



**GREEN
CLIMATE
FUND**

Meeting of the Board
8 – 10 March 2016
Songdo, Incheon, Republic of Korea
Agenda item 13 (c)

GCF/B.12/09

9 March 2016

Project Preparation Facility

Summary

This document contains a project preparation funding application from Ministry of Natural Resources of Rwanda (MINIRENA) under the Project Preparation Facility of the Green Climate Fund.

Project preparation funding application – MINIRENA

I. Application overview

Application title	Project Preparation Funding Application for the Rural Green Economy and Climate Resilient Development Programme
Accredited entity	Ministry of Natural Resources of Rwanda (MINIRENA)
Country	Rwanda
Amount requested	USD 1,5 million
Proposed activities	<ol style="list-style-type: none"> 1. Development of master-plans for infrastructure, energy, water/ wastewater; 2. Delivery of feasibility studies; <ol style="list-style-type: none"> 2.1 Forestry and watershed management feasibility study 2.2 Climate resilient tea feasibility study 3. Preparation of environmental and social impact assessment (ESIA); 4. Preparation of gender analysis (and action plan if required); 5. Preparation of financial and economic analysis; 6. Development of project management plan including the implementation manual; and 7. Preparation of legal arrangement.

II. Summary of the underlying programme

MINIRENA aims to pilot measures to increase the resilience of Gicumbi district to the expected impact of climate change, establish small-scale low emission rural industries and create green jobs. The programme would like to pilot innovative approaches to develop low emission industries in one of Rwanda’s poorest districts, Gicumbi, increase the resilience of farming systems to climate change and use targeted research and analysis to guide policy makers, business leaders and communities in this respect. The programme will focus on four key sectors that are critical to enabling Gicumbi to achieve its development targets and align with national green growth and climate resilient priorities: tea, forestry, construction and energy. The pilot programme comprises four interlinked projects:

- (a) affordable, low emission settlements and industries as growth hubs
 - (b) climate resilient production of tea;
 - (c) sustainable forest management and watershed management; and
 - (d) knowledge development and transfer.
- a) **Affordable, low emission settlements and industries as growth hubs:** This programme will demonstrate a model of accelerated economic growth based on the principles of climate resilience and low emission development. Firstly, the interventions are designed to stimulate a demand for affordable, low emission housing by reducing the costs of construction by using locally available materials. The programme will make low emission housing accessible to low income households by utilising available labour in communities and increasing access to renewable energy and appropriate financial products,. The programme will invest in small and medium scale enterprise development around the

production of low emission construction materials (clay blocks, non-fired bricks and laminated timber) in target settlements. This will reduce unit costs of construction, raise incomes, broaden the skill base and support improved land use management. It will also provide an alternative to subsistence agriculture by vocational training in construction material production.

- b) **Climate resilient production of tea:** The programme will pilot interventions to build the resilience of Gicumbi’s primary cash crop, tea (which is highly sensitive to climate change), on 1700 ha benefiting around 5000 households.
- c) **Sustainable forest management and watershed management:** The programme will improve watershed protection, expand woodlot and forest resources and improve silviculture techniques in the Mulindi tea estate’s private eucalyptus plantation. This will provide a sustainable supply of timber for construction and fuel-wood for the tea factory.
- d) **Knowledge development and transfer:** he programme will include support for integrating the use of climate information and analysis into decision-making by policy makers, businesses and investors. In all, around 23,000 households are expected to benefit from the underlying programme.

1. Initial assessment on the funding proposal of the underlying programme against the investment criteria

Note: This assessment has been undertaken on the draft funding proposal submitted by the applicant entity without key supporting documents including feasibility studies and financial and economic analysis, which are expected to be developed through the proposed PPF activities. The final funding proposal will be re-assessed once re-submitted.

