Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 03-Feb-2020 | Report No: PIDC201437
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
<th>Environmental and Social Risk Classification</th>
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<td>P172153</td>
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<td>Low</td>
<td>Rwanda NDC Deep Dive: Advancing Financial Innovation to scale up Climate Action</td>
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<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance and Economic Planning (MINECOFIN)</td>
<td>Rwanda Green Fund (FONERWA)</td>
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PROJECT FINANCING DATA (US$, Millions)

**SUMMARY**

<p>| | |</p>
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**DETAILS**

**Non-World Bank Group Financing**

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<td>Trust Funds</td>
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<tr>
<td>Climate Resilient and Low-carbon Development</td>
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B. Introduction and Context

Country Context

**Economic growth**

Rwanda has enjoyed strong economic growth in recent years with an average of 7.8% in real terms over the period 2000 to 2018. This has been accompanied by a decline in poverty with GDP per capita growing almost four-fold from US $225 to US $787 (US $2.2/day) over the same period. While this growth was accompanied
by a two-thirds drop in child-mortality and near-universal primary school enrollment, Rwanda remains one of the poorest countries in the world. In 2018 its GDP/capita ranked 166th out of 183 countries.

Resource dependency

Rwanda is a small, hilly, landlocked country in East Africa with one of the highest population densities in Africa (440 people/km²). Its economy is resource-dependent. This is, among others, illustrated by the fact that Agriculture activities in general employs about 3.9 million people in 2018. That represents 58% of the working-age population, yet Agriculture contributed only 29% to GDP. Furthermore, there is a high dependence on biomass for household energy needs (used by 80% of the population) and increasing urbanization (at 4.4% per year) creates significant pressure on natural resources, notably land, water, and forests. Over 60% of households cultivate less than 0.7ha, and 30% cultivate less than 0.2ha. Over 70% of the cultivated land surface has slopes of greater than 10%. This results in high levels of erosion and surface runoff into waterways.

Climate impacts

Rwanda has experienced a temperature increase of 1.4°C since 1970, higher than the global average, and can expect an increase in temperature of up to 2.5°C by the 2050s from 1970. Rainfall is highly variable. The average annual rainfall may increase by up to 20% by the 2050s from 1970. The eastern and southeastern regions are most affected by seasonal droughts, while the northern and western regions experience intense rainfall, erosion, flooding, and landslides. Extreme weather events already negatively impact the economy and the additional net economic costs of climate change (on top of existing climate variability) have been estimated to be equivalent to a loss of almost 1% of GDP each year by 2030. Climate change threats, unless adequately addressed, could significantly undermine progress toward Vision 2020 targets.

Given the resource dependency and the typography of the country, the recent positive trends to end poverty through its economic growth is therefore likely to be threatened by increasing volatility in climatic conditions. These conditions are expected to impact rainfed agriculture, hydropower production, malaria transmission rates, and nature-based tourism. The drier east is considered the most vulnerable to climate impacts because dry spells are increasing in length, leading to food shortages. In 2016, drought-affected Rwanda’s Eastern Province, especially Kayonza, Kiraye, and Nyagatare districts, leaving 44,000 poor households (some 225,000 people) food insecure. In the west, rising temperatures are likely to force valuable tea and coffee production into higher, less productive lands. On the steep slopes that dominate much of the country, floods, landslides, and soil erosion already impact agriculture, infrastructure, and services. Heavy rains in 2012, for example, led to extensive flooding and an estimated loss of 1.4% of GDP. The direct cost of soil-related national disasters of 2015 has been estimated to be, in 2018-prices, RwF 115 billion (US $133 million). That is 12.2% of the 2018/19 national development budget by the Government of Rwanda. These costs only include damage to selected infrastructure for which data was available for the cost estimate, and it excludes the value of the loss of life, business opportunities, and all secondary/knock-on effects. Because of the mountainous topography and steep slopes landslides are common after rainfall events leading to environmental degradation, loss of lives and farmlands. A recent as 21 January 2019 14
miners were killed in the Rwamagana District after a hill collapsed following heavy rains. In 2016, floods and landslides blocked roads, destroyed bridges, and damaged 1,425 homes in Gakenke district. In rapidly growing urban areas, there is increasing concern about water shortages during longer dry spells and the impact of flooding and landslides on expanding informal settlements in risk-prone areas like steep slopes and flood plains.

