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FUND**

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# Consideration of accreditation proposals – Addendum III

## Re-accreditation assessment of RAPL009

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### **Summary**

This document contains the re-accreditation assessment conducted by the Secretariat and the Accreditation Panel in accordance with decision B.24/13, and the recommendation by the Accreditation Panel for re-accreditation of re-accreditation applicant 009 (RAPL009), the Ministry of Environment of Rwanda (MOE Rwanda), based in Rwanda, for the second accreditation term.

## I. Introduction

1. The Ministry of Environment of Rwanda (MOE Rwanda), the successor in interest to Ministry of Natural Resources of Rwanda (MINIRENA), is a national direct access entity located in Rwanda. Its mandate is to ensure environmental conservation and protection, manage sustainable and rational utilization of natural resources, strengthen climate resilience, and promote sustainable development. The track record of this accredited entity (AE) includes adaptation and mitigation project implementation at the local and national level in Rwanda.

2. MINIRENA was accredited by the Board on 9 July 2015 in decision B.10/06, paragraph (c), for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, national. The AE received a national designated authority (NDA) or focal point nomination for its accreditation application from Rwanda;
- (b) **Track:** fast-track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** small;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards; and
  - (ii) Specialized fiduciary standard for project management;
- (e) **Maximum environmental and social (E&S) risk category:** medium risk (Category B/Intermediation 2 (I-2));<sup>3</sup> and
- (f) **Indicative results areas for intended projects/programmes with GCF:**
  - (i) Energy generation and access;
  - (ii) Forests and land use;
  - (iii) Health, food, and water security;
  - (iv) Livelihoods of people and communities;
  - (v) Infrastructure and built environment;
  - (vi) Ecosystems and ecosystem services; and
  - (vii) Public projects/programmes.

3. MINIRENA signed an accreditation master agreement (AMA) with GCF on 23 June 2016, which became effective on 1 August 2017 and was subsequently amended and restated on 14 May 2019 without change to the effective date to reflect the replacement of the former Ministry of Natural Resources of Rwanda (MINIRENA) with MOE Rwanda as the AE. The first accreditation term of the AE was from 1 August 2017 to 31 July 2022.

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<sup>1</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme”.

<sup>2</sup> Decision B.07/02.

<sup>3</sup> As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures,” and intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

4. On 31 May 2017, the AE submitted an application for an upgrade in its accreditation scope for the specialized fiduciary standard for grant award and/or funding allocation mechanisms, and paid accreditation fees as relevant, received by GCF on 13 July 2017. Since then, the application for the upgrade has been inactive due to questions pending with the applicant at the time, which has been re-activated by the applicant in parallel to its re-accreditation application.

5. The AE submitted its application for re-accreditation to GCF via the digital accreditation platform on 2 December 2021. Accreditation fees were not applicable for the re-accreditation application for the same accreditation scope for which it was previously accredited. Thus, the Stage I institutional assessment and completeness check commenced upon submission of the re-accreditation application. Stage I was completed on 31 March 2022 and the applicant was progressed to the Stage II (step 1) accreditation review by the AP, which has been concluded with the publication of this assessment.

6. The AE updated the indicative results areas for projects/programmes it intends to submit to GCF within its re-accreditation application:

(a) **Indicative results areas for intended projects/programmes with GCF:**

- (i) Forestry and land use;
- (ii) Health, well-being, food and water security;
- (iii) Infrastructure and built environment; and
- (iv) Ecosystems and ecosystem services.

## **II. Stage I institutional assessment and completeness check**

7. The AE is eligible for, and applied under, the fast-track re-accreditation process as an Adaptation Fund entity. Its application has been assessed by the Secretariat during stage I in accordance with the requirements and gaps identified in decision B.08/03 and in accordance with the following GCF policies and standards to the extent applicable to accreditation:

- (a) “Updated Strategic Plan for the Green Climate Fund: 2020–2023” (decision B.27/06);
- (b) “Matters related to the accreditation framework” regarding the re-accreditation process (decisions B.24/13 and B.26/01);
- (c) “Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund’s Fiduciary Principles and Standards and Environmental and Social Safeguards” (decision B.07/02);
- (d) “Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach” (decision B.08/02);
- (e) “Policy on Prohibited Practices” (decision B.22/19);
- (f) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (g) “Policy on the Protection of Whistle blowers and Witnesses” (decision B.BM-2018/21);
- (h) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);
- (i) “Revised Environmental and Social Policy” (decision B.BM-2021/18);
- (j) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) risk information;

- (k) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12); and
- (l) “Evaluation Policy”<sup>4</sup> (decision B.BM 2021/07).

## 2.1 Legal status, registration, permits and licences

8. The AE provided documents on its establishment and licences to operate, where relevant, as a part of the application. The AE confirmed that there had been no change in its legal status or licences to operate since the original accreditation application.

9. On 19 September 2017, through an official letter signed by its Permanent Secretary, MINIRENA notified GCF that, due to policy developments in Rwanda, MINIRENA underwent a reform and was replaced by a new ministry named Ministry of Environment (MOE), and therefore the name of the AE should be changed from MINIRENA to MOE. The AP reviewed information provided by the AE and confirmed that the name change does not affect its recommendation on accreditation that was submitted to and approved by the Board in its accreditation of MINIRENA in its decision B.10/06. The parties acknowledged that the AMA needed to be amended to reflect the name change, and the amended and restated AMA was signed and made effective on 14 May 2019.

10. As indicated in paragraph 3 above, the AE and GCF entered into the AMA for the AE’s first accreditation term from 1 August 2017 (date of AMA effectiveness) to 31 July 2022. Although the AE’s first accreditation term lapsed on 1 August 2022, the AE submitted its re-accreditation application within the deadline prior to the end of the accreditation term. As the AE has sought re-accreditation prior to the end of its accreditation term, it shall remain designated as an AE during the period between its first and, if re-accredited and having a signed and effective amended and restated AMA, second accreditation terms.

11. If the Board approves the AE’s re-accreditation, GCF and the AE will amend and restate the AMA. The amended and restated AMA will set out the terms and conditions of the re-accreditation, including but not limited to (i) the scope of the AE’s re-accreditation; (ii) any conditions of re-accreditation based on the AP assessment of the AE against the GCF standards and policies listed in paragraph 34 below; and (iii) reflection of the GCF policies and standards adopted by the Board in effect as of the date of the Amended and Restated AMA.

12. The AE confirmed at the time of publication of this recommendation that it is willing to engage with GCF on negotiating the amended and restated AMA and that it will provide the necessary resources to review the draft amended and restated AMA.

## 2.2 Accredited entity performance in contributing to GCF programming results

### 2.2.1 **Approved GCF projects under implementation and national designated authority participatory monitoring**

13. The project “Strengthening Climate Resilience of Rural Communities in Northern Rwanda” (FP073), approved by the Board at B.19 on 1 March 2018, is presently the only ongoing funded activity with MOE Rwanda as the AE. The project aims to restore and enhance ecosystem services in one of the sub-catchments of the Muvumba watershed, increase the capacity of communities to renew and sustainably manage forest resources and support smallholders in adopting climate-resilient agriculture. The project also invests in green

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<sup>4</sup> Due to the timing of the closure of the Stage I review and the Evaluation Policy having come into effect in May 2022, further review of the applicant against the evaluation systems required in so far as they relate to (re)accreditation is undertaken by the AP during Stage II (Step 1).

settlements for vulnerable families currently living in areas prone to landslides and floods, and supports community-based adaptation planning and livelihood diversification. Knowledge and capacity developed during implementation will be mainstreamed at the local and national level. The project specifically targets the most vulnerable groups with fewer resources to mitigate and adapt to climate change.

