4:

*From current 2015 log frame*

OUTPUT 4	Output Indicator 4.1	Planned 2015	Achieved Sept 2015
Results from FONERWA are effectively and transparently monitored and lessons disseminated.	% of active projects reporting data of sufficient quality to satisfy FONERWA monitoring and evaluation system.	80	48
	<b>Output indicator 4.2</b>	Planned	Achieved
	% of implementing projects that demonstrate: (a) transparent community participation; b) a significant gender focus.	(a) 60 (b) 60	(a) 100 (b) 100
	<b>Output indicator 4.3</b>	Planned	Achieved
	Evidence that lessons learnt are being used to adapt programme implementation.	Evidence of lessons learnt being incorporated, as assessed through Annual Review	Evidence of lessons being generated

*From original 2012 log frame*

OUTPUT 4	Output Indicator 4.1	Baseline June 2012	Milestone 1 June 2013	Milestone 2 June 2014	Target October 2014
Results from the Fund are effectively and transparently monitored and lessons disseminated	% of active projects collecting data of sufficient quality and timeliness to satisfy the FONERWA monitoring and evaluation system	0	90	100	100
	<b>Source</b>	FMT quarterly and annual reports			
	<b>Output indicator 4.2</b>	June 2012	June 2013	June 2014	October 2014
	% project documents affecting households that demonstrate transparent community participation and gender equality in (a) proposal development (b) implementation	(a) 0 (b) 0	(a) 80 (b) 80	(a) 85 (b) 85	(a) 87 (b) 87
<b>Source</b>	FMT quarterly and annual reports (aggregating project level data)				
<b>IMPACT WEIGHTING</b>	<b>Output indicator 4.3</b>	June 2012	June 2013	June 2014	October 2014
15%	Percentage of projects whose emerging lessons (both positive and negative) have been collated and disseminated by the FMT	0	0	80	80
	<b>Source</b>	FMT quarterly and annual reports			

**Output 4 objective.** The 2015 DFID AR graded the performance against this Output as an A because M&E systems were put in place and under implementation. However with the incremental increase of funded projects along with the increasing international interest in the Fund, demands for knowledge and data are likely to grow.

**Output Indicator 4.1.** This target is not achieved which is a cause for concern and indicates a shortfall in the capacity of grantee project management staff. However it is also positive in that this trend was detected via design and implementation of new Quality Reporting Standards and Quarterly Reporting Quality Assurance mechanisms introduced by the FMT. Prior to this progress had been reported as 100%.

**Output Indicator 4.2.** This target is reported as 100% achieved in September 2015 based on data reported by project implementers. The indicator was revised for clarity in the 2015 logframe revision and two new checklist tools were developed to assist FMT to identify projects that qualify as having a strong gender focus or community participation. It is likely further TA support is required to build understanding given how important this indicator is for civil society engagement.

**Output Indicator 4.3.** Achievement of 4.3 is dependent on 4.1 Several mechanisms have been put in place to support this, including Fund Knowledge Management Framework, project Lesson Learning Log and quarterly project Lesson Learning workshops.

## FMT Log frame Outcome

### *From current 2015 log frame*

OUTCOME	Outcome Indicator 1	Target 2015	Achieved Sept 2015
Rwanda able to finance and further develop national programmes and private sector initiatives which contribute to low carbon and climate resilient development	Cumulative volume of finance [US\$ millions] mobilized for climate and environment purposes as: A). contributions to Fund; B). leveraging (including co-financing for Fund supported projects)disaggregated by: (a).Private Sector (b).GoR (c).MDBs/other development partners (including DFID)/other sources	A(a) 0.0 (b) 4.2 (c) 59.5  B(a) 7.2 (b) 6.2 (c) 11	<b>A(a) 0.0</b> <b>(b) 3.7</b> <b>(c) 54.4</b>  <b>B (a) 5.3</b> <b>(b) 9.0</b> <b>(c) 15.5</b>
	<b>Outcome Indicator 2</b>	Planned	<b>Achieved</b>
	Number of Project Profile Documents: a) received by the FMT b) meeting the standard required to proceed to PD stage c) approved by the FMC	(a) 1088 (b) 43 (c) 21	<b>(a) 1151</b> <b>(b) 87</b> <b>(c) 29</b>
	<b>Outcome Indicator 3</b>	Planned	<b>Achieved</b>
	% of projects successfully implemented.	80	<b>48</b>

### *From original 2012 log frame*

OUTCOME	Outcome Indicator 1	Baseline June 2012	Milestone 1 June 2013	Milestone 2 June 2014	Target October 2014
Rwanda able to finance and further develop national programmes and private sector initiatives which contribute to low carbon and climate	Cumulative volume of finance mobilised for climate and environment purposes as (A) contributions to the Fund <sup>25</sup> ; (B) co-financing for fund supported projects Disaggregated by: (a) private sector; (b) GoR; (c) MDBs/other development partners/other sources* <sup>26</sup>	A. (a) 0 (b) 0 (c) 0	A. (a) 0 (b) \$1.3m (c) \$0m	A (a) 0 (b) \$3.0m (c) \$10m	<b>A. (a) 0</b> <b>(b) \$5m</b> <b>(c) \$12m</b>
		B (a) 0 (b) 0 (c) 0	B (a) \$1m (b) 0 (c) 0	B (a) \$4.6m (b) 0 (c) \$1.1m	<b>B (a) \$9m</b> <b>(b) 0</b> <b>(c) \$1.2m</b>
		<b>Source</b> Fund Management Team (FMT) quarterly & annual reports			
	<b>Outcome Indicator 2</b>	June 2012	June 2013	June 2014	<b>October 2014</b>
Total number of Project Profile Documents (PPDs) (a) received by the FMT (b) meeting	(a) 0 (b) 0	(a) 15 (b) 8	(a) 45 (b) 23	<b>(a) 60</b> <b>(b) 30</b>	