**Plausible climate future**

Projected climate changes by the 2050s include:

- Increased average annual temperature of 1.4–2.3°C;
- Increased duration of heatwaves by 7–22 days;
- Likely increase in average rainfall (range of -3% to +9%);
- Increased heavy rainfall event frequency (7% to 40%) and intensity (2% to 11%); and
- Likely increase in the duration of dry spells with a range of 0 to +7 days.

**Examples of impacts on key sectors**

<table>
<thead>
<tr>
<th>Sector</th>
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<tbody>
<tr>
<td>Energy</td>
<td>Increased damage to reservoirs from siltation;</td>
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<tr>
<td></td>
<td>Reduced hydropower production</td>
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<tr>
<td>Ecosystems/Forests</td>
<td>Increased habitat degradation;</td>
</tr>
<tr>
<td></td>
<td>Shifts in species habitat suitability;</td>
</tr>
<tr>
<td></td>
<td>Loss of tourism revenues</td>
</tr>
<tr>
<td>Water Resources</td>
<td>Reduced water quality;</td>
</tr>
<tr>
<td></td>
<td>Increased flooding and sedimentation;</td>
</tr>
<tr>
<td></td>
<td>Water shortage during longer dry spells</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Shift in production zones for key crops;</td>
</tr>
<tr>
<td></td>
<td>Increased risk from pests and disease;</td>
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<tr>
<td></td>
<td>Crop loss/land degradation and soil erosion</td>
</tr>
<tr>
<td>Urban infrastructure</td>
<td>Flood damage</td>
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</table>
Policy context

Rwanda’s 30-year Vision for the period up to 2050 outlines a strategic pathway built around economic, social, and transformational governance pillars. The economic transformation pillar proposes to accelerate inclusive economic growth and development founded on the private sector, knowledge and Rwanda’s natural resources. Three of the objectives of this pillar seek to contribute to an end in poverty and shared prosperity through export promotion and expansion, job creation, and sustainable exploitation of natural resources. It is especially the latter that is impacted by the projected changes in climatic conditions. Rwanda thus has a forward-looking climate policy framework in place to guide climate change response.

The country’s Green Growth and Climate Resilience Strategy (2011) outlines Rwanda’s vision of being a developed, climate-resilient, low-carbon economy by 2050. The country has an operational climate fund (FONERWA) and is mainstreaming climate change into medium-term planning and sector and district development plans. Rwanda is in the process of developing a National Adaptation Plan.

National Strategies and Plans:

- Second National Communication, UNFCCC (2012);
- Nationally Determined Contribution (2015);
- Green Growth and Climate Resilience Strategy (2011);
- Green Growth and Climate Resilience Strategy Sectoral Working Papers (2011);
- National Adaptation Programmes of Action (2006);
- Organic Law on the Environment (2005);
- Strategic Program for Climate Resilience (SPCR) (2017); and

Sectoral and Institutional Context

Introduction

Since 2015, Rwanda's Nationally Determined Contribution (NDC) further anchored the country's goal of becoming a climate-resilient economy by emphasizing the strategic objectives to achieve energy security and a low carbon energy supply that supports the development of green industry and services, sustainable land use and water resource management. The priority adaptation actions are those identified in the GGCRS, are ongoing and will be partially or fully achieved by 2050.

The key role players and ministries in realizing the NDC goals are discussed here.

