December 2015
OPERATIONAL MANUAL
GOVERNMENT OF RWANDA
Environment and Climate Change Fund (FONERWA) Design Project
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*The Climate and Development Knowledge Network (“CDKN”) is funded by the Department for International Development and the Dutch Ministry of Foreign Affairs and is led and administered by Price water house Coopers LLP. PricewaterhouseCoopers LLP is Futuro Latinoamericano, SouthSouthNorth, LEAD International, and INTRAC.
This operational manual is written in a step by step manner with each section building on each other. Users should therefore internalize the document in its totality.

Section 1 details project and programme screening procedures of FONERWA. This includes: key eligibility criteria and an appraisal matrix for Technical Appraisal of proposals by the Fund Management Team, in addition to templates for Project Profile Documents (PPDs) and Project Document (PD) for proposal applications. Two worked examples are provided as guidance demonstrating how various templates may be filled out by applicants, and appraised by the Fund Management Team.

Section 2 explains the step-by-step process of the FONERWA Monitoring and Evaluation (M&E). It highlights the detailed procedures of the quarterly Action Plan Monitoring Process, Annual Progress Report, Evaluation, along with reporting templates. The section illustrates the roles and responsibilities of key stakeholders for M&E. The M&E also elaborates the definition of each of the indicators, frequency of data collection, data collection methodology and associated reporting responsibilities.

Section 3 provides guidance on the procurement of goods and services through FONERWA, and procedures for accounting and financial management of FONERWA.

Section 4 provides detailed roles and responsibilities of the FONERWA Managing Committee (FMC) and FONERWA Technical Committee (FTC), highlighting the composition of the two committees and frequency of meetings. The section also presents the Terms of Reference of the Fund Management Team (FMT).

Section 5 details the estimated costs of operationalizing FONERWA over the medium term (year 1 to 3). This considers staffing cost, as well as other recurrent expenditure.

Section 6 details the Capacity Building Plan of FONERWA over the short to medium term. This includes, among others, proposed capacity building actions, expected results and timeline across three dimensions of capacity interventions.

Section 7 describes the VfM Strategy.
Section 1 - Project Screening Procedure

1 – Project Profile Document (PPD)  
2 – Full Project Document (PD)  
3 – Technical Appraisal Matrix with guidance

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9  
17
GUIDANCE NOTE

WHAT IS A PPD?

The Project Profile Document (PPD) is the first step in the approval process for support from FONERWA. The PPD is intended to give the FONERWA Fund Manager an overview of your project idea, so they can assess whether it conforms to the overall objective of the Fund: contributing to sustainable wealth creation and poverty reduction in Rwanda, through sustainable management of natural resources, climate resilient and green economic growth.

HOW DO I COMPLETE THE FORM?

Read Carefully!

All submissions must meet the following basic requirements or they will be returned without consideration:

- All submissions must be completed using Calibri font size 12.
- All submissions must have a completed Cover Sheet.
- The PPD, including the cover sheet, must not exceed five A4 pages.
- Do not alter the formatting of this form.

Please follow the instructions on the following pages and complete all the requested information, even if the response is duplicated elsewhere.

HOW WILL THE PPD BE ASSESSED?

The Fund Manager will compare each PPD against the key eligibility criteria of FONERWA:

1. The project matches one of the FONERWA thematic windows (conservation and sustainable management of natural resources, research and development in green technologies, or environmental and climate change mainstreaming).

2. Benefits from the project will be sustained after the lifetime of the project activity.

3. The project offers good value for money and activities are carefully designed to deliver results.
   
a. Economy: The right inputs have been identified to deliver the required outputs and will be procured cost effectively.
   
b. Efficiency: Operational costs are appropriate given the benefits. The benefits exceed the costs.
   
c. Effectiveness: The project achieves one, or more, of FONERWA’s core objectives.

4. Stakeholders, particularly local communities, have been consulted and there is a plan in place to communicate and consult with stakeholders throughout the lifetime of the project.

5. The project can be linked with national and local strategies related to climate change and environmental management. The project builds on existing activities.

6. The project conforms to existing legislation. In particular, there is no involvement or complicity in corruption.

WHAT HAPPENS AFTER I SUBMIT THE PPD?

The Fund Manager will use a traffic light approach to rate PPDs.

If your project fulfills all eligibility criteria, then it will receive a green light from the Fund Manager and your project team will be invited to submit a Full Project Document (PD) for review by the Technical Committee.
If the project broadly conforms to the eligibility criteria but the PPD and/or concept needs further refinement before it can be forwarded to the next stage, then the Fund Manager will give your PPD an amber designation and you will be invited to resubmit your proposal (maximum once per quarter). An amber designation will always be accompanied by detailed comments from the Fund Manager, to help you in reformulating your PPD.

If your proposal does not meet the eligibility requirements of the fund, then your PPD will receive a red light and you will not be invited to resubmit your PPD.

WHEN WILL I FIND OUT THE RESULT OF THE ASSESSMENT?

The Fund Manager is required to provide the results of your initial appraisal and feedback within 10 working days unless you are otherwise informed.

HOW CAN I GET HELP WITH MY PROPOSAL?

Do not hesitate to contact the Fund Manager’s office if you have any questions. Providing advice and support for new proposals is one of the primary responsibilities of the Fund Manager.

Tel: +250 252 580 769
Email: info@fonerwa.org

WHO CAN I CONTACT IF I AM DISSATISFIED WITH THE PROCESS?

If you have suggestions to improve the PPD appraisal process or if you would like to challenge the results of the assessment, email the FONERWA Managing Committee:

Email: xxxxxxxxxx
# COVER SHEET

(Attach this sheet to the front of your submission. Please do not exceed one A4 side of paper)

<table>
<thead>
<tr>
<th>Project Title</th>
</tr>
</thead>
</table>
| **Project Summary**  
(In 75 words or less please summarise what your project is about) |

| Anticipated Start Date (DD/MM/YYYY) |

| Project Duration (in months) |

<table>
<thead>
<tr>
<th>Name of Lead Organisation</th>
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<tbody>
<tr>
<td><strong>Type of Organization, which best describes the Lead Organisation</strong></td>
</tr>
<tr>
<td>□ Government Institution</td>
</tr>
<tr>
<td>□ Non-Governmental Organisation (NGO)</td>
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<tr>
<td>□ Private Sector Enterprise</td>
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<tr>
<td>□ Academic Institution</td>
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<tr>
<td>□ Other (please specify)</td>
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</table>

| Partner Institutions |

| Full Office Address |

| Website Address (if applicable) |

| Contact Person  
(the person who will have ultimate responsibility and be accountable for delivering this project) |
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<tbody>
<tr>
<td>Name:</td>
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<td>Position:</td>
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<td>Email:</td>
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For Internal Purposes Only: To be Completed by the Fund Manager

Date Received: ____________________________  PPD Code: ____________________________

Date Comments Sent: ____________________________  Prior Submissions? (Old PPD Code): ______________

Thematic Financing Window: ____________________________

FONERWA Entry Point: ____________________________

Green  Amber  Red

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**SECTION 1: BASIC PROJECT INFORMATION**

<table>
<thead>
<tr>
<th>Q 1.1</th>
<th>Where will the project be implemented (National, Province, District)?</th>
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<table>
<thead>
<tr>
<th>Q 1.2</th>
<th>Why is the project needed at this time, and why is funding being sought from FONERWA (clearly state justification)?</th>
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<thead>
<tr>
<th>Q 1.3</th>
<th>What specific change is the project intended to achieve (clearly state specific objectives and expected results. Choose at least one indicator from FONERWA’s M&amp;E framework that will be improved as a result of the project.)?</th>
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<table>
<thead>
<tr>
<th>Q 1.4</th>
<th>Tick the boxes that best describe the purpose of your project</th>
</tr>
</thead>
</table>

1. Conservation and Sustainable Management of Natural Resources
- Ecosystem Rehabilitation
- Sustainable Land Management
- Integrated Water Resources Management
- Sustainable Mining and Quarrying
- Sustainable Forestry
- Promotion and Protection of biodiversity

2. Research & Development and Technology Transfer and Implementation
- Renewable Energy and Energy Efficiency
  - Pollution Management
  - Water Storage, Conservation and Irrigation Technologies
  - Applied and Adaptive Research (Agro-Forestry, Waste, Urban Planning)
- Disaster Risk Reduction
- Data Collection, Monitoring and Management Information Systems (MIS)

3. Environment and Climate Change Mainstreaming
- Strategic Environment and Climate Assessments (SECAs)
  - Sector specific (or national) adaptation and/or mitigation
  - Support to implementation of cross-sectoral integrated planning (e.g. IDP, VUP)

<table>
<thead>
<tr>
<th>Q 1.5</th>
<th>What is the methodology and approach to be used by the project to achieve the specific objectives described (describe briefly the main activities)?</th>
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<tbody>
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</table>
### Q 1.6
**Who** will be carrying out the project activities (if submitting in partnership with others, describe which member will undertake which work)?

### Q 1.7
**What** is the experience of the team that will be carrying out the project activities (briefly explain project management experience and technical expertise)?

### Q 1.8
**How** will monitoring and evaluation of the project be undertaken?

### SECTION 2: SATISFACTION OF ELIGIBILITY CRITERIA

#### Q 2.1
**Eligibility Criteria 2:** How will the benefits of the project be sustained after FONERWA funding comes to an end?

#### Q 2.2
**Eligibility Criteria 3:** How will you ensure good value for money (VfM) in your proposed project, and how will the results be measured (refer to the VfM guidelines and briefly describe how you will use the VfM framework approaches to demonstrate, measure and assess VfM under the categories: Economy, Efficiency and Effectiveness)?

#### Q 2.3
**Eligibility Criteria 4:** Who are your stakeholders? Have they been consulted and how will they be involved in the project execution?

#### Q 2.4
**Eligibility Criteria 5 & 6:** How have you ensured that proposed activities are in line with national, and/or local strategies and that your project conforms with Government legislation? Does the project build on existing activities?

### SECTION 3: YOUR SUPPORT NEEDS

#### Q 3.1
**What** is the likely cost of the project (RWF or USD; disaggregate by capital and recurrent expenditure)?

#### Q 3.2
**How much** of the expected cost of the project are you seeking from FONERWA? (%)? What are the other expected sources of financing?

#### Q 3.3
What information, training and support would your organisation need to develop a high quality full Project Document (PD) and/or to implement the project?
GUIDANCE NOTE

WHAT IS A PD?

The Project Document (PD) is the final application to FONERWA for financial or technical assistance. The PD will provide the Fund Manager and the Technical and Management Committees with a comprehensive understanding of your project and how it fits into the broader context of Rwanda’s environmental and climate change strategies.

HOW DO I COMPLETE THE FORM?

Read Carefully!

All submissions must meet the following basic requirements or they will be returned without consideration:

1. All submissions must be completed using Calibri font size 12.
2. All submissions must have a completed Cover Sheet.
3. There is no page limit for PDs and supporting documentation.
4. Do not alter the formatting of this form.

In addition, all submissions must include the following documents:

1. If a feasibility or pre-feasibility study was conducted, attach this with your PD.
2. Attach a CV for all key project personnel.
3. Include a detailed work plan for the project as well as a logframe matrix that links activities with outcomes and with timeframes.
4. Attach any other supporting documents, such as letters confirming financing from other sources (if applicable), environmental impact assessments, etc.

Please follow the instructions on the following pages and complete all the requested information, even if the response is duplicated elsewhere.

HOW WILL THE PD BE ASSESSED?

The Fund Manager will assess each PD against four technical appraisal criteria:

1. Value for Money:
   a. Does the project demonstrate value for money?
      1. Economy: The right inputs have been identified to deliver the required outputs and will be procured cost effectively.
      2. Efficiency: Operational costs are appropriate given the benefits. The benefits exceed the costs, the project will deliver a positive Net Present Value (NPV) and Benefit Cost Ratio.
      3. Effectiveness: The project achieves one (or more) of FONERWA’s core objectives.
   b. Desirability;
      a. Does the project conform with
         i. National, and
         ii. Sectoral strategies related to environment, climate change, and economic development?
     b. Will the benefits of the project be sustained after the lifetime of the project activities?
     c. Does the project support strategic economic activities and/or poverty reduction?
     d. Will the project result in skills development and/or technology transfer?
e. What is the degree of risk that the objectives of the project are not met?

f. Does the project demonstrate additionality?

3. Viability:
   a. Does the project implementer have sufficient experience to execute the project?
   b. Have the project management arrangements been confirmed?
   c. Is an appropriate Monitoring and Evaluation (M&E) framework in place?
   d. Have stakeholders been consulted and involved in the project formulation?

3. Capacity to Leverage Additional Resources:
   a. Does the project satisfy the criteria for international climate change or environment financing facilities, and is the project likely to attract additional international funding?
   b. Does the project proposal demonstrate the project has potential for income generation?
   c. Is the project likely to attract private sector investment?

WHAT HAPPENS AFTER I SUBMIT THE PD?

The Fund Manager will use the following decision tree to determine how to respond to PDs:

Each sub-criteria associated with Desirability, Viability and Capacity to Leverage Additional Resources will be receive a score between zero and ten (0-10), and the criteria will be weighted as follows: Value for Money (40%), Desirability (20%), Viability (20%), Capacity to Leverage Additional Resources (20%). Value for Money is weighted more heavily than Desirability, Viability and Capacity to Leverage Additional Resources, to stress the importance of financing projects with tangible, identifiable results. The criteria related to Feasibility are simple yes/no answers that will determine whether the project is eligible for direct financing by FONERWA or whether the project will be competing for financing to conduct a feasibility study and further proposal development.
All PDs will be ranked by the Fund Manager according to their scores, shortlisted based on available resources and forwarded to the FONERWA Technical Committee for review. The Fund Manager will also provide an assessment of whether the minimum technical appraisal requirements have been met (at least 60/100). The Technical Committee will conduct a brief audit of the technical appraisal prepared by the Fund Manager, and then conduct a Strategic Appraisal of the shortlisted PDs. The Strategic Appraisal will be an in-depth review of the project’s desirability and a prioritisation of the PDs based on the knowledge of the technical committee members. The Technical Committee will then determine the ranking for projects forwarded to the Fund Management Committee.

If the project is considered to have met the minimum technical appraisal requirements, then the Technical Committee will forward to the PD to the FMC for final decision. For projects with a total cost exceeding US$10mn, the FMC will only be able to provide project financing if the project promoter has conducted a feasibility study. If a feasibility study has not yet been conducted, then the FMC will determine whether to grant the project promoter financing to conduct a feasibility study and further proposal development support. If the total project cost does not exceed US$10mn, then the FMC will determine whether to provide financing for the project regardless of whether a feasibility study has been conducted.

If the Technical Committee does not feel that the project meets the minimum technical appraisal requirements, then the project will be returned to the promoter for more information and/or clarification. If a project has already had a feasibility study conducted, and the technical committee still does not feel that the project meets the minimum technical appraisal criteria, then the project is NOT eligible for resubmission.

WHEN WILL I FIND OUT THE RESULT OF THE ASSESSMENT?

Prior to PD submission to the FONERWA Managing Committee, assessment of the PD will require a maximum of 1 month (21 working days) following receipt. The Managing Committee will then have the final decision on all PDs. The results of the FMC meeting will be available within 10 working days of each quarterly meeting. The Secretariat will provide you with dates of quarterly meetings.

HOW CAN I GET HELP WITH MY FULL PROPOSAL?

Do not hesitate to contact the Fund Manager’s office if you have any questions. Providing advice and support for proposal development is one of the primary responsibilities of the Fund Manager.

Tel: +250 252 580 769
Email: info@fonerwa.org

WHO CAN I CONTACT IF I AM DISSATISFIED WITH THE PROCESS?

If you have suggestions to improve the PD appraisal process or if you would like to challenge the results of the assessment, email the FONERWA Managing Committee:

Email: fmc@fonerwa.org
### COVER SHEET

*(Attach this sheet to the front of your submission. Please do not exceed one A4 side of paper)*

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<td>□ Other (please specify)</td>
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<td>Partner Institutions</td>
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<td>Full Office Address</td>
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<td>Website Address (if applicable)</td>
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<tr>
<td><strong>Contact Person</strong></td>
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<tr>
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<tr>
<td>FONERWA Entry Point:</td>
<td></td>
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<tr>
<td>Technical Appraisal Score:</td>
<td>Rank:</td>
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</table>
**SECTION 1: INFORMATION ABOUT THE APPLICANT**

<table>
<thead>
<tr>
<th>Q 1.1</th>
<th>What is your organisation’s experience managing similar projects or activities (please explain why you think your organisation and partners are capable of managing the project)?</th>
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</thead>
<tbody>
<tr>
<td>Q 1.2</td>
<td>What is your organization’s total number of full-time employees</td>
</tr>
<tr>
<td>Q 1.3</td>
<td>List the name, position, and email of key personnel involved in the project, such as the project executive, project manager, and core technical staff. (Provide a CV for each of the key personnel as an attachment to this PD)</td>
</tr>
<tr>
<td>Q 1.4</td>
<td>Organizational Finances. Provide a copy of these from the most recent audited annual accounts (income and expenditure in RWF as well as the main sources of funding) as an attachment to this PD.</td>
</tr>
</tbody>
</table>

**SECTION 2: INFORMATION ABOUT THE PROJECT**

| Q 2.1 | Why is the project needed (clearly state the problem this project will address and the evidence base for its justification. Where possible refer to international, national and/or sectoral strategies.)? |
| Q 2.2 What | change is this project intended to achieve (state specific objectives, expected results/impact and long-term legacy. To address the core environment and climate change objectives of the project, it would be helpful to refer to national and sectoral climate change and environment objectives. Where possible provide measurable indicators, such as reduction in green-house gas emissions, efficiency savings of kWh, reduction of pollutants per volume of water etc. In addition, make a note of the expected impacts on employment and poverty reduction, as well knowledge and technological transfer.)? |
| Q 2.3 How | will the project objectives be achieved (include a detailed Work Plan as an appendix highlighting key deliverables and activities and responsibilities. Clearly describe the approach and methodology to be followed and the sequence of activities planned.)? |
| Q 2.4 How does the project address cross-cutting issues such as gender and youth? |
| Q 2.5 Who are the stakeholders affected by the problem and who are the stakeholders influential in solving the problem? How have they been incorporated and involved in project design and delivery? |
| Q 2.6 How will the benefits of the project be sustained after FONERWA funding comes to an end? |
| Q 2.7 What is the scope for income generation from the project? |
| Q 2.8 Preparation: Has a feasibility or pre-feasibility study been conducted (If yes, then please attach a copy to this PD)? |
| Q 2.9 Preparation: Are there any outstanding regulatory or legal requirements that need to be met before the project can proceed (access to land, planning consent, use of new technologies)? |
## Q 2.10 Preparation: Has an Environmental Impact Assessment been conducted for the project (If yes, then please attach a copy to this PD)?

## Q 2.11 How will the performance of the project be monitored and evaluated (both during and after the project)?

## Q 2.12 How will you involve the beneficiaries and other stakeholders in monitoring and evaluation?

## Q 2.13 Which indicators from FONERWA’s M&E framework will be duplicated in the project’s M&E Framework, (please choose at least one indicator from FONERWA’s M&E framework)?

## Q 2.14 Lesson Learning: Please explain how the learning from this project will be disseminated and shared during and at the end of the project, and to whom this information will be targeted (e.g. Project stakeholders and others outside the project).

## Q 2.15 Risks and Mitigation: Please outline the main risks to the successful delivery of this project indicating whether they are high, medium or low. How will these risks be mitigated? If the risks are outside your direct control, how will the project be designed to address them?

## Q 2.16 Risks and Mitigation: What specific risks, if any, does your project pose to the environment, people or institutions affected by the project and how will these be managed and mitigated?

### SECTION 3: PROJECT BUDGET AND VALUE FOR MONEY

## Q 3.1 What is the total cost of the project (RWF; provide total cost for each year of the project disaggregated by capital and recurrent expenditure)?

## Q 3.2 What is the total amount requested from FONERWA (RWF; provide financing needs for each year of the project)?
Q 3.3 List all other sources of funding. Note whether the status of other funding sources (i.e. Whether the money has been approved or is awaiting authorisation)

Q 3.4 Additionality: Would the project be financed by other sources without financing from FONERWA?

Q 3.5 What non-financial support is needed to implement the project? What is the best way for FONERWA to deliver this support?

Q 3.6 Value for Money (Economy):
5. Briefly describe how the required inputs have been identified and the procurement procedure that will be used to ensure they are obtained cost effectively
6. What are the unit costs of the project outputs? (Please see VfM guidelines on how to determine these. Further guidance from the FONERWA Secretariat is available)

Q 3.7 Value for Money (Efficiency):
7. Briefly explain how the provision and operation of project inputs produce the expected outputs
8. What is the Net Present Value (NPV) and benefit cost ratio for this project (Please see VfM guidelines on how to determine these measures. Further guidance from the FONERWA Secretariat is available)?

Q 3.8 Value for Money (Effectiveness): How does your project demonstrate effectiveness:
9. How will it show the outputs meet the project objectives? Eg (additional donor finance mobilised, Government of Rwanda finance mobilised, private sector finance leveraged, number of jobs created, number of beneficiaries)

Value for Money (VfM) Screening of PPD and PD

For PPD
Given that VfM is a new concept in Rwanda, the FMT and management support team can work with applicants to develop VfM approaches at the PD stage. As the project and fund level VfM frameworks build on the procurement and financial management procedures and M&E procedures, if these are in place in the PPD then VfM can be worked up from these during the PD phase.
In terms of VfM screening of the PPD form:

>> a ‘green’ light would be that the project will use the 3E’s assessment of procurement and simple CBA approaches detailed in the VfM report / guidelines, and the application shows good financial, procurement and M&E systems are / will be in place.

>> a ‘red’ light would be if no suitable financial, procurement or M&E system is described in the appropriate sections of the form, and can not be developed, and the applicants make no reference to the VfM report / guidelines

>> ‘amber’ would be where the application shows potential to develop good financial, procurement and M&E systems and an appreciation of how these might be used to demonstrate VfM

For PD

**Procurement Assessment checklist (parts i) in form**

1. Has the need / objective been specifically stated y/n? If Y = ‘green’
   a. If n can it be stated y/n? If Y = ‘amber’
   b. e. If n reject = Red
2. Have appropriate inputs to address the need been identified y/n? If Y = ‘green’
   a. If n, = ‘amber’
3. Will the project use FONERWA procedures y/n? If Y = ‘green’
   a. if n,: Does the proposal specify adequate / appropriate measures for tracking fund use / economic purchase of inputs / Monitoring and recording of outputs? y/n. If Y = ‘green’
   b. if n, can these be developed y/n? If Y = ‘amber’
   c. if n reject = ‘Red’
4. Does the proposal present appropriate means by which to assess efficiency and effectiveness? – ie suitable provision for project monitoring and evaluation? If Y = ‘green’
   a. If can be worked on = ‘amber’, if not = ‘red’

Simple CBA

At one level VfM screening of CBA is simple: if the NPV is positive and the BCR greater than 1 (ie the benefits exceed the costs) then the proposal offers VfM and can be accepted.

Assessment is a little more complex, however, in the need to assess the costs, values and assumptions embedded within the CBA. In order to assess these both local Rwandan knowledge and subject matter expertise will be needed, thus proposal assessment may require input from both FMT staff and SMS consultants.

Over time, and especially as real data from active projects is captured, a body of knowledge concerning these data will be built up which will enable more comprehensive assessment at the local level. It is recommended that the FMT establish a system for storing and recording such data to help inform future assessments and project proposals.

Over the medium to longer term it might be useful to introduce into the assessment comparison of proposals with existing or other proposals or projects generating the same benefits, to see how the proposal under consideration’s VfM measures compare. It should be noted, however, that there may be good reasons why costs and benefits vary between project areas.
## Technical Appraisal Matrix

All rankings are from 0 (low) to 10 (high) unless otherwise indicated.

### VALUE FOR MONEY
- **Value for Money**: The project proposal demonstrates efficiency, effectiveness, and economy.
  - 0: The project does not demonstrate (a) efficiency, (b) effectiveness, or (c) economy.
  - 3: The project demonstrates any one (a, b, or c).
  - 6: Any two (a, b, and/or c).
  - 10: The project demonstrates (a) efficiency, (b) effectiveness, and (c) economy.

### DESIRABILITY
- **Conformity with strategies?**
  - National Development Strategies (MDGs, EDPRS II, Vision 2020, etc): 0 = project achievements do not conform with national development strategies, 3 = project achievements are loosely linked with national development strategies, 6 = project achievements are directly linked with goals of national development strategies.
  - Sectoral Strategies (WRM, for example): 0 = project achievements do not conform with sector strategies, 3 = project achievements are loosely linked with sector strategies, 6 = project achievements are directly linked with goals of sector strategies.

- **Does the project demonstrate additiinality?**
  - 0 = The project would be fully financed by other domestic sources without funding from FONERWA.
  - 10 = The project would not be funded without support from FONERWA.

- **Sustainability**: The benefits will continue after funding?
  - 0 = sustainability is not mentioned or is poorly considered;
  - 5 = sustainability is mentioned, but the achievements of the project will only be sustained for 5 years or less after the project is completed without further cash injections from FONERWA;
  - 10 = the project achievements will be sustained permanently without future cash injections from FONERWA.

### LEVEL OF RISK
- 0 = high risks that are not mitigated;
- 5 = moderate risks with moderate mitigation;
- 10 = risks exist but are fully mitigated and accounted for in the project design.

### VIABILITY
- **Experience of Project Implementer?**
  - 0 = zero experience managing a similar type of project;
  - 5 = limited experience (5 years of experience or less) of managing this type of project;
  - 10 = well-demonstrated track record of success managing this type of project.

- **The methodology and approach of the project appears to be reasonable?**
  - 0 = the methodology is not well thought through and will not result in the project’s desired achievements;
  - 5 = the methodology appears achievable but is not linked with desired results or the desired results are linked with the methodology, but the methodology does not appear achievable;
  - 10 = the methodology is logical, coherent and achievable and is directly linked with the project’s intended results.

- **Project management arrangements confirmed?**
  - 0 = management arrangements are not mentioned;
  - 5 = management arrangements are provided, but lack detail;
  - 10 = project management arrangements are detailed and robust.

- **Appropriate M&E framework is in place?**
  - 0 = M&E framework is not mentioned;
  - 5 = M&E arrangements are mentioned, but lack detail and/or appropriate indicators;
  - 10 = M&E arrangements are detailed and robust.

- **Stakeholders have been widely consulted and involved?**
  - 0 = stakeholders have not been (a) considered, (b) consulted in advance of the project or (c) involved in project design;
  - 3 = any one (a, b, or c);
  - 6 = any two (a, b, or c);
  - 10 = stakeholders have been a, b, and c in a detailed and meaningful way.

### LEVERAGING
- **The extent to which international sources of financing may be available for this project?**
  - 0 = the project does not meet the minimum requirements for any international financing facilities;
  - 5 = the project is moderately aligned with funding criteria for other international sources; 10 = an international funding source has already been identified and the project is very likely to attract additional finance.

- **What is the scope for private sector investment?**
  - 0 = the project has no potential appeal for the private sector;
  - 5 = the project has some components that the private sector may be interested in financing; 10 = the project is probably viable as a strictly commercially managed operation.

- **What is the potential for income generation?**
  - 0 = sustainability is not mentioned or is poorly considered;
  - 5 = sustainability is mentioned, but the achievements of the project will only be sustained for 5 years or less after the project is completed without further cash injections from FONERWA;
  - 10 = the project achievements will be sustained permanently without future cash injections from FONERWA.

### SUMMARY: UNWEIGHTED SCORES

<table>
<thead>
<tr>
<th>Category</th>
<th>PD</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value for Money</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Desirability</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Viability</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Leveraging</strong></td>
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### SUMMARY: WEIGHTED SCORES

<table>
<thead>
<tr>
<th>Category</th>
<th>PD</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value for Money</strong></td>
<td>0</td>
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</tr>
<tr>
<td><strong>Desirability</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Viability</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Leveraging</strong></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**PD SCORE (0-100)**: 0
Section 2 - Monitoring and Evaluation Procedure

Acronyms 20
Introduction 21

1 – Logical Framework as the Basis for FONERWA Monitoring and Evaluation
  1.1 – Hierarchy of objectives
  1.2 – Performance indicators, targets & means of verification

2 – Project-Level Action Plan M&E Process
  2.1 – Ongoing Action Plan Monitoring
  2.2 – Revision of Action plan

3 – Annual Review Process for Overall Fund

4 – Fund Performance Evaluation (every 3 years)

5 – Roles and Responsibilities for Monitoring and Evaluation
  5.1 – FONERWA Managing Committee
  5.2 – FONERWA Technical Committee
  5.3 – Fund Management Team

6 – Reporting Frequency and Format
  6.1 – Overall reporting
  6.2 – Performance scoring
  6.3 – Guidance for Completion of reports

7 – Auditing

Annex 1: FONERWA Monitoring and Evaluation Results Matrix for 2012-2018 [6 year period]

Annex 2: FONERWA Monitoring and Evaluation Framework 42
ACRONYMS

DAC
Development Assistance Criteria

DP
Development Partner

EDPRS
Economic Development and
Poverty Reduction Strategy

FMC
FONERWA Managing Committee

FONERWA
Government of Rwanda
Environment and Climate Change
Fund

FTC
FONERWA Technical Committee

GoR
Government of Rwanda

JSR
Joint Sector Review

Logframe
Logical Framework

M&E
Monitoring and Evaluation

NISR
National Institute of Statistics of
Rwanda

OAG
Office of the Auditor General

R&D
Research and Development

VfM
Value for Money
Robust Monitoring and Evaluation (M&E) is critical for ensuring achievement of results-based financing at the project level, as well as the overall FONERWA Fund. The following guidance materials take a Logical Framework approach to FONERWA M&E, and are based on key FONERWA objectives established in the Fund Design Document and principles of results-based management.