<sup>25</sup> As currently resourced, the Fund Management Team has the capacity to manage a total Fund of up to around \$40m. If more resources are mobilised for the Fund, additional fund management staff will need to be recruited. The additional cost for this would be met from overall Fund resources.

<sup>26</sup> Indicators followed by an asterisk (\*) are key performance indicators for the International Climate Fund (ICF)

<b>resilient development</b>	the standard required to proceed to Project Document (PD) stage (c) approved by the FMC	(c) 0	(c) 5	(c) 13	<b>(c) 18</b>
		<b>Source</b>			
		FMT quarterly and annual reports			
	<b>Outcome Indicator 3</b>	June 2012	June 2013	June 2014	<b>October 2014</b>
	% of projects successfully implemented. Where success is defined as the project being on track to delivering at least 80% of the results set out in its Project Document	0	80	80	<b>80</b>
		<b>Source</b>			
	FMT quarterly and annual reports; project level data				

**Outcome objective:** Achieved with the Fund capitalised beyond the original projection of US\$40 million and 23 funded projects supported (see Annex 7.) In addition further Rwandan climate compatible programmes beyond FONERWA having been technically supported by the FMT and funds for further CCD programme leveraged directly by FONERWA.

Engaging the private sector was delayed because selecting the appropriate financing instruments took time. In 2015 FONERWA achieved more traction with the private sector and the Secretariat is continuing to work to improve PS access to the Fund.

**Outcome Indicator 1.** Against the original 6 targets set in 2012 four are exceeded, and two fell short achieving 75% and 58% of the original target.

The total target capitalisation set for 2014 was \$17m. The total achieved by 2015 is \$58.1m so the target has been exceeded.

**Outcome Indicator 2.** All three targets have been exceeded, against both the 2012 and 2015 targets.

The first call for proposals in 2013 far exceeded expectation with over 700 applications received and 329 fully screened, rather than the 15 anticipated. On reflection this was because of three factors:

- The FMT trainers were successful at generating awareness of the Fund via the series of workshops held from February to May 2013
- The FMT placed an advert in the national press which increased demand
- The fact the Fund was designed to genuinely attract bottom up demand led proposals turned out to be very popular.

The enormous quantity of applications made it difficult to manage expectation and deal with the demand. With hindsight, the FMT drove demand too hard and not all stakeholders were able to meet the necessary criteria. However the process was highly successful in getting FONERWA established and recognised.

Targets for 2b and 2c have also been exceeded at 290% and 61% respectively.

**Outcome Indicator 3.** The 80% target set has never been achieved to date. The 32% gap remaining to meet the set milestone is due to delays in the start of projects activities after their first financial disbursement, mainly caused by procurement challenges. In 2015 FMT clarified the measurement of this indicator (see Metadata) as number of projects achieving at least 80% of their output level milestones/targets expressed as a proportion of the total number of funded projects.

In the years ahead achieving 80% successful implementation of funded projects will increasingly become the big challenge to the Secretariat with incrementally more projects funded each year .

## Annex 8: Testing the Project Assumptions

#	ASSUMPTIONS	Completely	Mostly	Partially	Comment
1	Climate change and environment is mainstreamed into strategies & budgets ensuring sustainability of budget decisions.				Within the documents this has been achieved. Following up to see the policies implemented is the next challenge.
2	Climate & environment programmes complement wider pro-poor activities.				Environmental sustainability rather than equity is the driver for these programmes so pro-poor actions not necessarily well articulated.
3	Strong (Rwanda) macro performance continues (2012-2015).				Economic growth continued in Rwanda
4	Resources available through the Fund are sufficient to attract a high number of good quality proposals.				The quality of proposals has improved over time
5	The FMC and the FTC meet regularly and function effectively.				Provided effective governance oversight
6	FMT follow agreed financial and operational management procedures				FMT consultants and Secretariat staff have followed management direction.
7	Trained staff remain in the Fund Secretariat.				Three of the original staff are still with the Fund but three have left. However enough have stayed and crucially the Fund Coordinator, such that the understanding and learning is incrementally growing.
8	Sufficient numbers of staff to cope with workload.				Sufficient as long as there is facility to call down extra support and expertise in times of high demand.
9	Private sector is interested in investing in low carbon and/or climate resilient activities.				Tensions between application process and private sector motivation to comply. Efforts to increase appeal of FONERWA to the private sector has accelerated, 7 projects supported. A Private Sector specialist has been recruited to the FONERWA Secretariat and a strategy to improve engagement with the Private Sector has been developed.
10	Wider enabling environment supports private sector investment procedures.				There are still challenges around enabling the national environment for PS, specifically bureaucracy. The capacity of PS is an issue – successful applications to date have been dominated by internationals.
11	Sufficient M&E capacity and expertise is available.				For the scale of the fund and predicted disbursement this requires incrementally increasing oversight. Hence quarterly workshops with project implementers to improve oversight over a range of implementation functions including M&E are now taking place.
12	Sufficient capacity exists to respond to lessons learnt.				Within Secretariat this exists but less so in implementing projects. DFID Annual Reviews and Baseline Studies have been conducted to guide this in the future.