UNFCCC

Rwanda is a party to the United Nations Convention on Climate Change (UNFCCC) and recognizes the country's high vulnerability to climate change.
As described above, due to the country's high dependence on rain-fed agriculture, increases in temperature and changes to rainfall patterns resulting in floods and droughts, have significant financial implications in the form of reduced crop yields, negatively impacted livelihoods, and affected food security and export earnings. The steep, hilly topography described at the beginning of this section, makes Rwanda particularly susceptible to landslides. Flooding and storms are a safety risk and cause damage to houses, mines, industrial sites, and major infrastructure including pipelines, power lines, roads, and dams. Damages not only have a direct cost in repairs and reconstruction, but also a knock-on effect on the economy, particularly in critical services such as power and transport. The vision the GoR has for the country is to be a developed climate-resilient, low-carbon economy by 2050, and the underlying strategy is captured in several key national documents:

a) The National Adaptation Program of Action (NAPA, 2006) articulates Rwanda's strategy to reduce urgent and immediate vulnerability to climate change. While the NAPA is based on information from 2006, the outlined main climatic hazards including intense rainfall, flash flooding, landslides, drought, and low flows, extreme temperatures and heat waves remain valid. Identified immediate priority actions include: (i) Integrated Water Resources Management (IWRM); (ii) setting up an information system to early warning of hydro-agro meteorological system and rapid intervention mechanisms; (iii) promotion of non-agricultural income-generating activities; (iv) promotion of intensive agro-pastoral activities; (v) introduction of species resistant to environmental conditions (i.e., the use of resilient cultivars); and (vi) development of firewood alternative sources of energy.

b) Rwanda's Green Growth and Climate Resilience Strategy (GGCRS) provides a process for mainstreaming climate resilience and low carbon development into key sectors of the economy. The strategy puts forward several programs of action for building climate resilience and promoting low carbon development pathways, which are: (i) sustainable intensification of small scale farming, (ii) agricultural diversity of markets, (iii) sustainable land use management, (iv) IWRM, (v) low carbon energy grid, (vi) small-scale energy access in rural areas, (vii) disaster management and disease prevention, (viii) green industry and private sector development, (ix) climate compatible mining, (x) resilient transport systems, (xi) low carbon urban systems, (xii) ecotourism, conservation and Payment for Ecosystem Services, (xiii) sustainable forestry, agroforestry and biomass, and (xiv) climate data and projections.

NDC Partnership

Rwanda joined the NDC Partnership on 8 June 2018, appointing Focal Points in the Ministry of Environment and the Ministry of Finance and Economic Planning. Since joining, Rwanda has engaged with the Partnership in elaborating country needs for NDC implementation into specific goals and outputs. This effort started with a request for support, to which the Partnership consolidated support from multiple development partners, including the World Bank. The framework for action, or NDC Partnership Plan, covers support for developing the data for quantifying emission reduction targets with an eye on the next NDC revision and enabling frameworks for key NDC sectors, including infrastructure (e.g. transportation, water, waste), energy, forestry, and disaster risk management and risk financing. The World Bank is supporting this through the Programmatic Approach for Green Growth and Climate Resilient Development in Rwanda (P169151), financed by the NDC Support Facility Track 3 Grant. The NDC deep dive will align mobilized climate finance
with the priority actions identified through the NDC revision process and the Green Growth and Climate Resilience Strategy objectives to be achieved by 2050.

The NDC Partnership Plan includes flagship projects for low-carbon, climate-resilient development, such as natural gas harvesting from Lake Kivu for household energy consumption; urban forestry and landscape restoration in hillsides outside of Kigali; and a pilot green city project that makes Rwanda’s urbanization process more sustainable. To implement the activities under the NDC Partnership Plan, the proposed activity will support FONERWA and MINECOFIN to develop the capacity to mobilize a significant amount of additional finance through the development and piloting of new innovative instruments and institutional structures. Specific Partnership Plan objectives to be supported are:

- Financing for national flagship projects for environment and climate change priorities (NDC Implementation) accelerated;
- Cross-sector capacity for mobilizing funds including private sector to implement NDCs through the development of flagships strengthened;
- Institutional and technical capacity strengthened to develop and implement cross-sector NDC priority actions.