For simplicity in this document the overall FONERWA fund will be referred to as the ‘programme’ and actions supported by the fund, large and small, will be called ‘projects’.

In this manual, M&E becomes a central part of the FONERWA programme management and implementation entailing fiduciary management of mobilised funds, disbursement and procurement, for effective operation of FONERWA. It is in this context that the M&E must be relevant, objective, transparent and, most importantly, available as: (i) a source of information on performance for the public and for donors; and (ii) a management tool for implementation of environment and climatic change projects in the public and private sector, civil society and for the fund coordination mechanisms.

This manual is particularly intended for: those taking on the role of fund-provider in the areas of environment and climatic change, including bilateral, multilaterals, private sector, public sector, civil society and, serves as a road map to use in designing FONERWA funded projects’ M&E and tracking project implementation. This manual does not attempt to cover all aspects of M&E well covered elsewhere. Thus, the manual focuses more on tracking inputs, activities, outputs, outcomes and impacts using a logical framework approach, as it will be detailed in the next paragraphs.

The manual begins by defining the term M&E, indicating the complementarity between Monitoring and Evaluation. Then, it is divided into 6 Sections.

**Section 1.0** outlines the use of the Logical Framework approach as a basis for overall Fund M&E.

**Section 2.0** details an M&E process for project/programme-level yearly Action Plans (which compliment project specific log frames) to ensure that individual projects are meeting their performance targets, including results delivery and budget execution.

**Section 3.0** provides guidance on carrying out an Annual Review process assessing overall FONERWA performance as a function of project level performance contributing to the Fund’s overarching objectives.

**Section 4.0** presents a process for a Fund Performance Assessment (every 3 years) of progress towards achievement of FONERWA’s target outcome and impact, following Development Assistance Criteria (DAC), including analysis of success factors, obstacles, lessons learnt and actions required to improve performance.

**Section 5.0** provides key guidance on the roles and responsibilities related to the above M&E processes across the FONERWA Managing Committee, Technical Committee and Fund Management Team.

**Section 6.0** indicates M&E responsibilities will be carried out based on reporting frequency and format guidelines.

**Definitions of Monitoring and Evaluation**

The Confusion between Monitoring and Evaluation is common. However, there is a simple distinction between monitoring and evaluation that may be helpful. Monitoring is the periodic oversight of the implementation of an activity which seeks to establish the extent to which input deliveries, work schedules, other required actions and targeted outputs are proceeding according to plan, so that timely action can be taken to correct deficiencies detected.

On the other hand, Evaluation is a process which attempts to determine as systematically and objectively as possible the relevance, effectiveness, efficiency and impact of activities in the light of specified objectives. It is a learning and action-oriented management tool and organizational process for improving current activities and future planning, programming and decision-making.

Monitoring assesses lower level goals than an Evaluation. For example a Military General might monitor whether tactics are working to win short term battles while an evaluation would go to a higher level question to ask whether the overall war can be won and the counterfactual question - whether a better outcome could be achieved with the resources invested via a different strategy than the one in place.
Table 1: Complimentary between monitoring and evaluation.

<table>
<thead>
<tr>
<th>Item</th>
<th>Monitoring Planned</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>periodic, regular</td>
<td>episodic</td>
</tr>
<tr>
<td>Main action</td>
<td>keeping track / oversight</td>
<td>assessment</td>
</tr>
<tr>
<td>Basic Purpose</td>
<td>improve efficiency adjust work plan</td>
<td>improve effectiveness, impact, future programming</td>
</tr>
<tr>
<td>Focus</td>
<td>inputs, outputs, process outcomes, work plans</td>
<td>effectiveness, relevance, impact, cost-effectiveness</td>
</tr>
<tr>
<td>Information sources</td>
<td>routine or sentinel systems, field observation, progress reports, rapid assessments</td>
<td>same, plus surveys, studies</td>
</tr>
<tr>
<td>Undertaken by</td>
<td>programme managers, community workers, community (beneficiaries) supervisors, funders</td>
<td>programme managers, supervisors, funders external evaluators, community (beneficiaries)</td>
</tr>
<tr>
<td>Reporting to</td>
<td>programme managers, community workers, community (beneficiaries) supervisors, funders</td>
<td>programme managers, supervisors, funders external evaluators, community (beneficiaries)</td>
</tr>
</tbody>
</table>
1.1 Hierarchy of objectives

The Logical framework (log frame) as a planning, management and monitoring and evaluation tool has been developed in line with the key objective of FONERWA. The results pathway or cycle, shown in the figure below, may be likened to a pyramid. This example illustrates the logical linkage between FONERWA inputs, activities, outputs, outcomes and impact.

Defining the above concepts in the pyramid, the Impact (also known as overall objective) is the long-term beneficial change to which FONERWA contributes. The Outcome, on the other hand, describes the change resulting from uptake, use or implementation of the FONERWA Outputs by beneficiaries outside the management team.

The Outputs describe what will be put in place in order to achieve the Outcome. They are the Results that must be delivered. The projects will have to be selected as such, so that their implementation can directly contribute to these FONERWA Outputs. The outputs are the results that can be guaranteed by the FONERWA as a consequence of its activities. Each output can be seen as a necessary means to achieve a given outcome.

Activities are actions which are necessary to transform given inputs into planned outputs within a specified period of time. The activities are the work, the investigations or the tasks to be carried out by the project staff and others involved in the project. For each output there will be one or more activity.

The activities included in a project design should be target-oriented in that they are tasks to be performed in order to produce a specified project output. If the task is not geared to producing one of the outputs it should not be listed. Thus, routine administrative tasks should not be included.

The Inputs are the “raw materials” of a project necessary to mobilise the activities. The total inputs must realistically reflect what is necessary to mobilise the ‘necessary and sufficient’ activities required to produce the intended outputs.

Assumptions describe the conditions which need to exist for completion of activities, and achievement of outputs, outcome and impact. They are outside the control of the management team and cannot be mitigated.

Assumptions are typically derived from carrying out a project risk analysis. Those risks that can be mitigated can be reduced by building in activities into the project to address whatever can be acted on. What remains are risks
that cannot be addressed and these form the project assumptions.

Based on consultations, the following FONERWA Impact, Outcome and Results were formulated:

**Impact/Overall objective:** FONERWA will have the overarching objective of contributing to Rwanda’s economic growth being environmentally sustainable, low carbon and climate resilient and contributing to wealth creation and poverty reduction.

**Outcome:** The outcome of the FONERWA Fund would be to sustainably and equitably finance and further strengthen national programmes and private sector initiatives in the areas of current and future environment and climate change, and development related challenges and opportunities. The overall objective and outcome are compatible with the strategic priorities set in GoR’s latest Climate Resilience and Green Growth Strategy, National and Sub-national Sector Strategic Plans, as well as other plans and strategies.

**Results:** In order to achieve the above, FONERWA will deliver the following results (i.e. outputs). The Fund is structured into three financing windows (see below) which correspond to these results areas.³

---

**Results Pillar 1**

*Conservation & management of natural resources strengthened and sustained.*

**Results Pillar 2**

*R&D and technology transfer and implementation facilitated and utilised.*

**Results Pillar 3**

*Environmental and climate change issues mainstreamed into policies, programmes, plans, budgets and activities for public and non-public agencies.*

---

**1.2 Performance indicators, targets & means of verification**

One of the key strengths of the logframe approach is that it builds on how FONERWA will be monitored and evaluated. **INDICATORS** and MEANS OF VERIFICATION are needed to show what data FONERWA intends to use to measure progress, and how that data will be collected. In some circumstances, there is not enough baseline data available against which progress can be measured; in which case the logframe helps to pinpoint the gaps and determine what needs to be done. It is recommended that data is collected as soon as possible to fill such gaps. **INDICATORS** are the standards against which change will be measured. They will help answer the question of how much or whether progress is being made towards achievement of FONERWA objectives.

In order to ensure a robust monitoring and evaluation system/process, critical logframe components proposed include: 1) a robust project-level Action Plan Monitoring process (continuous), 2) Annual Review of overall Fund performance and 3) guidance on conducting a longer-term (every 3 years) Evaluation Assessment on achievement of FONERWA outcomes and impacts (See Figure), detailed in the sections below.

---

1. Ensuring balanced investment across Provinces/Districts and urban and rural areas.
2. Green economic growth implies economic growth and development with limited negative environment and climate-related externalities.
3. Note: Window 4 relating to Environmental Impact Assessments is a standalone window as per the FONERWA Law’s stipulation that 0.1% of capital project budgets are set aside for monitoring of these assessments and monitoring of associated environmental management plans.
1 Logical Framework as the Basis for FONERWA Monitoring and Evaluation

Based on the FONERWA logframe, a FONERWA Monitoring and Evaluation Framework has been developed to ensure there is a common understanding on the definition and scope of each of the FONERWA indicators, the methodology and frequency of data collection, as well as responsibility for data collection. For further details, refer to Annex 1 and 2.

<table>
<thead>
<tr>
<th>Action Plan Monitoring</th>
<th>Focus on progress of approved projects/programmes against their respective action plans and logical framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual review</td>
<td>Focus on the progress of projects/programmes towards the delivery of FONERWA outputs</td>
</tr>
<tr>
<td>Evaluation Assessment</td>
<td>Focus on progress towards the achievement of FONERWA outcomes and contribution towards FONERWA’s impact</td>
</tr>
</tbody>
</table>

It is to be noted that considerable time and resources will have to be allocated by the GoR to ensure all baseline data is collected within the first one year of FONERWA’s operation. Although most of the indicators are consistent with Government of Rwanda EDPRS Policy and Result Matrix indicators, as well as indicators of the Environment and Natural Resources (ENR) M&E framework, these will have to be further discussed with the National Institute of Statistics of Rwanda (NISR) to ensure the feasibility of their collection and related cost implications.
2.1. ONGOING ACTION PLAN MONITORING

<table>
<thead>
<tr>
<th>WHO</th>
<th>Fund Management Team and the FONERWA Technical Committee.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHAT</td>
<td>Monitor technical and financial progress in implementing activities as per yearly project action plans submitted by financing receipts. Each project must submit a yearly action plan before financing can be granted. This is in addition to a logframe required as part of the full Project Document.</td>
</tr>
<tr>
<td>WHY</td>
<td>Identify immediate corrective actions in response to problems, delays and departures from what was planned.</td>
</tr>
<tr>
<td>WHEN</td>
<td>On a continuous basis, corresponding with project milestones and results delivery as reflected in the project logframe and action plan. Reporting on a quarterly basis.</td>
</tr>
</tbody>
</table>

Consideration should be given to the following steps:

Step 1: Analysing progress in the implementation of activities

Reviewing the status of project/programme activities to determine whether they are being delivered/implemented on schedule (as defined in the project/programme action plan).

The initial drafted FONERWA log frame in the design phase has been revised, reducing the number of indicators from 39 to 21 (in the original result matrix). There has been modification of impact indicators and the number has reduced from 7 to 4 indicators. This was done in order to streamline and focus indicators to ensure management of indicator to be measured. Additionally, Output 2 in the original log frame has been revised from ‘Research and Technology transfer and implementation facilitated and utilized’ to ‘Renewable energy and other environmentally sustainable, low carbon and climate resilient technologies adopted, developed and or improved use in Rwanda, as a result of the fund’. The FMT [lower level] log frame essentially services the delivery of Output 4 of the [higher level] FONERWA log frame. This will ensure effective monitoring and evaluation in contributing to the programme objectives. Lastly, both FONERWA and FMT milestones timelines in the log frames have been revised as a response to some delays beyond the FMT control.

Step 2: Analysing impediments and constraints

Identifying and analysing impediments and constraining factors (internal and external to FONERWA support) related to project activities where progress is deemed less than optimal. This can be done by reviewing the risk matrix of each project.

Step 3: Reviewing financial implementation

Reviewing actual expenditure (budget execution) against estimated planned costs. The financial reporting will compare costs for actual activities for the current reporting period with the budget for the same period, and in the same currency. The financial reporting should be linked to the FONERWA outputs as reflected in the FONERWA logical framework.

Step 4: Identifying corrective actions

Identifying necessary revisions in the action plans and logframes of projects: rescheduling or, revision of activities, if deemed appropriate and approved by FMC.

Business Rules for Revision of Action Plan

1. Revision of project/programme action plans and/or logframes shall be undertaken based on the findings of the ongoing action plan monitoring and annual review processes (see below).

2. Revision that changes the scope of what is being undertaken to achieve the project/programme outputs, raises the cost beyond the approved budget or reallocates financial and human resources within or across projects must be formally approved by the FONERWA Managing Committee.

3. Project managers may have the flexibility of up to 10% inter-budget relocation provided it does not change the total sum of the project financing approved. This is to provide leverage for the project managers to make their own decisions.
3 Logical Framework as the Basis for FONERWA Monitoring and Evaluation

Annual review

| WHO | >> FONERWA Technical Committee in consultation with the Fund Management Team. All contributing partners should also take part in the review. |
| WHAT | >> Analyse progress in achieving FONERWA Outputs. |
| WHY | >> “Take stock” of all project progress towards the delivery of FONERWA outputs; >> Identify potential problems related to FONERWA outputs which might demand their attention; >> Inform FONERWA Managing Committee on re-programming and re-allocation of resources for the remainder of the implementation period. |
| WHEN | >> July of each year in advance of the backward looking Environment and Natural Resources Joint Sector Review (JSR). |

An Annual Review Report will be drawn up by the FONERWA Secretariat and FONERWA Technical Committee providing a description of progress for each FONERWA output as reflected in the FONERWA logical framework. The Annual Joint Review Report (including approved statements of accounts) will be submitted by the GoR to the DPs one week prior to the Managing Committee meeting in September every year.

Following the same principle of the Environment and Natural Resource Sector’s Joint Sector Review (JSR) process, the Annual Reporting will bring together all sector stakeholders for an in depth analysis of performance (challenges as well as progress against the Annual Work Plan) during the past year, and to inform policy recommendations for the coming year. The FONERWA Fund Management Team will be in charge of completing the draft document to be presented and discussed at the FONERWA Managing Committee meeting. The final documents will contribute to the Economic Development and Poverty Reduction Strategy II (EDPRS) annual report.

There are five steps in the annual review process:

**STEP 1: ANALYSING PROGRESS IN THE DELIVERY OF FONERWA OUTPUTS**

**Key tasks include:**

>> Reviewing the delivery of FONERWA outputs that is whether they are being delivered as foreseen based on the project action plan monitoring process;

>> Each year, mid-year, tracking and reporting on progress toward and achievement of the annual Output level indicator milestone targets;

>> Determining whether the projects are proving to be relevant and adequate to deliver FONERWA outputs; >> Assessing evidence demonstrating success, VfM and risk monitoring

>> Rating each output as either:

   >> “Green” indicating progress towards delivery of the FONERWA outputs is as planned, and impediments and risks are not expected to significantly affect progress;

   >> “Yellow” indicating progress towards delivery of the FONERWA outputs is in jeopardy, and action is required to overcome delays, impediments and risks; or

   >> “Red” indicating achievement of delivery of the FONERWA outputs is in serious jeopardy due to impediments or risks that are expected to significantly alter progress.

An overall colour rating would be assigned in relation to threshold percentile figures:

>> Greater than 85% = Green

>> 65% to 85% = Yellow

>> Less than 65% = Red

In assessing progress, a series of concerns need to be addressed. The checklist below provides a simple set of questions for assessing progress. Information from the ongoing action plan monitoring (See Section 2.0.) will assist in responding to the questions. It is important, however, not simply to respond with the indicated YES or NO, but to be able to justify the answer.
STEP 2: ANALYSING IMPEDIMENTS AND CONSTRAINTS

Key tasks include:

>> Identifying and analysing impediments and constraining factors (internal and external to FONERWA financing) related to FONERWA outputs where progress is deemed less than optimal. Conduct Fund portfolio risk assessment.

STEP 3: ANALYSING FINANCIAL IMPLEMENTATION

Key tasks include:

>> Review of overall capitalisation
>> Reviewing actual expenditure (budget execution) against planned costs;
>> Analysing financial implementation rates.

STEP 4: IDENTIFYING CORRECTIVE ACTIONS

Key tasks include:

>> Identifying necessary revisions in the FONERWA logframe (rescheduling, revision of indicators) and risk matrix.

STEP 5: RECORDING, MONITORING, MANAGING AND REPORTING INFORMATION AND FEEDBACK

Key tasks include:

>> Documenting the findings of the annual review, and providing the findings to the FONERWA Managing Committee (FMC) for the improved delivery of FONERWA outputs (progress in delivery, impediments and constraints, financial implementation, major lessons learnt, and corrective actions); and
>> Providing feedback to stakeholders, including Development Partners in the form of an Annual Report (See Section 6.3. for reporting instructions). In the two-year FONERWA operationalization phase, a DFID specific log frame that is significantly aligned with the overall FONERWA log frame has been put in place to ensure reporting that responds to International Climate Fund reporting requirements. Thus, Annex 2 shows the log frame with impact and outcome indicators that have been extracted from and are therefore part of the overall FONERWA. More prominently, Output 4 of the FONERWA log frame has been streamlined and used to constitute all the outputs in the FMT log frame for purposes of DFID reporting.

In addition to the above, the following information will also need to be provided to the FMC.

<table>
<thead>
<tr>
<th>Progress in achieving FONERWA outputs:</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 Are related project activities proving relevant and adequate to achieve the FONERWA outputs?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2 Are projects on schedule or have been completed as planned?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3 Have action plan milestones of projects been met as per the project M&amp;E framework?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4 Are impediments (e.g. lack of adequate human or financial resources, scarcity of data) or risks (e.g. policy changes) expected to significantly affect progress during the remainder of the period?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Targets

<table>
<thead>
<tr>
<th></th>
<th>Planned</th>
<th>Achieved</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalisation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Number of PPDs by Windows/Entry Points</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Number of PDs by Windows/Entry Points</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Number of Successful Applications by Windows/Entry Points</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total volume of financing provided by Windows/Entry Points and by financial instruments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total financing provided to the private sector</td>
<td>At least 20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total financing provided to the districts</td>
<td>At least 10%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4 Targets on some of the indicators below will have to be decided by FMC on a yearly basis.
1. The Annual Review is mandatory;
2. The status of all outputs in the FONEWA logframe shall be reviewed to guarantee:
   3. Delivery is on schedule and implementation is occurring as technically and programmatically planned;
   4. Impediments and constraining factors (internal and external) to FONERWA, and risks expected to have a significant effect are identified for outputs where progress is deemed unsatisfactory;
   5. Significant differences between actual expenditure and estimated planned costs are identified and explained; and necessary revisions in the FONERWA logical framework are identified.
4. The findings shall be reviewed and feedback provided to the internal and external stakeholders;
5. Outputs shall be rated “Green,” “Yellow,” or “Red,” reflecting their delivery status;
6. Project/programme-specific findings shall be consolidated and aggregated by FONERWA outputs;
7. The aggregated findings shall be submitted to the FMC.
4  Fund Performance Evaluation (every 3 years)

<table>
<thead>
<tr>
<th>WHO</th>
<th>&gt;&gt; Independent externals.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHAT</td>
<td>&gt;&gt; Analyse progress in achieving FONERWA’s outcome and contribution to impact, following Development Assistance Criteria (DAC) Principles for evaluation of development assistance (See Section 6.0. for further details).</td>
</tr>
<tr>
<td>WHY</td>
<td>&gt;&gt; Provide a thorough assessment of achievements in relation to the output and outcome indicator targets established for FONERWA; &gt;&gt; Provide an analysis of main achievements during the implementation period (first 3 years), success factors, obstacles, and lessons learnt and actions required improving performance.</td>
</tr>
<tr>
<td>WHEN</td>
<td>&gt;&gt; At the end of every three year period. However, since the FMT, recruited by DfID, will have tenure of two years, first external evaluation will take place in 2014 and then every 3 years.</td>
</tr>
</tbody>
</table>

Step 1: Assessment of each PROJECT’s performance in contributing to the delivery of FONERWA outputs

Key tasks include:
>> Providing a summary of each projects achievements towards delivery of FONERWA outputs;
>> Providing a brief summary describing the most significant success factors, obstacles and impediments that affected each projects delivery performance; and
>> Providing a bullet point summary of lessons learned and the required actions for improving performance in the next cycle.

In assessing performance, a series of concerns need to be addressed. The checklist below provides a simple set of questions for assessing performance towards achievement of FONERWA output targets and overall outputs. Information from the ongoing action plan monitoring, the Annual Review and indicator tracking will assist in responding to the questions. It is important, however, not simply to respond with the indicated YES or NO, but to be able to justify the answer.

<table>
<thead>
<tr>
<th>Performance in achieving outputs:</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1: Have all FONERWA outputs been delivered?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2: Have all FONERWA output targets been met? Refer to indicator baselines and targets.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Step 2: Assessment of performance in the achievement of the FONERWA outcomes

Key tasks include:
>> Assessing the extent to which the outcome has been achieved based on indicator tracking and a review of output delivery;
>> Providing a brief summary description of main achievements, success factors, obstacles and impediments that affected the achievement of the outcome; and
>> Providing a bullet point summary of lessons learnt and the required actions for improving performance in the next cycle.

The following checklist will assist in tracking progress in achieving the overall FONERWA outcome.

<table>
<thead>
<tr>
<th>Performance in achieving outcomes:</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3: Did the outputs prove relevant for achieving the outcome?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4: Did the outputs prove adequate for achieving the outcome?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5: Were there significant differences between actual costs and budget allocations?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Step 3: Consolidation for the contribution to the impact

**Key tasks include:**

>> Preparing a summary of the main achievements contributing to the FONERWA impact, using information from the above steps, and past Annual Reviews; the impact cannot be achieved only by FONERWA interventions. The achievement of the milestones depends on contributions from multiple actors that play a role towards economic growth that is environmentally sustainable, low carbon and climate resilient contributing to wealth creation and poverty reduction.

>> Providing a brief narrative assessment of Fund performance in relation to the impact, noting key achievements by outcomes, success factors, obstacles and impediments;

>> Providing a bullet point summary of lessons learnt and required follow-up actions for improving performance in the next cycle.

---

**Business Rules for Evaluation Assessment**

1. The evaluation assessment is mandatory;
2. The status of all outputs shall be reviewed to determine:
   >> If results based on indicator tracking have been delivered;
   >> Whether outputs were relevant and adequate for achieving the outcome;
   >> Whether outputs led to the delivery of the outcome;
   >> Whether outcome contributed to the FONERWA impact;
   >> Main achievements, success factors, obstacles and impediments affecting the achievement of results, as well as lessons learnt.
3. A final report shall be prepared for the FONERWA Managing Committee and Development Partners contributing to the fund.
5 Roles and Responsibilities for Monitoring and Evaluation

5.1 FONERWA Managing Committee

1. Provides advice and guidance on monitoring and evaluation issues, and ensures comprehensive Annual Reviews and a Fund Performance Evaluation (every 3 years) are carried out, and reports of these are submitted on time with sufficient quality;
2. Consults with key internal and external stakeholders – in cases where major reformulation (material deviation from what was originally agreed), cancellation or addition of new FONERWA outputs and associated budgets are required.

5.2 FONERWA Technical Committee

1. Ensures project/programme action plan monitoring (supported by the Fund Management Team);
2. Coordinates and advises on issues related to Annual Review;
3. Coordinates and advises on the collection of information/data for tracking of result indicators;
4. Advises the need to reformulate, cancel or develop new results on the outcome of the monitoring/review/evaluation;
5. Makes recommendations to the FMC where intervention is required for approval of major reformulation, cancellation or addition of new results, and associated budgets;
6. Consolidates reporting (supported by the Fund Management Team);
7. Monitors resources gaps in funding and provides feedback to the FMC.

5.3 FUND MANAGEMENT TEAM

1. Performs ongoing Action Plan Monitoring, Annual Reviews (in partnership with the FMC, FTC) and the Fund Performance Evaluation (every 3 years, in partnership with independent external teams);
2. Engage/facilitate information/data collection for tracking result indicators;
3. Consults with the FTC, as appropriate, on issues and any required changes to results, including reformulation, cancellation or addition of new results, and associated budgets and action plans based on the results of the monitoring¬ and annual reviews.
4. Provides all other M&E related technical assistance, data collection/consolidation and reporting services to the FMC and FTC.

It is important to have an identified system of reporting (and simple reporting mechanisms) for tracking the progress of individual projects and the overall FONERWA Fund. The section below contains examples of reporting formats which follow the components of the FONERWA logframe, thus keeping a clear relationship between the logframe and progress over time.
6.1 Overall reporting

Reporting on the components of the logframe will take place as follows:

<table>
<thead>
<tr>
<th>Type of Monitoring</th>
<th>Title of Reports</th>
<th>Measure Progress Towards</th>
<th>Frequency</th>
<th>Submitted To</th>
<th>Prepared By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Review</td>
<td>Joint Review Reports</td>
<td>Project progress towards delivery of FONERWA outputs</td>
<td>Annual</td>
<td>FMC and all other key stakeholders</td>
<td>FTC/FMC</td>
</tr>
<tr>
<td>Fund Performance Evaluation</td>
<td>Evaluation Report</td>
<td>Progress towards the achievement of FONERWA outcomes and contribution towards FONERWA impact</td>
<td>Every three years (first evaluation will, however, take place at the end of DfID two year support)</td>
<td>FMC/FTC and all other key stakeholders</td>
<td>Independent externals/ Fund Management Team</td>
</tr>
</tbody>
</table>

6.2 Performance scoring

Scoring can provide important data for accountability, learning and decision-making. With care, it may be possible for scores to be aggregated across FONERWA’s outputs in order to provide an overall picture of success and value for money (VfM). The quality of scoring is a key issue; bad data generates bad conclusions. The system has to be applied consistently and robustly involving relevant stakeholders and partners.

The proposed tabular reporting formats (see below) include a column for rating progress using a ‘traffic light’ system. This gives a clear indication of whether an output is ‘on track’ (has been delivered or will be delivered); ‘warning’ (may not be delivered – needs immediate action) or ‘off track’ (will not be delivered). This is further explained in the guidelines below. For further details, see Step 1 of the Annual Review Process (Section 3.0.).

6.3 Guidance for Completion of reports

Monitoring Report:

The following details a standardised reporting format for the Quarterly Reports to be prepared by the Fund Management Team. This format is to be used to prepare quarterly reports submitted to the FONERWA Managing Committee. Funding recipients will have to complete their quarterly report at least 2 weeks before the dates given below in order to ensure FMT have adequate time to consolidate all reports.

<table>
<thead>
<tr>
<th>Dates for submission of quarterly reports</th>
<th>Standardised formatting:</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;&gt; Quarter 1: 15th April</td>
<td>Do not change the column size of the matrix.</td>
</tr>
<tr>
<td>&gt;&gt; Quarter 2: 15th July</td>
<td>Use standardised font and spacing.</td>
</tr>
<tr>
<td>&gt;&gt; Quarter 3: 15th Oct</td>
<td>&gt;&gt; Line Spacing: Single</td>
</tr>
<tr>
<td>&gt;&gt; Quarter 4: 15th Jan</td>
<td>&gt;&gt; Font: Garamond</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Font Size: 11 points</td>
</tr>
</tbody>
</table>

The formatting settings have already been applied to the electronic matrix you receive.
### Reporting Frequency and Format

#### How to complete quarterly reports?

**Project/Programme Title:**

<table>
<thead>
<tr>
<th>Please state which specific FONERWA output does the project contribute to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing Agency:</td>
</tr>
<tr>
<td>Responsible Officer:</td>
</tr>
<tr>
<td>Project Start Date:</td>
</tr>
<tr>
<td>Project End date:</td>
</tr>
<tr>
<td>Date of Reporting:</td>
</tr>
<tr>
<td>Results Hierarchy as per the Project/Programme Logframe</td>
</tr>
<tr>
<td>Activities</td>
</tr>
<tr>
<td>Activity 1.1</td>
</tr>
<tr>
<td>Activity 1.2</td>
</tr>
<tr>
<td>Activity 2......</td>
</tr>
<tr>
<td>Outputs</td>
</tr>
<tr>
<td>Output 1</td>
</tr>
<tr>
<td>Output 2......</td>
</tr>
<tr>
<td>Overall Value for Money Assessment</td>
</tr>
<tr>
<td>Project Level</td>
</tr>
<tr>
<td>Programme Level</td>
</tr>
<tr>
<td>Status of Risk Mitigations</td>
</tr>
<tr>
<td>Activity 1</td>
</tr>
<tr>
<td>Activity 2</td>
</tr>
<tr>
<td>Activity 3</td>
</tr>
<tr>
<td>Budget</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

*Note: The above table needs to be carried out for each individual project/programme.*

#### Annual Review Report:

The following details a standardised reporting format for the Annual Review Report to be prepared by the Fund Management Team/FTC, and submitted to the FONERWA Managing Committee, corresponding with the Joint Sector Review of the Environment and Natural Resources Sector (each July-September).