Investment criteria	Comments
1. Impact potential	The proposal demonstrates a potential to contribute to the achievement of the Fund’s objectives and is in line with GCF result areas. The programme aims to implement low-emission and climate-resilient solutions in the following areas: (1) building affordable settlements and industries as growth hubs; (2) climate resilient production of tea; (3) sustainable forest management and watershed management; and (4) knowledge development and transfer. It would be highly recommended to present a solid methodology for calculating mitigation and adaptation benefits/indicators that would be specific to this programme, potentially building on the experience and models from the project that is mentioned in the proposal and was supported by FONERWA - Cactus Green (e.g. in calculating tonnes of carbon dioxide equivalent to be avoided).
2. Paradigm shift potential	The programme demonstrates a potential for replication in other countries. It could provide further information on the key structural elements. The proposal could elaborate more on how the proposed investment will create new markets and business activities around construction services at the local and national level by partnering effectively with the private sector and enhancing access to climate analysis and information. The financial and economic viability of the programme is an area that needs more elaboration and preparation in order to ensure the sustainability. The financial services and products requires more development to meet the low

	emission home development. The proposal should clarify if the potential banks for this activity have been identified.
3. Sustainable development potential	<p>The programme would generate social, economic and environmental benefits for various stakeholders, including vulnerable population. It would be highly recommended to quantify the various benefits (e.g. economic savings for different stakeholders from different activities, reduced losses and costs associated with disaster response and rehabilitation costs from extreme weather events).</p> <p>The gender sensitive perspective can be highlighted through a gender study in the proposal to demonstrate the impact the programme would have on women in various programme areas.</p>
4. Needs of the recipient	In addition to (vulnerable) population that would benefit from the programme, private sector entities appear to be potential recipients/beneficiaries (e.g. those producing tea). The funding proposal should elaborate on their needs, as applicable.
5. Country ownership	The planned interventions are aligned with Rwanda's national priorities for low-emission and climate-resilient development. While stakeholders' engagement is clearly mentioned in the proposal, due to the scope of the programme (operations in different sectors), multi-stakeholder engagement plan identifying different groups (private sector, non-government organizations, government, local authorities) could help during the implementation to ensure ownership and support for the programme.
6. Efficiency and effectiveness	The proposal needs to indicate the cost per tCO ₂ based on the programme specific calculations (not calculations done for a similar size project in terms of expected lifetime emission reduction).

2. Brief on the PPF application preparation process

Following the initial assessment on the funding proposal submitted by MINIRENA, the Secretariat communicated the feedback above to MINIRENA and the national designated authority of Rwanda with a suggestion that the funding proposal could be strengthened by benefiting from the PPF. Through consultations, MINIRENA and the Secretariat agreed that the funding proposal can be enhanced by undertaking the following activities:

1. Development of master-plans for infrastructure, energy, water/ wastewater;
2. Delivery of feasibility studies;
 - (a) Forestry and watershed management feasibility study
 - (b) Climate resilient tea feasibility study
3. Preparation of environmental and social impact assessment (ESIA);
4. Preparation of gender analysis (and action plan if required);
5. Preparation of financial and economic analysis;
6. Development of project management plan including the implementation manual; and

7. Preparation of legal arrangement.

The Secretariat has supported MINIRENA in the preparation of this PPF application in response to the entity's request.

Annex I: Draft Decision of the Board

The Board, having considered document GCF/B.12/INF.06/Add.02 titled “Progress and outlook report of the Readiness and Preparatory Support Programme – Addendum Project Preparation Funding Application”:

- (a) Takes note of the project preparation funding application for the Rural Green Economy and Climate Resilient Development Programme (by the Ministry of Natural Resources of Rwanda), as contained in GCF/B.12/INF.06/Add.02;
 - (b) Also takes note of the assessment of the Secretariat in accordance with decision B.11/11 paragraph (l); and
 - (c) Approves the amount of USD 1.5 million in grants for the project preparation of the programme titled “Rural Green Economy and Climate Resilient Development Programme”, submitted by the Ministry of Natural Resources of Rwanda.
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