14. **Project implementation progress:** The funded activity agreement (FAA-FP073) for the “Strengthening Climate Resilience of Rural Communities in Northern Rwanda” project entered effectiveness on 15 May 2019: the first disbursement was made in July 2019, with a second disbursement in February 2021 and a third in June 2022. Total GCF financing is USD 32.79 million, of which USD 22.165 million has been disbursed to the AE. The project has three components:

- (a) Component 1: Watershed protection and climate-resilient agriculture (total cost: USD 12.6 million; GCF cost: USD 12.4 million);
- (b) Component 2: Sustainable forest management (total cost: USD 5.3 million; GCF cost: USD 5.2 million); and
- (c) Component 3: Climate-resilient settlements (total cost: USD 9.3 million; GCF cost: USD 9.2 million).

15. The 2021 annual performance report states that the project has thus far resulted in a total reduction of 22,687 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq), of which 14,469 tCO<sub>2</sub>eq emissions relate to 2021.

16. **Reporting:** Reporting by the AE under funded activities is generally timely except for audited financial reports, which have seen delays.

17. **Readiness and preparatory support:** There are currently three Project Preparation Facility (PPF) grants and one grant under the Readiness and Preparatory Support (Readiness) programme implemented by MOE Rwanda for a total of USD 2.57 million, of which USD 1.53 million has been disbursed. Three of the four grants have received no-cost extensions due to the impact of the Covid-19 pandemic (RWA-PPF-025 a 6-month extension; RWA-PPF-027 a 9-month extension; and RWA-PPF-030 a 6-month extension). Delays in project implementation have been noted and these were mainly caused by the Covid-19 pandemic as reported in most of the reports submitted by the AE. Hence, much activity has not been reported.

18. There are severe delays in reporting under the Readiness portfolio, with MOE Rwanda having submitted four interim progress reports with an average delay of 3 months, while 80 per cent of the reports have been submitted with significant delays (i.e., over 60 days). A key area requiring capacity-building of the AE is working towards reducing delays in reporting.

#### 2.2.2. **Inclusion in the country programme of concept notes, funding proposals and Project Preparation Facility requests**

19. **Country programme/entity work programme:** The Rwanda country programme was developed in 2018, before GCF issued the guideline on country programmes in 2021, The country programme is currently being updated following the guideline, with the draft shared and commented on by the GCF prior to official resubmission. MOE Rwanda is expected to play a major role in the implementation of the project ideas included in the revised country programme, in alignment with Rwanda’s country ownership strategy. As a national direct access entity, MOE Rwanda is not required to submit an entity work programme (EWP); however, it submitted a draft EWP in 2021 with 17 project ideas including the current submitted pipeline. The list of projects provided in the draft EWP is subject to further discussions with the NDA and GCF for refinement and prioritization.

20. **Concept notes/funding proposals:** The AE has submitted six public sector concept notes for a total value of USD 234,767,701 million, including USD 211,853,875 million of GCF funding. Three of these projects are currently undergoing a PPF process for development into full proposals to be submitted in the future. The submitted pipeline would significantly contribute to GCF and national climate objectives, and contributes to a number of GCF result areas. The six submitted projects focus on the following result areas: forests and land use; ecosystems and ecosystem services; Most vulnerable people & communities; Health, food and water security. There is some similarity between the projects and while this is a reflection on the rural dependence of the country, and the remit of MOE Rwanda, the entity may wish to consider more diversity in submissions and expansion to specific sectoral value chains in conjunction with other public and private entities.

21. The inclusion of one project looking at greening urban environments is a useful diversification to the portfolio, as it tackles the rising impacts of climate change on urban populations. In addition, taking the concept of integrated watershed management, would reduce the exposure to climate hazards, and increase the resilience of the local population.

22. However, some of the proposals need further discussions with project teams before they are brought to the Climate Investment Committee. Of particular note is that the projects should be encouraged to develop exit and sustainability strategies (taking into account local and gender contexts and settings) beyond the life of the GCF support, in particular, linkages to national finance institutions and microfinance initiatives.

### 2.2.3. **Risk flags incurred by the projects, accredited entity or country during the previous accreditation term**

23. With regards to concentration risk, there are no risk flags. While there are no risk tolerance levels approved by the Board, the Secretariat monitors concentration levels by single AE (currently 0.28 per cent for the applicant). Portfolio concentration risk by single funding proposal is within the tolerance level approved by the Board.

24. Regarding MOE Rwanda's first-level due diligence of the funding proposal reviewed, environmental and social safeguards (ESS) and gender reviews identified issues that needed to be addressed by the AE: however, these were not fatal flaws. Additional due diligence on ESS was requested for this proposal on ESS matters. No significant ESS and gender issues have been identified in annual performance report reviews of the funded activity that is under implementation.

25. Specifically with regard to integrity risk related to the GCF' Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Policy<sup>5</sup> and the Policy on Prohibited Practices,<sup>6</sup> the Secretariat is not aware of any relevant risk flags pertaining to the AE during the current accreditation term. Also, the first-level due diligence of funding proposals by MOE Rwanda during the reference period has been satisfactory. Furthermore, the Secretariat consulted with the Independent Integrity Unit (IIU) regarding any reports of prohibited practices within its knowledge; the IIU confirmed that it had not received any reports of integrity violations and therefore did not have any reservations with this re-accreditation proposal being presented to the Board.

## 2.3 Accredited Entity-level reporting on continuing to meet GCF accreditation standards

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<sup>5</sup> Decision B.18/10 and annex XIV thereto.

<sup>6</sup> Decision B.22/19 and annex XIV thereto.

26. In line with the AMA, clauses 15.03 and 5.03(b)(iv), MOE Rwanda has submitted the required AE-level reports throughout its 5-year accreditation term. Some of the submissions by the AE were late and extensions were provided by the Secretariat. These include annual self-assessments for calendar years 2017 and 2018 followed by a mid-term accreditation review that included the self-assessment for calendar year 2019, and another self-assessment for calendar year 2020. The AE's re-accreditation application includes the self-assessment for calendar year 2021.

27. In the annual self-assessments for 2017, 2018 and 2020, MOE Rwanda reported a few changes related to its organizational structure and basic fiduciary standards against which the AE was assessed for its original accreditation, all of which the AE reported as having positive or no impacts on the AE's capabilities to continue to serve its role as an AE. The AE has maintained its accreditation status to the Adaptation Fund throughout the accreditation term.

28. As detailed in document GCF/B.27/03/Add.02, the AP and Secretariat reviewed the mid-term review report covering calendar year 2019 and found that the AE continued to meet the relevant GCF accreditation standards and obligations as an AE as per its AMA with GCF in the context of its accreditation scope.

## 2.4 Overall portfolio of activities of the accredited entity beyond those funded by GCF

29. As per the 2020–2023 Strategic Plan,<sup>7</sup> the re-accreditation process,<sup>8</sup> and the monitoring and accountability framework,<sup>9</sup> the Secretariat and the AP are requested to provide an assessment of the extent to which the overall portfolio of activities of the AE beyond those funded by GCF has evolved during the accreditation period, in order to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development.