These objectives will also support FONERWA, MINECOFIN and the Ministry of Environment in the development of a recently launched process to develop a payment for ecosystem services (PES) scheme (program xii listed above) by providing support to FONERWA’s resource mobilization initiative.

The Coalition of Finance Ministers for Climate Action

On 13 April 2019 during the Spring Meetings of the World Bank Group and International Monetary Fund, Finance Ministers from more than twenty countries launched a new coalition aimed at driving stronger collective action on climate change and its impacts. The newly formed Coalition of Finance Ministers for Climate Action endorsed a set of six common principles, known as the ‘Helsinki Principles’ that promote national climate action, especially through fiscal policy and the use of public finance. This includes exploring carbon pricing, fiscal planning and budgeting, and private finance mobilization.

The Helsinki Principles – so-called as they were conceived by a group of Governments represented at a meeting led by Finland and Chile in Helsinki in February – are designed to support Finance Ministers to share best practices and experiences on macro, fiscal, and public financial management policies for low-carbon and climate-resilient growth.

The Coalition will help countries mobilize and align the finance needed to implement their national climate action plans; establish best practices such as climate budgeting and strategies for, green investment and procurement; and factor climate risks and vulnerabilities into members’ economic planning.

Ministry of Finance & Economic Planning (MINECOFIN)
MINECOFIN is the primary coordination ministry for planning and budgeting. The ministry has put in place platforms for sector engagement that have proven instrumental for the coordination of NDC support:

- Development Partner Coordination Group: It is composed of GoR Permanent Secretaries, Heads of bilateral and multilateral donor agencies, as well as representatives of civil society and the private sector.
- Sector Working Groups: These active groups convene sector clusters including the Environment and Natural resources Sector Working Group which has oversight over climate adaptation and mitigation. These coordination mechanisms convene stakeholders including Development Partners, Civil Society Organizations (CSOs) and private sector and facilitate a multi-stakeholder planning process and served as effective platforms for dialogue and support to advance NDC implementation.

In addition, MINECOFIN is a key stakeholder of FONERWA’s Investment Committee and the Board of Directors.

**Ministry of Environment (MoE)**

MoE is the lead government agency responsible for environmental management and the implementation of the climate change policy. The Environment and Climate Change Policy was approved by the Cabinet on 7 June 2019. This new policy seeks to align Rwanda’s climate action with its overarching medium-term National Strategy for Transformation, long-term Vision 2050 as well as multilateral commitments including the EAC Vision 2050, African Union Agenda 2063 and the Sustainable Development Goals. The Paris Agreement on Climate Change and the Kigali Amendment to the Montreal Protocol are also considered in the new policy.

While the previous policy addressed a broad range of topics, climate change was not reflected in the policy objectives and statements. The new policy resolves this challenge by drawing on the latest science and research to guide how climate change should be incorporated into cross-government planning. It also provides a framework for the role of international climate finance in the country’s efforts to build a low carbon nation that is resilient to the impacts of a warming planet.

The policy also lays the groundwork for Rwanda to realize opportunities related to best practice environmental management and green growth. The circular economy, which promotes economic growth utilizing resources to their full capacity and eliminates waste, is now embedded throughout the document.

The main policy objectives are:

- Greening economic transformation;
- Enhancing functional natural ecosystems and managing biosafety;
- Strengthening meteorological and early warning services;
- Promote climate change adaptation, mitigation, and response;
- Improve environmental well-being for Rwandans;
- Strengthen environment and climate change governance;
Promoting green foreign and domestic direct investment and other capital inflow.