<table>
<thead>
<tr>
<th>Dates for submission of Annual Review Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>By 15th of September (the date needs to be aligned with the GoR’s backward looking Joint Sector Review date)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Standardised formatting: Do not change the column size of the matrix. Use standardised font and spacing.</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;&gt; Line Spacing: Single</td>
</tr>
<tr>
<td>&gt;&gt; Font: Garamond</td>
</tr>
<tr>
<td>&gt;&gt; Font Size: 11 points</td>
</tr>
</tbody>
</table>

The formatting settings have already been applied to the electronic matrix you receive.

*Note: An overview of the report format and how to complete it can also be found below.*
6 Reporting Frequency and Format

<table>
<thead>
<tr>
<th>Heading in report</th>
<th>Information needed for completion of report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary of Activities and Financials for 2012/13</td>
<td>You will need this information from the action plans of all approved projects.</td>
</tr>
<tr>
<td>(sub-headings) FOR EACH PROJECT IN TURN:</td>
<td></td>
</tr>
<tr>
<td>FONERWA Output that the project contributes to</td>
<td>Identify the appropriate FONERWA Output which corresponds to the project.</td>
</tr>
<tr>
<td>Indicators for each project output/outcome</td>
<td>Identify and record the indicators for each project outcome and their corresponding outputs (follow the project logframe).</td>
</tr>
<tr>
<td>2012/13 target</td>
<td>Identify and record the target for the finance year (ie. 2012/13 or 2013/14) for each indicator for project (at the outcome and output level).</td>
</tr>
<tr>
<td>Actual to date</td>
<td>Identify and record the actual level of implementation e.g. percentage, number, date (as suggested in the project logframe)</td>
</tr>
<tr>
<td>Traffic Light system (Red, Yellow, Green)</td>
<td>The Traffic Light system has been developed to support easy identification of progress. Colour this column (and write the initial letter of the colour) to indicate:</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; “green”- indicating progress towards achievement of the project outcome and/or delivery of the output (depending on the project implementation cycle) is as foreseen and impediments and risks are not expected to significantly affect progress;</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; “yellow”- indicating progress towards achievement of the project outcome and/or delivery of the output (depending on the project implementation cycle) is in jeopardy and action is required to overcome delays, impediments and risks; or</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; “red”- indicating achievement of the project outcome and/or delivery of the output (depending on the project implementation cycle) is in serious jeopardy due to impediments or risks that are expected to significantly alter progress.</td>
</tr>
<tr>
<td></td>
<td>An overall colour rating would be assigned in relation to threshold percentile figures:</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Greater than 85% = green</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; From 65 % to85% = yellow</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Below 65% = red</td>
</tr>
<tr>
<td></td>
<td>To colour this column you must:</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Highlight the column (very important) then go to:</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Table &gt; Properties &gt; Borders &amp; Shading &gt; Shading – then</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Select the appropriate colour &gt; OK &gt; OK</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; The cell/column should now be in the colour you have selected</td>
</tr>
<tr>
<td>Implementing Agency</td>
<td>Record the name of the implementing agency</td>
</tr>
<tr>
<td>Quarter</td>
<td>Record the Quarter that the report is for.</td>
</tr>
<tr>
<td>Progress and Challenges</td>
<td>Briefly describe the progress that has been made. Identify internal or external factors which have supported achievement</td>
</tr>
<tr>
<td></td>
<td>Describe any challenges which have arisen. Identify the reason for the challenges arising and what impact they had.</td>
</tr>
<tr>
<td></td>
<td>NB: use bullet points and 50 words maximum</td>
</tr>
<tr>
<td>Actions taken to overcome challenges</td>
<td>Describe any actions:</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; that have been taken to overcome the challenges</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; that are planned to ensure the challenges are overcome</td>
</tr>
<tr>
<td></td>
<td>Make sure these actions are recorded in your action or operational plan</td>
</tr>
<tr>
<td></td>
<td>NB: use bullet points and 50 words maximum.</td>
</tr>
</tbody>
</table>

Go back to Step 1
Continue until all project/programme outcomes have been fully reported on.
# Reporting Frequency and Format

## How to complete the Annual Report (Tabular format)

<table>
<thead>
<tr>
<th>FONERWA Output that the project/programme contributes to</th>
<th>Outcome/Output Indicators for each Project</th>
<th>2012/13 target</th>
<th>Actual to date</th>
<th>Progress and Challenges</th>
<th>Actions taken to overcome challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select the FONERWA output that the project is contributing to.</td>
<td>Identify the output/outcome indicators for each project using the project log frame</td>
<td></td>
<td></td>
<td>Identify Implementing Agency:</td>
<td>Describe any actions:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; Briefly describe the progress that has been made.</td>
<td>&gt; that have been taken to overcome the challenges</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; Describe any challenges which have arisen.</td>
<td>&gt; that are planned to ensure the challenges are overcome</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; Identify the reason for the challenges arising and what impact they had.</td>
<td></td>
</tr>
</tbody>
</table>

In addition to the above information, a summary on performance across windows and entry points will also need to be provided. (N.B. This reporting format has been designed as the mechanism through which the FONERWA Fund Management Team will report to FTC/FMC).
**Fund Performance Evaluation (every 3-years?):**

Since the Fund Performance Evaluation will be conducted by externals (with the support of the Fund Management Team), no specific template is given. However, the following criteria, as laid out in the DAC Principles for Evaluation of Development Assistance, should be adhered to:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Definition and Scope</th>
</tr>
</thead>
</table>
| Relevance  | The extent to which the FONERWA financed projects are suited to the priorities and policies of the target group, recipient and donor. In evaluating the relevance of FONERWA, it is useful to consider the following questions:  
  >> To what extent are the objectives of FONERWA still valid?  
  >> Are the outputs of FONERWA supported projects consistent with the overall objectives of FONERWA?  
  >> Are the activities of the project/programme consistent with the intended impacts and effects of FONERWA?                                                                                                                                                                                   |
| Effectiveness | A measure of the extent to which FONERWA attains its overall outcome. In evaluating the effectiveness of FONERWA, it is useful to consider the following questions:  
  >> To what extent was the outcome achieved / is likely to be achieved?  
  >> What were the major factors influencing the achievement or non-achievement of the outcome?                                                                                                                                                                                                                                    |
| Efficiency | Efficiency measures the outputs -- qualitative and quantitative -- in relation to the inputs. It is an economic term which signifies that FONERWA uses the least costly resources possible in order to achieve the desired results. This generally requires comparing alternative approaches to achieving the same outputs, to see whether the most efficient process has been adopted. When evaluating the efficiency of FONERWA, it is useful to consider the following questions:  
  >> Were projects cost-efficient?  
  >> Were project/programme outputs delivered on time?  
  >> Were projects implemented in the most efficient way compared to alternatives?                                                                                                                                                                                                                                    |
| Impact     | The positive and negative changes produced by FONERWA, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from FONERWA on the local social, economic, environmental and other development indicators. The examination should be concerned with both intended and unintended results, and must also include the positive and negative impact of external factors, such as changes in terms of financial conditions. When evaluating the impact of FONERWA, it is useful to consider the following questions:  
  >> What has happened as a result of FONERWA?  
  >> What real difference has the intervention made to the beneficiaries?  
  >> How many people have been affected?                                                                                                                                                                                                                                                |
| Sustainability | Sustainability is concerned with measuring whether the benefits (e.g. social, economic, environment/climate related) of FONERWA are likely to continue after donor funding has been withdrawn. When evaluating the sustainability of FONERWA, it is useful to consider the following questions:  
  >> To what extent did the benefits of FONERWA continue after donor funding ceased?  
  >> What were the major factors which influenced the achievement or non-achievement of sustainability of FONERWA?                                                                                                                                                                                                |

Adapted from OECD Development Assistance Criteria (DAC) for Evaluating Development Assistance.  
Online at: http://www.oecd.org/document/22/0,2340,en_2649_34435_2086550_1_1_1_1,00.html
Annual audits will be the responsibility of the Auditor General. This will be done within the existing Annual Audit Report framework of the Auditor General. Audits will be conducted in accordance with internationally recognised auditing standards.

Audit report will be presented to the Signatories within nine months after the closure of the fiscal year.

If need be and approved, the FONERWA Managing Committee may commission an audit at anytime by an independent auditor acceptable to the DPs and GoR. Should such an audit be requested, it will be discussed and jointly decided with the Office of the Auditor General (OAG). This audit report can be used to support the work of the OAG.
<table>
<thead>
<tr>
<th>PROGRAMME NAME</th>
<th>FONERWA Environment and Climate Change Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPACT</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Rwandan’s economic growth in environmentally sustainable, low carbon and climate resilient and contributive to wealth creation and poverty reduction</td>
<td></td>
</tr>
<tr>
<td>Percentage change in vulnerability index4</td>
<td>Planned: Source: Methodology development through ESR sector before June 2015</td>
</tr>
<tr>
<td>Impact Indicator 1</td>
<td>Planned: 0.39 Source: Ministry of Finance (MINIECOFIN) reports (for GDP); statements to UNFCCC (for CO2 emissions) Methodology development through ESR sector before June 2015</td>
</tr>
<tr>
<td>Rwandan carbon intensity (emissions/GDP)</td>
<td>Planned: 0.39 Source: Ministry of Finance (MINIECOFIN) reports (for GDP); statements to UNFCCC (for CO2 emissions) Methodology development through ESR sector before June 2015</td>
</tr>
<tr>
<td>Impact Indicator 2</td>
<td>Planned: No of Green jobs created in Rwanda6 Source: MINIRENA, MINIPTRA To be updated when EDPR II targets finalised and advocate this is included in national level data collection</td>
</tr>
<tr>
<td>No’ of Green jobs created in Rwanda6</td>
<td>Planned: 0 Source: MINIRENA, MINIPTRA To be updated when EDPR II targets finalised and advocate this is included in national level data collection</td>
</tr>
<tr>
<td>OUTCOME</td>
<td></td>
</tr>
<tr>
<td>Outcome Indicator 1</td>
<td>Planned: Source: FYM quarterly and annual reports; Project-level data This needs extensive consultation (Govt, MINIECOFIN, MINIRENA, CDI, FMT, BOM)</td>
</tr>
<tr>
<td>Cumulative volume of finance [US$ million] mobilised for climate and environment purposes as: A. contributions to Fund, B. co-financing for Fund-supported projects disaggregated by a. private sector b. Govt + NGOs/other development partners (including DFID)/other sources5</td>
<td>Planned: Source: FYM quarterly and annual reports; Project-level data This needs extensive consultation (Govt, MINIECOFIN, MINIRENA, CDI, FMT, BOM)</td>
</tr>
<tr>
<td>Outcome Indicator 2</td>
<td>Planned: Source: FYM quarterly and annual reports</td>
</tr>
<tr>
<td>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 PFC</td>
<td>Planned: Source: FYM quarterly and annual reports; Project-level data</td>
</tr>
<tr>
<td>Outcome Indicator 3</td>
<td>Planned: Source: FYM quarterly and annual reports, project-level data</td>
</tr>
<tr>
<td>% of projects successfully implemented11</td>
<td>Planned: Source: FYM quarterly and annual reports; Project-level data</td>
</tr>
<tr>
<td>INPUTS (UK£pounds)</td>
<td>Source: FMT quarterly and annual reports; project-level data</td>
</tr>
<tr>
<td>Dfid (£)</td>
<td>Govt (£)</td>
</tr>
</tbody>
</table>

5 The indicator will be considered for the ESR sector to build on current pilot initiatives.  
6 Green jobs would include low carbon development, green energy, ecotourism, mining & Natural Resource enterprises, etc.  
7 Referring to equitable distribution of resources given the levels of geographical dimensions of poverty, as highlighted in latest ECV/ECV survey 8. The * throughout document highlight the ICF indicators  
8 Optimistic scenario  
9 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.  
10 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.  
11 Where success is defined as the project being on track to delivering at least 80% of the results set out in its Project Document  
12 Optimistic scenario
### FONERWA Environment and Climate Change Fund

#### PROGRAMME NAME
**FONERWA Environment and Climate and Change Fund**

#### OUTPUT 1
**Output Indicator 1.1**

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Planned</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** PMT quarterly and annual reports (aggregating project level data) cross checked against MNAGRI and Fund Office records.

**Output Indicator 1.2**

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Planned</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 2018</td>
<td></td>
<td></td>
</tr>
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</table>

**Source:** PMT quarterly and annual reports (aggregating project level data) cross checked against MNAGRI and Fund Office records.

#### OUTPUT 2
**Output Indicator 2.1**

<table>
<thead>
<tr>
<th>Milestone</th>
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<th>Achieved</th>
</tr>
</thead>
<tbody>
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**Source:** PMT quarterly and annual reports.

**Output Indicator 2.2**

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**Source:** PMT quarterly and annual reports.

**Output Indicator 2.3**

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**Source:** PMT quarterly and annual reports (aggregating project level data).

#### OUTPUT 3
**Output Indicator 3.1**

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**Source:** PMT quarterly and annual reports.

**Output Indicator 3.2**

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<tr>
<td>June 2018</td>
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</table>

**Source:** PMT quarterly and annual reports (aggregating project level data).

#### IMPACT WEIGHTING (%) 25%

<table>
<thead>
<tr>
<th>RISK RATING (H, M, L)</th>
<th>Medium</th>
</tr>
</thead>
</table>

**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**

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Planned</th>
<th>Achieved</th>
</tr>
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<tbody>
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<tr>
<td>June 2018</td>
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</tr>
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</table>

**Source:** PMT quarterly and annual reports.

**Output Indicator 2.4**

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Planned</th>
<th>Achieved</th>
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<tr>
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<td>a.0</td>
<td>b.0</td>
</tr>
<tr>
<td>June 2013</td>
<td>a.0</td>
<td>b.0</td>
</tr>
<tr>
<td>June 2014</td>
<td>a.5,000</td>
<td>b.6,500</td>
</tr>
<tr>
<td>June 2015</td>
<td>a.5,000</td>
<td>b.7,500</td>
</tr>
<tr>
<td>June 2016</td>
<td>a.8,000</td>
<td>b.12,000</td>
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<tr>
<td>June 2017</td>
<td>a.25,000</td>
<td>b.36,000</td>
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<tr>
<td>June 2018</td>
<td>a.30,000</td>
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</table>

**Source:** PMT quarterly and annual reports (aggregating project level data).

#### IMPACT WEIGHTING (%) 25%

| RISK RATING (H, M, L) | High |

13 The milestones are based on projections from MNAGRI in the study “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).

15 2% of ENR M&E log frame targets.

16 Environmental sustainability refers to efficient water & wastes management 2% of ENR M&E draft document targets.

17 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).

18 Supply of Biogas, Solar (laptops), and energy saving stoves is used to measure household access to clean energy. This is based on records from REMA projects.

20 Data based on records and experience from AAP and LDCF projects implemented by REMA.
### FONERWA Environment and Climate Change Fund

**PROGRAMME NAME**

<table>
<thead>
<tr>
<th>OUTPUT 3</th>
<th>Output Indicator 3.1</th>
<th>Baseline June 2012</th>
<th>Milestone June 2013</th>
<th>Milestone June 2014</th>
<th>Milestone June 2015</th>
<th>Milestone June 2016</th>
<th>Milestone June 2017</th>
<th>Target June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservation and management of natural resources strengthened and sustained as a result of the Fund</td>
<td>Planned</td>
<td>0</td>
<td>50</td>
<td>90</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Source</td>
<td>PMT quarterly and annual reports (aggregating project-level data) checked against annual reports from Joint Sector Review of Ministry of Agriculture (MINAGRI) and Land Office Records Assessments</td>
<td>Achieved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>IMPACT WEIGHTING (%)</td>
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**IMPACT WEIGHTING (%)**

<table>
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<th>Baseline June 2012</th>
<th>Milestone June 2013</th>
<th>Milestone June 2014</th>
<th>Milestone June 2015</th>
<th>Milestone June 2016</th>
<th>Milestone June 2017</th>
<th>Target June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable energy and other environment-friendly sustainable low carbon and climate resilient technologies adopted, developed and/or improved for use in Rwanda, as a result of the Fund</td>
<td>Planned</td>
<td>a.8</td>
<td>a.90</td>
<td>a.90</td>
<td>a.90</td>
<td>a.90</td>
<td>a.95</td>
<td>a.100</td>
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<tr>
<td></td>
<td>Source</td>
<td>PMT quarterly and annual reports, verified by Final Technical Committee</td>
<td>Achieved</td>
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<tr>
<td>RISK RATING (H, M, L)</td>
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**IMPACT WEIGHTING (%)**

<table>
<thead>
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<th>Output Indicator 4.2</th>
<th>Baseline June 2012</th>
<th>Milestone June 2013</th>
<th>Milestone June 2014</th>
<th>Milestone June 2015</th>
<th>Milestone June 2016</th>
<th>Milestone June 2017</th>
<th>Target June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of available fund executed per year (disaggregated by recipient, government agency, private sector, CSOs)</td>
<td>Planned</td>
<td>0</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>Source</td>
<td>PMT quarterly and annual reports</td>
<td>Achieved</td>
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<tr>
<td>RISK RATING (H, M, L)</td>
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**IMPACT WEIGHTING (%)**

<table>
<thead>
<tr>
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<th>Output Indicator 4.3</th>
<th>Baseline June 2012</th>
<th>Milestone June 2013</th>
<th>Milestone June 2014</th>
<th>Milestone June 2015</th>
<th>Milestone June 2016</th>
<th>Milestone June 2017</th>
<th>Target June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of projects whose emerging lessons (both positive and negative) have been collated and disseminated by the PMT</td>
<td>Planned</td>
<td>0</td>
<td>0</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Source</td>
<td>PMT quarterly and annual reports</td>
<td>Achieved</td>
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<td>RISK RATING (H, M, L)</td>
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**IMPACT WEIGHTING (%)**

<table>
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<th>Milestone June 2014</th>
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<th>Milestone June 2016</th>
<th>Milestone June 2017</th>
<th>Target June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Project Documents affecting household level that demonstrate transparent community participation and gender equity in:</td>
<td>Planned</td>
<td>a.8</td>
<td>a.90</td>
<td>a.95</td>
<td>a.90</td>
<td>a.95</td>
<td>a.100</td>
<td>a.100</td>
</tr>
<tr>
<td>a) proposal development</td>
<td></td>
<td>Source</td>
<td>PMT quarterly and annual reports, verifying project level data</td>
<td>Achieved</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b) implementation</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>RISK RATING (H, M, L)</td>
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</tbody>
</table>

**IMPACT WEIGHTING (%)**

**Assumptions**

- Good quality project proposals approach the Fund for support under this funding window and are approved.
- Fund has sufficient resources to achieve its goals.
## Annex 2: FMT Monitoring and Evaluation Results Matrix for October 2012-September 2014 [2 year period]

### OUTPUT 1

#### Output Indicator 1.1

<table>
<thead>
<tr>
<th>Baseline (June 2012)</th>
<th>Milestone 1 (June 2013)</th>
<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of a) Project Profile Documents and b) Project Documents reviewed within 10 working days, and in accordance with agreed screening procedures</td>
<td>(a) 0 (b) 0</td>
<td>(a) 80 (b) 70</td>
<td>(a) 80 (b) 70</td>
<td>Resources available through the Fund are sufficient to attract a high number of good quality proposals</td>
</tr>
<tr>
<td><strong>Source:</strong></td>
<td></td>
<td></td>
<td></td>
<td>The Fund Management Committee (FMC) and Fund Technical Committee (FTC) meet regularly and function effectively</td>
</tr>
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</table>

#### Impact Weighting

<table>
<thead>
<tr>
<th>Baseline (June 2012)</th>
<th>Milestone 1 (June 2013)</th>
<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Risk Rating: Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of available Fund resources executed per year (disaggregated by recipient: private sector/government/CSOs)</td>
<td>0</td>
<td>80</td>
<td>90</td>
<td>92</td>
</tr>
<tr>
<td><strong>Source:</strong></td>
<td></td>
<td></td>
<td></td>
<td>Fund quarterly and annual reports</td>
</tr>
</tbody>
</table>

#### Inputs (£)

<table>
<thead>
<tr>
<th>DFID (£)</th>
<th>Govt (£)</th>
<th>Other (£)</th>
<th>Total (£)</th>
<th>DFID share (%)</th>
</tr>
</thead>
</table>

#### Inputs (HR)

<table>
<thead>
<tr>
<th>DFID (FTEs)</th>
</tr>
</thead>
</table>

### OUTPUT 2

#### Output Indicator 2.1

<table>
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<tr>
<th>Baseline (June 2012)</th>
<th>Milestone 1 (June 2013)</th>
<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity for managing the Fund built and transferred to Government of Rwanda</td>
<td>0</td>
<td>10%</td>
<td>50%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Source:</strong></td>
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<td></td>
<td></td>
<td>The Fund Secretariat</td>
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#### Impact Weighting

<table>
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<th>Baseline (June 2012)</th>
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<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Risk Rating: Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of locally trained technical staff participating in mentor meetings or workshops with FONERWA mentors at least once a month</td>
<td>0</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Source:</strong></td>
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<td>Fund quarterly and annual reports</td>
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</table>

#### Inputs (£)

<table>
<thead>
<tr>
<th>DFID (£)</th>
<th>Govt (£)</th>
<th>Other (£)</th>
<th>Total (£)</th>
<th>DFID share (%)</th>
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</table>

#### Inputs (HR)

<table>
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<tr>
<th>DFID (FTEs)</th>
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</thead>
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**Legend**

- **Objectives / Expenditure**
- **Indicators of achievement**
- **Monitoring targets**
- **Risk/Assumptions**
- **Not Required**
<table>
<thead>
<tr>
<th>OUTPUT 3</th>
<th>Output Indicator 3.1</th>
<th>Baseline (June 2012)</th>
<th>Milestone 1 (June 2013)</th>
<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of people trained in developing proposals (disaggregated by private sector/district level government/central government/CSO)</td>
<td>0</td>
<td>100</td>
<td>175</td>
<td>250</td>
<td>&gt;&gt; Private sector is interested in investing in low carbon and/or climate resilient activities</td>
<td></td>
</tr>
<tr>
<td>Source</td>
<td>Fund management Team quarterly and annual reports</td>
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</table>

<table>
<thead>
<tr>
<th>OUTPUT 3</th>
<th>Output Indicator 3.2</th>
<th>Baseline (June 2012)</th>
<th>Milestone 1 (June 2013)</th>
<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of requests to the FMT for (a) information relating to the Fund; and (b) Technical Assistance in proposal development</td>
<td>(a) 0</td>
<td>(b) 0</td>
<td>(a) 50</td>
<td>(b) 15</td>
<td>(a) 150</td>
<td>(b) 50</td>
</tr>
<tr>
<td>Source</td>
<td>Fund management Team quarterly and annual reports; based on information from the FONERWA website and small records</td>
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<th>Output Indicator 3.3</th>
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<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of projects that receive technical assistance in proposal development from the Fund Management Team and which are subsequently approved by the Fund Management Committee</td>
<td>0</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>&gt;&gt; Wider enabling environment supports private sector investment procedures</td>
<td></td>
</tr>
<tr>
<td>Source</td>
<td>Fund management Team quarterly and annual reports</td>
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<table>
<thead>
<tr>
<th>IMPACT WEIGHTING</th>
<th>Output indicator 3.4</th>
<th>Baseline (June 2012)</th>
<th>Milestone 1 (June 2013)</th>
<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>Number of financial instruments targeting the private sector developed and piloted by the FMT</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td></td>
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</tr>
<tr>
<td>Source</td>
<td>Fund management Team quarterly and annual reports</td>
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<th>Other (£)</th>
<th>Total (£)</th>
<th>DFID share (%)</th>
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<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of active projects collecting data of sufficient quality and timeliness to satisfy the FONERWA monitoring and evaluation system</td>
<td>0</td>
<td>90</td>
<td>100</td>
<td>100</td>
<td>&gt;&gt; Sufficient M&amp;E capacity and expertise is available</td>
<td></td>
</tr>
<tr>
<td>Source</td>
<td>FMT quarterly and annual reports</td>
<td></td>
<td></td>
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<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>% project documents affecting households that demonstrate transparent community participation and gender equality in (a) proposal development (b) implementation</td>
<td>(a) 0</td>
<td>(b) 0</td>
<td>(a) 90</td>
<td>(b) 80</td>
<td>(a) 95</td>
<td>(b) 85</td>
</tr>
<tr>
<td>Source</td>
<td>FMT quarterly and annual reports (aggregating project level data)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<table>
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<th>IMPACT WEIGHTING</th>
<th>Output indicator 4.3</th>
<th>Baseline (June 2012)</th>
<th>Milestone 1 (June 2013)</th>
<th>Milestone 2 (June 2014)</th>
<th>Target (October 2014)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>Percentage of projects whose emerging lessons (both positive and negative) have been collated and disseminated by the FMT</td>
<td>0</td>
<td>0</td>
<td>80</td>
<td>80</td>
<td>&gt;&gt; Sufficient capacity exists to respond to lessons learnt</td>
</tr>
<tr>
<td>Source</td>
<td>FMT quarterly and annual reports</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>INPUTS (£)</th>
<th>Source</th>
<th>DFID (£)</th>
<th>Govt (£)</th>
<th>Other (£)</th>
<th>Total (£)</th>
<th>DFID share (%)</th>
</tr>
</thead>
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<tr>
<td>DFID (£)</td>
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<th>INPUTS (HR)</th>
<th>Source</th>
<th>DFID (FTEs)</th>
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</thead>
<tbody>
<tr>
<td>DFID (FTEs)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Legend
- Objectives / expenditure
- Indicators of achievement
- Monitoring targets
- Risk/Assumptions
- Not Required
Section 4 - Procurement and Financial Management Procedure

Acronyms

1 – Procurement Procedures
   1.1 – Introduction
   1.2 – Procurement arrangements
   1.3 – Tendering process
   1.4 – Methods for procurement of goods and works
   1.5 – Methods for selection and employment of consultants
   1.6 – Procurement process
   1.7 – Bidding process (goods and works)
   1.8 – Contract Execution
   1.9 – Basic principles on procurement
   1.10 – Payment for procurement

2 – Financial management & accounting
   2.1 – Introduction
   2.2 – Contributions
   2.3 – Expenditure
   2.4 – Records to be kept
   2.5 – Balance sheet
   2.6 – Details of accounting arrangements
   2.7 – Auditing arrangements
   2.8 – Implementation of the system
ACRONYMS

BNR
National Bank of Rwanda

CQS
Consultants’ Qualifications Selection

DP
Development Partner

EoI
Expression of Interest

ET
Evaluation Team

FBS
Fixed-Budget Selection

FONERWA
Government of Rwanda Climate and Environment Fund

FMC
Fund Managing Committee

FMS
Financial Management Specialist

GoR
Government of Rwanda

GPN
General Procurement Notice

ICB
International Competitive Bidding

IFMS
Integrated Financial Management System

IPSAS
International Public Sector Accounting Standards

ITC
Internal Tender Committee

LCS
Least Cost Selection

LIB
Limited International Bidding

LOI
Letter of Invitation

MINECOFIN
Ministry of Finance and Economic Planning

MINIRENA
Ministry of Environment and Natural Resources

MoU
Memorandum of Understanding

NCB
National Competitive Bidding

NS
National Shopping

NSDS
National Strategy for the Development of Statistics

OAG
Office of the Auditor General

PS
Personal Secretary

PV
Payment Voucher

QBS
Quality-Based Selection

QCBS
Quality-and Cost-Based Selection

RFP
Request for Proposals

RFQ
Request for Quotations

RPPA
Rwanda Public Procurement Authority

RWF
Rwanda Franc

SRFP
Standard Request for Proposals

SBD
Standard Bidding Document

SPN
Special Procurement Notice

SSS
Single-Source Selection

ToR
Terms of Reference
1.1 INTRODUCTION

The aim of this section is to provide clear guidance on the procurement of goods and services using FONERWA funds. Although FONERWA will not be procuring goods and services on behalf of funding recipients, this guidance applies to FONERWA internal procurement as well as procurement activities from beneficiary institutions with funding from FONERWA. The arrangements should:

- Promote competition, economy and efficiency in procurement of goods and services described in FONERWA’s annual plans;
- Ensure procurement is conducted in a fair, transparent and non-discriminatory manner; and
- Contribute towards the creation of a sound business climate.