30. MOE Rwanda as a ministry of the Government of Rwanda is committed to taking urgent action to mitigate and adapt to the effects of climate change. The Government seeks to contribute to the ambitious goal of limiting temperature rise to 2°C. As the ministry in charge of environment protection and conservation, MOE Rwanda is responsible for ensuring that all the key sectors of the economy mainstream urgent actions to mitigate and adapt to the effects of climate change in their sector strategic plan. Rwanda's Vision 2050 policy sets a path for green and climate-resilient growth, with the aim of achieving carbon neutrality and a prosperous, climate-resilient society by 2050. This long-term vision is translated into medium-term development plans, the current one being the National Strategy for Transformation (2018–2024) which emphasizes climate change and a cross-cutting priority.

31. Rwanda submitted its intended nationally determined contribution (NDC) under the Paris Agreement to the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) in 2015 and was the first African country to submit its Updated NDC in 2020. The updated NDC aims to reduce Rwanda's greenhouse gas (GHG) emissions by 38 per cent relative to a business-as-usual baseline by 2030, primarily in the agriculture, energy and waste sectors. It also sets out a range of adaptation activities to enhance resilience of ecosystems, communities and economic growth. Rwanda reports on its progress in achieving its climate change objectives through national communications to the UNFCCC among other reporting mechanisms. All these actions align with the objectives prescribed for GCF by the UNFCCC. The total cost of achieving the NDC measures is estimated at USD 11 billion, of which 40 per cent represents an unconditional commitment. MOE Rwanda is responsible for the coordination and

<sup>7</sup> Decision B.27/06 and annex VI thereto.

<sup>8</sup> Decision B.24/13 and annex XXVI thereto.

<sup>9</sup> Decision B.11/10 and annex I thereto.

oversight of the NDC implementation, working closely with sector ministries as well as with the Ministry of Finance and Economic Planning and the Rwanda Green Fund (FONERWA).

32. The AP reviewed the following information provided by the AE with regard to guiding questions established in the GCF “Methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities”:<sup>10</sup>

- (a) **Guiding question 1:** Has the entity established policies or commitments in the short, medium, or long-term regarding investment in climate projects?
- (i) MOE supports the Republic of Rwanda in the coordination and oversight of its policies and strategies on climate change. As such, it plays a decisive role in terms of mobilizing resources for the implementation of Rwanda’s NDC. The country’s contribution to GHG emissions is low; however, emissions from deforestation, agriculture, land use and energy use are significant enough to warrant a mitigation response. The country is targeting a reduction of emissions by 16–38 per cent by 2030 based on an unconditional (domestically supported) contribution and conditional (internationally supported) mitigation components. In total, mitigation and resilience interventions are estimated to require USD 11 billion of climate-related investment, most of which (60 per cent) will need to come from international sources;
- (ii) MOE also leads the implementation of three interlinked strategies aimed at delivering climate action by 2024:
- (1) The National Environment and Climate Change Policy of 2019 has set seven policy goals for 2024: (1) greening economic transformation; (2) enhancing functional natural ecosystems and managing biosafety; (3) strengthening meteorological and early warning services; (4) promoting climate change adaptation, mitigation and response; (5) improving environmental well-being for Rwandans; (6) strengthening environment and climate change governance; and (7) promoting green foreign and domestic direct investment and other capital inflows. To implement these policies, 22 policy statements and 127 policy actions have been identified;
- (2) The climate change component of the National Strategy for Transformation (NST 1 2017–2024) includes specific outcome targets such as reducing biomass usage for cooking from 79.9 per cent to 42 per cent; increasing forest coverage of total surface areas from 24 per cent to 30 per cent; promoting sustainable agriculture through erosion control measures; and doubling the area of land under irrigation; and
- (3) The Environment and Natural Resources Strategic Plan for 2018–2024 has six established priorities: (1) sustainable and productive forest and agroforestry management; (2) integrated and sustainable water resources; (3) integrated and sustainable land management; (4) enhanced reliability of weather and climate services; (5) enhanced environmental management and resilient to climate change; and (6) vibrant, efficient and responsible mining. The total cost estimated to implement these interventions is approximately USD 390 million; and
- (iii) The AP finds that the AE has solid commitments and plans, and these are consistent with the 2020–2023 USP;

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<sup>10</sup> Document GCF/B.28/11/Add.02.



- (b) **Guiding question 2:** Does the entity receive resources from third parties for the financing of climate projects?
- (i) The AE relies on domestic and international sources for climate projects. The domestic sources of funding include fees from environmental impact assessments from projects in all sectors, proceeds from forestry and water funds, seed financing from domestic stakeholders, and environmental revenue. Bilateral and multilateral funding is availed by partners such as the Nordic Development Fund (NDF), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), Adaptation Fund, Kreditanstalt für Wiederaufbau (KfW), African Development Bank, World Bank, and the Global Green Growth Institute;
  - (ii) Before accreditation, MOE and the relevant agency FONERWA had mobilized USD 172.77 million, and this has increased to USD 317.6 million during the first accreditation period (an 83 per cent increase in total); and
  - (iii) The AP finds that the AE has actively engaged with various national and international partners to mobilize resources for the financing of climate projects;
- (c) **Guiding question 3 (optional):** Does the AE calculate and reduce its GHG emissions at the corporate level?
- (i) The AE informed the AP that it does not calculate and mitigate its emissions at the corporate level; and
  - (ii) The AP encourages the AE to enhance its capacity for calculating and reporting Scope 1-3 GHG emissions;
- (d) **Guiding question 4 (optional):** Does the AE evaluate the climate risks of its portfolio?
- (i) The AE indicated that various projects implemented by the AE and its relevant agencies evaluate climate risks as part of the project appraisal and at the project completion stage. For example, supporting documents indicated that two projects had been screened for short- and long-term climate change risks in the urban planning and agriculture sectors, respectively. However, the AE has not yet evaluated the climate risks of its portfolio; and
  - (ii) The AP encourages the entity to build its internal capacity to climate-proof and make its projects and portfolio resilient to climate change impacts, including by adopting targets and key performance indicators in relation to that;
- (e) **Guiding question 5:** What are the main sectors of activity of the AE?
- (i) The AE explained that its portfolio is 100 per cent climate-related and that the sectors where it has invested comprise water, agriculture, land and forestry, human settlement, health, transport and mining;
  - (ii) Climate change projects make up 100 per cent of the current funding portfolio of the AE. Currently, its portfolio has 11 projects, as follows:
    - (1) Green Gicumbi project, USD 33.2 million (2019–2025) (GCF-supported);
    - (2) Forest Landscape Restoration in the Mayaga Region, USD 32.7 million (2020–2025) funded by the Global Environment Facility, the Government of Rwanda and UNDP;
    - (3) National Adaptation Planning (NAP) project, USD 13.5 million (2020–2024) funded by UNEP;