Rwanda’s Green Fund (FONERWA)

FONERWA has played a key role in mobilizing significant funding that has translated into remarkable climate action. Other sources of climate finance have come through externally financed project support from bilateral organizations, multilateral development banks, including the World Bank, and international organizations. However, the role of the private sector in financing climate action has not been well established and new initiatives are needed to crowd-in private sector capital. To anchor efforts to expand Rwanda’s capacity to mobilize climate finance, FONERWA has initiated the Rwanda Catalytic Green Investment Fund project as a primary institutional response to catalyze private sector investment through a blended finance approach on the “Green Bank” model. With support from the UNDP, FONERWA has contracted with the Coalition for Green Capital to scope-out the formation of the Rwanda Catalytic Green Investment Fund to underpin development of private sector finance strategies that work with and complement the existing programs at FONERWA, with a unique and specific focus on unlocking and expanding private investment in Rwanda’s green sectors.

In order to expand FONERWA’s already diverse investor base, FONERWA is developing a Resource Mobilization Strategy which entails carrying out an in-depth mapping analysis of investors, funders and financing partners. Particularly Foundations & Impact Investors, Project Preparation Facilities, Special Funds & Grant providers have been identified as strategic financing partners for FONERWA. As part of this Resource Mobilization Strategy, FONERWA plans to develop and design of project pipeline going forward. In addition, FONERWA has contracted with the Coalition for Green Capital to conduct an initial investment pipeline assessment by reaching out to key stakeholders both within the public and private sectors. The project pipeline assessment will be used to determine priority low-carbon markets that hold significant potential for investment while also meeting vital energy and infrastructure needs for Rwanda. This will then inform the Rwanda Catalytic Green Investment Fund upcoming business plan. Building a green project pipeline will require a focus on gender-sensitive aspects. Through its NDC Support Programme, UNDP plans to leverage funds and the organization’s experience to assist FONERWA to build an inclusive project portfolio.

Rwanda Development Board (BRD)

The RDB is a government department that integrates all government agencies responsible for the attraction, retention, and facilitation of investments in the national economy. The RDB was thus established in 2009 by bringing together all the government agencies responsible for the entire investor experience under one roof. This includes key agencies responsible for business registration, investment promotion, environmental clearances, privatization and specialist agencies that support the priority sectors of ICT and tourism as well as SMEs and human capacity development in the private sector. Through this action, it is aimed at coordinating and promoting national economic development. RDB includes agencies responsible for “business registration, investment promotion, environmental clearances, privatization and specialist agencies which support the priority sectors of ICT and tourism as well as SMEs and human capacity development in the
private sector”. The Executive Director’s position is a cabinet-level position and the incumbent is appointed by and reports directly to the president of Rwanda.

Relationship to CPF
The recently completed SCD mentions specific NDC priorities and positions the NDC deep dive project as one of the means the World Bank will support GoR to increase national capacity to access and mobilize public and private finance for climate change mitigation and adaptation. The NDC deep dive will support all three priority areas: i) developing climate compatible, sustainable urban infrastructure; ii) investing in stable and sustainable landscapes; iii) developing financing instruments for resilience and green growth.

The upcoming CPF drafting process represents an opportunity for the team to include the NDC deep dive project as a strategic component for country engagement.

C. Project Development Objective(s)

Proposed Development Objective(s)
The objective is to enhance the capacity of the government of Rwanda to advance financial innovation to accelerate climate change adaptation and mitigation in line with its Nationally Determined Contribution under the Paris Agreement.

Key Results
- Increased capacity of the Government of Rwanda to utilize non-grant financing instruments for climate resilience and green growth.
- At least two instruments for resilience and/or green growth are operational through the design and development of the instruments and the implementation thereof.
- At least one NDC flagship pilot project identified, prepared and appraised.