This section is based on best practice in other basket funds in operation in Rwanda. It has been prepared in conjunction with the Government of Rwanda (GoR)’s national procurement law. It aims to serve both as a reference document and a training guide for FONERWA and its beneficiary institutions. This guidance will be used to ensure standardisation and compliance with national procurement procedures. The provisions of this manual fall under the responsibility of FONERWA Secretariat.

1.2 PROCUREMENT ARRANGEMENTS

Procurement operations under FONERWA shall be governed by the Government of Rwanda Public Procurement Law and Regulations.

Government of Rwanda Regulations

- Currently, the Procurement legal and regulatory framework is governed by the following:
  - Law No 12/2007 of 27/03/2007 on Public Procurement;
  - Ministerial Order establishing regulations on public procurement and standard bidding documents (No 001/08/10 Min of 15 Jan 2008);
  - Law N° 63/2007 of 30/12/2007 establishing and determining the organisation, functioning and responsibilities of Rwanda Public Procurement Authority;
  - Administrative Instructions issued by the Rwanda Public Procurement Authority from time to time.
  - Guidelines for Procurement under IBRD Loans and IDA Credits” May 2004, Revised October 2006, for application in the procuring of Goods, works, and non-consulting services.

Goods and services expected to be procured, both for operation of FONERWA and through its grant disbursements include office furniture and fitting for the FONERWA Secretariat, various consultancy services, meeting facilities, travel and transport facilitation services (e.g. air tickets and vehicle hire) etc. A comprehensive definition of ‘goods’, ‘consulting services’ and ‘works’ to be procured is provided in Box 1.

FONERWA FMT must prepare a three-year work plan drawing from the mission of FONERWA. This has to be in consistent with the GoR’s Medium Term Expenditure Framework (MTEF) principles and will be transformed into an integrated work plan (IWP). It will include priority Activities of the FONERWA Fund. The IWP will provide the basis for FONERWA tendering, accounting and financial management procedures.

1.3 TENDERING PROCESS

Procurement Regulations set the threshold for procuring without tendering purchases whose value does not exceed one hundred thousand Rwanda francs (RWF 100,000). The Public Procurement User Guide of November 2010 provides step-by-step guidance for procurement of goods, services and works using the Open Competitive Bidding, which is the main method of procurement. In the following paragraphs, we introduce one-stage tendering and two-stage tendering processes, and highlight the tendering provisions in each instance.
One-stage Tendering

One-stage tendering is tendering whereby bidders are requested to submit their bids, including their offer or proposal, and the bid price in response to the bidding documents. The tendering provisions referred to in the remainder of this document are applicable to one stage tendering unless specified to be that of two stage tendering.

Two-stage Tendering

Two-stage tendering is applicable where the bidding document requests bidders to submit:

**In the first stage**, initial bids containing their proposals without a bid price. The bidding document may request for:

- Bids relating to the technical, quality or other characteristics of the goods, as well as to contractual terms and conditions of supply;
- Where relevant, the professional and technical competence and qualifications of the bidders;
- Bids that are substantially responsive will be retained by the Procuring Entity in order for it to make adjustments on the bidding document.

**In the second stage**, the Procuring Entity shall issue a new bidding document with single set of specifications, to all bidders whose bids were retained after the first stage evaluation. In formulating specifications, the Procuring Entity may modify any aspect, originally set forth in the bidding document. Any such modification or addition shall be communicated to bidders in the invitation to submit final bids.

A Bidder not wishing to submit a final tender may withdraw from the tendering proceedings without forfeiting any bid security that they may have been required to provide. The final bids shall be evaluated and compared in order to ascertain the successful bidder.

For example two-stage bidding is normally associated with the procurement of more complex information systems. Putting together the teams made up of staff from many departments or divisions, and preparing the implementation plan, tend to be considerably more involved. The team will have to resolve more challenging technical problems. These may include specifying acceptance tests that are based on more complex operational functions or specifying the required procedures that the supplier must follow in conducting trial implementations and performing subsequent system refinements.

The advantages of the two-stage process include:

- The ability of the Procuring Entity, during the first stage, to interact extensively on technical matters with bidders than is permissible in a one-stage process. In this way, it can learn from the market and adapt its requirements.

- The opportunity to state its requirements in more general functional terms in the first stage of the two-stage process. After receiving the bids and evaluating them, the Procuring Entity can come up with more precise specifications in the second stage and bidders will be required to offer a bid price.

Conditions for use of two-stage tendering

The Procuring Entity may engage in procurement by means of two-stage tendering when:

- It is not feasible for the Procuring Entity to formulate detailed specifications for the goods or works in order to obtain the most satisfactory solution to its procurement needs.
- Tendering proceedings have been engaged in but no tenders were submitted or all tenders were rejected by the tender committee and when, in the judgment of the tender committee, engaging in new tendering proceedings would be unlikely to result in a procurement contract.
BOX 1 Definitions

By definition, procurement is the process by which an entity acquires goods, works and related services, and consulting services required in the execution of its mandate.

“Goods” means objects of every kind and description including raw materials, products, equipment and objects in solid, liquid or gaseous form, and electricity, as well as services incidental to the supply of the goods if the value of those related services does not exceed that of the goods themselves.

“Works” means all work associated with the construction, reconstruction, demolition, repair or renovation of a building, structure or works, such as site preparation, excavation, erection, building, installation of equipment or materials, decoration and finishing, as well as services incidental to works such as drilling, mapping, satellite photography, seismic investigations and similar services provided pursuant to the procurement contract, if the value of those related services does not exceed that of the works itself.

“Related Services” is used to denote services such as transportation, insurance, installation and commissioning, training and initial maintenance, etc. which are included in the goods and works being procured.

“Consulting Services” is used to denote a category of professional skills required in the execution of assignments with non-physical output, such as studies, designs, etc. undertaken by individuals, consulting firms and other specialists whose services are solicited by invitation, instead of competitive bidding.


1.4 METHODS FOR PROCUREMENT OF GOODS AND WORKS

1.4.1. Open Competitive Bidding
FONERWA shall apply open competitive bidding to supplies, works, goods and non consulting services. Foreign bidders are allowed to participate.

1.4.2. International Competitive Bidding (ICB)
If the participation of foreign bidders is vital for an effective competitive process, the following provisions shall apply:

>> The invitation to tender and the bidding documents will have to be in English.
>> The Procuring Entity shall advertise the invitation to tender in at least one international newspaper with the most widespread circulation or with any other means of communication.
>> The period of time between the advertisement and the deadline for submitting tenders must be between forty five (45) and ninety (90) calendar days subject to the interest and importance of the tender.
>> The technical requirements must, to the extent compatible with requirements under Rwandese law, be based on international standards or standards widely used in international trade.
>> A person submitting a tender may, in quoting prices or providing security, use a currency that is widely used in international trade and that the tender documents specifically allow to be used; and any general and specific conditions to which the contract will be subject must be of a kind generally used in international trade.
>> The threshold for the use of ICB are as follows:
   >> Goods estimated to cost the equivalent of RWF 1.2 billion or more
   >> Goods estimated to cost the equivalent of RWF 600 million or more
   >> Services estimated to cost the equivalent of RWF 100 million or more

Tenders that require (ICB) should obtain approval from Steering Committee of National Partners Group of FONERWA.
1.4.3. National Competitive Bidding

National competitive bidding may be used below the thresholds for ICB (refer to 1.4.2 above) for the procurement of goods or works which by their nature or scope, are unlikely to attract foreign competition due to:

a. Contract values being small;
b. Works are scattered geographically or spread over time; c. Works are labour intensive; or
d. The goods or works are available locally at prices below the international market;

If foreign bidders wish to participate under these circumstances, they shall be allowed to do so.

Advertising is carried out in local newspapers of wide circulation, and posted on dgMarket (www.market.gov.rw) and FONERWA website.

1.4.4. National Shopping

This is a procurement method based on comparing only price quotations obtained from several contractors. The method is used when Services, Goods or Works meet the following criteria:

- They are readily available in the local market;
- They meet standard specifications;
- They have low contract value;
- Their procurement is straightforward.

The Procuring Entity shall request quotations from as many suppliers or contractors as practicable, but not less than three. Each supplier or contractor from whom a quotation is requested shall be informed whether any elements other than the charges for the goods or services themselves, such as any applicable transportation and insurance charges, customs duties and taxes, are to be included in the price.

Request for quotations shall indicate the description and quantity of goods as well as the desired delivery time and place.

The procurement contract shall be awarded to the supplier or contractor that gave the lowest price quotation meeting the needs of the Procuring Entity.

BOX 2 Conditions for use of National Shopping / Request For Quotations

1. The Procuring Entity may engage in procurement by means of a request for quotations (RFQ) for the procurement of goods or works estimated to cost less than RWF 1 million under national procurement procedures.
2. At least 3 quotations must be compared.
3. A minimum of 3 working days in which to respond after receiving the RFQs must be allowed.
4. The procurement entity must indicate description and quantity of goods required or technical specifications and drawings for works.
5. The Procuring Entity shall not divide its procurement into separate contracts for the purpose of invoking this procurement method (split tender).
6. This method may not be used more than once in three (3) months for the same item.

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dgMarket is the largest international portal for tenders and procurement opportunities from governments and international organisations.
1.4.5. Restricted Tendering
This method is open to only bidders appearing on the invitation to bid. A Procuring Entity may use restricted tendering for procurement, if either:

- The goods or construction by reason of their highly complex or specialised nature, or otherwise are available only from a limited number of suppliers or contractors;
- The time and cost required to examine and evaluate a large number of bids would be disproportionate to the value of the goods, construction or services to be procured in accordance with the threshold set in the procurement regulations;
- The threshold is RWF 5 million or below under national procurement procedures.

**BOX 3 Restricted Tendering Procedures**

The following procedures in relation to restricted tendering shall apply:

1. The Procuring Entity shall, instead of advertising the invitation to tender, give it to at least three (3) to six (6) bidders selected in a fair and non-discriminatory manner from a list of pre-qualified bidders; any person may apply for inclusion on the pre-qualified list.
2. An invitation to apply for inclusion on the pre-qualified list shall be advertised, at least annually, in at least one newspaper of the largest nationwide circulation, and on the Procuring Entity’s website.
3. When bidders based in foreign countries are short listed, only two bidders in the same country should be contacted.
4. For bids preparation, the Procuring Entity must allow 21 calendar days for an international restricted tender and 14 calendar days in case of a national restricted tender.

1.4.6. Single Source
The Procuring Entity may procure the goods or works and services by soliciting a price Quotation from a single qualified bidder. This is provided for in article 55 and 56 of the Public Procurement Law of 27 March 2007.

Single source procurement shall not be justified on the grounds that only one bidder has the capacity or the exclusive right to manufacture or deliver goods, works or services if functionally equivalent goods, works or services from other bidders would meet the needs of the Procuring Entity.

**BOX 4 The Procuring Entity, may engage in single-source procurement when:**

1. The total cost does not exceed the total amount which is determined by the ministerial order quoted above.
2. Additional works cannot be technically separated from initial tender. In this case, the value of additional works shall not exceed 15% of the initial tender value under World Bank procedures and 20% of the initial tender value under national procurement procedures. The additional works shall be subject to additional contract.
3. There is a case of force majeure. The circumstances giving rise to the urgency should neither be foreseeable by the Procuring Entity nor result from dilatory conduct on its part. The procurement shall only be in respect of those goods, works or services that are necessary to cater for the emergency.
4. Procurement related to items that are available only from a monopolist.

1.4.7. Direct contracting or contract award without tendering procedures
The Procuring Entity may award a contract without tendering procedures in accordance with article 18 of the ministerial order no. 001/08/10/Min of 15 January 2008.

This method is used for goods, works, and services whose contract value is less than **RWF 100,000**. Negotiations may be carried out and the resulting contract must be in writing.
1. Procurement Procedures

1.5 METHODS FOR SELECTION AND EMPLOYMENT OF CONSULTANTS

“Consulting services” refers to services of a professional nature provided by consultants using their skills to study, design, organise and manage projects; advise the Procuring Entity; and, when required, build their capacity. Please refer to Box 1 above for a definition.

The selection of appropriately qualified consultants involves many steps. In brief the Procuring Entity needs to undertake the following activities:

- Prepare terms of reference for the assignment;
- Prepare cost estimates for the assignment;
- Prepare the request for expression of interest (EOI) or advertisement;
- Evaluate expressions of interest (short listing);
- Prepare Request for Proposal (RFP) document;
- Issue RFP to the shortlist and receive proposals;
- Evaluate Technical and Financial Proposals;
- Negotiate and award a contract to the successful consultant.

Depending on the nature of the assignment, the selection of consultants will be carried out using the following methods:

- Quality-and Cost-Based Selection (QCBS) for assignments where quality and cost need to be taken into consideration;
- Quality-Based Selection (QBS) for highly specialized assignments;
- Least Cost Selection (LCS) for technical and financial audits and the engineering designs of non-complex works;
- Consultants’ Qualifications Selection (CQS) for technical studies and training;
- Fixed-Budget Selection (FBS);
- Selection of Individual Consultants; and
- Single-Source Selection (SSS) when its use is called for and No-Objection is given on exceptional basis

Below, we provide an overview of the thresholds for the procurement of consultants (Table 1), and highlight steps to be undertaken in using the above mentioned selection methods.
Overview of Thresholds for Procurement of Consultancy Services

Table 1: Procurement of Consultancy Services

<table>
<thead>
<tr>
<th>SELECTION METHOD</th>
<th>WHEN TO BE USED</th>
<th>CONDITIONS TO BE FULFILLED</th>
<th>THRESHOLD FOR SELECTION METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCBS</td>
<td>Quality and cost-based selection (QCBS) shall be the method of default. It is used when both the quality and cost need to be taken into account</td>
<td>&gt;&gt; Preparation of the TOR&lt;br&gt;&gt; Preparation of estimated budget&lt;br&gt;&gt; Advertising (minimum 14 days)&lt;br&gt;&gt; Preparation of the short list of consultants&lt;br&gt;&gt; Preparation and issuance of the RFP&lt;br&gt;&gt; Receipt of proposals and evaluation of technical proposals: consideration of quality&lt;br&gt;&gt; Public opening and evaluation of financial proposal&lt;br&gt;&gt; Final evaluation of quality and cost&lt;br&gt;&gt; Negotiations and award of the contract to the selected bidder.</td>
<td>Consultancy services whose contract value exceeds US$100,000 for firms</td>
</tr>
<tr>
<td>QBS</td>
<td>&gt;&gt; For complex or highly specialised assignments where precision of ToR is difficult&lt;br&gt;&gt; Where the Procuring Entity expects consultants to demonstrate innovation in their proposals&lt;br&gt;&gt; Assignments that can be carried out in substantially different ways, such that proposals will not be comparable.</td>
<td>Same as QCBS except that only financial proposal of highest ranked technical proposal is opened before contract negotiations and award</td>
<td>Same as in QCBS</td>
</tr>
<tr>
<td>LCS</td>
<td>Assignments of a standard or routine nature where well established practices exist e.g. audits, recruitment</td>
<td>Same as QCBS except that all proposals above the minimum qualifying mark compete only on cost</td>
<td>Method used only for consultancies whose contract value is less than US$75,000</td>
</tr>
<tr>
<td>FBS</td>
<td>&gt;&gt; When assignment is simple and can be precisely defined&lt;br&gt;&gt; When budget is fixed</td>
<td>Same as QCBS except that proposals that exceed the indicated budget shall be rejected.</td>
<td>Method used only for consultancies whose contract value is less than US$100,000</td>
</tr>
</tbody>
</table>
## 1 Procurement Procedures

<table>
<thead>
<tr>
<th>CQS</th>
<th>For small assignments for which the need for preparing and evaluating competitive proposals is not justified.</th>
<th>Prepare ToR, request for Expressions of Interest (EoI), select firm with the most appropriate qualifications and experience.</th>
<th>Method used only for consultancies whose contract value is less than US$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSS</td>
<td>For tasks that represent a natural continuation of previous work carried out by the Consultant, if the initial assignment was awarded on a competitive basis</td>
<td>The Procuring Entity shall ask the consultant to prepare technical and financial proposal on the basis of ToR furnished, which shall then be negotiated.</td>
<td>No threshold imposed</td>
</tr>
<tr>
<td></td>
<td>In emergency (force majeure) cases, such as in response to a disaster and for consulting services required during the period of time immediately following the emergency</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When only one consultant is qualified or has experience of exceptional worth for the assignment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INDIVIDUAL CONSULTANT</td>
<td>When teams of personnel are not required</td>
<td>Selection is based on qualifications for the assignment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No additional outside professional support is required</td>
<td>Compare qualifications of at least 3 candidates among those who expressed interest in the assignment or who were directly approached by the Procuring Entity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Experience and qualifications of the individual are the paramount requirement</td>
<td>Advertisement is not required (however, the Procuring Entity may consider the advantage of advertising as a best option)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consultants do not need to submit proposals.</td>
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</tbody>
</table>
1.5.1. Quality and Cost Based Selection (QCBS) Method

The Quality and Cost-Based Selection (QCBS) procurement method is a competitive process among shortlisted firms that considers both the quality of the proposal and cost of the services in the selection of the successful firm. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.

Table 2: Steps for Quality & Cost Based Selection (QCBS)

<table>
<thead>
<tr>
<th>Step No</th>
<th>Recruiting a Consultant using QCBS</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Prepare Terms of Reference (TOR) for the assignment and seek No-Objection. This is in response to the need to clear all TORs.</td>
<td>The TOR shall be prepared by knowledgeable people (experts). It shall provide relevant background information; define clearly the objectives, goals, and scope of the assignment and the tasks to be undertaken, reporting time schedules, staff requirements and data &amp; facilities to be provided by the Procuring Entity.</td>
</tr>
<tr>
<td>2</td>
<td>Prepare Cost Estimate &amp; Budget (The cost estimate shall be based on the assessment of the resources needed to carry out the assignment: staff time, logistical support, and physical inputs).</td>
<td>Costs shall be divided into two broad categories: (a) fee or remuneration, depending on type of contract used, and (b) reimbursables, and further divided into foreign and local costs. The preparation of a cost estimate is essential for realistic budgetary resources to be allocated.</td>
</tr>
<tr>
<td>3</td>
<td>Advertise for Expression of Interest (EOI)</td>
<td>The advert is required to be widely circulated. It should give details such as assignment description, duration, type of consultant required, consultant qualification and experience required, source of funding, selection method and procedures and deadline for submission of EOI. For International and Local Consultants it is required that the advert is placed in National Newspapers with wide circulation, on the Procuring Entity’s website (where available) and in dgMarket (<a href="http://www.market.gov.rw">www.market.gov.rw</a>).</td>
</tr>
<tr>
<td>4</td>
<td>Receive Consultants’ EOI on the due date (by hand delivery, express courier or email)</td>
<td>Timing should allow for effective preparation and submission of dossiers(EOI) depending on its complexity. In any event, it shall not be less than 14 days from date of posting on newspapers (or dgMarket) shall be provided for responses, before preparation of the short list.</td>
</tr>
</tbody>
</table>
5 Review and Evaluate the EOIs, Award merit points.

A team evaluates the EOIs in accordance with information requested in the advert and related to:

a) core business and years in business,
b) qualifications in the field of the assignment,
c) technical and managerial organization of the firm and
d) general qualifications and number of permanent staff.

6 Select the Consultants who met minimum set requirements or minimum qualifying score and rank them.

His is the list of qualified consultants from which you select the shortlist of 6 consultants from which you can request proposals.

A minimum qualifying score (50 to 60%) should be agreed upon.

The short list shall comprise six firms with a wide geographic spread; with no more than two firms from any one country and at least one firm from a developing country, unless qualified firms from developing countries are not identified.

The short lists may comprise a smaller number of firms (not less than 3) when only a few qualified firms have expressed interest for the specific assignment or when the size of the contract does not justify wider competition.

The short list should preferably comprise consultants of the same category, similar capacity, similar experience and business objectives acting in the same field of expertise.

If profit making and non-profit making organisations are mixed in a shortlist, the selection method should be: Quality-Based Selection (QBS) or Consultants’ Qualifications Selection (CQS) (for small assignments).

The short list shall not include Individual Consultants.

Reference checks may be carried out on the shortlisted consultants.

7 The tender committee’s EOI evaluation report should include expert advice received if any.

If the tender committee has engaged a consultant (expert) to provide advice, then any report produced by the expert should become part of the evaluation report.

8 Prepare an appropriate RFP in accordance with the Standard Request for Proposals-SRFP (if required to)

The contents of the Request for Proposals (RFP) are: (i) Letter of Invitation (LOI) should contain at least the 3-6 short-listed names, (ii) Information to Consultants (which would include the Evaluation Criteria, Conditions of Contract, Forms, etc.), (iii) Terms of Reference, (iv) Sample Contract.

The RFP will indicate the deadline for submitting the proposals as not less than 30 days after receipt of the RFP.

9 The RFP is to be issued to the shortlisted consultants.

The Procuring Entity shall allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the assignment and shall not be less than four weeks or 30 days after the receipt of the RFP.

The short-list of Consultants will bid or compete for the particular assignment. (In certain instances, e.g. for lack of adequate response, at least the listing of 3 consultants may be permitted).

10 Notify the short-listed consultants of the issuance of the RFP by courier, e-mail, etc.

If, for some reason, some decline to submit proposals, the shortlist can be refreshed and date of submission extended, if necessary.
| 11 | Arrange to receive the Technical and Financial Proposals on the appointed day and time for evaluation to commence. | Proposals shall be by hand delivered or express courier only. Electronic submissions shall be disqualified. The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluation Team (ET) would comprise of three or more specialists in the sector drawn from the relevant departments (technical, finance, legal, as appropriate). (To safeguard the integrity of the process, the technical and financial proposals are submitted in separate sealed envelopes.) |
| 12 | The technical envelopes shall be opened as soon as possible by the ET after the closing time for submission of proposals. (This QCBS method also applies to (i) Fixed Budget Selection (FBS), and (ii) Least Cost Selection (LCS) methods.) | Each technical proposal shall be evaluated on the basis of its responsiveness to the TOR. A proposal shall be rejected at this stage if does not respond to important aspects of the TOR or it fails to achieve the minimum technical score specified in the RFP. The ET will evaluate the responsive Technical proposals and award the deserving points, in accordance with the Evaluation Criteria. The relative strengths and weaknesses of each proposal shall be picked to be included in the Evaluation Report. The respective points from the ET members are then consolidated as average marks. |
| 13 | The Procuring Entity shall inform the Consultants who have submitted proposals, the technical points assigned to each Consultant. | The consultants who did not meet the minimum criteria will be identified and their financial proposals will not be opened. The Procuring Entity shall also notify those Consultants whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the RFP and TOR that their financial proposals will be returned unopened after the signature of the contract. |
| 14 | Under the QCBS (also FBS, and LCS methods), the Procuring Entity shall promptly notify the consultants who met the minimum marks the date, time and place for the public opening of their Financial proposals. | The timing for the opening of the financial proposals shall be at least 3 working days for national tenders and international tenders when all bidders are represented in Rwanda and at least 6 working days for international tenders when some bidders are not represented in Rwanda. |
| 15 | Open the Financial proposals, in the presence of the consultant’s representatives who choose to attend. The names of the consultants, the technical points, and the proposed prices shall be read aloud (and posted online when electronic submission of proposals is used) and recorded when the financial proposals are opened. | The Procuring Entity will keep a register of the representatives and prepare the minutes of the public opening. |
| 16 | The Procuring Entity shall then review the financial proposals. If there are any arithmetical errors, they shall be corrected. For the purpose of comparing proposals, the costs shall be converted to a single currency selected by the Procuring Entity (local currency or fully convertible foreign currency) as stated in the RFP. The Procuring Entity shall make this conversion by using the selling (exchange) rates for those currencies quoted by an official source stated in the RFP e.g. (BNR). |
| 17 | For QCBS the bidder who submitted the least financial proposals is assigned 100 points. The points awarded to the competitors are the inversely proportional to their prices. |
| 18 | **Under QCBS**, the highest ranked firm, in terms of the combined weight scores becomes the successful bidder, and is invited to negotiate a contract. |

This includes checking computational errors and adding to the initial price all items of the Technical proposals, whose cost was omitted in the financial proposals.

The RFP shall specify the source of the exchange rate to be used and the date of that exchange rate, provided that the date shall not be earlier than *four weeks prior to the deadline for submission of proposals*, nor later than the original date of expiration of the period of validity of the proposal.
1.5.2. Least Cost Selection (LCS) Method

This method is only appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist. Under this method, a “minimum” qualifying mark for the “quality” is established. The minimum qualifying mark, not less than 70%, shall be stated in the RFP. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public.

Table 3: Steps for Least Cost Based Selection (LCS)

<table>
<thead>
<tr>
<th>Step No</th>
<th>Recruiting a Consultant using LCS</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-16</td>
<td>Steps 1 through 16 of the LCS methods is the same as steps 1 through 16 of the QCBS method above.</td>
<td>Remarks on steps 1 through 16 of the LCS method is the same as steps 1 through 16 of the QCBS methods above.</td>
</tr>
<tr>
<td>17</td>
<td>Under the LCS method. The consultant who offer the least cost is selected as the successful bidder (from among the consultants who met the minimum cut-off mark assigned to the technical proposals), and invited him to negotiate the contract.</td>
<td>It must be borne in mind that under LCS, all proposals that met the minimum mark compete only on “cost” afterwards. The setting of the minimum mark for the technical proposals, which shall be stated in the RFP (Not less than 70%), is therefore crucial to getting quality proposals.</td>
</tr>
</tbody>
</table>

2 This method shall not be used as a substitute for QCBS and shall be used only for the specific cases of every standard and routine technical nature where the intellectual component is minor. For this method the minimum qualifying mark shall be 70% or higher.
1.5.3. Consultant’s Qualifications Selection- (CQS) Method

This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Procuring Entity shall prepare the TOR, request expressions of interest and information on the consultants’ experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

Table 4: Steps for Consultants’ Qualification Selection - (CQS) Method

<table>
<thead>
<tr>
<th>Step No</th>
<th>Recruiting a Consultant using CQS</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4</td>
<td>Steps 1 through 4 of the CQS methods are the same as steps 1 through 4 of the QCBS method above.</td>
<td>Remarks on steps 1 through 4 of the CQS method are the same as steps 1 through 4 of the QCBS methods above.</td>
</tr>
<tr>
<td>5</td>
<td>Review and Evaluate the EOIs, Award points and Rank them.</td>
<td>The committee evaluates the EOIs in accordance with evaluation criteria derived from the request for expression of interest. A minimum qualifying score should be agreed upon.</td>
</tr>
<tr>
<td>6</td>
<td>Select the Consultant who attains the highest score from the ones who meet minimum qualifying score.</td>
<td>From the list of evaluated consultants, which are ranked, select the qualified consultants. Reference checks should be carried out on the selected consultant.</td>
</tr>
<tr>
<td>7</td>
<td>Prepare an appropriate RFP in accordance with the Standard Request for Proposals (SRFP) and issue to the selected consultant. Some simple assignments may not require a technical proposal.</td>
<td>The contents of the Request for Proposals (RFP) are: (i) Letter of Invitation (LOI), (ii) Information to Consultants (which would include the Evaluation Criteria, Conditions of Contract, Forms etc.), (iii) Terms of Reference, (iv) Sample Contract. The deadline for submission of Financial Proposals only can be as short as one week.</td>
</tr>
<tr>
<td>8</td>
<td>Receive the technical and financial proposals. The tender committee will undertake the technical proposal evaluation.</td>
<td>The technical proposal shall be evaluated on the basis of its responsiveness to the TOR. The proposal shall be rejected at this stage if it does not respond to important aspects of the TOR or it fails to achieve the minimum technical score specified in the RFP. If the proposal is rejected, then an RFP will be issued to the consultant with the second highest score.</td>
</tr>
<tr>
<td>9</td>
<td>If technical proposal achieves more than the minimum qualifying score, then the financial proposal will be opened and reviewed.</td>
<td>This includes checking computational errors and adding to the initial prices of all items of the Technical proposals, whose cost was omitted in the financial proposals.</td>
</tr>
<tr>
<td>10</td>
<td>Procuring Entity shall invite the consultant for contract negotiations. During contract negotiations the entity and the consultant will discuss technical proposal issues, financial proposal issues and the contract.</td>
<td>Technical issues may include TOR comments, methodology, availability of staff, work plan etc. Financial issues may include remuneration, reimbursable, taxation, advance payment etc. Contract issues may include payment terms, commencement etc.</td>
</tr>
</tbody>
</table>
1.5.4. Fixed Budget Selection (FBS) Method
This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. The TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks.

Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the price proposals shall be opened in public and prices shall be read out aloud. Proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.

### Table 5: Steps for Fixed Budget Selection (FBS)

<table>
<thead>
<tr>
<th>Step No</th>
<th>Recruiting a Consultant using FBS</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-16</td>
<td>Steps 1 through 16 of the FBS method are the same as steps 1 through 16 of the QCBS and LCS methods above.</td>
<td>Remarks on steps 1 through 16 of the FBS method are the same as steps 1 through 16 of the QCBS and LCS methods above</td>
</tr>
<tr>
<td>17</td>
<td>In the FBS method, identify all the financial proposals outside the fixed budget; they will all be rejected. Then, from among the consultants whose financial proposals were within budget, select as the successful bidder, the one who offered the best, i.e. the highest ranked technical proposal, and invite the party to negotiate a contract.</td>
<td>In the FBS, the proposals at the set (fixed) level, and within the fixed budget, are accepted. Among these, select the bidder with the best technical proposal.</td>
</tr>
</tbody>
</table>

1.5.5. Individual Consultants Selection Method

> Individual consultants are recruited on assignments for which:
> - Teams of personnel are not required,
> - No additional outside (home office) professional support is required, and
> - The experience and qualifications of the individual are the paramount.

> These consultants are selected on the basis of their qualifications for the assignment. Advertisement is not required; however, in some cases the Procuring Entity may consider the advantage of advertising as an option. These Consultants do not need to submit proposals. The Procuring Entity shall select Consultants through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the Procuring Entity.

> Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications and those selected to be employed by the Procuring Entity shall be the best qualified and shall be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience, and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and government organisation. The selection process continues with negotiations based on the financial proposals and the Draft Contract, and ends with award of contract.

1.5.6. Single Source Selection (SSS) Method

> Single-Source Selection of consultants or firms does not provide the benefits of competition in regard to quality and cost; it lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases. The method may be appropriate only if it presents a clear advantage over competition. The procurement entity may engage in a single-source procurement when:
> - For tasks that represent a natural continuation of previous work carried out by the firm. The value of additional tasks shall not exceed twenty per cent (20%) of the initial tender value. The additional tasks shall be subject to an additional contract;
> - In emergency cases, such as in response to disasters and for consulting services required during the period
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of time immediately following the emergency;
>> For very small assignments not exceeding RWF 100,000; or
>> When only one firm is qualified or has experience of exceptional worth for the assignment.

>> Individual consultants may be selected on a single-source basis with due justification in exceptional cases such as:

>> Tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively;
>> Assignments with total expected duration of less than six months;
>> Emergency situations resulting from natural disasters; and
>> When the individual is the only consultant qualified for the assignment.

Single source procurement should always have a written justification provided by either by the tender committee, the user department or the chief budget manager.

1.6 PROCUREMENT PROCESS

1.6.1. Procurement Planning

Procurement planning involves developing an effective procurement framework that aids the achievement of the objectives of the project. Sufficient procurement planning enables the procuring entities to abide by the various timeframes in the procurement process. Lack of procurement planning is a major source of operational problems leading to a rush of procurement activities towards the end of the budget year driven by the desire of full budget utilisation.

Article 6 of the Rwanda Public Procurement Law, Article 2 and 3 of the Rwanda Procurement Regulations regulate matters related to Procurement Planning and provide detailed information on Procurement Planning.

To ensure value for money, FONERWA-related procurement will be guided by a rolling Procurement Plan for 18 months, to be updated every six months. This plan is to be included as part of the Annual Action Plan, and is subject to approval by the FONERWA Managing Committee (FMC).

Once approved, this will form the basis of all procurement to be carried out. A copy of the procurement plan will need to be submitted to the Rwanda Public Procurement Authority (RPPA) before 31st July of the same year.

Step 1: Procurement Plan Preparation

This sets out the overall procurement timetable, indicating the different procurement activities that need to be carried out and when they should take place. These activities should cover the following:

1. Defining the requirements and ascertaining the context of the tasks to be performed;
2. Determining specifications and details of the project components and ascribing costs to them;
3. Selecting the most appropriate procurement method to use to ensure competition, economy, and efficiency;
4. Determining whether pre-qualification will be relevant so as to decide on the preparation and issuance of pre-qualification documents and its timing;
5. Identifying and adapting the relevant SBDs to be used or the drafting of the appropriate Bidding Documents to be used;
6. Determining when the bidding documents would be ready for issuance to bidders;
7. Determining whether and when pre-bid conference and site visits will be held;
8. Determining whether, where and when public bid opening and evaluation will take place, etc;
9. Setting out the bid evaluation criteria and selecting the process to be used;
10. Establishing the procurement performance indicators and milestones to be used in monitoring and assessing progress and to trigger movement from one phase of the project to another;
11. Identifying the project team to use in managing the process from start to finish;
12. Estimating costs for the procurement processes and their financial plan;
13. Monitoring and evaluating plan for tracking progress and developing lessons to be used in subsequent phases.
The FONERWA Secretariat, upon request from Development Partners (DPs), will provide all relevant documents/information on procurement practices and actions taken, including specifics on and copies of contracts awarded, for their information. The DPs reserve the right to carry out post procurement reviews and procurement audits.

The FONERWA Secretariat will take all necessary steps to make the procurement process transparent and fair. Procurement will be based on the 18-months procurement plan that will be included in the approved Annual Work Plans and Budgets.

Step 2: Issuing Procurement Notices

The procurement plan shall state the dates on which procurement notices for all ICB, NCB and consulting contracts shall be issued, and the media through which these notices shall be given.

Prior to implementing any procurement activity, FONERWA Secretariat must ensure availability of funds totalling at least the estimated value of the procurement. If funds are available, the FONERWA Secretariat must follow the procedures that are described in this document.

Step 3: Design of Contract Packages

1. Determine the appropriate format for procuring identified goods, works and services, and determining the best methods for procuring them.
2. Determine whether single or multiple contracts should be used to procure the items required distinguishing between slices, where individual contracts are involved, and packages, where groups of similar contracts are involved for the purposes of the planned bid process and consequent contract award.
3. Determine the appropriate procurement method to use for procuring the identified item whether ICB, NCB, LIB, IS, NS, or some other procurement methods in conformity with the existing procurement regulatory framework.

1.6.2. Notification and Advertising

For Goods and Works whose value is estimated to cost more than US$ 200,000, a General Procurement Notice (GPN) will be published in the dgMarket, and in a national paper of regular and wide circulation. The GPN will be updated annually in case ICB procurement is not completed in the first year of the project. Specific Procurement Notices (SPNs) will be required for all goods and works contracts to be procured through ICB and NCB. SPNs will be published in local newspapers, regional newspapers and may be distributed to embassies of member countries represented locally for wider circulation.

In accordance with Article 7 of the procurement regulations, any procurement (supplies, works or services) funded by the GoR, if the estimated bid price is above RWF 1 million, the Procuring Entity shall advertise the tender in at least one newspaper of wide circulation, its website (if available) and on FONERWA website (if available).

1.6.3. Pre-qualification Procedure

To identify qualified persons, a Procuring Entity may use a pre-qualification procedure. Pre-qualification proceedings are intended to eliminate at a preliminary stage of the procurement proceedings, bidders that are not the most highly qualified to perform the contract and to enable the Procuring Entity to limit its evaluation of tenders to those submitted by the best qualified bidders.

Pre-qualifications should be utilised in particular in the procurement of complex or high-value goods or construction, or any other circumstances in which the high costs of preparing detailed tenders, proposals could discourage competition, such as custom designed equipment, specialised services, and contracts to be let under turnkey, design and build or management contracting, or for the purpose of establishing short-lists for two stage tendering.

1.6.4. Technical Specifications

The Procuring Entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement proceedings. The Procuring Entity may seek external experts’ assistance in preparing technical specifications when it does not have the expertise.
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BOX 5 The technical requirements shall, where appropriate:

1. Relate to performance rather than to design or descriptive characteristics;
2. Be based on national, regional or international standards;
3. Not refer to a particular trademark, name, patent, design, type, producer or service provider or to a specific origin unless:
   >> There is no other sufficiently precise or intelligible way of describing the requirements; and
   >> The requirements allow equivalents to what is referred to.

1.7 BIDDING PROCESS (GOODS AND WORKS)

1.7.1. Submission and Receipt of Tenders
Submission and receipt of tenders shall comply with the following procedures:

1. A tender must be in writing, it must be signed and it must be sealed in an envelope.
2. A tender (and the envelope it is sealed in) must bear the tender number assigned to the procurement proceedings by the Procuring Entity.
3. A tender must be submitted before the deadline for submitting tenders and any tender received after that deadline shall be returned unopened.
4. The Procuring Entity shall ensure that the place where tenders must be submitted is open and accessible and shall provide an appropriate box for keeping tenders.
5. Local preference not exceeding 10% may be granted to companies registered in Rwanda or to Rwandan nationals and bidders in regional economic integration bodies member states. Such local preference shall be included in the bidding document

1.7.2. Evaluation of Tenders
The process of evaluating tenders shall abide by the following procedures:

1. The Procuring Entity shall evaluate and compare the responsive tenders
2. The evaluation and comparison shall be done using the procedures and criteria set out in the tender documents and no other criteria shall be used.
3. The Tender document/RFP shall indicate the minimum requirements for an offer to be responsive.
4. The following requirements shall apply with respect to the procedures and criteria referred to in subsection (2);
   >> The criteria must, to the extent possible, be objective and quantifiable; and
   >> Criteria other than price must be expressed clearly and applied, in accordance with the procedures, for purposes of determining the lowest evaluated bid.
5. The Procuring Entity shall prepare an evaluation report containing a summary of the evaluation and comparison of tenders.
6. The evaluation commission shall be composed of at least three internal tender committee (ITC) members.
7. Decisions of the evaluation commission shall be taken unanimously.
8. All members of the evaluation commission have to sign the report

1.7.3. Award and Negotiations of the Contract
1. Before the expiry of the period during which tenders must remain valid, the Procuring Entity shall notify the person submitting the successful tender that their tender has been accepted.
2. The notification shall specify the time period within which a written contract must be entered into. This period must be at least fourteen (14) calendar days split between provisional notification (7 days) and definitive

3 The Rwanda procurement regulation stipulates that ITC is appointed by Chief Budget Manager (in this case PS MINERENA). The term of ICT members should not exceed more than one year.
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notification (7 days).

3. At the same time as the person submitting the successful tender is notified, the Procuring Entity shall notify all other persons submitting tenders that their tenders were not successful.

4. Following the notification of award, the Procuring Entity and bidder will then negotiate a final contract. The aim of both the technical and financial negotiation is to reach agreement on all points and sign a contract. Technical negotiations are conducted by discussing and agreeing on the following:
   >> The Consultant’s methodology (Work Plan),
   >> The staffing, and
   >> Suggestions to improve the TOR, which in many cases may be picked from the competing consultants’ comments on the TOR.

5. Financial negotiations would cover the clarification of the firm’s tax liabilities in Rwanda and agree on the manner in which it will be reflected in the contract. The Financial negotiations:
   >> Will neither involve the remuneration rates for staff (no breakdown of fees),
   >> Nor involve other proposed unit rates in the cases of QCBS and FBS.

This would be followed by discussions of the payment provisions, (i.e. amounts to be paid, schedule of payment and payment procedures) and conclude with the review of the draft form of the contract, and the initialling of the agreed contract by FONERWA and the firm.

1.7.4. Contracting and Publication of the Award of Contract

>> The person submitting the successful tender and the Procuring Entity shall enter into a written contract based on the tender documents, the successful tender, any clarifications, and any corrections made during tender evaluation.

>> The written contract shall be entered into within the period specified in the notification, but not until at least seven days have elapsed following the giving of that notification.

>> No contract is formed between the person submitting the successful tender and the Procuring Entity until the written contract is entered into, unless if specified in the bidding documents.

1.7.5. Contract Management

FONERWA’s General Services Unit is responsible for contract execution and monitoring. However, if it lacks the expertise of undertaking this responsibility, it can enlist the services of experts to ensure successful contract implementation. Other members of FONERWA Secretariat will provide support in managing or monitoring the execution of the contracts based on their expertise and detailed knowledge of their respective areas of responsibility.

Support from MINIRENA’S Legal Adviser may be sought in cases where service providers fail to deliver as per contractual provisions.

1.7.6. Post Review

Post review refers to a process of auditing the procurement proceedings for procurement already completed to determine whether Contract award is consistent with existing procurement regulatory framework. It usually involves auditing or reviewing sample contacts for compliance.

This is an internal audit function. It will be carried out every six months. During such exercises, a selective post review of contracts awarded below the prevailing thresholds will apply to at least one in seven contracts. For capacity building purposes, it is envisaged that FONERWA will conduct the first few post review exercises with relevant staff from beneficiary institutions shadowing. It is anticipated that, by the end of the first 2 years, adequate capacity will have been built for the beneficiary institutions to conduct such reviews through their internal audit functions (where they exist), with FONERWA’s direct oversight. This will be done through sharing internal audit reports of beneficiary institutions with FONERWA. FONERWA may outsource this exercise, subject
1.7.7. Standard Bidding Documents and Reports
The following standard bidding documents (SBDs) must be used and recorded throughout the procurement process:

- Standard Request For Proposals Selection Of Consultants For Complex Assignments,
- Standard Bidding Document for Goods and Related Services,
- Standard request for proposals- selection of consultants for small services,
- Standard bidding documents for smaller Works,
- Standard bidding documents for Large Works,
- Bids opening Minute,
- Bids evaluation Report for works and goods,
- Bids evaluation Report for Consultancies.

These documents are available at www.rppa.gov.rw/en/docs/SBD_Goods.doc

1.7.8. Modification to Bidding Documents
The Procuring Entity may amend the bidding documents at any time before the deadline for submitting tenders by issuing an addendum. Such an addendum may be made on the Procuring Entity’s own initiative or in response to the bidders’ concerns. The addendum shall be deemed to be part of the tender documents.

1.8 CONTRACT EXECUTION

1.8.1. Contents of procurement contract
In order to alleviate risks and fears on both contracting parties, the contract shall include the following details which shall be appended to the bidding documents:

- Identification of parties to the contract
- The subject matter
- The provision of the Law under which the tender was awarded
- Contract documents depending on their priority
- Price and pricing method
- Delivery or completion period and penalties for delays, if any
- Contract progress monitoring mechanism
- Condition for partial or total acceptance of supplies, works or services
- Payment modalities
- Insurance, securities required, and compensation-related matters
- Provision s regarding contract amendment or termination
- The Chief Budget Manager and the type of budget from which payment shall be made
- The case of force majeure
- The name of the bank and account number for effecting payment
- Modalities for dispute settlement, review organs and applicable regulations

1.8.2. Contract amendment
Any amendment to the contract shall be carried out in writing and signed by both parties. Contract amendments and various instructions shall not cause any alteration of the general nature of the tender.

However, any amendment increasing or decreasing the contract value by more than twenty percent (20%) shall require a new tender. Law n° 12/2007 of 27 March 2007 highlights the Procuring Entity’s rights with regard to contract amendment:

- The Procuring Entity may prescribe additional activities to be executed under the same conditions as those of the main tender except for the execution period which may be extended provided that (i) the value of such
1 Procurement Procedures

additional activities does not exceed twenty per cent (20%) of the main tender and (ii) an additional contract is issued to capture the new activities.

During contract execution, the Procuring Entity has the right to reduce, increase or change the quantity of activities provided for in the contract, or even change some of their characteristics without substantially changing their nature, due to important reasons or public interest. Such a reduction, addition or change shall be subject to an additional contract which shall be executed based on the financial conditions of the initial contract. The successful bidder shall not refuse to execute the contract due to such a reduction or addition unless it is more than twenty percent (20%) of the cost of the initial contract. In such a situation, the Procuring Entity and the successful bidder shall negotiate the compensation to be given to the successful bidder depending on the total expense incurred in the execution of the tender. This compensation shall not exceed twenty per cent (20%) of the activities that have been reduced.

1.8.3. Suspension of the contract and its duration

At any time, the Procuring Entity may order in writing the successful bidder to suspend:

- The execution of the contract for services
- Further manufacturing of supplies
- Delivery of supplies at the place of reception

Such a suspension shall be due to reasons explained to the successful bidder and shall not exceed sixty (60) calendar days, unless such reasons dictate otherwise. Nevertheless, where the successful bidder was not responsible for the reasons that resulted into the suspension, he or she shall have the right to request the client to cancel the contract if the suspension period exceeds sixty (60) calendar days and the extension affects him or her negatively. The successful bidder shall be required to indicate all the factors that show the nature of the disadvantages resulting from the suspension. The Procuring Entity shall, within a period of fifteen (15) calendar days from the date he or she received the request, give his or her stand with regard to the request by the successful bidder. When this period expires without response, the Procuring Entity shall bear the cost of the current and future prejudice.

1.8.4. Contract termination

A tender contract may be terminated due to:

- the death of the successful bidder;
- the cancellation of the tender; or
- the successful completion of the contract execution

1.9 BASIC PRINCIPLES ON PROCUREMENT

The guiding principles to be followed in procurement of goods and services are as follows:

1. Maximising Economy, Efficiency and Effectiveness in procurement: This would mean acquiring of goods, works or consulting services of required specifications/quality for the intended purpose in a required time frame at the most economical price.

2. Ensuring Fairness: providing fair and equitable treatment to all prospective suppliers / bidders.

3. Using Competition among suppliers, contractors or consultants for acquisition of goods/works, services to be procured so that efficiency can be rewarded and procurement can be made at the most economical price.

4. Achieving Transparency in the procedures relating to procurement.

5. Ensuring Accountability: assuming responsibility for actions taken and being held to account for these actions.

1.9.1. Concerning Transparency

- Processing of tenders should involve more than one person. Information on the procurement should be readily available to all competitors. It also means that the basis of awarding of tenders should be logical and fair.

- The law on public procurement Article 34 states that the “Tender Committee shall publically open the bids no later than one hour after the deadline for submission and at least 3 members of the Tender Committee should be present. An Opening Bid report should be prepared. The bidders are allowed to attend the opening of bids.”

- The law on public procurement Article 7 indicates, “Any communication between the Procuring Entity and the bidder shall be in writing.”
Article 21 of the Law on Public Procurement provides that if unsuccessful bidders disagree with the decision of the ITC on grounds that it has breached a specific rule or regulation of the tendering process, he/she can make an appeal to the Independent Review Panel Committee (IRPC). The Panel is composed of five members from the public service, private sector and civil society and has the power to suspend the award of the tender until the issue is resolved within twenty-one calendar days.

1.9.2. FONERWA Internal Tender Committee

FONERWA Internal Tender Committee (ITC) shall have a Chairperson, Vice Chairperson and a Secretary. In accordance with article 4 of the Ministerial order no. 001/08/10/Min of 15 January 2008, the following officials shall not be allowed to be members of ITC:

- FONERWA Fund Coordinator and MINIRENA’s Chief Budget Manager - as they are authorised to take decisions on procurement;
- The Accountant or Financial Management Specialist;
- The internal auditor;
- The Legal Adviser;
- The Officer in charge of Logistics

FONERWA’s ITC shall be in charge of the opening and evaluation of bids as well as making the recommendation on who should be awarded a contract for goods/works/services. It would be highly beneficial for volunteers from the technical specialists in FONERWA Technical Committee (FTC) to be part of the ITC, subject to their availability. In case this was not possible, the ITC should seek their expert inputs within their respective areas of expertise.

In accordance with article 7 of the ministerial order no. 001/08/10/Min du 15 January 2008, the ITC may seek the assistance from consultants. However, the consultant shall not have any interest directly or indirectly in the tender concerned or have any relationship with bidders if his/her services were sought after the bids had been opened.

Persons or parties with interest should be excluded from competing for contracts

No employee or officer of FONERWA or institutions benefitting from funding from FONERWA shall participate in the selection, award or administration of a contract if a real or apparent conflict of interest would be involved. No contractor involved in developing or drafting specification requirements, statements of work or request for proposal shall be considered for such procurement.

All relevant government parties must require that all staff and consultants under projects or programmes financed by FONERWA refrain from offering third parties, or seeking, accepting or being promised from or by third parties, for themselves or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever, which could be interpreted as an illegal or corrupt practice.

The Chair of the Fund Managing Committee will promptly inform the DPs of any instances misappropriation or diversion of funds or possible fraud or of corruption related to the programme activities funded by the DPs as referred to in the MoU.

1.9.3. Roles and responsibilities of key stakeholders in procurement

With regards to procurement under FONERWA, the following the roles and responsibilities of the key stakeholders will apply:

**Fund Management committee is responsible for:**

- Approving final draft Annual Procurement Plan

**FONERWA Secretariat is responsible for:**

- Developing and updating FONERWA’s 18-months procurement plan;
- Receiving and approving procurement plans of approved programmes before being forwarded to the RPPA;
- Storing and disseminating information on procurement opportunities, tender awards and any other relevant information on public procurement;
- Providing technical assistance to the ITC including preparing procurement documents (advertisements, tender documents, contracts);
- Maintaining a register of all contracts awarded; and archiving procurement and records;
- Preparing monthly/quarterly procurement reports;
1 Procurement Procedures

Contract monitoring and management.

Additionally the FONERWA Secretariat is responsible for ensuring that:

- This procurement management Manual and other implementation guidelines are known by those involved in programme implementation;
- Procurement audits and reviews are facilitated;
- Preparation of bidding documents, advertisement for contractors, bid evaluations follow due process;
- After managing a procurement process up to contract signing stage, they shall continue to manage or coordinate the respective contract execution and can request other experts to enhance their capacity to ensure successful contract implementation.

FONERWA Internal Tender Committee (ITC) is responsible for:

- Preparing the General Procurement Notice and its updates of all approved programs;
- Opening and evaluation of bids as well as making the recommendation for the award of a procurement contract;
- Storing and disseminating information on procurement opportunities, tender awards and any other relevant information on public procurement;
- Facilitating resolution of the complaints raised by bidders;
- Ensuring that the Government Procurement Procedures have been adequately adhered to;
- Keeping records of all meetings;
- Providing information and documents requested by the RPPA;
- And any other functions in the procurement regulations.

The ITC may seek the assistance from consultants. However, the consultant shall not have any interest directly or indirectly in the tender concerned or have any relationship with bidders if his/her services were sought after the bids had been opened.

The resolutions of the ITC shall be valid when at least 3/5 members of the committee are present for the purpose. The consultant invited shall not participate in taking decisions.

The chairperson of the ITC stipulated in this order shall be the coordinator of the whole process of the evaluation of bids and shall be required to act in an impartial and transparent manner. Members of the ITC taking decisions in relation to the evaluation of bids shall be generally responsible for the consequences that may arise from the decisions taken by the ITC.

The Rwanda Public Procurement Authority (RPPA) role:

The RPPA has the following responsibilities in accordance with Article 3 of law No 25/2011 of 30/06/2011 modifying Article 3 of law No 63/2007 of 30/12/2007 Establishing Rwanda Public Procurement Authority (RPPA) and Determining its Mission, Organization, and Functioning:

- To ensure organisation, analysis and supervision in public procurement matters;
- To advise the Government and other public procurement organs on the policies, strategies and organisation of public procurement;
- To control activities of awarding public contracts and their execution;
- To develop professionalism of the staff involved in public procurement;
- To provide technical assistance as needed and develop teaching material, organise trainings and lay down the requirements which must be met by public procurement officers;
- To collect and disseminate on a regular basis information on public procurement;
- To put in place standard bidding documents, bid evaluation reports and other standard documents for use by public procuring entities;
- To sensitise the public on matters related to public procurement;

1.10 PAYMENT FOR PROCUREMENT

Payment for procurement that is eligible for funding from FONERWA will be made directly by the Procuring Entity i.e. beneficiary institutions. For internal FONERWA procurement processes, payment will be made directly from FONERWA account in accordance with the process described under the Financial management and Accounting section of this document.
1.10.1. Payment Provisions for Consultants’ Contracts

Payment provisions for contracts financed under FONERWA, including amounts to be paid, schedule of payments, and payment procedures, shall be agreed upon during negotiations. Payments may be made at regular intervals (as under time-based contracts), or for agreed outputs (as under lump sum contracts). Payments for advances (for example, for mobilisation costs) exceeding 10 percent of the contract amount should normally be backed by advance payment securities/guarantees.

1.10.2. Payment Provisions for Goods/Works Contracts

Payment terms shall be in accordance with the Rwanda Financial Regulations and international commercial practices applicable to the specific goods and works as follows:

- Contracts for supply of goods shall provide for full payment on the delivery and inspection, if so required, of the contracted goods except for contracts involving installation and commissioning, in which case a portion of the payment may be made after the Supplier has complied with all its obligations under the contract. In major contracts for equipment and plant, provision shall be made for suitable advances and, in contracts of long duration, for progress payments during the period of manufacture or assembly.

- Contracts for works shall provide, in appropriate cases for mobilisation advances, advances on contractor’s equipment and materials, regular progress payments, and reasonable retention amounts to be released upon compliance with the Contractor’s obligations under contract.

Any advance payment for mobilisation and similar expenses, made upon signature of a contract for goods or works, shall be related to the estimated amount of these expenses and be specified in the bidding documents. Amounts and timing of other advances to be made, such as for materials delivered to the site for incorporation in the works, shall also be specified. The bidding documents shall specify the arrangements for any security required for advance payments.

Bidding documents shall specify the payment method and terms offered, whether alternative payment methods and terms will be allowed and, if so, how the terms will affect bid evaluation.

**BOX 6 For further information, please see the following documents**

- Law No 12/2007 of 27/03/2007 on Public Procurement
- Ministerial Order establishing regulations on public procurement and standard bidding documents (No 001/09/10 Min of 15 Jan 2008)
- Law N°25/2011 of 30/06/2011 establishing and determining the mission, organization, and functioning Rwanda Public Procurement Authority (RPPA)
- Administrative Instructions issued by the Rwanda Public Procurement Authority from time to time
- Public Procurement User Guide (published in November 2010)
- Internal Procurement Control and audit Manual
- Code of Conduct for Procurement Officers
- Public Procurement Plan Guide
2.1 INTRODUCTION

This chapter gives an overview to the procedures to managing deposits into the FONERWA Account to be opened at the National Bank of Rwanda (BNR - French acronym for Banque Nationale du Rwanda), ensuring that transfers out of the account meet approved requirements and account balances are accurately stated. It also provides brief details of the financial and accounting management of FONERWA.

Harmonised reporting and a dependence on country systems give more accountability to the GoR for resources and ultimately lead to the building of better business practices.

In 2007, the GoR issued the “Manual of Government Policies and Procedures: Financial Management and Accounting”, which provides a detailed budget classification and Chart of Accounts and thereby standardises the code of government transactions. These policies and procedures will be followed in the recording of transactions for FONERWA along with the use of International Public Sector Accounting Standards (IPSAS), issued by the International Federation of Accountants.

2.2 CONTRIBUTIONS

The approval of FONERWA’s annual work plan and related budgets will inform of contributions from DPs and GoR.

Each DP’s contribution will be channelled through the National Bank Account designated for the sole use of FONERWA. The account will be managed by FONERWA and FONERWA will immediately acknowledge the receipt of the funds in writing to the individual DPs.

FONERWA will maintain a financial management system, including records and accounts, and prepare financial statements covering all funds utilised in accordance with consistently applied accounting standards specified in this chapter, adequate to reflect the operations, resources and expenditure related to FONERWA.

Disbursements

The DPs will specify in their bilateral agreements their respective disbursement schedules. FONERWA will maintain a Rwanda Francs Bank Account in the National Bank of Rwanda.

Disbursements will be made to the FONERWA account upon receipt and approval of written disbursement requests from FONERWA Secretariat. The transfer requests should be submitted to each of the DPs. The transfer requests will be based on and relate to approved Annual Work Plans and Budgets.

All disbursements from the DPs will be notified to FONERWA Secretariat who will acknowledge the receipt of the funds to the DP(s) in question, stating the exchange rate used after receiving a Bank Statement confirming the disbursement.

If FONERWA carries out only part of the work programme, the DPs may adjust any outstanding instalments to be paid to FONERWA on a fair pro rata basis.

Any unspent fund may be returned to the DPs in proportion to their respective contribution. This needs to be addressed in the MoU with respective Development Partners (DPs).

2.3 EXPENDITURE

Expenditure comprises funds disbursed to pay consultancy fees, goods, salaries and wages for related staff expenditure. These are recognised in the books when payment is made. Memorandum accounts will be maintained to monitor unpaid obligations to suppliers of goods and services. Accruals will be made at the end of the GoR Fiscal Year for any bona fide unpaid amounts at that time. Expenditure also includes the funds that FONERWA will transfer to the implementing partners after the screening process and approval of the project.
Expenditure incurred but not paid for will be treated as a commitment to pay (encumbrance). Other FONERWA-related commitments such as purchase orders will also be monitored. All commitments will be reported under appropriate categories for budgetary control purposes.