## Annex 9: The status of projects supported by the fund

										
The status of projects supported by the fund as at 30th June 2015										
										<span style="color: green;">■</span> On track <span style="color: orange;">■</span> Delayed <span style="color: red;">■</span> Off track
#	Project Title	Lead Organisation	Type of Organisation	Status grant/ loan agreement	Date of 1st funds disbursement	Duration months	FONERWA contribution (Frw)	Disbursement status 30/6/15	Traffic light progress	Description on progress
<b>1st Call for Proposals (July 2013)</b>										
1	Sustainable Management and Environmental Rehabilitation for Poverty Reduction	Send A Cow Rwanda (SACR)	NGO	Grant agreement signed Jan 2014	21/02/2014	36	465,608,168	393,647,555		The project is progressing on well
2	Rainwater Harvesting project in high density areas of Nyarugenge, Gasabo, Kicukiro, Musanze, Nyabihu and Rubavu districts	Rwanda Natural Resources (RNRA)	Government	Grant agreement signed Jan 2014	03/04/2014	36	2,255,846,638	891,838,240		The loan scheme has faced challenges of limited beneficiary participation in the programme due to using only one bank (GT) with limited interest from other banks. Currently the project have arranged partnership with Saccos and Bank Populaire to increase market penetration.
3	Integrated land, water resources and clean energy management toward poverty reduction project in Musanze District	Musanze District	District	Grant agreement signed Jan 2014	05/09/2014	36	701,461,152	230,729,729		The project is progressing on well
4	Vulnerable ecosystem recovery programme towards climate change	Rwanda Environment Management Authority (REMA)	Government	Grant agreement signed Jan 2014	24/06/2014	60	3,724,188,800	900,998,803		On-track and has demonstrated commendable progress and visible results.
5	National e-waste management strategy for Rwanda to support the establishment of sustainable recycling industries	Rwanda Resource Efficiency and Cleaner Production Centre (RRECP)	Government	Grant agreement signed May 2014	18/09/2014	36	873,647,300	646,757,333		The project is on track
<b>2nd Call for Proposals (January 2014)</b>										
6	Gaseke Minis-Hydro Power Plant	Novel Energy Limited	Private Sector line of credit	Loan agreement signed Aug 2014	Jun-15	15	1,232,800,000	0		The project is on track and the bank has already disbursed funds. FONERWA will disburse money to the bank as per their request in line with project planned disbursements
7	Strengthening Meteo Rwanda's Weather and Climate Services to Support Development	Meteo Rwanda	Government	Signed grant agreement Jan 2015	05/06/2015	36	1,116,449,000	60,929,349		The project is in the initial stages of implementation
8	Supporting the Integration of Greening District Development Plans	Ministry of Local Government (MINALOC)	Government	Grant agreement signed Aug 2014	22/10/2014	36	539,503,849	284,867,668		The project has been accelerated by the demand for meeting DDP revision deadlines. Mainstreaming material had to be developed under the project to feed into the template used to guide overall DDP revision which to date has been successfully executed albeit with early results that could use more time to improve quality.
9	Technical & structural studies for incorporating resource efficient & environmentally friendly features into family homes at Cactus Green Park, Gasabo District, Kigali City	Horizon Group Limited	Private Sector	Grant agreement signed Oct 2014	12/10/2014	6	127,094,325	68,070,478		The project is progressing on well and project status report has been submitted
10	Sustainable biodiversity: mapping and domesticating the mycological riches of Rwanda's forests	Kigali Farms	Private Sector	Grant agreement signed Aug 2014	23/01/2015	9	35,492,000	14,483,500		• First research expedition completed • The project is progressing on well
11	Ankanyaru Watershed Protection Project - GISAGARA	Gasagara District	District	Grant agreement signed Aug 2014	30/09/2014	36	2,125,218,594	849,958,633		The project has progressed well and all the 8 intervention sites demonstrate on-going project activities, a commendable undertaking. Potential lessons for other District projects
12	Karongi District integrated greening village Program	Karongi District	District	Grant agreement signed Aug 2014	11/07/2014	24	738,301,350	179,516,822		The project has encountered some delays due to changes in the district management and issues encountered at the initial stages
<b>3rd Call for Proposals (April 2014)</b>										
13	Congo Nile Ridge Foothills Integrated Environmental Management Project in Muhanga District	Muhanga District & Caritas Diocese	District/Caritas Diocese	Grant agreement signed Jan 2015	25/03/2015	36	1,585,721,485	179,976,109		The project has started implementation and progressing well
14	SimGas BioGas	SimGas biogas	Private Sector	Pending		12	200,853,000	0		The FMT carried out pre-grant award survey. It should be noted SIMGAS has not yet done much on the preparations to start project implementation. It was revealed the preparatory schedule submitted to FONERWA is not yet implemented. There is a potential funds will have to be withheld from this project.
15	Zero carbon affordable housing solution in Rwanda	Zero Carbon designs Ltd, Rwanda	Private Sector	Pending		12	148,398,750	0		Project developer in the final stages of addressing FMC comments. The project has acquired most of initial permission, a pre-grant award survey was finalised and a draft agreement was sent to the project beneficiary for review and after signature
16	Rice Husk (biomass) to power project	Novel Energy Limited	Private Sector - line of credit	loan agreement signed Jul 2014	Mar-15	8	171,740,750	0		The project was progressing on well although there has been noted fund transfer issues with BRD which FONERWA is intervening to avoid any delays
17	Restoring Yanze River and watershed through scaling up agroforestry technologies for resilience to climate change	Rulindo District	District	Grant agreement signed Mar 2015	05/08/2015	36	1,597,743,000	158,755,000		Funds have been disbursed and the project is at the initial stages of implementation
<b>4th Call for Proposals (July 2014)</b>										
18	Environmental Protection in and around Refugee Camps	MIDMAR	Government	Grant agreement signed Mar 2015	20/4/2015	24	1,083,289,936	17,477,331		The project is within its first quarter of implementation
19	Virtual Grid Rwanda	Off-Grid Solutions / WakaWaka Rwanda Ltd.	Private sector	Pending		12	123,852,391	0		Final stage of addressing budget issues. The project applicant is still addressing the requirements to justify the first disbursement
20	Sustainable forestry, agro forestry and biomass energy management for climate resilience in Gatsibo District	RNRA-Forestry project	Government	Grant agreement signed Mar 2015	05/07/2015	36	1,454,426,000	160,926,000		Funds have been disbursed to the project and implementation has started
<b>5th Call for Proposals (October 2014)</b>										
21	Sustainable forest and watershed resources management in nyagatare district	Nyagatare District	Local Government	Pending	0	27	632,475,165	0		Addressing minor comments and after sign the grant agreement. Awaiting the signing of grant agreement and after open up a bank account where funds will be disbursed
22	Integrated project of Ecosystem rehabilitation and green Village Promotion	Nyamasheke District	Local Government	Grant agreement signed Apr 2015	07/01/2015	36	725,124,000	171,266,250		The funds have been disbursed and the project is at its first quarter of implementation
23	Rusuli community-led, eco-friendly Marshland Development Project	WHH	NGO	Grant agreement signed Jun 2015	20/06/2015	20	533,722,000	85,959,281		The project is in its initial stages of implementation
<b>Grand Total</b>							<b>22,192,957,653</b>	<b>5,296,158,081</b>	<b>23.86%</b>	<b>24% disbursement to date</b>