D. Preliminary Description
Activities/Components
The project includes three main components.

Component 1. Identification, design, and operationalization of non-grant financial instruments and institutional strengthening

The long-term sustainability of Rwanda's NDC depends on the institutional capacity to develop and operationalize financial instruments to enhance and accelerate climate change mitigation and adaption. Under
this component, technical assistance and capacity development will be provided to design, develop and utilize specific financial instruments for green growth and resilience. Such instruments could be green guarantees, green mortgages, agriculture and livestock insurance, resilience bonds, green bonds, among others. The technical assistance will assess the feasibility of such financial instruments and advice on appropriate design of the products that are most suitable in Rwandan markets. These instruments will also support the development of FONERWA’s ongoing resource mobilization strategy towards, among others, the support of an integrated PES Scheme. The development of these will assist the institutional strengthening of FONERWA and support the progressive development of Rwanda’s Catalytic Climate Financing Facility.

a. Instruments for Green growth

FONERWA has a few newly identified non-grant financial instruments that could be used towards the acceleration of climate change mitigation initiatives. These include FONERWA’s Green Incubator and Green Guarantee/leasing facility. With respect to the Incubator program, various waste management related initiatives have been identified that aligns with the principles of the circular economy. The Green Guarantee facility has a focus on the provisioning of seed money to advance energy efficiency initiatives. The purpose here would be to assist FONERWA to develop the necessary in-house capacity to implement these instruments successfully. This will contribute to the development of the Business Development and Resource Mobilization teams within FONERWA to be able to replicate the initiative for further financial instruments.

This task will include, among others, the following aspects:

- The detailed design of the instruments, including a role-player and stakeholder map as well as role-distribution.
- Detailed program development that includes i) analytical work to determine the plausible economic (inclusive of equity and distribution concerns), financial and environmental impact of the instruments, and ii) stakeholder engagement with affected government institutions and departments seeking to garner their support for the instruments seeking harmonization across a broad spectrum of policies and initiatives.
- The program operationalization that includes the revision and finalization of the instruments, the final approvals for implementation, the implementation of the instruments and the provision of seed finance.

b. Instruments for Climate resilience

In addition to the newly identified non-grant financial instruments discussed above, at least two new revenue-raising instruments and sources of finance that will promote system-wide resilience and climate change adaptation will be sought and designed with at least one being operationalized. Examples of such instruments include:

- The Community Adaptation Fund;
- Operationalizing domestic sources of natural resource-based fees for improved catchment management with the aim to advance Payments for Ecosystem Services (PES);
• Improving catchment resilience across landscapes, through innovative agricultural insurance schemes.

A similar process as outlined above will be followed, except that these instruments have yet to be designed and developed fully.

• A brief scoping assessment of all the identified instruments.
• The detailed design of the instrument, including a role-player and stakeholder map as well as role-distribution.
• Analytical work to determine the plausible economic (inclusive of equity and distribution concerns), financial and environmental impact of the instrument.
• Engage in stakeholder engagement with affected government institutions and departments seeking to garner their support for the instrument seeking harmonization across a broad spectrum of policies and initiatives.
• The revision and finalization of the instruments and seeking the required approvals for their implementation.
• The implementation of the instrument.

Component 2. Preparation of flagship NDC projects

The grant will support the preparation and appraisal of two flagship NDC projects prioritized by the GoR. Preliminary discussions with GoR indicate that these projects are:

The Volcanoes Flood Risk Management project. The feasibility study that has been completed for the project has identified the priority areas. The instruments developed under the Incubator Program will be availed to this Flagship program. Additional work, to be performed under this component, is required to assess the livelihood component of these interventions, partly, in order to attract funding from other institutions such as GCF.

The National Waste Management Flagship project. This project aims to include infrastructure development in secondary cities (SPCR). Under this Flagship program, the instruments developed under Component 1 will also be utilized with the purpose to accelerate the process of sustainable settlement. Additional work, to be performed under this component, is required to strengthen the spatial planning component to promote the agglomeration in urban areas to optimize land use. This includes improved waste disposal and recycling, air and water pollution management and efficient use of water resources.