A cheque register is maintained where all signed cheques are recorded. The register records the name of the payee, the amount, the cheque number, the name and signature of the person collecting the cheque and the date of collection.

Table 6: FONERWA expenditure process and roles and responsibilities

<table>
<thead>
<tr>
<th>I.D.</th>
<th>Expenditure Process</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Preparing Payment Vouchers (PV) if invoice is correct in all respect</td>
<td>Accountant</td>
</tr>
<tr>
<td>2</td>
<td>Checking PV against supporting documents</td>
<td>Accountant</td>
</tr>
<tr>
<td>3</td>
<td>Signing PV to authorise payment</td>
<td>Accountant, Financial Management Specialist (FMS) and the Fund Manager</td>
</tr>
<tr>
<td>4</td>
<td>Preparing cheques for signing</td>
<td>Accountant</td>
</tr>
<tr>
<td>5</td>
<td>Signing cheques</td>
<td>FONERWA account signatories</td>
</tr>
<tr>
<td>6</td>
<td>Forwarding cheques for recording and despatch</td>
<td>Accountant</td>
</tr>
</tbody>
</table>

Expenditure relating to assets will be treated as expenditure when assets are purchased in accordance with the expenditure section above. To facilitate management control, a fixed asset register will be maintained of all capital items bought by FONERWA Secretariat. The fixed assets will remain the property of FONERWA.

Accounting System

The accounting framework is governed by the following laws and regulations. The FONERWA Secretariat will be collecting financial reports from the implementing partners in order to monitor the budget execution rate and ensure value for money.


>> Ministerial Order No 002/07 of 9 February 2007

>> Law determining the State finances for any given fiscal year (these change every fiscal year).


The main roles and responsibilities of FONERWA Secretariat are:

>> To be responsible for preparation of the Financial Reports

>> To be responsible for liaising with key stakeholders for budget planning and execution

>> To be responsible for monthly financial reporting including bank reconciliation

>> To be responsible for cash and credit transactions on a daily basis

>> To transmit monthly financial reports to MINECOFIN

>> To keep management accounts

>> To record financial transactions on the Integrated Financial Management System (IFMS) on a timely basis

>> To maintain special accounting procedures (e.g. Inventory register)

2.4 RECORDS TO BE KEPT

The following records are to be kept by the FONERWA Secretariat:

**A Cash book** will be maintained for the bank account opened for the FONERWA. All receipts (funds from DPs) will be recorded in the cash book using journals or receipts. All payments from the FONERWA cash book will be entered sequentially per cheque number.

**Petty cash book** will be maintained to record all cash payments made from the FONERWA account. This will be maintained at a maximum of RWF 100,000 (or as deemed adequate) and its replenishment will be drawn from...
the FONERWA bank account. Petty cash payments shall not exceed the limit of RWF 20,000 per single payment transaction. Sequentially numbered Petty Cash Payment Vouchers will be used to record payment made out of petty cash in the petty cash book.

**Cash Flow Forecast**

Cash flow projections will be prepared and the cash position reviewed in making cash management decisions. The FONERWA Secretariat will ensure that the Fund is liquid enough to make payments for its obligations and disbursements to service providers in a timely manner. The FONERWA Secretariat will be responsible for the preparation of cash projections (monthly, quarterly).

A fixed asset register has to be maintained and be updated on regular basis.

### 2.5 BALANCE SHEET

**2.5.1. Transaction of Currencies**

In line with the overall MINECOFIN policies, FONERWA accounting records will be maintained in Rwanda Francs and held at BNR through which disbursements from the DPs may be channelled.

Operating expenses quoted in other currencies will be recorded at BNR’s average foreign exchange rate prevailing at the date of the transaction.

**2.5.2. Reporting and Data Analysis Requirements**

The NSDS Basket Fund accounting system will be designed to facilitate timely generation of periodic financial management reports. To efficiently produce these reports, the accounting transactions need to be analysed in a number of ways, including:

- Expenditure categories and sub categories as per FONERWA Windows and Key Entry Points,
- Components and activities,
- Source of funds,
- Institution and units/cost centres,
- Location,
- Timeframe - date and periods.

### 2.6 DETAILS OF ACCOUNTING ARRANGEMENTS

The following section outlines some of the basic principles to be followed by FONERWA Secretariat.

**2.6.1. Annual Estimates**

Most of the personnel emoluments and operation costs are financed through grants from the DPs. The annual estimates are prepared in accordance with Treasury Circulars.

The estimates are normally captured as:

- Recurrent expenditure,
- Development expenditure.

**2.6.2. Recurrent Expenditure Estimates for FONERWA Secretariat**

The FONERWA Secretariat with the assistance from its Financial Management Specialist will prepare the recurrent expenditure estimates. Monitoring and Evaluation of the annual budget should be done to rationalise further rationalise the available resources to different activities. It also acts as a remedy/check system to over-expenditures and under-expenditures in the budgeting process.

**2.6.3. Cash Management**

The purpose of the cash management system is to ensure that:

- All cash received is promptly and accurately accounted for and banked intact
- All payments are properly verified and approved before payment is made;
All vouchers and supporting documentation are properly stamped “paid” immediately after payment is done;
There is adequate segregation of responsibilities;
All cash transactions are properly captured by the General Ledger system;
Bank and cash reconciliations are done on a timely basis;
Cash requirements forecast.

2.6.4. Receipt of Money and Recording of Funds
Funds are received through direct transfers into FONERWA bank account. The FONERWA Secretariat will receive an “avis de credit” or deposit advice from the BNR to confirm receipt of the funds. In case BNR does not send the deposit notice promptly, FONERWA may check its BNR account online to confirm receipt of funds and ask for a bank statement. The “avis de credit” or the bank statement will be used to raise a receipt.

2.6.5. Payment procedures
Payments will be made to:
Suppliers of goods and services,
Payments to projects,
Staff as salaries, and
Replenish petty cash.
For all purchase/service and payment orders there shall be four FONERWA authorised signatories:
The Fund Coordinator,
The Head of General Services Unit,
The Financial Management specialist; and
MINIRENA Chief Budget Manager.
The FONERWA Accountant will prepare payments upon the receipt of approved purchase orders, invoices and other supporting documents.
All cheques will be supported by a payment voucher and will be entered into a register before they are released. The register will show the name of the payee, the amount, the cheque number and the date of collection (or despatch by registered mail and courier). All cancelled cheques will be stamped “VOID” and recorded in the cheque register with the word ‘CANCELLED’ in the payee space.

2.6.6. Authorisation of Payment for Goods and Services
Clear separation of duties need to exist in the payment procedures. First level verification will have to be performed by FONERWA Accountant and Financial Management Specialist, and then it will have to be reviewed by FONERWA’s Fund Coordinator before being approved by the PS-MINIRENA, as the Chief Budget Manager of the financing facility. FONERWA’s accountant is responsible for payments either through cheques or bank transfer. For payment less than FRW 20,000, payment will be made through the petty cash which is kept by a separate staff member under the overall supervision of FONERWA’s Head of General Services. The signatories to this account will be the authorised signatories indicated in section 2.6.5 above.

2.6.7. Bank and Banking Arrangements
FONERWA’s Accountant will prepare bank reconciliations no later than ten (10) working days after receiving the bank statement from BNR for the previous end of month. The Financial Management Specialist will ensure the reconciliation of all bank account balances to the cashbooks is done. Each bank reconciliation will be prepared by the FONERWA Accountant and reviewed by FONERWA’s Financial Management Specialist (Evidence of the date of preparation and review must be indicated on each reconciliation). This needs to be signed and dated as evidence of review by FONERWA’s Fund co-ordinator and PS-MIIRENA.
2.6.8. Financial Reporting
Quarterly and annual financial statements will be prepared by the FONERWA Secretariat, in line with existing regulatory framework: monthly (Income and expenditure statement; budget execution report; and bank reconciliations for all accounts), quarterly reports (same as monthly reports except bank reconciliations) and annually (all parts of monthly reports plus a statement of financial position). These financial statements will include a statement of cash receipts and payments, as well as notes to the financial statements which include accounting policies, and other notes relating to cash/bank balances, inter-entity transfers, grants detailed and accounts payable; and accounting policies used in preparation of these financial statements are adequately disclosed. It must be ensured that financial statements are submitted on time to the MINECOFIN. As per Article 70 of the organic law, “the accounts report shall be submitted to the Minister in a period of one month from the end of the fiscal year”, i.e. July 31st 20…). Article 32 of the financial regulation stipulates that “within 10 days of the end of each month, the Chief Budget Manager shall submit monthly financial reports”.


2.7 AUDITING ARRANGEMENTS

FONERWA’s Financial Management Specialist, in collaboration with FONERWA’s Head of General Services Unit, will prepare consolidated quarterly and annual FONERWA accounts using the expenditure statements.

Appropriate controls including a full audit trail will be put in place to ensure accountability for the funds. In accordance with the Government’s regulatory framework, the Fund Coordinator will ensure that books of account are maintained for the FONERWA account. He/she will also be responsible for issuing instructions pertaining to financial management and accounting procedures, and will supervise, administer and preserve the integrity of the financial and accounting systems used by FONERWA. The FONERWA account will be assisted in this regard by FONERWA’s Head of General Services Unit and Financial Management Specialist.

Annual audits will be the responsibility of the Office of the Auditor General (OAG). This will be done within the existing Annual Audit Report framework of the Auditor General. Audit will be conducted in accordance with internationally recognised auditing standards.

The audit opinion will certify, but not necessarily be limited to the following: >> The principles adhered to during the audit; >> The total flow of funds, from receipt in the FONERWA Holding Account to final use on the various activities; >> The correctness and completeness of the figures in the accounts and the accounts reflect the actual situation; >> Any essential findings from the audit.

The annual audit will be carried out in accordance to the above requirements. Audit reports shall be presented to FONERWA Secretariat within nine months after the closure of the fiscal year.

If need be and agreed, the FONERWA Managing Committee may commission an audit at anytime by an independent auditor acceptable to the DPs and GoR. Should such an audit be requested, it will be previously discussed and mutually agreed with the Office of the Auditor General. This audit report can be used to support the work of the Auditor General.

2.8 IMPLEMENTATION PLAN OF THE SYSTEM

The financial management, accounting and procurement of FONERWA was designed in order minimize fiduciary risk by specifying standard procedures and controls to be complied with in budgeting, disbursement, procurement and accounting of funds. The system has to ensure that the reporting procedures are harmonized and utilize GoR procedures to the fullest extent possible.

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4 Financial report formats should follow the current Government reporting structure. In addition, specific financial reports will have to be provided to individual development partners, as per their requirement. Streamline reporting requirements should be discussed with GoR and DPs, as and when required.
The Financial Management and Procurement specialist of FONERWA has to ensure that the standards policies, procedures and controls stipulated in the manual are complied with, both at Fund and Project Level.

The system will be executed in two ways:

1. Build the capacity of the users of the system
   - Conducting financial management and procurement system assessment of fund beneficiaries
   - Conducting training sessions
   - Conducting on the job training
   - Provide technical support and guideline on the system

2. Conduct financial controls spot and check
   - Field visit to the institutions that have received funds from FONERWA; this will be done in order to ensure that financial transactions are complying with public finances and procurement laws, and the Value for money principle was adhered to.
   - Organizing debriefing meeting on quarterly basis with finance managers of the beneficiary institutions, to discuss on the challenges faced during the implementation of the financial management and procurement system and on the findings of the financial control and establish the way forward.
   - Ensure beneficiary institutions submit financial reports on regular basis.
Section 5 - Governance
Structure Terms of ReferenceS

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  1.2 – Objective
  1.3 – Membership
  1.4 – Planning and Reporting
  1.5 – Roles and Responsibilities
  1.6 – Meetings

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  2.2 – Objective
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3 – Fund Management Team Terms of Reference (ToR)  83
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  3.2 – Fund beneficiaries
  3.3 – Outputs
  3.4 – Reporting
1.1 Context

FONERWA is the intended vehicle through which environment and climate change finance is channelled, programmed, disbursed and monitored in Rwanda. As a national basket fund, FONERWA is both an instrument to facilitate direct access to international environment and climate finance, as well as streamline and rationalise bilateral and domestic finance. The operation and organisation of this mechanism is ultimately guided by the FONERWA Law which has recently been passed by Rwanda’s Parliament. The Governance structure of FONERWA has been developed to allow oversight and GoR control of its projects/programmes. The majority of day-to-day Fund management will be conducted within the FONERWA Secretariat, while creating institutional arrangements that provide adequate oversight, transparency and accountability including the establishment of FONERWA Managing Committee (FMC).

2.2 Objective

The objective of the FONERWA Managing Committee is to provide oversight ensuring transparency and accountability. It is the ultimate decision-making body to govern FONERWA Fund Management. The FMC will be responsible for the monitoring and directing of the Fund’s activities, ensuring the objectives of the Fund are adhered to by each project/program that is approved. The FMC is the highest organ in the Government of Rwanda for FONERWA management and involves participation from a cross-section of stakeholders including the GoR at central (Director Generals) and district levels (through MINALOC), civil society, the private sector and Development Partners (DPs).

2.3 Membership

The Director General of Rwanda Natural Resources Authority will chair the FONERWA Managing Committee (FMC). Chair responsibilities include calling for meetings in orderly and timely fashion, and agenda preparation and dissemination. DPs and other FMC members may make proposals for the agenda. It is recommended that the FMC be Co-chaired by a DP on a rotational basis. The Co-chair will be identified and nominated by the DPs before the first quarterly meeting every year, for an initial period of one year. The Fund Managing Committee will consist of members outlined in the Table below. Membership can be expanded given the approval of the FMC.

<table>
<thead>
<tr>
<th>FONERWA Fund Managing Committee (FMC)</th>
<th>Development Partners:</th>
<th>Private Sector/CSOs:</th>
</tr>
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<tbody>
<tr>
<td>Permanent Secretaries:</td>
<td>&gt;&gt; Co-chair- Heads of all contributing DPs on a rotational basis</td>
<td>&gt;&gt; Secretary General of Architect Board</td>
</tr>
<tr>
<td>&gt;&gt; Chair- RNRA</td>
<td></td>
<td>&gt;&gt; Chairperson of Rwanda Civil Society Platform</td>
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<td>&gt;&gt; MINECOFIN</td>
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<tr>
<td>&gt;&gt; REMA</td>
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</tbody>
</table>
1.4 Planning and Reporting

The FMC will convene meetings once every semester for final screening of projects. It is also responsible for determining the financial ceiling available, depending on level of capitalisation for every fiscal year. Such decision will be made in June meetings.

1.5 Roles and Responsibilities

Responsibilities of the FONERWA Managing Committee include the following:

i. Approval of FONERWA design;

j. Alterations of FONERWA design, depending on needs/emerging opportunities;

k. Providing clear vision and direction on medium-term and short-term strategic priorities, and allocation of financial and human resources to deliver on these priorities;

l. Providing clear direction and necessary support for improving FONERWA staff performance, including ensuring the office environment and systems are geared up for learning and development, team work, effective management and delivery of results, monitoring and improving the performance of all FONERWA Sections, and providing the necessary challenge and support as required;

m. Helping to raise FONERWA’s profile and reputation, and manage key external risks which impact on its performance and reputation;

n. Determining the resource envelope of FONERWA at the beginning of each fiscal year, along with identification of key priorities;

o. Final approval of shortlisted projects submitted by sponsoring Ministries, CSOs and the private sector;

p. Provide necessary guidance in defining and approving rules, criteria and procedures for selection of proposals for funding that will be used by the Technical Committee to screen projects;

q. Monitor implementation of the action plan for operationalisation against targets and indicators in order to determine the impact and success;

r. Provide guidance to implementation;

s. Advice on policy dialogue with Development Partners on future funding related to FONERWA;

t. Review and approve annual action plans;

u. Approve annual budgets;

v. Approve major reallocations within FONERWA financing windows in line with funding regulations and conditions;

w. Decide on additional financial requests during the period;

x. Receive and review and approve substantive reporting (quarterly and annual reports) progress reports;

y. Approve decisions on major Fund management issues, particularly institutional, legal, investment or conceptual questions related to the reform;

z. Provide oversight over appropriate feedback to the EDPRS monitoring mechanism;

aa. Coordinate with the Permanent Secretaries Forum;

ab. Organise bi-annual, joint FONERWA Reviews to discuss forward and backward-looking progress; ac. Carryout any other required actions in furtherance of FONERWA Objectives.

The Chair has the following responsibilities:

>> Organisation and moderation of regular meetings during the fiscal year;

>> Timely distribution by e-mail of invitations and agendas to all members;

>> Distribution of minutes and related documents to all members within two weeks of each meeting.

The Co-chair has the following responsibilities:

>> Preparation of briefing notes representing the interests of the DPs (as and when required);

>> Assume the chairing functions of the FMC during absences of the Chair.
The Chair and Co-Chairs are encouraged to meet regularly or when the need arises in order to prepare and coordinate the FMC activities. All other members are encouraged to participate regularly and actively in the meetings and discussions.

In order to add optimal value to FONERWA, and make a discernible difference to Fund’s beneficiaries, the FMC shall adopt a code of conduct (see below) that enables the balancing of its role as an oversight body with sector specific roles and responsibilities inherent in sector contributions to capitalise the Fund, as well applying for sector support by the Fund.

### 1.6 Meetings

Regular meetings will be held once every quarter. The call for meetings will be made by the Chairperson at least 3 weeks in advance by email.

**Frequency of Meetings by FMC**

Special meetings of the FMC may be called as and when deemed necessary at the request of the Chairperson and/or the Co-Chair.

**Proposed calendar for proposal review 2015**

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**Proposed Agenda for 1st FMC meeting**

1. Introduction;
2. Prioritise thematic financing windows and key entry points for fiscal year 2012/13 based on value for money considerations;
3. Review and approve the membership in the Governance structure;
4. Review and approve the ToR of the Technical Committee and the Managing Committee;
5. Approve funding and decision rounds;
6. Review and approval of the 2012-13 budget and establish a Work Plan to raise financing: ad. Assess capitalisation status;
   ae. Domestic Resource mobilisation – Review proposals from the Fund design document and set a work plan to raise financing through new environmental fiscal revenue and through seed financing from stakeholder ministries;
af. External Resource mobilisation – Review existing pledges and identify partners that could provide seed financing.

7 Establish expenditure priorities: Set expenditure ceilings across thematic windows;
8 Review and approve the results framework as per the FONERWA Logical Framework;
9 Review and approve the M&E framework, including decisions on collection of baseline information;
10 Approve financial instruments and beneficiaries to be targeted for 2012/13 fiscal year;
11 Review and approve the proposal screening procedures;
12 Approve the work plan of the FONERWA Fund Management Team;
13 Set the date for next meeting;
14 AOB.
2.1 Context

FONERWA is the intended vehicle through which environment and climate change finance is channelled, programmed, disbursed and monitored in Rwanda. As a national basket fund, FONERWA is both an instrument to facilitate direct access to international environment and climate finance, as well as streamline and rationalize bilateral and domestic finance. The operation and organisation of this mechanism is ultimately guided by FONERWA Law which has recently been passed by Rwanda’s Parliament. The Governance structure of FONERWA has been developed to allow oversight and GoR control of its projects/programmes. The majority of day-to-day Fund management will be conducted within the FONERWA Secretariat, while creating institutional arrangements that provide adequate oversight, transparency and accountability.

2.2 Objective

As part of the FONERWA governance structure, the FONERWA Technical Committee (FTC) is to support and advise the FONERWA Managing Committee (FMC) in the approval, execution, monitoring of FONERWA Fund, ensuring there is no duplication of projects/programmes supported by FONERWA and GoR/private sector. The FTC has the specific objective to ensure that approved projects are fully aligned with FONERWA objectives and national priorities.

2.3 Membership

The FONERWA Technical Committee will be comprised of a Chair, a Co-chair (representing Development Partners on a rotational basis), Technical personnel from key environment and climate related sectors, and the Fund Coordinator representing the Fund Management Team and acting as the Secretary to the FTC. The membership can be expanded given the approval of the FMC.

<table>
<thead>
<tr>
<th>FTC Composition:</th>
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<tbody>
<tr>
<td><strong>Chair:</strong></td>
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<tr>
<td><em>Chair- MINECOFIN</em></td>
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<tr>
<td><em>Representative</em></td>
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<td><em>Co-chair- (on a rotational basis-e.g. DFID)</em></td>
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<tr>
<td><strong>Membership:</strong></td>
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<tr>
<td>&gt;&gt; 2 members from the National Budget Directorate, 1 member from National Development planning and research, 1 member from the External Finance Unit, 1 member from the Single project implementation unit (MINECOFIN)</td>
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<td>&gt;&gt; 1 Member from PSF</td>
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<td>&gt;&gt; 1 Member from MINALOC</td>
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<td>&gt;&gt; 1 Member from MININFRA</td>
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<td>&gt;&gt; 1 Member from RDB</td>
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<td>&gt;&gt; 1 Member from RENGOF</td>
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<td>&gt;&gt; 1 Member from REMA</td>
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<tr>
<td><strong>Secretary:</strong></td>
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<tr>
<td>&gt;&gt; Fund Management Team</td>
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</table>

If FONERWA starts making real investments, it is strongly suggested that investment expertise is added to the FTC, or a separate Investment Sub-Committee is created, which could then report to the FTC on the investment case and rationale of projects.
2.4 Planning and Reporting

The FONERWA Technical Committee will align its meetings schedule with the FMC. Meetings will take place at least 6 WEEKS prior to meetings of the FMC. The FTC will report directly to the FMC in form of quarterly progress report.

No travel allowances or per diems will be given to attendants.
2.5 Roles and Responsibilities

The coordination role of FTC will include (but is not restricted to): (i) strategic screening of projects/programmes based on pre-agreed screening procedure, (ii) determine and recommending the resource ceiling, (iii) allocating resources based on windows particularly taking revenue streams into consideration, (iv) the production, reporting and communication of quarterly progress reports, (v) inter-Ministerial coordination between FONERWA and other line ministries, (vi) assessment and review of progress on FONERWA supported project/programme implementation, including coordinating with Joint Sector Review (JSR) exercises, (vii) recommending changes to the FONERWA Fund Management structure as per emerging opportunities and market demand, (viii) recommending introduction of new financial instruments, (ix) responding to requests from FMC as and when requested.

The Chair has the following responsibilities:
>> Organization and moderation of regular meetings during one Financial Year;
>> Timely distribution by e-mail of invitations and agendas for the meetings;
>> Timely distribution of minutes and related documents to all members of the FTC;
>> Report regularly to the FMC on all project related decisions, conclusions or recommendations drawn by the FTC meetings.

The Co-Chair has the following responsibilities:
>> Preparation of briefing notes representing the interest of the DPs (as and when required); >> Assume the functions of the Chairperson of the FTC during absences of the Chair.

The Chair and Co-Chairs are encouraged to meet regularly or when the need arises in order to prepare and coordinate the FTC activities. All other members are encouraged to participate regularly and actively in the meetings and discussions.

2.6 Meetings

Regular meetings will be held once every semester. The call for meetings will be made by the Chairperson at least 2 week in advance via email.

### Proposed calendar for proposal review 2015

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Special meeting of the FTC may be called as and when deemed necessary at the request of the Chairperson and the Co-Chair.

The agenda will include:
>> Brief review of the minutes of the previous meeting;
>> Specific topics of the current meeting;
>> AOB;
>> Communication of date for the next meeting.
2.7 Decision making

Recommendations will be taken by consensus. If there is a technical decision to be taken based on current evidence, the decision shall be accompanied by references used to take the decision. Every decision shall be accompanied by a clear indication of the person/institution responsible for follow up and a timeline.

Proposed code of conduct1 for the FMC:

The FMC members shall be guided by the following 12 principles:

1. **Constructive partnership**: The FMC shall recognise that its effectiveness and that of the FTC and FONERWA Secretariat are interdependent. This partnership shall be built through trust, candor, respect, and honest communication.

2. **Mission-driven**: The FMC shall uphold FONERWA mission, articulate a compelling vision, and ensure the congruence between decisions and FONERWA core values. Questions of mission, vision, and core values shall be treated not as exercises to be done once, but as statements of crucial importance to be drilled down and folded into deliberations.

3. **Strategic thinking**: The FMC shall continuously engage in strategic thinking to hone FONERWA’s direction. They not only align agendas and goals with strategic priorities, but also use them for assessing the performance of FONERWA Secretariat, driving meeting agendas, and shaping FMC membership.

4. **Culture of inquiry**: The FMC shall foster a culture of inquiry, mutual respect, and constructive debate that leads to sound and shared decision-making. This requires seeking more information, questioning assumptions, and challenging conclusions so that they may advocate for solutions based on analysis.

5. **Independent-mindedness**: FMC members shall apply rigorous conflict-of-interest procedures and put FONERWA’s interests above all else when making decisions. They do not allow their votes to be unduly influenced by loyalty to their respective organisations, or by seniority, position, or reputation of fellow FMC members or staff.

6. **Ethos of transparency**: FMC members shall ensure that donors, stakeholders, and interested members of the public have access to appropriate and accurate information regarding finances, operations, and results. They shall also extend transparency internally, ensuring that every FMC member has equal access to relevant materials when making decisions.

7. **Compliance with integrity**: FMC members shall promote strong ethical values and disciplined compliance by establishing appropriate mechanisms for active oversight. They shall use these mechanisms, such as independent audits, to ensure accountability and sufficient controls; to deepen their understanding of FONERWA; and to reduce the risk of waste, fraud, and abuse.

8. **Sustaining Resources**: They shall link bold visions and ambitious plans to financial support, expertise, and networks of influence. Linking budgeting to strategic planning, they shall approve activities that can be realistically financed with existing or attainable resources, while ensuring that FONERWA has the infrastructure and internal capacity it needs.

9. **Results-oriented**: Members shall measure FONERWA’s progress towards its mission and evaluate the performance of major programs and services. They shall gauge efficiency, effectiveness, and impact, while simultaneously assessing the quality of service delivery, and integrating benchmarks against comparable organisations.

10. **Intentional FMC practices**: The FMC shall purposefully structure itself to fulfil essential governance duties and to support FONERWA’s priorities. Making governance intentional, not incidental, they shall invest in structures and practices that can be thoughtfully adapted to changing circumstances.

11. **Continuous learning**: Members shall embrace the qualities of a continuous learning organisation, evaluating their own performance and assessing the value they add to FONERWA. They shall embed learning opportunities into routine governance work and in activities outside of the FMC meetings.

12. **Revitalisation**: Members shall energise themselves and FTC through planned turnover and inclusiveness. They shall see the correlation between mission, strategy, and FMC/FTC composition, and understand the importance of fresh perspectives and the risks of closed groups. They shall revitalise themselves through diversity of experience and through continuous recruitment.

---

3.1 OBJECTIVE

The objectives of the Fund Management Team are to operationalise and manage day-to-day activities of Rwanda’s Environment and Climate Change Fund (FONERWA). 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.

3.2 FUND BENEFICIARIES

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.

3.3 OUTPUTS

The Fund Management Team will be required to deliver the following high-level Outputs:

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

3.1 REPORTING

The Fund Management Team will be responsible for reporting to MINIRENA and DFID (as the primary donor to this initiative), among other relevant stakeholders, and for obtaining progress reports from grantees.
Section 6 - Operational Cost
This section is concerned with the costs of operationalising FONERWA. Staffing is expected to cost RWF650.1mn in 2012-13, declining to RWF203.0mn in 2014-15, as capacity is transferred to local staff and technical assistance is phased out. Operations, which includes recurrent cost-the cost of furniture, IT equipment such as computers, rental space (which the government has tentatively said that it will provide), and communications, is expected to cost RWF101.3mn in 2012-13 and remain roughly constant at RWF71.6mn in 2013-14 and 2014-15.

### Operational Costs of FONERWA (RWF mn)

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<tr>
<td>Salaries</td>
<td>650.1</td>
<td>471.6</td>
<td>203.0</td>
</tr>
<tr>
<td>Communications and Office Expenses</td>
<td>101.3</td>
<td>71.6</td>
<td>71.6</td>
</tr>
<tr>
<td>Total</td>
<td>751.4</td>
<td>543.2</td>
<td>274.6</td>
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</table>

The core staff members of FONERWA will be the Fund Coordinator and five local staff: a communications and outreach officer, procurement specialist, an accountant and financial management specialist, and three local window specialists. In addition, for the first two years of the operationalisation of FONERWA, the Fund will recruit several technical assistants with support from DfID to build capacity to ensure that the fund is capable of carrying out its responsibilities: a Senior Advisor to the Fund Coordinator (whose responsibilities will be transferred to the Fund Coordinator over the course of the two year handover period), an Advisor responsible for communications and domestic resource mobilization, and 2 international thematic window experts to train the core FONERWA window specialists.