- (4) LAFREC II, USD 9.5 million (2014–2021) funded by the Global Environment Facility;
  - (5) NDF, USD 3.4 million (2019–2021) funded by NDF;
  - (6) Ecosystem-based Adaptation approach in Rwanda (LDCF II), USD 14.7 million (2016–2022) funded by the GEF FMBE, USD 4.5 million (2016–2021) funded by the Kingdom of Belgium;
  - (7) SCENR Sector for green economy transformation, USD 4.4 million (2019–2024) funded by UNDP;
  - (8) RUDP II, USD 150 million (2021–2026) funded by the Government of Rwanda and the World Bank;
  - (9) Poverty Environment Action for SDG Programme, USD 2.1 million (2018–2023); and
  - (10) TREPA Project, GCF contribution of USD 49.6 million and Government of Rwanda co-financing and project partners (2021–2027);
- (iii) The AE confirmed that it has not invested in any fossil fuel portfolio and does not intend to. Accordingly, the AE’s current portfolio does not have carbon-intensive projects;
  - (iv) The AP finds that the AE invests in various sectors through cross-cutting climate projects;
- (f) **Guiding question 6:** Is the AE investing in mitigation projects/operations?
- (i) The AE guides its mitigation projects/operations by the NDC document, where the mitigation sectors/technologies the AE is supporting are included and described in detail. Currently, 10 per cent of the AE portfolio consists of mitigation projects and another 10 per cent is cross-cutting; and
  - (ii) The AP concludes that AE’s investments in climate mitigation and cross-cutting projects/programmes show an increasing trend over this period; and
- (g) **Guiding question 7:** Is the AE investing in adaptation projects/operations?
- (i) In line with Rwanda’s NDC, the key adaptation project areas funded by the AE are: sustainable intensification of agriculture; agriculture diversity in local and export markets; integrated water resources management and planning; integrated land use and management; efficient resilient transport systems; ecotourism; conservation and payment of ecosystem services; sustainable forest and agroforestry; disaster and diseases prevention; and climate data and projections;
  - (ii) Around 80 per cent of the AE’s portfolio is dedicated to climate adaptation, and another 10 per cent is cross-cutting. The total investment in adaptation programmes and projects over the first accreditation period is estimated at USD 303.36 million. Currently, the AE’s portfolio consists of 2 cross-cutting projects focused on building resilient and sustainable economic activities and delivering mitigation and adaptation results. One is the Landscape Approach to Forest Restoration and Conservation project (LAFREC), which invests USD 9,532,000 in sustainable and resilient agriculture; the other is FP073, which encompasses watershed protection and climate resilient agriculture, sustainable forest management, and energy use, and climate resilient settlements;
  - (iii) The AE concludes that the AE’s investments in climate adaptation and cross-cutting projects/programmes show an increasing trend over this period; and

- (iv) The AP considers that the evidence provided by MOE Rwanda for the first accreditation term demonstrates the continuous positive trend of developing climate change mitigation and adaptation and cross-cutting activities. The strategy and the activity trend align with the GCF mandate and objectives.

33. The AP concludes that the MOE Rwanda aligns with the GCF mandate and objectives and with the GCF USP for 2020–2023.

### III. Stage II accreditation review assessment

34. The AE is eligible for, and applied under, the fast track re-accreditation process as an AF entity. Its application has been assessed by the AP during Stage II (Step 1) against the accreditation standards of the GCF and gaps identified in decision B.10/06 and in accordance with the re-accreditation requirements to the extent applicable to accreditation in paragraph 7 above.

35. Regarding MOE's ongoing accreditation with the Adaptation Fund, it was first accredited in December 2011 and re-accredited in March 2019, this time under the fast-track process, having since been accredited by GCF. In a March 2019 report by the accreditation panel of the Adaptation Fund on the assessment of MOE for fast-track re-accreditation as a national implementing entity of the Adaptation Fund, the accreditation panel of the Adaptation Fund noted that MOE has clear zero tolerance of, and the capacities and framework to deal with, financial mismanagement and other forms of malpractice including money laundering and financing terrorism.

35. As part of this assessment, the AP consulted the AE's website and third-party websites to complement the information provided in the application.

#### 3.1 Fiduciary standards

##### 3.1.1. Basic fiduciary standards: key administrative and financial capacities

36. MOE Rwanda did not have any conditions with regard to the basic fiduciary standards on key administrative and financial capacities recommended by the AP for the first accreditation term.

37. As per paragraph 34 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast track re-accreditation.

##### 3.1.2. Basic fiduciary standards: transparency and accountability

38. MOE Rwanda has fulfilled and closed conditions with regards to basic fiduciary standards on transparency and accountability recommended by the AP and approved by the Board in its decision to accredit the AE for the first accreditation term.<sup>11</sup>

39. As per paragraph 34 above, the GCF basic fiduciary standards concerning transparency and accountability have been met by way of fast-track re-accreditation, with the exception of policies on prohibited practices and the protection of whistleblowers and witnesses, the investigation function and AML/CFT.

40. In the *Corruption Perceptions Index*<sup>12</sup> published by Transparency International, Rwanda has, over the past ten years, consistently scored between 49/100 and 56/100, where zero means highly corrupt, and 100 means very clean. In terms of benchmarking, Rwanda outscores

<sup>11</sup> Refer to document GCF/B.24/07/Rev.01.

<sup>12</sup> Available at <<https://www.transparency.org/en/cpi/2021/index/rwa>>.

its East Africa Community peers. The website of Rwanda’s Office of the Ombudsman’ published a recent (2018) Transparency International Rwanda annual bribery index. The report notes that reporting bribes is still limited, especially due to limited confidence in case management solutions or lack of knowledge of whom to report. Transparency International recommends increasing awareness-raising combined with incentives and strong measures of witness protection to build the trust of citizens to report.

41. Regarding the AE’s systems, policies and processes for preventing, managing and investigating cases involving prohibited practices and the protection of whistleblowers and witnesses, the Government of Rwanda, largely via the Office of the Ombudsman, provides policy and reporting frameworks for ministries and organizations to align their operations. In terms of internalizing and operationalizing over-arching government frameworks in its operations and activities, the MOE currently provides a simple statement and minimal information on how stakeholders can report to various layers of government, and a link to an email address on its website for reporting fraud. Similarly, although it is recognised that Rwanda has a reputation and a track record for preventing forms of corruption, the AP found minimal evidence of a tone of zero tolerance among the management of the AE in relation to promoting awareness and prevention of corruption.

42. The AE’s management is cognisant of and expert in the laws and directives they work under and, notwithstanding the recent history of reporting prohibited practices, the AE has identified opportunities to strengthen its internal operationalization of those over-arching laws and policies.

43. Regarding policies, procedures and capacity to prevent and manage cases of sexual exploitation, sexual abuse and harassment in its workplace and project activities, the Government of Rwanda has in place different policies such as the Revised National Employment Policy (2021), National Gender Policy (2021) and National Policy against Gender-Based Violence (2011), which require government institutions, civil society organizations and the private sector to implement the National Policy against Gender-Based Violence.

44. Concerning the AE’s fulfilled and closed accreditation condition that required web-publishing by the AE of instructions and forms for lodging complaints, the improvements in reporting envisaged in the condition have not been sustained. Whereas quarterly case trend reporting and monthly reporting to the competent authority were accreditation conditions, there have been few reports of suspected/proven wrongdoing (including corruption and financial mismanagement) in relation to MOE Rwanda in the three years preceding the AE’s accreditation application. As a result, the reporting envisaged at accreditation was not necessary or sustainable. Current case reporting systems and mechanisms within management and across government are adequate.

45. Noting that the MOE’s AE role of providing an effective mechanism for whistleblowing and to go beyond basic measures such as generic email addresses (monitored by staff) and traditional hard-copy suggestion boxes, the testing and implementation of a new digital, online and application-based and text message-enabled complaints portal called “Baza MOE” is in its final stages. The new system is bilingual in Kinyarwanda and English.

46. The Baza MOE portal aims to be the AE’s independent grievance redress mechanism at the institutional and project level, and its general mechanism for reporting and whistleblowing related to prohibited practices such as fraud, corruption and financial mismanagement. Baza MOE represents a significant improvement aimed at aligning MOE’s processes and procedures with the 2018 law on the Protection of Whistleblowers (no. 44bis/2017), which protects whistleblowers and provides for severe penalties for victimization and retaliation.

47. The AE has the capacity and capability to complete the design and testing of Baza MOE, to promote and provide ready access to all stakeholders, and to build a future track record in handling reporting and whistleblowing.