The technical assistance will not finance the design of physical works.

Component 3. Project management and Knowledge Exchange

This Component supports the administrative and fiduciary management of the grant, including the technical coordination of Components 1 and 2, financial management and procurement, M&E of the project results framework, presentation/dissemination of the results and enabling Government of Rwanda’s participation in
relevant knowledge exchange events, potentially including through the Climate Action Peer Exchange and the Coalition of Finance Ministers for Climate Action.

B. Implementing agency information

The two main counterparts, as described above, are FONERWA (Implementing Entity; http://www.fonerwa.org) and MINECOFIN (www.minecofin.gov.rw). While FONERWA will be the main point of contact, the identification, selection, design, and operationalization of the financial instruments will be a highly interactive process involving various counterparts such as the Ministry of Environment and its agencies such as REMA, RWRB, RwFA and the Ministry of Agriculture and RAB.

Environmental and Social Standards Relevance

E. Relevant Standards

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<td>ESS 1</td>
<td>Assessment and Management of Environmental and Social Risks and Impacts</td>
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<tr>
<td>ESS 10</td>
<td>Stakeholder Engagement and Information Disclosure</td>
</tr>
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<td>ESS 2</td>
<td>Labor and Working Conditions</td>
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<tr>
<td>ESS 3</td>
<td>Resource Efficiency and Pollution Prevention and Management</td>
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<tr>
<td>ESS 4</td>
<td>Community Health and Safety</td>
</tr>
<tr>
<td>ESS 5</td>
<td>Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</td>
</tr>
<tr>
<td>ESS 6</td>
<td>Biodiversity Conservation and Sustainable Management of Living Natural Resources</td>
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<td>ESS 7</td>
<td>Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities</td>
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<td>ESS 8</td>
<td>Cultural Heritage</td>
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<td>ESS 9</td>
<td>Financial Intermediaries</td>
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Legal Operational Policies

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<th>Safeguard Policies</th>
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Projects on International Waterways OP 7.50
No

Projects in Disputed Areas OP 7.60
No

Summary of Screening of Environmental and Social Risks and Impacts

The Project will be implemented across Rwanda encompassing both urban and rural areas. With this countrywide scope, the project aims to enhance the capacity of the government of Rwanda to advance financial innovation to accelerate climate change adaptation and mitigation in line with its NDC under the Paris Agreement. The main activities/components include (i) Identification, design, and operationalization of non-grant financial instruments and institutional strengthening, (ii) Preparation of flagship NDC projects, and (iii) Project management and Knowledge Exchange. The project will neither have physical works nor finance the design of any physical works, as it will focus on technical assistance and capacity enhancement of GoR to advance climate financial innovation in the country. The preparation of the flagship projects and any ESF instruments or other ESF-related outputs prepared with the TA financing must be consistent with the ESF and satisfactory to the Bank. Even though the formulation of the flagship NDC projects, supported by the Project, is expected to have significant positive environmental and social impacts, they may have future consequences when implemented. To mitigate this risk, the GoR will use its safeguards system, and safeguards standards of DP that may finance them. Overall, the project will focus on providing technical assistance which is not expected to have any adverse environmental and social impacts. Therefore, the salient issues relevant to environmental and social assessment are limited to stakeholder engagement across Rwanda in relation to the three components and labor and working conditions within FONEREWA and consulting firms they might hire for the purposes of executing the TA financed activities, including preparation of flagship projects. The project will carry out inclusive and consultative process with various government stakeholders, the general public, civil society organizations, think tanks, academia and development partners, among others, to implement the components and attain the overall objective. A stand-alone Stakeholder Engagement Plan (SEP) will be prepared and disclosed prior to Board Approval, which will guide the consultation process under this TA.

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Implementing Agencies

Implementing Agency: Rwanda Green Fund (FONERWA)
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