As a share of the total FONERWA expenditure, operational costs will amount to between 7% and 33% of the total capitalisation (depending on the capitalisation scenario), diminishing rapidly to between 2% and 9% in 2014-15 once the Fund Management Team responsibilities are handed over from DfID supported project staff members to GoR supported staff members either through the public service pay roll or direct support from the ordinary budget or combination of both. The general services support can be provided by the Single Project Implementation Unit (SPIU) of MINIRENA/REMA in the medium to long term therefore reducing the cost of operation substantially.

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1 For more information on the scenarios, please see the FONERWA Final Report
Section 7 - Capacity Building Plan

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  1.1 – Linkages between the Capacity Building, Planning and Budgeting Cycles
  1.2 – The Strategic Capacity Building Initiative (SCBI)
  1.3 – The Capacity Building Handbook

2 – Potential capacity needs and gaps to operate FONERWA 91
  2.1 – A staged approach towards sustainable capacity building

3 – Indicative capacity building plan and timeline 97

4 – Monitoring and evaluation of capacity development 101
### ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ASI</td>
<td>Adam Smith International</td>
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<tr>
<td>BDS</td>
<td>Business Services Development Centre</td>
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<tr>
<td>BRD</td>
<td>Rwandan Development Bank</td>
</tr>
<tr>
<td>CB</td>
<td>Capacity Building</td>
</tr>
<tr>
<td>CBP</td>
<td>Capacity Building Plan</td>
</tr>
<tr>
<td>CIDT</td>
<td>Centre for International Development and Training</td>
</tr>
<tr>
<td>CNA</td>
<td>Capacity Needs Assessment</td>
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<tr>
<td>FONERWA</td>
<td>Government of Rwanda Environment and Climate Fund</td>
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<tr>
<td>FMC</td>
<td>FONERWA Management Committee</td>
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<tr>
<td>FTC</td>
<td>FONERWA Technical Committee</td>
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<tr>
<td>GoR</td>
<td>Government of Rwanda</td>
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<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
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<tr>
<td>MINECOFIN</td>
<td>Ministry of Finance and Economic Planning</td>
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<td>OD</td>
<td>Organizational Development</td>
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<tr>
<td>PSCBS</td>
<td>Public Sector Capacity Building Secretariat</td>
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<td>PSF</td>
<td>Private Sector Federation</td>
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<td>SCBI</td>
<td>Strategic Capacity Building Initiative</td>
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<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
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<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, Threats</td>
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<tr>
<td>ToR</td>
<td>Terms of Reference</td>
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<tr>
<td>TT</td>
<td>Technology Transfer</td>
</tr>
<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<td>VfM</td>
<td>Value for Money</td>
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As a fund for environment and climate change in Rwanda, FONERWA is intended to support long term sustainable development goals for Rwanda. Whereas this Operational manual is designed to cover the 6 years of FONERWA operationalization, it will need to be iteratively revised and updated along the way for it to remain pertinent and useful to Rwanda’s long term objectives of environmental sustainability and climate resilience. The thinking that has gone into the FONERWA capacity development approach and described within this manual takes into account long term strategy over the whole 6-year period. This long term perspective is explained in the former sections, figures and tables of this document. While in the last part of the document the more immediate urgent targets requiring implementation over the next 2-years are outlined in Tables 5 and 6.

What is clear is that the first half of 2013 will be the critical period when a high degree of capacity development input will need to be mobilised to ensure FONERWA becomes a living entity providing a valuable service to meet Rwanda’s sustainable development needs. See section titled Priorities for january to june 2013.

Overall Approach

The notions of capacity creation, capacity utilisation and capacity retention are important and useful concepts to consider when conducting capacity needs assessments and designing capacity development interventions.

Lessons learnt throughout the capacity development evolution suggest that:

> A systematic perspective on capacity development is important as it enhances understanding of how the parts of the whole interact and converge;
> During implementation, it is important to focus early on identifying local champions for change, and by allowing flexibility, learning, and adaptation;
> No single factor-incentives, financial support, trained staff, knowledge or organisational structure can be singled out in the development of capacity. Narrow interventions such as staff training are not likely to impact performance unless they create opportunity or leverage to shift behaviours; and
> Most of the current capacity tools and assessment frameworks need to be reconsidered. The definition and institutionalisation of organisational elements such as values, vision, leadership, management style, and organisational culture are not effective without the development of the procedures, tools and templates, which aim to translate the intent of capacity into actionable mechanisms.

Capacity Development can be crystallised under three broad elements:

> Institutional level: policies, legislation, power relations and social norms that describe the broader system within which individuals and organisations function, and one that facilitates or hinders their existence and performance.
> Organisational level: internal policies, arrangements, procedures and frameworks that allow an organisation to operate and to deliver on its mandate.
> Individual level: experience, knowledge and technical skills vested in people.
Drawing upon the above elements, a simple multidimensional capacity development framework has been developed by the Government of Rwanda and depicted in Table 1 below. Note through discussion with GoR professionals concerned with capacity development in Rwanda the sequencing here deliberately shows the Institutional level first stressing that organisations and institutions are more important than individuals and their needs should guide and overarch the approach to capacity building.

**Table 1: Capacity Dimensions**

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<th></th>
<th>Capacity creation</th>
<th>Capacity utilisation</th>
<th>Capacity retention</th>
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<tbody>
<tr>
<td><strong>Institutional environment &amp; policy level</strong></td>
<td>Establishment of adequate institutions, laws and regulations</td>
<td>Enforcement of laws and regulations for good governance</td>
<td>Regular adaptation of institutions, laws and regulations</td>
</tr>
<tr>
<td><strong>Organisational level</strong></td>
<td>Establishment of efficient structures, processes and procedures</td>
<td>Integration of structures, processes and procedures in the daily workflows</td>
<td>Regular adaptation of structures, processes and procedures</td>
</tr>
<tr>
<td><strong>Individual level</strong></td>
<td>Development of adequate skills, knowledge, competencies and attitudes</td>
<td>Application of skills, knowledge, competencies on the workplace</td>
<td>Reduction of staff turnover, facilitation of skills and knowledge transfer within institutions</td>
</tr>
</tbody>
</table>

### 1.1 Linkages between the Capacity Building, Planning and Budgeting Cycles

In January 2012, the Ministry of Finance and Economic Planning (MINECOFIN) requested all public sector institutions to systematically plan and budget for capacity building activities in the framework of the budget cycle. This move was initiated by the Public Sector Capacity Building Secretariat (PSCBS) because, in the past, it was not always clear how capacity building activities were planned, and with what impact.

A comprehensive Capacity Building Cycle (see visual representation at Figure 1 below) for public sector institutions was recently developed by the PSCBS. The cycle incorporates a toolkit with templates for the respective institutions to use at each step of the cycle.

**Figure 1: Capacity Development Cycle**

The Capacity Building Cycle is integrated in Rwanda’s budget cycle, which allows PSCBS and the government to systematically receive information from and interact with all public institutions on capacity building issues at the individual, organisational and institutional.
1.2 The Strategic Capacity Building Initiative (SCBI)

The Government of Rwanda adopted a new Capacity Building strategy in 2011 - the Strategic Capacity Building Initiative (SCBI) - which breaks from the traditional approach to building capacity. The embedded coaching approach underpins skills and knowledge transfer from the international experts to their local counterparts. Its uniqueness resides in the fact that it focuses on capacity building while delivering sustainable results. This approach worked effectively in Botswana and Singapore, and is already being successfully replicated in Rwandan local government entities where coaches are placed in poorly performing districts. Young graduates rated as potential high flyers are given opportunities to secure employment as local counterparts to the international experts.

This ‘learning by delivery’ approach is also sustainable in that it focuses of developing a critical mass of local experts whose performance is rigorously assessed. Those with satisfactory performance will be mainstreamed into the formal structure of the institutions they are attached to.

1.3 The Capacity Building Handbook

In 2011 “A guide for strategic capacity building in the public sector” has been available. This Handbook contains comprehensive guidance on procedures, tools, and templates for conducting Capacity Needs Assessments (CNA) and formulating Capacity Building Plans (CBP), as well as Monitoring and Review of the effectiveness of Capacity Building Plans for Rwandan public sector institutions.

The Handbook outlines the key phases, steps and associated tools for capacity needs assessment, and formulating capacity building plans. It is intended that the full cycle of CNA/CBP be undertaken once every three years, and that review and adjustment of the CBPs be done yearly in sync with the planning and budgeting process.
A number of functional reviews commissioned by the Government of Rwanda have highlighted some capacity challenges within the Government of Rwanda:

The Adam Smith International (ASI)’s review of the impact of the reforms on ministries’ efficiency and effectiveness in 2008 identified that management processes required urgent improvements in five major areas:

- **Work methods:** where six areas were recommended for improvement, ranging from planning processes to time management;
- **Decentralisation:** where three areas were identified which largely dwell on change of work systems and delegation of powers necessitated by the decentralisation process;
- **Management systems:** sixteen points were recommended for improvement in the area of organisational structures, management support and tools and human resources management systems;
- **Information systems:** five areas were identified largely pointing to the need to take advantage of the country’s developed ICT to bring about business improvements in the management of government affairs; and
- **Management style:** six points were raised to address leadership, communication and a culture of delegation.

The 2009 skills audit revealed that Rwanda had around 60% of its short-term human skills requirement. At the same time, it was observed that a high degree of staff turnover was negatively impacting efforts to build and sustain public service capacity. This challenge translates into the critical issue associated with the ability of Rwanda public service to attract and retain a critical mass of highly skilled technical and professional personnel. The above observation has been reinforced by more recent capacity assessments carried out by the GOR (with the support of the Tony Blair Africa Governance Initiative) in 2010 in three priority subsectors (i.e. Crops Intensification Program, Electricity Sector and Mining). These assessments identified a serious dearth in the knowledge, experience and know-how that are required to achieve the Government’s strategic goals.

A 2008 Private Sector Federation (PSF) study estimated that Rwandan small and micro businesses comprise 97.8% of the private sector and account for 36% of private sector employment. Among others, they often lack proper accounting and financial systems. Unlike larger firms that may have the time and resources to invest in capital and human capacity building, SMEs often have limited abilities to develop the skills of their staff or to take advantage of local economies of scale in terms of energy, transport or raw materials. They also often lack the ability to gather and process market information outside of what is immediately relevant to their current business due to lack of technical knowledge and training on how to make use of this information. They are dependent upon a single individual or small group of individuals to develop business ideas and assume the risk of start-up or expansion and the burden of taxation and other regulations. This means that even for entrepreneurs that do see opportunities in the market, it is difficult to bring those ideas to fruition due to the potential costs of failure (SME Policy, 2010, Government of Rwanda).

Many SMEs suffer from lack of technical and business skills. As evidenced by the diagram below, SMEs themselves identify a variety of skills gaps in areas including ICT, technical and industrial knowledge, finance and accounting and management. Many SMEs have rudimentary production facilities, low quality products and underutilised appropriate technologies. There is also limited innovation and competitiveness in the SME sector caused by a lack of technical and managerial skill.
Figure 2: Major skills gaps faced by SMEs

Source: BDS strategy initial analysis - OTF Group, 2008

A number of these challenges are already being addressed across the government and private sector. However, it takes time to build, utilise and retain capacity. For a new fund like FONERWA, we anticipate capacity needs and gaps at three strategic levels, based on experiences in similar funds elsewhere:

> **Level 1:** capacity of relevant government officials in all aspects of efficient fund management, including resource mobilisation;

> **Level 2:** capacity of Fund beneficiaries (including the private sector, civil society and district officials) with regard to proposal development and full project cycle management;

> **Level 3:** capacity of intermediate players such as BRD – The Rwandese Development Bank - on how to develop and effectively roll out and manage the financial instruments to the private sector.

The Fund Management Team will be expected to focus capacity development interventions around these areas until a comprehensive CNA process is undertaken.
2.1 A staged approach towards sustainable capacity building

The proposed capacity building approach aims to initiate a programme of transformational learning interventions that support locally owned processes, and enables the successful and sustainable management of FONERWA beyond the 2-year operational period. See Table 2 for key results and methods.

The approach is based on 4 stages comprising a comprehensive capacity development programme cycle (Figure 3):

1) Identification and needs assessment
2) Programme design
3) Implementation and monitoring
4) Completion and assessment

Figure 3. The 4-stage capacity building approach.

Although the stages are described as a sequence, implementation will be tailored according to circumstances. In many cases, some stages will unfold in parallel and/or iteratively. In our treatment of each stage, attention is focused on characteristics of the FONERWA capacity context that can be altered by agents of change, empowered by a comprehensive process of learning, target setting and use of indicators for measuring progress.

Stage 1: Identification and needs assessment

A number of capacity needs assessment studies have already been conducted in Rwanda Natural Resources and Environment sector. Some of the key findings relevant to FONERWA are summarised below.

>> Rwanda needs a critical mass of technically competent staff to choose from but the Higher Educational Institutions have insufficient capacity currently to credibly produce quality graduates with the appropriate standard and level of knowledge and skills. Although education is improving since the Genocide it will take time for well-educated students to work their way through the educational levels now established to reach the labour market.

>> Government departments do not have enough skilled staff in key posts to fulfil their workload and there is limited organisation and managerial capacity within private organisations to provide services to fill these gaps and also a lack of agreed professional standards governing the private sector;

>> Capacity needs assessments have produced theoretical academic frameworks with limited application. There is a growing realisation for the need now to apply and ‘learn by doing’;

>> It has been the experience of the Public Sector Capacity Building Department that there has been a problem of capacity building focusing on short term individual self-development, particularly through attendance of external courses in other countries, and a lack of focus on long term strategic development of staff within Rwandan institutions and organisations;

>> It is considered to be better value for money to invest in applied training to staff who are working on the job rather than training divorced from the workplace. There is a need to look carefully at using in-service work based training as an investment to and reward for existing staff. The substantive need is for mid-level skills based technical and mid-level management training.

>> Rwanda has a policy of ‘lean Government’, keeping its overall staffing numbers limited. Hence, so as to not distract them from their essential core on-going work, capacity building programmes targeting Government staff must be designed to add to and aid the effectiveness of their work and the services they provide and not distract them.
Table 2: Summary of key results and methods for capacity building

<table>
<thead>
<tr>
<th>Key Objective</th>
<th>To build capacity across the GoR and Fund beneficiaries, with the aim of handing over full responsibility of Fund management to the GoR staffed Secretariat 6 months prior to the end of the 2-year operational phase.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results</td>
<td>&gt;&gt; GoR/FONERWA Officials/BDS Trainers are able to provide training;</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; 48 Training Sessions Organised including 11 Sessions in District/Provincial Levels (at least 100 participants</td>
</tr>
<tr>
<td></td>
<td>are fully trained).</td>
</tr>
<tr>
<td>Methods</td>
<td>&gt;&gt; Results will be achieved by a coordinated capacity building programme made up of 4 key stages:</td>
</tr>
<tr>
<td></td>
<td>1) Needs assessment, 2) Full capacity building programme design, 3) Implementation &amp; monitoring strategy and</td>
</tr>
<tr>
<td></td>
<td>a 4) Completion &amp; assessment stage;</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Identifying results champions (‘agents of change’) across the GoR and private sector for training of</td>
</tr>
<tr>
<td></td>
<td>trainers workshops;</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Alignment with GoR’s existing capacity building training initiatives by the Public Sector Capacity Building</td>
</tr>
<tr>
<td></td>
<td>Secretariat;</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Joint training programme with other projects;</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Target individuals, organisations and institutions across public and private stakeholders, including ‘job</td>
</tr>
<tr>
<td></td>
<td>shadowing’ for future GoR Secretariat staff.</td>
</tr>
</tbody>
</table>

During the Fund design work by the CIDT consortium, three key areas requiring immediate focus for FONERWA’s 2-year operational period emerged. These are summarised in Table 3 below as pillars and include:

1. Overall Fund management,
2. Proposal development and
3. Project/programme implementation.

Key sub-components of each of these pillars, as well as stakeholders to be directly targeted are also highlighted.

Table 3: Key areas of capacity building efforts by the FMT

<table>
<thead>
<tr>
<th>Pillars of FMT capacity building</th>
<th>Key sub-components</th>
<th>Targeted stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1: Fund Management</td>
<td>&gt;&gt; Resource mobilisation (internal/external capitalisation)</td>
<td>GoR (MINIRENA/REMA)/BRD</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Finance &amp; accounting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Disbursement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Beneficiary capacity building (initial orientation for grant application)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Communication &amp; awareness raising</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Proposal screening</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; M&amp;E</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Reporting &amp; knowledge management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Value for money assessment</td>
<td></td>
</tr>
<tr>
<td>P2: Proposal Development</td>
<td>&gt;&gt; Writing guidelines and structures (including logframe training)</td>
<td>GoR/BRD staff in training &amp; potential beneficiaries</td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Technical assistance (environment &amp; climate)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Leveraging opportunities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;&gt; Targeting international finance</td>
<td></td>
</tr>
<tr>
<td>P3: Project/ programme implementation</td>
<td>&gt;&gt; Technical assistance (project cycle management)</td>
<td></td>
</tr>
</tbody>
</table>

Stage 2: Programme design

Informed by Stage 1, the capacity development programme design will provide the basis for a logical flow that connects the FONERWA capacity building objective to:

1. the particular capacity factor indicator(s) to be improved,
2. a determination of the appropriate methodological approach for learning, and
3. the capacity development activities to be elaborated to achieve the learning outcomes.

During design and implementation the FMT will actively engage with Climate and Development Knowledge Network (CDKN) and other Development Partners (i.e. JICA, UNDP) who have shown keen interest to support FONERWA capacity building initiatives in order to maximise resource mobilisation chances in this area from various sources.
The following areas are identified as part of key training interventions (see Table 4).

**Table 4: Indicative training interventions across capacity development dimensions**

<table>
<thead>
<tr>
<th>Capacity Levels</th>
<th>Types of Training Interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institutional Level</strong></td>
<td>Fund Management Styles</td>
</tr>
<tr>
<td></td>
<td>Competency Based Learning and Institutional Strengthening</td>
</tr>
<tr>
<td></td>
<td>Quality Management and Quality Assurance</td>
</tr>
<tr>
<td><strong>Organisational Level</strong></td>
<td>Efficient Fund Management including Financial Management, Accounting, Resource Mobilisation and Disbursements, Fiduciary Risk Management, VfM (Feasibility studying/Cost benefit Analysis) and Procurement, Communications and Knowledge Management</td>
</tr>
<tr>
<td></td>
<td>Appraisal Procedures</td>
</tr>
<tr>
<td><strong>Individual Level</strong></td>
<td>Orientation on the economic linkage between environment and climate change and poverty</td>
</tr>
<tr>
<td></td>
<td>Technical Assistance on sector-specific project/programme identification and formulation</td>
</tr>
<tr>
<td></td>
<td>Full Project/Programme Cycle Management including Monitoring and Evaluation and access to international finance opportunities and VfM principles</td>
</tr>
<tr>
<td></td>
<td>Application of Grant and Non-Grant Financial Instruments</td>
</tr>
</tbody>
</table>

As part of programme design, the team will plan when to expect completion of activities, achievement of learning outcomes, assessment of changes in capacity needs, and achievement of the ultimate FONERWA objective towards sustainability. Identifying and strengthening “result champions” or agents of change will be an important component of our capacity building plan. Figure 4 illustrates targeted groups.

**Figure 4. Process for targeting and strengthening capacity of agents of change.**
Targeting the above groups including staff members of SWAP Secretariats across Ministries, interns (in GoR Ministries and Districts), Rwanda Association of Local Government Authorities (RALGA) and Business Development Services of the PSF means the FMT can maximise its outreach by training a critical mass of individuals who in turn can provide training at both the central and decentralised levels (‘training of trainers’). The use of existing capacity building entry points of the GoR, such as Network of Planners Meetings, will also minimise costs and enhance sustainability.

Because the FMT is accountable for achievement of the learning outcomes, a key initiative under this stage would also be to identify how the team will assess whether each learning outcome has been achieved and what evidence will be used to support that assessment. Other design questions will involve further selection of participants, specifying the delivery format and tools, sequencing, and describing any quality assessment and follow-up. One of our key learning delivery methods will be to provide participants the opportunity to provide inputs towards the most effective delivery approach and engage in, observe and reflect on ‘classroom-based’ experiences (i.e. workshops) as well as “non-classroom based setting” (i.e. on the job training). In order to ensure that the capacity development is focused, effective and fosters relevant and practical skills and knowledge acquisition, trainees will be encouraged to propose and present real life case studies, projects and ideas for in class/workshop discussions. The sessions will be deliberately interactive bringing together, to the extent possible; participants from different but related sectors to promote cross fertilization of ideas and concepts towards integration that is crucial to environmental sustainability and climate resilience. This approach is also important to cross sector coordination and integrated planning that facilitates improvements in implementation efficiency. These elements of project/programme management are key to leveraging resources for enhancing absorption capacity and resources mobilization.

Stage 3: Implementation and monitoring

Following programme design and activity identification under Stage 2, Stage 3 involves implementation and monitoring of capacity development activities. The focus of this stage is ensuring intended learning outcomes are achieved. Periodic review of capacity factors based on the capacity indicators defined in previous stages will be conducted and reported by our team to both the FONERWA Technical and Managing Committees.

Stage 4: Completion and assessment

In this stage, the degree of achievement of the intended learning outcomes and how they contributed or are contributing to the sustainability objective of FONERWA will be assessed and presented. The assessment will make use of information from identified capacity indicators in order to draw conclusions about the impact and value for money of the overall capacity development plan.
Table 5 highlights an indicative list of capacity development activities that need to be undertaken, as well as an indicative timeline for their delivery. While these training activities may be conducted in-house (i.e. on the job training), online (with a clear mechanism in place for monitoring results) or through short courses or seminars inside or outside Rwanda, the exact nature, content and consequently cost of these activities are being developed by the Fund Management. Target beneficiaries of capacity building support, particularly at the Project Development (PD) submission and project implementation stages, are to be the planning and budgeting officers from the GoR and the private sector. Priority will be given to the key spending Ministries directly relevant to FONERWA Thematic Financing Windows including the Ministry of Environment and Natural Resources, Ministry of Infrastructure, Ministry of Agriculture, Ministry of Industry and Trade, Ministry of Local Government, Ministry of Disaster Management, as well as Ministry of Finance and Economic Planning. Private sector and CSO recipients of capacity building support will also be chosen as per the Thematic Financing Windows. The target beneficiaries will be selected on the basis of interest expressed by Institutions and Organisations showing a keen interest to apply to the FONERWA fund. In special cases, the FMT with the guidance, oversight and support of the FTC and FMC will purposely identify individuals and/or groups for capacity building that seeks to target areas of specific national priority such as technology transfer that supports renewable energy as an example.

The proposed capacity building activities will be expected to be through “learning by delivery” and tailormade short courses as indicated over the first 2 years of the operationalisation of the Fund. The Fund Management Team should ensure that all experts used by FONERWA have a capacity building component embedded in their Terms of Reference (ToRs). Their ToRs should include an internal knowledge-sharing approach (eg. workshop) where the experts would debrief relevant FONERWA staff on what they achieved, how they went about it and the extent to which the capacity of their ‘shadow’ local experts was built.

The Permanent Secretaries that sit on FONERWA Management Committee (FMC) will be required to facilitate the identification of focal points (potential local experts) within their respective institutions to shadow the international and national experts. In order to ensure greater ownership and sustainability, the identified experts will need to have performance contracts that explicitly highlight learning goals from working with the experts. It is to be noted that due to resource constraints, not all capacity building activities are expected to be executed by the Fund Management Team but the Fund Management team will be responsible to facilitate mobilisation of resources for capacity building initiatives.
### Table 5: Indicative Capacity Development Plan

<table>
<thead>
<tr>
<th>CAPACITY NEEDS</th>
<th>CAPACITY BUILDING ACTIONS</th>
<th>EXPECTED RESULTS</th>
<th>TIMELINE</th>
<th>TARGET GROUP</th>
<th>SERVICE PROVIDER</th>
<th>Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Management styles</td>
<td>Analysis of internal flows and procedures concerning communication and decision-making that steer the daily and longer-term functioning of FONERWA and partner institutions</td>
<td>Ability to cover the core business processes and management control processes to see where the bottlenecks are and how they can be removed</td>
<td>By June 2013</td>
<td>MINIRENA/REMA</td>
<td>Fund Management Team</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Organisational processes</td>
<td>Leadership training including coaching and the culture of delegation</td>
<td>FONERWA Management style based on guiding rather than directing, empowering rather than controlling and allowing people to learn from instead of punishing them for their mistakes.</td>
<td>By December 2013</td>
<td>MINIRENA/REMA/BRD</td>
<td>Fund Management Team</td>
<td>2</td>
</tr>
<tr>
<td>1.3 Organisational processes</td>
<td>Multi-stakeholder consultation, lobby and advocacy training in relation to resource mobilisation, environmental and climate change policy and strategy</td>
<td>Ability to influence specific policy processes with stakeholder inputs</td>
<td>By June 2013</td>
<td>MINIRENA/REMA/MINECOFIN/Private Sector Federation</td>
<td>External</td>
<td>1</td>
</tr>
<tr>
<td>1.4 Institutional assessments, sector and value chain analysis</td>
<td>Capacity development and gap analysis, capturing and strengthening vertical and horizontal linkages to improve overall sectoral performance</td>
<td>Ability to track performance within specific sectors and institutional settings, including assessing cooperation and coordination arrangements and the influence of policy, regulatory and legislative frameworks.</td>
<td>By December, 2012</td>
<td>GoR/Private Sector/CSOs</td>
<td>External</td>
<td>1</td>
</tr>
<tr>
<td>1.5 Competency-based learning and institutional strengthening in FONERWA</td>
<td>Tailor-made course on how to implement effectively competency-based learning and institutional strengthening in FONERWA</td>
<td>Ability for FONERWA staff and those of key partnering institutions to understand and respond effectively to institutional changes.</td>
<td>By December, 2013</td>
<td>GoR/BRD</td>
<td>External</td>
<td>2</td>
</tr>
<tr>
<td>1.6 Training and coaching</td>
<td>Informal coaching within and between FONERWA team members and relevant staff in key ministries and private sector participating organisations</td>
<td>Effective knowledge generation and management through in-house seminars</td>
<td>Continuous</td>
<td>Key Ministries/BRD/Private Sector</td>
<td>Fund Management Team</td>
<td>1</td>
</tr>
<tr>
<td>1.7 Quality Management</td>
<td>Training and coaching on developing and effectively implementing internal quality assurance processes in FONERWA</td>
<td>Better governance, accountability and transparency of FONERWA</td>
<td>By December 2012</td>
<td>MINIRENA/REMA/BRD</td>
<td>Fund Management Team</td>
<td>1</td>
</tr>
</tbody>
</table>
## 3 THE FONERWA CAPACITY BUILDING APPROACH

<table>
<thead>
<tr>
<th>CAPACITY NEEDS</th>
<th>CAPACITY BUILDING ACTIONS</th>
<th>EXPECTED RESULTS</th>
<th>TIMELINE</th>
<th>TARGET GROUP</th>
<th>SERVICE PROVIDER</th>
<th>Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. ORGANISATIONAL CAPACITY AREA - Internal policies, arrangements, procedures, systems and frameworks that allow FONERWA to operate and deliver on its mandate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Management styles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.1 Organisational Development (OD) training course</td>
<td>Critical mass of leaders and managers acquire practical skills of designing processes that help people, groups and organisations to function better to manage FONERWA</td>
<td>By June 2013</td>
<td>Key Ministries/</td>
<td>Fund Management Team</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2.1.2 Training on GoR Finance and Procurement procedures and fiduciary risk analysis and management</td>
<td>BRD/</td>
<td>By December 2013</td>
<td>MINIRENA/REMA/BRD</td>
<td>Fund Management Team</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2.1.3 Development of guidelines on ‘must-do’ and ‘should-do’ activities for induction programmes</td>
<td>Private Sector/CSOs</td>
<td>Fund Management Team</td>
<td>1</td>
<td>External</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2.1.4 Training on the performance appraisal process</td>
<td>FONERWA staff are able to deliver while complying with GoR procedures</td>
<td>By March 2013</td>
<td>MINIRENA/</td>
<td>External</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2.1.5 Development of FONERWA code of conduct based on its values. Main areas to be covered may include: relationships with other staff, misappropriation of funds, confidential information, conflict of interest, fraudulent activities, acceptance of gifts from suppliers etc</td>
<td>REMA/BRD</td>
<td>Fund Management Team</td>
<td>1</td>
<td>External</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2.2 Developing and effectively rolling out financial instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2.1 Training on developing, piloting and rolling out private finance products that are responsive to market signals</td>
<td>Greater access and successful utilisation of climate-relevant finance by the private sector</td>
<td>By January 2014</td>
<td>BRD and PSF/ MFINCOM/ RDB</td>
<td>External</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>
### 3. INDIVIDUAL CAPACITY AREA - Experience, knowledge and technical skills vested in people

<table>
<thead>
<tr>
<th>CAPACITY NEEDS</th>
<th>CAPACITY BUILDING ACTIONS</th>
<th>EXPECTED RESULTS</th>
<th>TIMELINE</th>
<th>TARGET GROUP</th>
<th>SERVICE PROVIDER</th>
<th>Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Proposal development &amp; full project cycle management</td>
<td>3.1.1 Training on proposals screening process, prioritisation and allocations decision; with emphasis on VfM criteria.</td>
<td>FMC and FTC are familiar with screening process</td>
<td>By February 2013</td>
<td>FTC/FMC</td>
<td>Fund Management Team</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3.1.2 Training on linkages between the environment, climate change and development interventions</td>
<td>Beneficiaries’ proposals reflect understanding of the nexus between environment, climate change and development interventions</td>
<td>By February 2013</td>
<td>All FONERWA stakeholders including MIDMAR private sector and CSOs</td>
<td>External</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3.1.3 Training on developing successful project proposals including value for money concept</td>
<td>Improved quality of proposals from Fund beneficiaries</td>
<td>By April 2013</td>
<td>All FONERWA stakeholders including private sector and CSOs</td>
<td>Fund Management Team</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3.1.4 Training on portfolio risk assessment, mitigation and management</td>
<td>Ability of FONERWA secretariat to conduct portfolio risk assessment and effectively manage portfolio risks</td>
<td>By June 2013</td>
<td>MINIRENA/ REMA/BRD/ MININFRA, MIDMAR and Private sector</td>
<td>External</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3.1.5 Short course on Planning, implementing, monitoring of projects and programmes</td>
<td>Enhanced capacity of relevant FONERWA stakeholders in environment and climate change project execution</td>
<td>By June 2013</td>
<td>All FONERWA stakeholders including private sector and CSOs</td>
<td>Fund Management Team</td>
<td>1</td>
</tr>
<tr>
<td>3.2 Efficient Fund management</td>
<td>3.2.1 Training on managing and using grant and non-grant financial instruments</td>
<td>Greater familiarity with financial instruments</td>
<td>By June 2013</td>
<td>All FONERWA stakeholders including private sector and CSOs</td>
<td>Fund Management Team</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3.2.2 Training on working with donor organisations and Public-Private Partnerships</td>
<td>Improved working rapport</td>
<td>By December 2013</td>
<td>GoR/BRD</td>
<td>External</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>3.2.3 Training on portfolio risk assessment, mitigation and management</td>
<td>Ability of FONERWA secretariat to conduct portfolio risk assessment and effectively manage portfolio risks</td>
<td>By June 2013</td>
<td>All FONERWA stakeholders including private sector and CSOs</td>
<td>External</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3.2.4 Training on Negotiating Climate Change Finance</td>
<td>Enhanced understanding of the key objectives and instruments of international climate finance, the multilateral policy framework and key UNFCCC negotiation issues</td>
<td>By September 2013</td>
<td>All FONERWA stakeholders including private sector and CSOs</td>
<td>External</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>3.2.5 Training on Management Information Systems (MIS)</td>
<td>Improved efficiency of fund management.</td>
<td>By December 2013</td>
<td>All FONERWA stakeholders including private sector and CSOs</td>
<td>External</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>3.2.6 Training on conducting technology needs assessment and technology transfer (TT) for both adaptation and mitigation to climate change.</td>
<td>Enhanced understanding of Climate Change-related TT</td>
<td>By December 2013</td>
<td>All FONERWA stakeholders including private sector and CSOs</td>
<td>External</td>
<td>2</td>
</tr>
</tbody>
</table>
The first 6-months of 2013 will be the critical period when a high degree of capacity development input will need to be mobilised to ensure the FONERWA fund becomes a living entity providing a valuable service to meet Rwanda’s sustainable development needs.