48. Whereas the Rwandan law on the Protection of Whistleblowers states that whistleblowers must always identify themselves, the AE has taken steps in the design of the Baza MOE portal/app to ensure alignment with global best practices and with the GCF Policy on the Protection of Whistleblowers and Witnesses by providing for fully anonymous (not simply confidential) reporting. Notwithstanding any strict confidentiality measures in place and professional ethics requirements for public servants in handling confidential data, the Baza MOE system is not yet configured to allow anonymous reporting. To address this gap, the AE will be required to demonstrate that anonymous online reporting is fully available and that no identifiers are captured in the Baza MOE system that would deter the public from raising issues in good faith.

49. The Office of the Ombudsman of Rwanda provides a secondary layer for reporting (though not anonymous) via a free call/message line and a general email address; and it publishes periodic reports in newspapers and on its website of the names and offences of those convicted for corruption.<sup>13</sup>

50. Regarding the AE's investigation function, the Rwandan parliament oversees the management of public finances for all public institutions, including the MOE, via powers vested in several entities, namely the Office of the Auditor General and the Office of the Ombudsman. In addition, law no. 12/2017 of 07/04/2017 established the Rwanda Investigation Bureau, which has a general mission to conduct investigations in collaboration with other public institutions, including the Financial Intelligence Centre, by sharing relevant information and evidence.

51. A Ministerial Order establishing regulations on public procurement and a Presidential Order determining professional ethics for civil servants also feature in the Government's investigative framework. Ministerial Instruction no. 004/09/10/MIN concerns the establishment and empowerment of independent audit committees covering public entities, and sets out the responsibilities and composition, and terms of reference of such committees, including oversight of special investigations conducted within an entity. The AE's Audit Committee has not met since November 2020 for various reasons including the delayed nomination of members as required by the Ministry of Finance and Economic Planning. Rwanda's Audit Committee members were appointed in June 2022 and the Audit Committee is scheduled to meet in October 2022. In addition, the MOE's financial statements for the year ended June 2021 are currently in the final stages of audit by the Office of the Auditor General and will be subsequently approved by the Audit Committee.

52. Regarding public availability of the terms of reference for investigative bodies and publicly disclosed guidelines for processing cases, the AE maintains within its website a library of laws and documents; however, the information is not collated and presented in a user/public-friendly and informative manner. Public disclosure can be improved by offering summary, simplified, categorized information, and applicable links.

53. Regarding the AE's systems and processes in AML/CFT, the Government of Rwanda's compliance with and reinforcement of international best practices, laws and systems centres on the implementation of law no. 75/2019 on Prevention and Punishment of Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction. The National Bank of Rwanda ensures compliance by all government institutions, including MOE. The 2019 law builds on the earlier law no. 69/2018, which details the responsibilities of entities for prevention, detection, freezing of assets and reporting of money laundering and terrorism financing and the relevant steps, procedures and processes; due diligence measures; declarations and confiscations of assets; and offences and penalties covering AML/CFT-related crime. In addition, regulation no. 001/FIC/2022 operationalized the law, and the MOE's systems and procedures for its limited activities with respect to due diligence when receiving and

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<sup>13</sup> See <<http://www.ombudsman.gov.rw>>.

disbursing funds, are considered adequate, based on examples provided and monitoring of transactions.

54. As per paragraph 34 above, the basic fiduciary standards on transparency and accountability are considered to have been met by way of fast track re-accreditation. The AP also finds that the AE's policies, procedures and capacity, supported by evidence of track record, fully meet, to the extent applicable to accreditation, the GCF Policy on Prohibited Practices<sup>14</sup> and the GCF AML/CFT Policy.<sup>15</sup> However, the AP finds that the AE's policies, procedures and capacity partially meet, to the extent applicable to accreditation, the GCF Policy on the Protection of Whistle-blowers and Witnesses.<sup>16</sup> The relevant gap is identified in paragraph 48 above and is reflected by the corresponding conditions for re-accreditation in section 4.2.

### 3.1.3. **Specialized fiduciary standard for project management**

55. MOE Rwanda did not have any conditions with regards to the specialized basic fiduciary standard for project management recommended by the AP for the first accreditation term.

56. As per paragraph 34 above, the GCF basic fiduciary standards concerning transparency and accountability have been met by way of fast-track re-accreditation.

57. The AE's supervisory role conferred on it by the Prime Minister of Rwanda ensures strong governance of sub-entities within the ministry. To create effective institutional frameworks for designing and implementing projects linked to its development targets, the Government of Rwanda called for single project implementation units (SPIU) to be established in key ministries. The AE's SPIU includes a coordinator, several technical portfolio managers and specialists in financial management, monitoring and evaluation, procurement and communication/outreach. The SPIU reports directly to the Permanent Secretary of the MOE and provides oversight and expertise to ensure consistent, quality-assured project management, financial management and technical input. The AE's Operational Procedures Manual has been in draft form throughout the Covid-19 pandemic period and the AE confirmed the targeted completion of the manual by the end of 2022. The draft manual sets out a high-level approach to project design, management, oversight and the SPIU's role.

58. The AE's solid track record includes the recent management of USD 10 million in funding from the Adaptation Fund for the project Reducing Vulnerability to Climate Change in North West Rwanda through Community Based Adaptation.

59. The AE typically passes multilateral and bilateral funding through its executing entities (EE) that it managed (for example, FONERWA in the case of FP073). The AE stated its intention for the majority of conceptual projects in its EWP to be undertaken by FONERWA as its preferred EE. Given FONERWA's mandate to mobilize and manage the flow of climate and environment funding, it has become a primary vehicle through which additional environment and climate change finance is channelled, programmed, disbursed and monitored in Rwanda. However, MOE Rwanda, as an AE, may use other entities to execute projects and therefore needs to ensure its project management systems and processes are fully documented.

60. Using FP073 as a case study, MOE Rwanda entered a subsidiary agreement with FONERWA setting out FONERWA's obligations as EE and instituted project governance arrangements building on the institutional structure of MOE. An inter-ministerial project steering committee, chaired by the Permanent Secretary and with senior-level representatives from the Government of Rwanda and partner organizations reflecting the multi-sectoral nature of the project, was established by MOE to serve as the project's coordination and decision-

<sup>14</sup> Decision B.22/19 and annex XIV thereto.

<sup>15</sup> Decision B.18/10 and annex XIV thereto.

<sup>16</sup> Decision B.21/25 and annex II thereto.

making body and ensure the delivery of project outcomes. A project management unit was established within FONERWA to be ultimately responsible for the timely delivery of inputs and outputs and coordination of project activities. The unit comprises technical specialists, including a team leader, strategic adviser, financial management specialist and procurement officer.

61. Regarding public disclosure of project information, the AE shared several examples of media reporting and publications however the AE confirmed that it does not currently have policies and procedures regarding public disclosure; therefore, information on projects is posted only at the AE's discretion on its own and project-specific websites or in the media. To remedy this gap, the AE has indicated its intention to align with the GCF specialized fiduciary standard for project management and to publish project information on its website(s).

62. The AP noted satisfactory performance in reporting (other than delays attributed to disruptions during the Covid-19 pandemic) on FP073; however, issues were noted with reporting on the GCF Readiness and Preparatory Support Programme funding for which MOE also acts as a Delivery Partner. The AE has concept notes amounting to a significant value in its current pipeline.