# Annex 10: FMT Responses to the DFID 2015

## Annual Review

Whilst the DFID Annual Review of April 2015 reported positively on the achievements of the FMT project, it also highlighted a number of challenges and made over 24 recommendations to the FMT. Below are given the recommendations and the FMT responses.

#	AR recommendation	FMT response and/or action
1	<p>To help manage and develop the succession of the Fund management team activities, after full transition to GoR, notably to ensure the continuation of leadership and effective management and operations. This could be supported through additional technical assistance (TA). The exact nature of the TA should be discussed with FMT as DFID support ends. This TA could be secured through the call-down consultancy pool, other targeted TA facilities (e.g. currently being set up by DFID for the Ministry of Agriculture and Animal Resources, MINAGRI), the CDKN pool of national consultants or a 'new' TA facility.</p> <p>It may also be worth broadening management and other responsibilities to avoid too many activities and responsibilities being concentrated in few individuals, and a new organogram should be developed to help broaden responsibilities across a wider team. It is also highlighted that the results of the strategic role of FONERWA will have implications for the operation of the Fund and the FMT, and additional TA is likely to be needed to develop the FMT (and potentially other parts of GoR), should it move in a more strategic direction.</p>	<p>Technical facility approved and modality and needs subject to ongoing review and assessment.</p> <p>FONERWA has call down consultancy modalities and engages consultants on a need basis. Planned scoping study to rationalize TA needs for the future.</p> <p>Fund organogram has been developed and approved and subject to periodic review to ensure reflects roles and needs.</p>
2	<p>To adopt a more flexible approach and review the log frame indicators on an annual basis, to ensure targets are realistic given the demand-led nature of the Fund. In particular, consider changing output indicators 3.1 and 3.2 and revising 3.3 upwards. The number of people receiving training and requesting TA could remain stable or even reduce over time, once the process is well understood by applicants, and user-friendly tools are refined and made available online.</p> <p>Therefore, 3.1, and 3.2 indicators may need review in the future. Depending on the strategic direction adopted by the Fund, indicator 3.3. Could be revised upward, i.e. introducing a third financial instrument before October 2015.</p>	<p>The FMT log frame was reviewed in October 2014.</p> <p>The 6-year FONERWA log frame was reviewed in August 2015 but not the FMT log frame because the CIDT/FMT contract and therefore FMT LF period was ending in September 2015.</p> <p>Based on the recommendations from the private sector strategy adopted by the FMC, a viability gap funding has been designed to serve as a 3<sup>rd</sup> financial instrument from Jan 2016.</p>
3	<p>To set a minimum 20% target for private sector participation in the log frame. This target is already in FONERWA's Operational Manual, but currently missing in the log frame. The rationale for this target lies in the role of the private sector in economic development and innovation. By supporting good private sector projects, the Fund will help create jobs, increase trade, provide goods and services, and generate tax revenue for the GoR</p>	<p>Private sector strategy developed and sets up added financial instrument including the viability gap funding and the private sector application process has been revised and streamlined to attract more PS applications.</p> <p>LF targets will be reviewed during annual LF review process.</p>
4	<b>Focus on increasing fund disbursement, tackling bottlenecks and improving financial analysis and</b>	