To get the FONERWA programme moving it is proposed the following (3.1) capacity building courses be commenced and mobilised immediately by the FMT during January and February 2013. These courses could be held for small groups in the REMA building.

### Capacity Levels

<table>
<thead>
<tr>
<th>Capacity Levels</th>
<th>Capacity building actions</th>
<th>Expected results</th>
<th>Target group</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Proposal development &amp; full project cycle management</td>
<td>3.1.1 Training on developing successful project proposals including value for money concept</td>
<td>Improved quality of proposals from Fund beneficiaries</td>
<td>All FONERWA stakeholders including private sector and CSOs</td>
</tr>
<tr>
<td></td>
<td>3.1.2 Training on linkages between the environment, climate change and development interventions</td>
<td>Beneficiaries’ proposals reflect understanding of the nexus between environment, climate change and development interventions</td>
<td>All FONERWA stakeholders including MINIRENA/REMA/ MINECOFIN, MIDMAR private sector and CSOs</td>
</tr>
<tr>
<td></td>
<td>3.1.3 Training on proposals screening process, prioritisation and allocations decision; with emphasis on VfM criteria.</td>
<td>FMC and FTC are familiar with screening process</td>
<td>FTC/FMC</td>
</tr>
<tr>
<td></td>
<td>3.1.4 Training on portfolio risk assessment, mitigation and management</td>
<td>Ability of FONERWA secretariat to conduct portfolio risk assessment and effectively manage portfolio risks</td>
<td>MINIRENA/REMA/BRD/ MININFRA, MIDMAR and Private sector</td>
</tr>
<tr>
<td></td>
<td>3.1.5 Short course on Planning, implementing, monitoring of projects and programmes</td>
<td>Enhanced capacity of relevant FONERWA stakeholders in environment and climate change project/programme execution</td>
<td>All FONERWA stakeholders including private sector and CSOs</td>
</tr>
</tbody>
</table>

Through the process of mobilising project proposals the FMT will aim to highlight to target stakeholders some more broader strategic issues such as:

- The Government sector needs to set up rules and governance structures for the private sector to operate within.
- Stakeholders come to appreciate the importance of environmental sustainability and climate resilience to performance and productivity, cross sectoral nature of environmental and climate change issues and appreciate the opportunities for cross-sectoral projects being proposed to the FONERWA fund.

### 4 MONITORING AND EVALUATION OF CAPACITY DEVELOPMENT

Records of course content, attendees, participant evaluations and course reports will be kept and the effectiveness and efficiency of the capacity development effort appraised and reported on annually starting in June 2013.
Section 8 - VfM / ValuE For Money

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  1.1 – VfM Assessment Approaches
  1.2 – FONERWA VfM Indicators
  1.3 – Project Level VfM
  1.4 – Summary of Project Level Requirements
  1.5 – Fund level VfM

Annex 1: Example simple CBA 112
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organization</td>
</tr>
<tr>
<td>DAF</td>
<td>Development Assistance Framework</td>
</tr>
<tr>
<td>DFID</td>
<td>UK Department for International Development</td>
</tr>
<tr>
<td>DP</td>
<td>Development Partner</td>
</tr>
<tr>
<td>EDPRS</td>
<td>Economic Development and Poverty Reduction Strategy</td>
</tr>
<tr>
<td>FMC</td>
<td>FONERWA Managing Committee</td>
</tr>
<tr>
<td>FONERWA</td>
<td>Government of Rwanda Environment and Climate Change Fund</td>
</tr>
<tr>
<td>GoR</td>
<td>Government of Rwanda</td>
</tr>
<tr>
<td>KfW</td>
<td>German Reconstruction Credit Institute</td>
</tr>
<tr>
<td>MIDIMAR</td>
<td>Rwanda’s Ministry for Disaster Management and Refugee Affairs</td>
</tr>
<tr>
<td>MINAGRI</td>
<td>Rwanda’s Ministry of Agriculture and Animal Resources</td>
</tr>
<tr>
<td>MINALOC</td>
<td>Rwanda’s Ministry of Local Government</td>
</tr>
<tr>
<td>MINECOFIN</td>
<td>Rwanda’s Ministry of Finance and Economic Planning</td>
</tr>
<tr>
<td>MINEDUC</td>
<td>Rwanda’s Ministry of Education</td>
</tr>
<tr>
<td>MINICOM</td>
<td>Rwanda’s Ministry of Trade and Industry</td>
</tr>
<tr>
<td>MININFRA</td>
<td>Rwanda’s Ministry of Infrastructure</td>
</tr>
<tr>
<td>MINIRENA</td>
<td>Ministry of Environment and Natural Resources</td>
</tr>
<tr>
<td>MINISANTE</td>
<td>Rwanda’s Ministry of Health</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>OAG</td>
<td>Office of the Auditor General</td>
</tr>
<tr>
<td>PS</td>
<td>Personal Secretary</td>
</tr>
<tr>
<td>REMA</td>
<td>Rwanda Management Environment Authority</td>
</tr>
<tr>
<td>SIDA</td>
<td>Swedish International Development Cooperation Agency</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
</tr>
</tbody>
</table>
Value for Money

Value for Money (VfM) is about obtaining the best possible results from the money spent\(^1\). The UK National Audit Office defines good Value for Money as:

“The optimal use of resources to achieve the intended outcomes\(^2\)”

It is not about doing the cheapest thing, it is about doing what produces the best outcomes by the most cost effective means.

**It is not just a form of assessment, it is an approach through which:**

> understanding of the relationships between input and outputs, costs and results, and methods and outcomes can be enhanced

> measurement, quantification and valuation of benefits from interventions can be developed, improved and refined

> knowledge concerning what works well, where and through what means can be improved

Any given VfM assessment is a measure of the performance of a project, intervention or programme but VfM as a concept is one of continuous learning and improvement.

---


1.1 VfM Assessment Approaches

There are two broad categories of VfM assessment: management and measurement, each containing a wide range of possible tools and techniques. Management VfM assessment is concerned with assessing the management processes and resource allocations decisions of a project or programme, whereas measurement approaches compare quantified benefits accruing through an intervention with the costs used to generate them.

![Diagram of VfM assessment]

1.2 The 3 E’s

One framework approach to VfM assessment is the ‘3E framework of Economy, Efficiency and Effectiveness’, in which:

- Economy refers to the purchasing of the right inputs at the right price
- Efficiency refers to the quantity (and quality) of outputs generated from the inputs, and,
- Effectiveness refers to how well the outputs contribute to desired outcomes.

Figure 1: The 3E’s Framework

Figure 1 illustrates the factors and relationships being considered through a 3E’s approach: the economy of the inputs, the relationship between inputs and outputs (efficiency) and the relationship between the outputs and outcomes (effectiveness).

The cost effectiveness arrow indicates the relative achievement of impact from inputs and is usually assessed via measurement techniques.

The straight arrow at the bottom of the figure concerns the cross-cutting issue of how fairly inputs, outputs, outcomes and results are distributed, Equity, and this is sometimes referred to as the 4th E.

1.3 FONERWA VfM Indicators

VfM indicators have been identified against which performance can be assessed. Table 1 shows these against the VfM measure they demonstrate and their relationship to the Fund Logframe.

These indicators have been identified to formalise the programmes approach to VfM assessment. They are based on the programme Logframe indicators, to streamline and connect monitoring and evaluation and VfM processes.

---

3 Ibid
4 Taken from: DFID (2011) DFID’s Approach to Value for Money (VfM) http://www.dfid.gov.uk/Documents/publications1/DFID-approach-value-money.pdf
Table 1 should not be seen as a comprehensive and exhaustive list of indicators: as project and programme information is gathered it would be expected that a process of refinement and the development of additional and supplementary indicators will emerge. Refinement or development of additional VfM indicators should seek, where possible, to relate to the Fund Logframe, to minimise additional M&E and reporting requirements. It is possible that some potential projects will, quite justifiably, be seeking funding for projects not reflected by these indicators. Such proposals will need to identify and use VfM indicators in line with their own internal proposed project logframe, and, ideally, using identified project M&E indicators to utilise information being gathered in any case.

The development of such additional VfM indicators is an example of VfM as a learning process.

Table 1. FONERWA VfM Indicators

<table>
<thead>
<tr>
<th>VfM Measure</th>
<th>Indicator</th>
<th>Logframe ref.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>Unit cost of securing one hectare of land against erosion</td>
<td>Output 1.1</td>
</tr>
<tr>
<td></td>
<td>Unit cost of giving a person improved access to clean energy</td>
<td>Output 2.2</td>
</tr>
<tr>
<td></td>
<td>Public and private finance leverage ratios</td>
<td>Outcome 1</td>
</tr>
<tr>
<td></td>
<td>Unit cost of developing Green Growth strategy programmes of action into proposals</td>
<td>Output 3.2</td>
</tr>
<tr>
<td></td>
<td>Operational cost per proposal considered by the FMT</td>
<td>Across logframe</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Additional forest and agro-forest cover (ha)</td>
<td>Output 1.2</td>
</tr>
<tr>
<td></td>
<td>Additional MWh of clean energy produced</td>
<td>Output 2.2</td>
</tr>
<tr>
<td></td>
<td>Number of Rwandan citizens who have built resilience to climate change impacts</td>
<td>Outcome 3.0</td>
</tr>
<tr>
<td></td>
<td>Number of projects whose lessons learnt have been collated and disseminated</td>
<td>Output 4.4</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Net Present Value</td>
<td>Across logframe</td>
</tr>
<tr>
<td></td>
<td>Benefit Cost Ratio</td>
<td>Across logframe</td>
</tr>
</tbody>
</table>

1.4 Project level VfM

The VfM of FONERWA projects will be assessed via two frameworks, 1) a 3E’s management assessment of procurement and 2) developing unit cost measurement/simple Cost Benefit Analysis (CBA).

1) 3E’s assessment of Procurement

This approach has been designed to utilise the existing FONERWA Procurement and Financial Management Procedures and Monitoring and Evaluation Procedure\(^5\), to minimise costs and time required to demonstrate VfM. It assumes that compliance with these procedures will be reported on and demonstrated by all projects as a condition of receiving Fund monies (non-public agencies which are not bound by GoR Procurement and Financial Management procedures will need to demonstrate how they will ensure transparent and cost-effective procurement and track fund uses. Procurement indicators for assessing this demonstration will be developed for such agencies and included in the proposal process and form part of any contract). Figure 2 diagrammatically presents the approach:

\(^5\) See FONERWA Operational Manual
Figure 2: 3E’s Assessment of Procurement

This 3E’s Assessment of Procurement comprises the following steps:

**Economy**

1. Statement of the objective / need for which procurement of inputs is required
2. Articulation of how the appropriate inputs have been identified (this might include a comparison of alternatives and a summary of how the decision as to which to buy was made)
   
   [buying the right things]

3. Demonstration that procurement has obtained the inputs at the best possible price (eg through following FONERWA Procurement Procedures, backed up by financial records verifying purchase costs)
   
   [at the right price]

**Efficiency**

4. Articulation of the range and quantities of outputs generated through the use of the inputs (eg by linking M&E findings with project inputs). This can be supplemented by a qualitative summary of the quality of the outputs.

**Effectiveness**

5. Articulation of how well the outputs have met the identified objective / need for which the inputs were bought (eg by assessing M&E findings against the stated objective)

Box 1 below provides an illustrative outline of the 3E’s assessment of procurement approach. The details of any particular assessment will vary with the project being assessed.
BOX 1
3E’s Assessment of Procurement
Illustrative Outline

Objective / Need

>> There is an overarching goal to increase clean energy provision in a specified region. There are a number of theoretically possible ways to achieve this, but it is recognised that more information is needed in order to be able to determine the best approach.

>> The direct objective / need therefore is identification of appropriate options for increasing clean energy provision and comparison of their relative advantages and disadvantages to inform decision making.

Identification of Required Inputs

>> There may be a number of possible different inputs. These should be summarised and the reasons for the choice provided. For this illustrative example the input is:

>> Commissioning of a research / feasibility study to investigate, identify and compare the alternatives for increasing clean energy provision.

>> Provide a summary of relevant supplementary information, such as key information required and any constraints to be taken into account, such as budget, required environmental and social safeguards

Summary of Procurement Process Used

>> Provide details of the procurement process used:

>> A qualified and suitable consultancy team were recruited following GoR procedures.

>> Provide a summary of: development of ToRs, tender process, assessment of tenders, selection of successful bid / team.

Summary of Outputs Generated

>> Summarise what has been produced, in this example:

>> The research / feasibility study report

Assessment of Effectiveness

>> Provide a summary of how well the output has met the originally identified need / objective. In this example:

>> If the report has provided all the necessary information with which to make a decision and choose how clean energy provision can be increased, it will have been fully effective.

>> It may, however, have been only partly effective if, for example, it has ruled out some options but not been able to clearly recommend any particular option.

>> If it has failed to provide the required information it will have been ineffective

It is recognised that there will be a timelag before project outputs start to be realised (and that this period will vary between projects). The ability of different projects to undertake full 3E’s assessment of procurement will therefore vary across project type and with time.

2) Development of Unit Cost Measurement / Simple Cost Benefit Analysis [CBA]) Assessment

This framework also utilises approved FONERWA financial and M&E procedures and assumes projects’ compliance with these. In addition to the full simple CBA approach this framework also provides for a VfM assessment of Economy through the calculation of UNIT COSTS, where either a) reasonable monetary valuation of outputs is difficult or impossible, or b) has not yet been undertaken.
The steps are outlined below:

>> **Identify and list out project output indicators** (using the FONERWA VfM indicators in Table 1 if possible)

Now follow the simple decision tree below:

![Simple Decision Tree Diagram](image)

**Figure 3: Simple Decision Tree Diagram**

>> **Identify which output indicators are quantifiable**
Where indicators are quantifiable continue with the Unit Cost / CBA, where they are not quantifiable outputs can be listed to provide supplementary qualitative information.

>> **Assess the feasibility of ascribing reasonable monetised values to quantified project outputs / benefits.**
Are:
   a. Monetary values of outputs already known?
   b. Require estimating, but necessary information is readily available (in Rwanda / from outside Rwanda but comparable to Rwanda)
   c. Would be difficult to estimate with an acceptable degree of accuracy

>> **Where c), calculate UNIT COST of generating output**
Cost of generating output / quantity of output generated = cost of generating one unit of output (where interventions are generating multiple outputs care must be taken to not ascribe the full cost of the intervention to a single output)

Where a) or b) proceed with simple CBA, below.

>> **Identify the costs associated with generating outputs for which values are known / to be estimated, and when they were / will be incurred (eg recurrent costs will be incurred each year of the project)**
Using financial management information

>> **Identify the quantity of outputs and when they were / will be generated**
Using logframe milestones and M&E findings

>> **Identify / estimate appropriate values for (identified units of) outputs**
RECORD THE SOURCES OF THE VALUES USED AND ASSOCIATED ASSUMPTIONS

>> **Calculate the value of each output generated (by each year)**
Quantity of output x unit value of output (for each output)
1. **VfM / Value For Money**

**>> Discount the costs and output cashflows to obtain the Present Value (PV) of costs and outputs**
   a. Choose an appropriate discount rate
   b. Use Excel formula

**>> Calculate the project Net Present Value (NPV)**
   a. Establish the difference between costs and benefits for each year of the cashflow by subtracting cost values from output values
   b. Discount this cashflow as for step ix)

**>> Calculate the Benefit to Cost Ratio (BCR)**
   \[ \text{BCR} = \frac{PV_{\text{benefits}}}{PV_{\text{costs}}} \]

**An illustrative example of this process is provided in Annex 1**

### 1.5 SUMMARY OF PROJECT VfM REQUIREMENTS

**Ex-ante VfM (for project proposals)**

1. Detail the project’s intended 3E’s Assessment of Procurement, in line with the guidelines above, using FONERWA Procurement and Financial Management and Monitoring and Evaluation Procedures wherever possible.

   Note that the approach provides the ability to incrementally increase the quality of the assessment over project lifespans. Some VfM measures will be assessable before others. Projects should be able to assess and report on Economy at an early stage in the project lifespan (as soon as inputs are being procured) whilst assessment and reporting on Efficiency will only begin once outputs start to be generated. Once all outputs have been produced the project will be able to assess and report on Effectiveness.

2. Unit Cost Measurement / Simple Cost Benefit Analysis (CBA) Assessment

   The proposal should provide details of the indicators to be used to generate Unit Cost estimates and simple CBA using the approaches outlined above...

   The proposal should use FONERWA VfM indicators (from Table 1) where these reflect project activities. Where these are not relevant the proposal should clearly identify the VfM indicators it will use, utilising suitable intended project output indicators that will be measured for M&E purposes anyway.

   Valuation difficulties might mean that initial VfM assessment concentrates on estimation of Unit Costs, rather than full simple CBA.

   Where project proposals contain quantified indicators that can be valued, the proposal should include a simple ex ante (projected) CBA. This would be based on the estimated costs of the project (from FONERWA and other sources) and ascribing values to the identified outputs and their associated milestones / anticipated target quantities. Such ex ante projection will provide the basis for proposal VfM screening and a comparison by which to measure performance as ex poste information is generated.

**Ex-poste VfM assessment of active and implemented projects**

1. Up to date reporting of the project’s 3E’s Assessment of Procurement
2. Unit Cost Measurement / Simple CBA

As projects are implemented calculation of unit costs, NPV and BCR should be undertaken and reported on,
using the actual costs incurred and findings of monitoring and evaluation exercises. As for the 3E’s assessment approach the detail and fullness of this assessment is expected to incrementally increase over the project lifespan as M&E information is accrued and ability to measure and value output units increases.

1.6 FUND LEVEL VfM

There are three primary means by which the Fund level VfM will be assessed:

1. Collation of project level 3E’s assessment of procurement
   Summary of projects’ input procurement in line with FONERWA / GoR procedures, with examples of cost management and efficiency and assessment of effectiveness, including identification of where outputs have been effective, where not and why.

2. Aggregation of project level unit cost and simple CBAs
   >> Compilation of projects’ unit costs with, over time, comparison of variation in unit costs for the same outputs
   >> Construction of meta-CBA using project costs and output values and calculation of aggregate NPV and BCR

3. Supplementary reporting against FONERWA VfM Indicators

Four of the identified VfM indicators concern Fund level indicators, namely:

i. Public and private finance ratios (The ratio of finance leveraged in relation to DfID funding (ie leveraged finance / DFID funding).
ii. Number of Rwandan citizens who have built resilience to climate change impacts (Numbers to be collated from project reports in line with the identified measurement methods).
iii. Number of projects whose lessons learnt have been collated and disseminated (recording of lessons by project and their use in informing other projects and stakeholders)
iv. Operational cost per proposal considered by the FMT (operational cost of all projects considered divided by the number of such proposals)

These need reporting on for Fund level VfM assessment, but should not be seen as exhaustive. As FONERWA establishes and progresses other indicators for demonstrating VfM at the fund level may be developed. Consideration of alternative, additional or changes to these VfM indicators, and fund level VfM assessment more generally, should be included in the fund review and reporting processes.

The FMT can also support the development of VfM within Rwanda through facilitating the collation and dissemination of relevant information arising from fund projects and activity, such as:– unit costs, refinement of existing and development of new VfM indicators, output measurement and valuation.
Annex 1: Example simple CBA

This example illustrates the process of undertaking a simple CBA. The figures used are illustrative and SHOULD NOT be taken as representative or appropriate for Rwanda.

EXAMPLE: The Project

A 15 year project aiming to plant 25 ha of new forest each year.

**Can the output be quantified?**

Yes. We can measure the area planted each year in hectares (ha)

**Can the output be valued?**

Valuing forests can be difficult. It can help here to list out the benefits that forests provide. These can include:

- Timber
- Woodfuel
- Agricultural inputs, such as fodder for livestock
- Medicinal plants
- Food, such as fruit and nuts
- Carbon sequestration and storage
- Water cycling
- Nutrient cycling
- Controlling soil erosion
- Cultural or spiritual uses
- Biodiversity, such as providing habitats for important wildlife species

There may be others, depending on the forest type and how it is used.

Some forest values are easy to ascribe, such as timber value and, increasingly, carbon value. For these market prices are available and can be used as the value of the benefit.

Other benefits can be relatively easily ascribed proxy values, such as food, medicines and fodder: for these we could use the prices of buying these goods from a market.

Others are very difficult to ascribe values to. However there has been a lot of work around the world trying to establish values for such services as water cycling and biodiversity.

In short we can ascribe some value to each ha of forest, but this is unlikely to be its full value. We can therefore construct a simple CBA.

**To construct the simple CBA:**

1. We know it is a 15 year project. For CBA we number years from year 1, ie for this project, years 1-15. For ease of use we can add the calendar year below:
2. We know we are aiming to plant 25ha of forest each year, so we can add a row showing this. It is also useful to add a cumulative total.

![Diagram](image)

3. Now we need to add the costs. What costs are involved?

   In a real case we would want to identify and split out different types of costs:
   
   c. Establishment costs – plants, labour etc
   d. Protection costs – eg fencing
   e. Maintenance costs – eg weeding, pruning
   f. Etc

   We would then add these costs against the year they are incurred: ie in year one we would have the costs of planting and protecting 25 ha, in year 2, the costs of establishing and protecting another 25 ha plus the costs of maintaining the existing forest area from year 1, and so on until year 15. We would want to use as accurate costs estimates as possible.

   For this example we will use an aggregate cost estimate that includes all establishment, maintenance and protection costs. The AfDB / CBFF supported Republic of Rwanda Sustainable Woodland Management and Natural Forest Restoration project appraisal report 1 contains estimated costs for planting, maintaining and managing new forests that equates to approximately US$70 per hectare. (note: any currency can be used for CBA so long as the same currency is used for all costs and benefits).

   ![Diagram](image)

   In this example, as we are using aggregate area costs, and are aiming to plant the same area each year, the costs are the same for each year. In real life this is unlikely to be the case.

4. Now we need to add our benefit values. Again, for ease of illustration, we will use an aggregate value for this example. The IUCN estimate that the global average value of fully functioning forest is about US$420 per hectare per year 2. This estimate includes all timber, NTFP, carbon, biodiversity, ecosystems services values.

   This value applies to fully functioning forest. The example project is planting new forest which will take time to provide these services. The model assumes that the forest will take 25 years to become fully functioning 3, and will only start providing these values after 5 years. It then assumes the value increases at a linear rate until reaching 100% by year 25, ie by 5% per year from years 5-25. Thus value for years 1-4 are zero, in year 5 the 1st 25ha provides 5% of the IUCN estimated value, in year 2, the 1st 25ha is providing 10% of the IUCN estimated value and the 2nd 25ha providing 5%, and so on until year 15 when the 1st 25ha is providing 50% of the IUCN estimated value, the 2nd 25ha 45% and so on.

---


2 £272 per ha per year, taken from DFID International Forest Knowledge Uptake Business Case

5. We now need to calculate discounted cashflows of the costs and benefits, providing the Present Value of these (this is what the costs and benefits over the project lifespan would be equivalent to in monetary terms today).

This can be calculated manually for each year’s PV using the formula: \( PV = \frac{A}{(1+r)^t} \) (where \( PV \) = the present value; \( A \) = the amount of the future sum being evaluated; \( r \) = discount rate; \( t \) = time in years) and the summing these to provide a aggregate PV over the project lifespan.

However it can also easily be calculated using the NPV formula in excel \([=NPV\text{(discount rate, range of values being evaluated)}]\).

The discount rate used in our example is 10% as DFID recommend this rate for Rwanda for all values other than carbon prices.

6. The final stages are calculating the Net Present Value (NPV and Benefit-Cost Ratio (BCR)).
   a. NPV: first we calculate the net cashflow of the project by subtracting the costs for each year from the benefit values for each year:

Now we calculate the NPV for this cashflow in the same way as we calculated the PV of the separate costs and benefits (step 5 above):
b. Benefit Cost ratio is simply the amount of benefit generated by each unit of costs. It is calculated by dividing the PV of benefits by the PV of costs. For this example: $46,787.35/13,310.64 = 3.52.

7. It is good practice to list out the assumptions used in the model so that it can be assessed. With this the simple CBA model is complete and we consider the results (full model overpage):

The NPV is 33,476.71. This is indicating that the benefit of the project, expressed in today’s currency is >US$ 33,000. This is positive and indicates that, so long as the assumptions are reasonable, the project will generate benefits to this value. One use of NPV is to compare alternative project options to see which produces the highest NPV – i.e. which generates the most valuable benefits.

The BCR is 3.52, indicating that for each dollar spent, benefits to the value of US$3.52 are generated. Again a positive result.

Having constructed the model it can be also be used to investigate risks and sensitivities – for example what would be the effect of a fire or pest attack destroying half of the new forested planted by 2010? We can also adjust our assumptions to see how an increase in costs halfway through the project would affect the results.

8. To supplement the CBA we can also list out any benefits that have not been captured. If using specific values for different forest benefits it is likely that the value of some benefits have not been used in the CBA. This would suggest that, even with a positive NPV, the NPV is an underestimate. It is worth highlighting these other benefits when reporting.

It is also possible that the project could generate ‘external’ benefits: for example planting new forest on slopes could be expected to reduce soil erosion and reduce the silting of rivers and lakes, and improving water quality within a catchment area. Whilst this would not be measured in a project solely focused on planting new forest such knock-on benefits are worth reporting. In a similar way it is professional to also consider and report any knock-on disadvantages, for example, has planting new forest reduced the area of land being used to produce food crops? A full CBA report will note such factors and comment on how they might affect the CBA results, even when not captured in the model itself.