63. As per paragraph 34 above, the systems, policies and procedures for project management are considered to be sufficient to meet the specialized fiduciary standard for project management by way of fast track re-accreditation. The AP, having reviewed the AE's policies, procedures, track record, practices and capacities, finds that the AE's policies, procedures track record partially meet the specialized fiduciary standard for project management. The relevant gap is identified in paragraph 61 above and is reflected by the corresponding condition for re-accreditation in section 4.2.

#### 3.1.4. **Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

64. As indicated in paragraph 4 above, the AE applied for an upgrade in its accreditation scope for this standard during its first accreditation term, in parallel to the AE's re-accreditation application. During Stage II (Step 1) of the assessment of the upgrade application, the AP determined the need for additional information, in particular in relation to the AE's systems, policies, procedures, capacities and competencies in relation to this standard considering the role of AEs. The assessment of the upgrade application is on-going.

#### 3.1.5. **Specialized fiduciary standard for on-lending and/or blending (for loans, equity and/or guarantees)**

65. The AE did not apply for re-accreditation for this standard during its first accreditation term and did not apply for an upgrade in its accreditation scope for this standard at this time

## 3.2 Environmental and social safeguards

66. MOE Rwanda has fulfilled and closed conditions with regards to the GCF interim ESS standards recommended by the AP for the first accreditation term with a maximum accreditation scope of a maximum E&S risk Category B /intermediation 2.<sup>17</sup>

#### 3.2.1. **Environmental and social policy**

67. The AE is responsible for Rwanda's environmental and climate policies and strategies. Since the revision of its organizational structure in October 2020, the AE has operated through

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<sup>17</sup> Refer to document GCF/B.20/13.

four directorates and two other agencies: the Rwanda Environment Management Authority (REMA) and FONERWA. The AE's environmental and social policy framework encompasses FONERWA's environmental and social management framework (ESMF), which was developed consistent with the International Finance Corporate (IFC) performance standards 1–8 and national standards.

68. The AE's environmental and social policy framework was updated during the first accreditation period considering the recommendations provided by a 2016 Equivalence Assessment for the GCF that compared ESS practices in Rwanda to the requirements of IFC performance standards 1–8. Since then, MOE Rwanda adopted new laws and policies that have become part of its ESMF. As a result, the AE's ESS framework now covers national legislation related to performance standards 1–8, such as law no. 48/2018 of 13/08/2018 on "Environment and related procedures", which established environmental impact assessment and strategic environmental assessment requirements for projects (aligned with performance standard 1), law no. 18/2016 of 18/05/2016 governing the air quality standards and prevention of air pollution in Rwanda (aligned with performance standard 3), and the Prime Minister's Order no. 008/03 of 26/04/2021, which lays out the environmental protection governance at district, cell and sector level, as well as decision-making processes.

69. Regarding the IFC performance standard 7 on indigenous peoples, the AE has not adopted specific policies since it is deemed not applicable to the Rwanda context. However, the AE recognizes and has the capacity to apply the GCF Indigenous Peoples Policy, particularly in the case of transboundary projects involving or affecting indigenous people in other countries.

70. Regarding climate policy, MOE Rwanda promotes the implementation of Rwanda's mitigation commitments for 2030 and the implementation of Rwanda's Green Growth and Climate Resilience Strategy for 2050. On adaptation, MOE Rwanda is advancing NAP processes, supported by UNEP through GCF funding. At the project level, the AE has provided evidence that FONERWA's (as the EE to MOE as the AE) ESMF and Resettlement Policy Framework (RPF) User Manual, which were adopted in November 2020, include procedures for (a) climate change-aware environmental and social risk screening, assessment, and monitoring; and (b) arrangements for the preparation of time-bound action plans for mitigating adverse impacts and enhancing benefits. Depending on the nature of the projects, E&S risk tools such as an environmental and social impact assessment (ESIA), environmental impact assessment (EIA) or environmental and social management plan (ESMP) are developed with special emphasis on climate change analysis.

71. Regarding policies on the prevention of sexual exploitation and abuse, the harassment-free work environment, non-discrimination, trafficking in persons, and human rights, that relate to sexual exploitation, abuse and harassment (SEAH), the AE adopted its Sexual Harassment Policy in 2013, and implementation of this policy has included regular training of employees. The AP finds that the entity has the capacity to meet the provisions of the GCF Revised Environmental and Social Policy, particularly regarding the provisions on SEAH.

72. The Environment and Climate Change Directorate General of MOE Rwanda is responsible for ensuring the AE's compliance with the ESMF. The E&S risk management practices involve coordination between relevant agencies, especially the Rwanda Development Board, REMA and FORNEWA. The E&S framework identifies the roles and responsibilities of different directorates and other agencies and external parties involved in policy implementation at various stages of the project cycle.

73. For projects and programmes funded by the GCF, the AE has provided evidence on its track record, consistent with the GCF interim ESS standards in their entirety, insofar as it relates to the level of E&S risk applied.

74. The AP finds that the AE's environmental and social management system, comprising the E&S framework supported by evidence of its track record, meets the GCF Revised



Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk Category B/I-2 projects/programmes with respect to performance standards 1–8.

### 3.2.2. Identification of environmental and social risks and impacts

75. Regarding E&S risk procedures, the AE has an interinstitutional process in place for risk assessment and risk management at all stages of its project cycle. The E&S risk identification and categorization is conducted by FONERWA, which reviews the E&S risk documents to make sure a project is classified in the appropriate category. A template is used to screen prospective investment opportunities and projects against performance standards 2–8 risk classifications, which are the same as the GCF interim ESS standards. In terms of EIAs, the Rwanda Development Board, supervised by the Presidency of Rwanda, is mandated to review and approve all EIAs in Rwanda.

76. Suitable evidence relating to the E&S risks and impact identification has been provided, including a sample list of projects that were required to develop a full or partial EIA, due to their risk classification, as well as three examples of projects with different risk categories that have been assessed by the AE directly. These were projects in the urban planning sector and included the construction of climate-resilient settlements.

77. The AE has also provided evidence of the technical skills and competency of its staff to perform assessment and risk management. The staff has the required capacities to conduct EIA activities and to implement/monitor environmental and social management plans in compliance with the criteria defined in the national environmental legislation and the AE's ESMF.

78. The AP finds that the AE's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and GCF interim ESS standards for maximum E&S risk Category B/I-2 projects/programmes with respect to performance standards 1–8.

### 3.2.3. Environmental and social management programme

79. The AE has established a project cycle management process with clear provisions on risk management, risk assessment and management of projects. The ESS describes the AE's procedure for E&S risk mitigation and management, which in the example of FP073 is directly executed by FONERWA as the EE. The ESS due diligence process starts with E&S risk categorization of projects/programmes based on the significance of their potential E&S risks and impacts. The higher-risk projects/programmes financed by AE are required to develop and maintain an environmental and social management system (ESMS), which should include components such as an ESMP, an ESIA, and, as appropriate, an abbreviated resettlement action plan.

80. The AE provided a sample of three supporting documents demonstrating its experience with risk management for E&S risk Category B/I-2 in line with performance standards 1–8. The sample reports related to projects in the urban planning sector consisted of one resettlement action plan and one EIA. Also, minutes from meetings to report E&S risks to MOE's senior management were provided. The AP reviewed the documents and found that they fulfil the requirements for risk Category B.

81. The overall effectiveness of the ESMS at the institutional level involves coordination between relevant agencies under the leadership of MOE. The performance of the ESMS is verified by MOE's Internal Audit Unit within the Minister's Office. However, no indicators or rating system to monitor E&S risk performance at the institutional level have been adopted; nor is an ESMS audit report available. The AE informed the AP that, currently, the audits are done at the project level, with the intention of covering the whole ESMS system in the near future.