	<b>reporting, including:</b>	
4.1	Increase FMT staff numbers and resources in order to speed- up fund disbursements. Invest in reducing current bottlenecks, e.g. informing applicants of the need to start setting up a FONERWA bank account earlier and providing support. Consider creating a dedicated team for providing the support/training to project applicants on PD development towards project approval and supervision of project implementation.	FMT staff have been increased to tackle the current bottlenecks and applicants have been asked to open the bank account on time and a dedicated team to support/training to project applicants on PD development towards project approval and supervision of project implementation is in place. FMT frequently updates project implementation status report that is the subject of discussion during MINIRENA senior management meetings and the planning and budgeting consultations oversight sessions by MINECOFIN.
4.2	Consider different approval processes for small and large projects, with small projects (total cost of project < USD 1m) following a fast-track approval process, freeing up more resources for the bigger/larger capital projects.	The private sector strategic plan developed in June 2015 responds to the needs for streamlining PS applications.  Wider refinement to application management processes subject to annual strategic review and action planning processes
4.3	Adopt a more conservative forecasting approach, which accounts for some risk of not disbursing (i.e. reduce forecasts by 20%). FMT to report on the difference between forecasts and actual disbursements on a monthly basis.	Regular sessions are held between the Secretariat and the donors contributing to the fund to guide disbursement and forecasts.
4.4	Improve the financial analysis and monitoring provided in the quarterly reports. This should present a better overview of the financial performance of the Fund, and include e.g. a breakdown of funds committed during the reporting quarters, funds disbursed and to be disbursed to projects over the next two quarters and comparison with previous forecasts, and also revenues from credit lines (actual and projected).	In response to 4.3 and 4.4, the FMT provides monthly reports using the Integrated Financial Management Information System and provides financial analysis in FMC quarterly reports circulated to development partners including DFID-R.
4.5	Improve monitoring of implementing partners. Consider requesting project implementers to report regularly (quarterly) on their procurement processes to ensure they comply with the rules set in the Fund's Operational Manual. It is recommended that during the on-going M&E template review, the FMT in consultation with DFID finalise the VfM requirements, and update VfM guidance and methodology for applicants accordingly. Continue monitoring timely reporting of project implementers (on a quarterly basis).	Project implementers have reported against VfM during quarterly reports. The August 2015 log frame review focused only on milestones and indicators, however the FMT to consider the review of the current VfM guidelines developed under CIDT/FMT contract for continuous improvement.
5	<b>Clarify roles and responsibilities of FTC, FMC and FMT to reduce delays. The FMC is the last body in the approval chain. It should have a more of an over-sight role, but often it introduces additional comments that further delay approval before a grant/loan agreement can be signed.</b>	
5.1	Consider a clearer division of labour (and specific roles) between FMT, FMC and FTC to ensure that the review process is not repeated at each stage of the approval process, but focus on specific aspects at each stage. Ensure that 'substantial' comments on PDs are submitted to applicants and addressed before proposals are submitted to FMC for final approval, so that FMC resources are freed-up	A quarterly call for proposal (CFP) changed to semi-annual CFP Applicants receive comments from external review, FMT and FTC before proposals are submitted to FMC for final approval and to reduce delays and repeated review feedback.

	and can play a more strategic role.	The revision of the internal rules and procedures is also intended to further clarify division of labour among FMT, FTC and FMC.
<b>6</b>	<b>Improving knowledge management through learning and sharing at different levels</b>	
6.1	FMT could submit a periodic (6 monthly) summary of lessons learned at project and portfolio level (summary of lessons learning templates submitted by projects, and from FMT overall) and consider publishing online.	GoR secretariat to consider this recommendation as part of management and strategic review process
6.2	FMT to consider providing examples (e.g. six monthly) of projects where communities and gender issues have been addressed.	GoR secretariat to consider this recommendation as part of management and strategic review process
6.3	A series of information and dissemination notes could be developed. These would include higher level policy briefs as well as more technical orientated areas (e.g. building on the technical data sheets on specific projects such as terracing or rain water harvesting, or information on climate projections for Rwanda).	Some brochures and case studies have been disseminated  Recommendation to inform fund strategic development process under strategic area concerning demonstration of results.
6.4	To develop this material into an on-line resource, centred on the Fund web-site.	The FONERWA website which was hosted in USA by Xulu was transferred successfully to Africa Olleh Service, the company hosting Government website. Indeed this has given full access to the software, which was not the case before. Xulu handed over the management of the website to Victory Technologies, a local IT firm hired to improve and maintain FONERWA website.
6.5	To consider learning events, e.g. country workshops to bring development partners in Rwanda together, or regional / African workshops to share learning with other countries looking to develop funds.	The contract of the communication consultant was finalized in September 2015 and communication materials such as brochures have been developed. Also, a workshop is anticipated in May 2016 to bring implementing stakeholders for knowledge sharing.
6.6	To feed the knowledge and lessons from the points above back to the International Climate Fund (ICF) – which funds this programme - to provide lessons on what works (and does not) and experience of learning by doing	Lessons learned have been documented and, out of these priority lessons will be identified and communicated to stakeholders. In addition, this report highlights lessons that can be shared to the ICF.
<b>7</b>	<b>To ensure sufficient opportunity for FMC members to debate the future role of FONERWA, and support decision-making through the development of a strategy paper presenting a set of clear options going forward. Following the agreement on the preferred strategy for the Fund, it is recommended to develop a roadmap for transitioning to the new strategic role</b>	<b>Draft FONERWA Strategic Plan prepared and shared with FMC Nov 2015</b> <b>Preparation of this included and incorporated a series of meetings and background studies to inform decisions on strategic issues of the fund including institutional set up and strategic plan for the fund.</b>