82. The AP finds that the AE's ESS management programme partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and GCF interim ESS standards for maximum E&S risk Category B/I-2 projects/programmes with respect to performance standards 1–8. The relevant gap is identified in paragraph 81 above and is reflected by the corresponding condition for re-accreditation in section 4.2.

#### 3.2.4. **Monitoring and review**

83. The AE has processes for monitoring and evaluation (M&E) oversight in place, albeit not a stand-alone policy. MOE Rwanda has high level project/programme oversight via single project implementation unit (SPIU). FONERWA as EE, adopted its own M&E policy in 2015, and it covers the entire project life cycle and is supported by a set of guidelines and a manual for M&E. FONERWA's operating framework and M&E procedures have been used for various projects. Detailed work plans are developed under a logical framework structure within which activities are linked to defined and quantified outputs, under outcome themes and connected to higher-level impact statements and indicators. Key performance indicators are identified for measuring and assessing progress, together with time-bound milestones and targets. FONERWA currently has two M&E specialists.

84. The M&E specialists conduct field visits (spot-checks), with a particular focus on 'at-risk' projects. The AE provided a sample of two "spot check reports" containing field visit findings in relation to a climate-resilient agriculture project and a rainwater harvesting project, both from March 2021.

85. The AE also provided two sample documents to demonstrate its track record of project monitoring and independent auditing at the project level: one environmental and social compliance audit for an ecosystem-based adaptation project from April 2021; and one final report for an ecosystem-based adaptation project, from February 2022.

86. The AP finds that the AE's system of environmental and social compliance-related monitoring review, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and GCF interim ESS standards for maximum E&S risk Category B/I-2 projects/programmes with respect to performance standards 1–8.

#### 3.2.5. **External communications, consultations, information disclosure and grievance redress mechanism at the institutional level**

87. The AE provided a standalone procedure on information disclosure implemented at the project-level by FONERWA, including principles, standards, exceptions, language, timeframe for responses and implementation. The AE provided two track records of applying the public consultation and disclosure procedure at the institution-wide and project-level from the recent three years. As mentioned in paragraph 61 above, the AE has indicated that it is willing to develop and to approve an institutional policy that will include the information disclosure elements, consistent with the GCF's Information Disclosure Policy as it relates to the disclosure of E&S information for category B/I-2 projects/programmes.

88. Baza MOE is the official name of the AE's future complaint management system and grievance mechanism which, once fully operational, will be the institutional grievance redress mechanism (GRM). The system will be accessible via the internet or mobile phone using an app. A registry of complaints and responses will be kept by the AE, and this registry will be publicized. The GRM is to be managed by the AE's legal team, providing independent oversight of the GRM process. The staff responsible for the ESS and gender matters are not involved in investigations related to ESS complaints received. As per paragraphs 45 and 46 above, the AE is adding Baza MOE to the MOE website as a visible, clickable button that will lead directly to the

Baza MOE home page. The procedures and required timelines, which have been provided in draft form by the entity to the AP, will be displayed on Baza MOE home page to guide complainants/users of the system.

89. The AE's ESS policy requires its EEs to include a project-level GRM. A clear procedure to handle grievances and complaints at the project level is described in the Project Implementation Manual (PIM) and has been exemplified in the PIM for the Green Gicumbi Project. The AE has provided a grievance log book and a sample case of grievance addressed for the Gicumbi project. Complaints received are reported in annual reports to senior management. Each EE establishes a project-level GRM as per the PIM. The procedure and guidelines followed in handling the complaints are described in the PIM, and the relevant template to be used is also provided. In addition, Baza MOE provides a mechanism to receive and handle the complaint at the project level. The AE maintains and routinely updates a record of all grievances and complaints received and addressed for its GCF-funded projects/programmes.

90. The AE also allocated resources (staff and budget) to operate the GRM at the institutional level. Two staff (at MOE Rwanda and, as its EE, FONERWA, respectively) successfully completed the basic training on strengthening grievance redress mechanisms organized by the GCF/Independent Redress Mechanism to support them in operating the GRM.

91. The AP finds that the AE's system of external communications, consultations, information disclosure and grievance redress mechanism, supported by evidence of its track record, partially meets the GCF Revised Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy regarding ESS information disclosure requirements for maximum E&S risk Category B/I-2 projects/programmes with respect to performance standards 1–8. The relevant gaps are identified in paragraphs 87 and 88 and are reflected by the corresponding condition for re-accreditation in section 4.2.

#### 3.2.6. **Organizational capacity and competency**

92. MOE Rwanda has provided an organizational chart, as well as the Prime Minister's orders and laws containing the legal mandate of MOE Rwanda. The structure indicates that the ESS function is performed by staff from different directorates and units within MOE. The Environment and Social Policy Specialist has been appointed the ESS focal point, reporting to the Environment and Climate Change Directorate General. The Legal Affairs Specialist, within the Permanent Secretary's Office acts on GRM at the institutional level. In addition, the internal audit unit, which consists of two staff, deals with monitoring and evaluation, reporting directly to the Minister.

93. MOE as AE works closely with FONERWA, as EE, and REMA. Within FONERWA, an ESS focal point is responsible for ESS compliance at the project level. Within REMA, the Director of Environmental Regulation and Pollution Control is responsible for ESS management, reporting to the Director General. Both REMA and FONERWA are supervised by MOE, as well as by their board of directors. The AE has not been able to provide the AP with a clear description of how the oversight for E&S risk matters at the level of MOE's organization is structured. The oversight responsibilities are contained in Prime Ministerial orders; however, implementation responsibilities for ESS integration have not yet been outlined in an investment manual, process map or monitoring guidelines used by the AE.

94. The AE provided some evidence that the ESS staff are knowledgeable about performance standards 1–8, can screen and categorize funding proposals, and manage E&S risks and impacts throughout the project cycle. Therefore, the AE has a competency gap within its structures to undertake the tasks associated with an ESMS dealing with E&S risk Category B/I-2.

95. The AP finds that the AE's organizational capacity and competency to implement the ESMS, supported by evidence of its track record, partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and GCF interim ESS standards for maximum E&S risk Category B/I-2 projects/programmes with respect to performance standards 1–8. The relevant gaps are identified in paragraph 93 and 94 above and are reflected by the corresponding conditions for re-accreditation in section 4.2.

### 3.3 Gender

96. MOE Rwanda did not have any conditions with regards to gender recommended by the AP for the first accreditation term.

97. The AE conforms to and implements gender mainstreaming policies, strategies and action plans at the national, institutional and project level.

98. Regarding the national level, the AE, as a governmental body, strictly complies with the Revised Nation Gender Policy of 2021 that provides the overall guidance on gender mainstreaming across all sectors, as well as the 'Rwandan National Gender and Family Cluster guidelines (2018), and the Gender Budget Statement, which is a gender-specific accountability document produced to show what is planned and allocated budgets in line with addressing existing gender gaps. A Gender Monitoring Office under the Prime Minister's Office is mandated to monitor gender mainstreaming and audits across all sectors, including public, private and civil society organizations at all levels.

99. Regarding the institutional level, the national framework act provides the foundation for the AE's system of promoting gender equality. MOE Rwanda is responsible for setting up strategies, and the implementation framework of the National Gender Policy and reporting within the environment and natural resources sector. The Ministry presents a gender budget statement, annual plan and reporting in the parliament. The Environment and Natural Resources (ENR) Gender Mainstreaming Strategy and its implementation plan (2018/2019–2023/2024). I. Also, specific gender mainstreaming strategies have been adopted for specific sectors/ecosystems. MOE coordinates reporting frameworks for gender mainstreaming in the environment and natural resources sector and submits annual performance reports on gender budget statements to the Ministry of Finance and Economic Planning. In two consecutive fiscal years (2020/2021; 2021/2022), the budget allocated on gender mainstreaming programmes and projects was increased.