7.1	Undertaking a future resource mobilisation strategy (currently planned) with a view to ensuring the Fund is sufficiently capitalised (consistent with the strategic direction agreed for the Fund). Attention should be given to both short-term and long-term, domestic and international capitalisation sources;	Actions for refining and finalising the Resource Mobilisation Strategy incorporated within the FONERWA Strategic plan
7.2	Considering legal status and institutional home of the Fund including implications on its effectiveness, and resource mobilisation strategy;	Bespoke study on FONERWA institutional home undertaken by consultants.
7.3	Clarifying roles and responsibility for the Fund vs. other GoR institutions, aligned to the resource mobilisation plan. It would also be useful to consider development of a FONERWA strategic (prioritised) action plan to help define and deliver this new role.	Need for this incorporated within the FONERWA Strategic plan. Processes to further clarify roles and fit with other institutions scheduled within action plan
7.4	Undertake a capacity needs assessments to match the new role, to identify FMT staff and capacity gaps and training needs/staff recruitment.	Capacity and capacity development incorporated within the FONERWA Strategic plan.  The scoping study of TA facility will also facilitate the development of the Capacity needs assessment with FONERWA strategic direction set
7.5	Revise the FMT organisational structure to ensure that the secretariat is sufficiently well-staffed and organised at the appropriate levels to deliver any change in role.	The organogram incorporated in the strategic plan, indicates the additional staff and the number of FONERWA staff has increased from 6 to 13.  Organogram subject to periodic review to ensure reflects roles and needs as strategic development progresses.
7.6	Pilot the new strategic role, e.g. with one or two targeted calls for a specific area, and/or one or two targeted larger mainstreaming projects or initiatives with Ministries.	Strategic PDs have started to be approved by the FMC.  Further strategic CFP and operation of the fund incorporated within the FONERWA strategic plan.
7.7	Review and revise the indicators in the logframe to match the new strategic direction, including to changes that would encourage more innovative projects (e.g. criteria for screening PPDs and PDs to ensure innovative proposals are not excluded).	The GoR Secretariat to reflect the necessary alignment during the Annual Log frame review sessions.
7.8	As the Fund becomes more strategic, follow-up the recommendation from the previous AR to include greater discussion of future climate change.	Improved quality and use of climate data incorporated within the FONERWA strategic plan,, with specific actions identified.

## Annex 11: Financial Expenditure Summary

This Annex summarises the project budget allocations and expenditures over the 3-year project period. The financial contracts were in two distinct periods. The Annex describes these two contract periods separately.

### Years 1-2 expenditure: initial contract

The full financial table for the initial two-year contract period is shown in Table 1 below.

**Table 1: Year 1-2 Expenditure Summary**

Code	Budget Heading	Budget	Spent	Balance
<b>1</b>	<b>Project Fees</b>			
<b>1A). Long Term:</b>				
A1	Fund Coordinator			
A2	Fund Management and Risk Specialist/Resource Mobilisation			
A3	Financial Management, Accountant & Procurement Specialist			
A4	Monitoring and Evaluation Specialist			
A5	Tax and Auditing Specialist			
A6	Executive Secretary and communications support			
A7	Financial Instruments, Fund Management and Private Sector Resource Mobilisation Specialist			
A8	Project Manager			
A9	Financial Project Manager			
A10	Technical Project Manager			
1A).	<i>Sub-total:</i>	730,656.50	725,982.50	4,674.00
<b>1B). Short Term:</b>				
B1	Local M&E Capacity building specialist	5,750.00	5,750.00	0.00
B2	Private sector adviser	16,675.00	18,400.00	-1,725.00
B3	Subject matter specialists	23,000.00	26,417.50	-3,417.50
B4	Economist	26,220.00	27,968.00	-1,748.00
B5	Media & communications specialist	22,425.00	40,022.00	-17,597.00
B6	Accounts & Audit	3,622.50	3,622.50	0.00
B7	Quality assurance	6,037.50	6,037.50	0.00
B8	Project Contract & Finance Administration	18,000.00	18,000.00	0.00
B9	Call Down Subject matter specialists	217,840.00	219,847.00	-2,007.00
1B).	<i>Sub-total:</i>	339,570.00	366,064.50	-26,494.50
<b>Project Fees Total</b>		<b>1,070,226.50</b>	<b>1,092,047.00</b>	<b>-21,820.50</b>
<b>2</b>	<b>Project Expenses</b>			
<b>2A). Travel Fares:</b>				
A1	International @ £1150	40,250.00	35,222.71	5,027.29
A4	Terminal Expenses @ £50	1,750.00	2,719.39	-969.39
A5	Visa Fees @ £35	525.00	41.35	483.65
2A).	<i>Sub-total:</i>	42,525.00	37,983.45	4,541.55
<b>2B). Daily Living Costs (Rwanda)</b>				
B1	Short Term @ £100	45,000.00	22,891.60	22,108.40
<b>2C). Equipment</b>				
C1	Workstations and Equipment for Secretariat staff @ £635	3,175.00	3,346.54	-171.54
<b>2D). Other Expenses</b>				
D1	Office Furniture	3,977.00	4,562.07	-585.07
D2	Office Running Costs @ £280	5,040.00	6,634.98	-1,594.98
D3	Photocopier & Projector	2,107.00	2,000.00	107.00
D4	Communication Costs International @ £60	1,440.00	276.30	1,163.70
D5	Communication Costs Local @ £200	4,800.00	3,744.60	1,055.40
D6	Local Transportation	19,800.00	14,798.45	5,001.55
D7	Printer & Scanner	1,066.00	0.00	1,066.00
D8	Media, Printing and Publications	12,500.00	10,620.43	1,879.57
D9	Inception Workshop @ £1500	1,500.00	1,524.38	-24.38
D10	Learning Events/Seminars @ £1200	2,400.00	0.00	2,400.00

D11	Training Workshops @ £900	22,500.00	9,868.75	12,631.25
D12	Website and Knowledge Management Systems @ £50000	50,000.00	50,894.75	-894.75
D13	External audit fees	5,500.00	2,411.43	3,088.57
D14	Domestic travel allowance	7,136.50	10,300.08	-3,163.58
2D).	<i>Sub-total</i>	<i>139,766.50</i>	<i>117,636.22</i>	<i>22,130.28</i>
<b>Project Expenses Total</b>		<b>230,466.50</b>	<b>181,857.81</b>	<b>48,608.69</b>
<b>Yr1+2</b>	<b>TOTAL PROJECT FINANCES</b>	<b>1,300,693.00</b>	<b>1,273,904.81</b>	<b>26,788.19</b>

From the total allocation of £1,300,693.00 an amount of £26,788.19 remained unspent which in September 2014, DFID-R gave clearance to roll over into the Extension year 3 contract period.

**Table 2: Percentage Break Down of Years 1-2 Expenditure**

Code	Budget Headings	Spent UK£		Percentage	
<b>1</b>	<b>Project Fees</b>				
1A	Long term	725,982.50		57.0%	
1B	Short term	366,064.50		28.7%	
			<b>1,092,047.00</b>		<b>85.7%</b>
<b>2</b>	<b>Project Expenses</b>				
2A+B	International travel & acc' costs	60,875.05		4.8%	
2C+D	Local expenditures	70,088.01		5.5%	
2D12	Website & knowledge management	50,894.75		4.0%	
			<b>181,857.81</b>		<b>14.3%</b>
		<b>1,273,904.81</b>		<b>100%</b>	

**End of Years 1-2 contract period status:**

After the first two years of operation over half of the costs were spent on long term staff fees and just over a quarter on short term fees; with the combined totalling 85.7% of the total expended budget on staff fee costs. Hence this project has predominantly procured knowledge and expertise to operationalise the FONERWA fund. The expenses accounted for one-seventh of the project costs and were proportionally less than anticipated.

**The contract Extension period: Year 3 Expenditure:**

**Table 3: Year 3 Expenditure Summary**

Code	Budget Heading	Budget	Spent	Balance
<b>1</b>	<b>Project Fees</b>			
<b>1A). Long Term:</b>				
A1	Fund Coordinator			
A2	Fund Management/Risk Specialist/Resource Mobilisation			
A3	Financial Accountant & Procurement Specialist			
A4	Monitoring and Evaluation Specialist			
A5	District Level Capacity Dev. Specialist			
A6	Knowledge Management & Comms. Support			
A7	Financial Instruments, Fund Management and Private Sector Resource Mobilisation Specialist			
1A).	<i>Sub-total</i>	<i>350,250.00</i>	<i>342,563.50</i>	<i>7,686.50</i>
<b>1B). Short Term:</b>				
B1	Legal Specialist	12,300.00	12,300.00	0.00
B2	Programme planning facilitator	8,625.00	0.00	8,625.00
B3	M&E Capacity building specialist	40,000.00	42,500.00	-2,500.00
B4	Knowledge Management & Communications Specialist	22,200.00	0.00	22,200.00