100. The AE's organizational structure shows that the Planning and Monitoring Unit is in charge of coordinating gender-related investment plans and assessments. The Annual Gender Budget Statement includes information on staff composition by the number of women and men in various positions.

101. In relation to projects/programmes, the AE assesses compliance with the Gender Equality Policy from project identification to completion and evaluation processes in the project/programme activity cycle. The policy strictly prevents gender-related discrimination in all activities throughout project/programme implementation, being aligned with international standards, including the principles of the GCF Updated Gender Policy. The policy also describes the process of how sexual harassment and violation of women's rights are addressed. The AE has also produced the Gender Manual & Toolkit for the Promotion of Gender Equality to support gender equality and women's empowerment in designing, implementing, monitoring and evaluating climate change mitigation and adaptation operations. The AE reviews annual Environment and Social Governance reports from its EEs for GCF-funded projects as a measure of compliance with GCF, other investors, and project expectations. Where relevant, the linkage between gender and climate change is reflected.

102. As evidence of its track record on effective implementation of its Revised Nation Gender Policy of 2021, the AE provided a few gender and E&S risk assessment reports that integrate a gender perspective to demonstrate the mainstreaming of gender considerations throughout climate change transactions, such as those relating to FP073 and the Green Grab projects. The AE has conducted institution-wide gender-related capacity-building programmes and activities.

103. Regarding training, the AE provided evidence demonstrating its experience with gender equality and social inclusion training workshops in the GCF-funded NAP project.

104. The AP finds that the AE's gender policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the Updated GCF Gender Policy to the extent applicable to accreditation.

## IV. Conclusions and recommendation

### 4.1 Conclusions

105. Following its assessment, the Secretariat concludes the following in relation to the application with respect to the potential to continue in the role of an AE and to support the mandate and objectives of GCF: the AE can continue to contribute to GCF in implementing its USP for 2020–2023 with respect to:

- (a) Alignment of the AE's GCF portfolio with the climate-related national priorities of the country where the AE operates;
- (b) Contribution to the adaptation and mitigation balance in the GCF portfolio since the AE has the ability to include adaptation components in its activities; and
- (c) Supporting diversity in GCF results areas such as health and food and water security.

106. Following its assessment, the AP concludes the following in relation to the application with respect to the AE's ability to meet the GCF accreditation standards and GCF policies relevant for accreditation for which it is seeking re-accreditation:

- (a) The AE meets the requirements of the GCF basic fiduciary standards and, to the extent applicable to accreditation, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy; however, the AE partially meets, to the extent applicable to accreditation, the GCF Policy on the Protection of Whistleblowers and Witnesses. The AE has not implemented a system that facilitates anonymous whistleblowing. The above gap is reflected in paragraph 48 above and addressed in the corresponding condition of accreditation in section 4.2;
- (b) The AE's systems, policies and procedures for project management are considered to be sufficient to meet the specialized fiduciary standard for project management by way of fast track re-accreditation. However, the AE's track record, practices and capacities partially meet the specialized fiduciary standard for project management. The AE does not have a policy on public disclosure of project information. The above gap is reflected in paragraph 61 above and addressed in the corresponding condition of accreditation in section 4.2;
- (c) The AE partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, GCF interim ESS standards and the GCF Information Disclosure Policy on disclosure of ESS information in relation to the medium E&S risk (Category B/I-2). The AE does not have its oversight and implementation responsibilities for ESS integration outlined in an investment manual, process map or monitoring guidelines used by the AE. It also lacks an institution-wide ESMS audit. The

above gaps are reflected in paragraphs 81, 87, 88, 93 and 94 above and addressed in the corresponding condition of accreditation in section 4.2;

- (d) The AE has demonstrated that it has a policy, procedures and competencies in order to implement its gender policy, which is found to be consistent with the Updated GCF Gender Policy to the extent applicable to accreditation, and has demonstrated that it has experience in gender consideration in the context of climate change; and
- (e) The AE has demonstrated that it has institutional-level systems, capacities and competencies regarding evaluation as required by the aforementioned GCF basic and specialized fiduciary standards and interim ESS standards that would enable it to meet the requirements of the GCF Evaluation Policy for its GCF-funded activities.

## 4.2 Recommendation on re-accreditation

107. The AP recommends, for consideration by the Board, MOE Rwanda for re-accreditation for its second term as follows:

- (a) **Accreditation type:**
  - (i) **Maximum size of an individual project or activity within a programme:** small<sup>18</sup> (including micro);
  - (ii) **Fiduciary functions:**
    - (1) Basic fiduciary standards; and
    - (2) Specialized fiduciary standard for project management; and
  - (iii) **Maximum environmental and social risk category** medium risk (Category B/I-2) (including lower risk (Category C/I-3<sup>19</sup>)); and
- (b) **Conditions:** the AE will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:
  - (i) Conditions to be met by the AE prior to submission of the first funding proposal to the Board during the re-accreditation term:
    - (1) Delivery to GCF by the AE, in a form and substance satisfactory to the AP, of a report on the post-implementation review of the Baza MOE complaints portal system undertaken by the AE's internal audit unit or by an independent auditor, which confirms the successful implementation of the Baza MOE platform and the operationalization of fully anonymous whistle-blower reporting thereunder;
    - (2) Delivery to GCF by the AE, in a form and substance satisfactory to the AP, of evidence of adoption by the AE of an information disclosure policy which addresses the public disclosure of project information in relation to GCF-funded projects consistent with the GCF Information Disclosure Policy, and a copy of the information disclosure policy; and

<sup>18</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

<sup>19</sup> As per the Revised Environmental and Social Policy adopted in decision B.BM-2021/18, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts", and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

- (3) Delivery to GCF by the AE, in a form and substance satisfactory to the AP, of evidence of its adoption of a process for oversight and implementation for ESS integration and a copy of the manual, process, guideline or other document containing the process; and
- (ii) Condition to be met by the AE within 3 years of the first disbursement by GCF for the first approved project/programme in E&S risk Category B/I-2 to be undertaken by the AE during the re-accreditation term:
  - (1) Delivery to GCF by the AE, in a form and substance satisfactory to the AP, of a final report prepared by an independent auditor assessing the effectiveness of the implementation of the AE's environmental and social management system.

108. The AE has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 107 above, and agrees to the recommendation.

### 4.3 Remarks

109. The AE is encouraged to improve information on its website and in project training and awareness materials, by presenting summarized, simplified information, including links to applicable legislation and to other public sector bodies mandated with oversight and investigative powers: specifically, the Office of the Ombudsman and the Rwanda Investigation Bureau and their respective policies, procedures and processes.

110. The AE has taken steps to strengthen its operational procedures manual and is in the process of approving and implementing its new procedures. The AP encourages the AE to further strengthen its processes and practices in relation to monitoring and evaluation and to evaluate the effective implementation of new procedures and processes introduced in mid-2022.

111. The AE is encouraged to ensure management responses and actions pertaining to recommendations and lessons learned in independent evaluation reports of its relevant agencies are recorded and tracked by management.

112. The AE is encouraged to ensure the configuration of the general search function on its website (<https://www.environment.gov.rw/>) operates effectively and returns search results.

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