B5	Project Contract & Finance Administration	9,000.00	10,350.00	-1,350.00
B6	Subject matter specialists International Call Down Consultants	86,800.00	100,605.98	-13,805.98
B7	FMT Institutional Capacity Building Support	25,000.00	27,500.00	-2,500.00
B8	Technical Project Manager	22,500.00	24,750.00	-2,250.00
B9	External Audit/Finance management	5,000.00	5,000.00	0.00
1B).	<i>Sub-total</i>	231,425.00	223,005.98	8,419.02
	<b>Project Fees Total</b>	<b>581,675.00</b>	<b>565,569.48</b>	<b>16,105.52</b>
<b>2</b>	<b>Project Expenses</b>			
<b>2A). Travel Fares:</b>				
A1	International @ £1150	13,800.00	14,432.60	-632.60
A4	Terminal Expenses @ £50	600.00	1,462.59	-862.59
2A).	<i>Sub-total</i>	14,400.00	15,895.19	-1,495.19
<b>2B). Daily Living Costs (Rwanda)</b>				
B1	Short Term @ £100	12,000.00	9,872.39	2,127.61
2B).	<i>Sub-total</i>	12,000.00	9,872.39	2,127.61
<b>2D). Other Expenses (Rwanda)</b>				
D3	Website Maintenance and Updating	15,000.00	24,010.57	-9,010.57
D4	<b>Rollover of unspent funds from Year 2</b>	<b>26,788.19</b>		
	General Local Expenditure: workshops, field monitoring costs, local transport, <b>plus extra internet &amp; computer upgrading,</b>		32,125.28	-7,749.09
New	FONERWA On line course - DESQ - March 15		2,412.00	
2D).	<i>Sub-total</i>	41,788.19	58,547.85	-16,759.66
	<b>Project Expenses Total</b>	<b>68,188.19</b>	<b>84,315.43</b>	<b>-16,127.24</b>
<b>Yr.3</b>	<b>TOTAL PROJECT FINANCES</b>	<b>649,863.19</b>	<b>649,884.91</b>	<b>-21.72</b>

**Table 4: Percentage Breakdown of Year 3 Expenditure**

Code	Budget Headings	Spent UK£		Percentage	
<b>1</b>	<b>Project Fees</b>				
1A	Long term	342,563.50		52.7%	
1B	Short term	223,005.98		34.3%	
			<b>565,569.48</b>		<b>87.0%</b>
<b>2</b>	<b>Project Expenses</b>				
2A+B	International travel & acc' costs	25,767.58		4.0%	
2D3	Website maintenance and updating	24,010.57		3.7%	
2D4	Local expenditures	34,537.28		5.3%	
			<b>84,315.43</b>		<b>13.0%</b>
		<b>649,884.91</b>		100%	

**End of Year 3 contract period status:**

At the end of the 12 month extension period, from the total new allocation for the 3<sup>rd</sup> year of £623,075.00, plus the £26,788.19 roll-over underspend from the previous contract period, £649,884.91 was spent (an overspend of £21.72). In the final year, over half the budget was spent on the fees of the 7 long term staff; and one-third on short term consultants, management and capacity building. Similar to the previous contract period less than one-eighth of the total budget allocation was spent on expenses.

**Overall Summary for the total 3 year project period**

**Table 5: Percentage Breakdown for the combined 3-year period**

Code	Budget Headings	Spent UK£		Percentage	
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<b>1 Project Fees</b>					
1A	Long term	1,068,546.00		55.54%	
1B	Short term	589,070.48		30.62%	
			<b>1,657,616.48</b>		<b>86.16%</b>
<b>2 Project Expenses</b>					
2A+B	International travel & acc' costs	86,642.63		4.50%	
2C+D	Local expenditures	104,625.29		5.44%	
2D	Website	74,905.32		3.89%	
			<b>266,173.24</b>		<b>13.84%</b>
		<b>1,923,789.72</b>		<b>100%</b>	

- £1,923,789.72 was spent over the 3 years;
- £1,068,546.00 over half was expended on long term staff based in Kigali;
- £589,070.48 almost one-third was expended on short term consultancy support;
- £266,173.24 about one-seventh was expended on project expenses which included the various website support contracts.

**Table 6: Breakdown of quarterly spend for the combined 3-year period**

Date	Quarter	Actual £ spend	Year	Cumulative
Oct 12 - Dec 12	1	177,583.33	640,855.59	177,583.33
Jan 13 - Mar 13	2	163,464.23		341,047.56
Apr 13 - Jun 13	3	134,344.51		475,392.07
Jun 13 - Sep 13	4	165,463.52		640,855.59
Oct 13 - Dec 13	5	144,489.75	633,049.22	785,345.34
Jan 14 - Mar 14	6	141,549.06		926,894.40
Apr 14 - Jun 14	7	150,974.34		1,077,868.74
Jun 14 - Sep 14	8	196,036.07		1,273,904.81
Oct 14 - Dec 14	9	126,948.66	649,884.91	1,400,853.47
Jan 15 - Mar 15	10	160,939.30		1,561,792.77
Apr 15 - Jun 15	11	193,837.35		1,755,630.12
Jun 15 - Sep 15	12	168,159.60		1,923,789.72
<b>Totals</b>	<b>12</b>		<b>3</b>	<b>1,923,789.72</b>
<b>Averages</b>		<b>160,315.81</b>	<b>641,263.24</b>	

Over the full three years the average spend per quarter was £160,315.81 and per year was £641,263.24. The spend per quarter ranged between the lowest of £126,948.66 to the highest of £193,837.35.

## MORE INFORMATION

For further information please get in touch with a member of the team.

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