

# FONERWA Design Project: *Rwanda's Environment & Climate Fund*

Joint initiative of MINIRENA/ REMA & MINECOFIN

## Purpose of FONERWA:

FONERWA is intended to be the primary vehicle through which Rwanda's climate and environment finance is channelled, programmed, disbursed and monitored.

## Design phase objective:

The objective of this design phase assignment is to research, scope and conclude a design for a national climate and environment fund for Rwanda (FONERWA).

## Operationalisation:

Following Fund design, the GoR intends to quickly move into an operation phase, so to capitalise on emerging opportunities and signal readiness to absorb resources.

## Project introduction:

The Government of Rwanda (GoR), led by the Rwanda Environmental Management Authority (REMA), with the support of the Climate and Development Knowledge Network (CDKN), has procured technical assistance and expertise from a team led by the University of Wolverhampton's Centre for International Development and Training (CIDT) to research, scope, design and conclude on a design for a national climate and environment fund for Rwanda – FONERWA.

### ***Aims of FONERWA & background***

The aim of FONERWA is to respond to the current and future national, climate and environmental financial landscape. FONERWA is a direct response to Rwanda's need to ground environmental sustainability in the development process as well as the growing recognition that climate finance can be best managed at the country level. National ownership empowers governments to mechanise national priorities and support wider strategies on climate change to best meet their unique national needs.

FONERWA is intended to be the primary (if not only) vehicle through which climate and environment finance is managed in Rwanda. It also serves as an instrument to streamline extra-budgetary support and existing funds and revenues (e.g. Water and Forest Funds, environmental fees, etc.) to help promote aid effectiveness. Moreover, the Government of Rwanda will be a contributor to the capitalisation of the fund to help ensure predictable and sustainable financing as it evolves. This programme of work follows a series of nationally driven initiatives to operationalise FONERWA, and the recently concluded Green Growth and Climate Resilience Strategy for Rwanda. These plans will act as a basis for assessing capitalisation requirements of the fund.

### ***Mobilising a strategic response to emerging opportunities***

It is envisaged that the development of this fund represents a key readiness activity to provide a national mechanism for accessing global financial resources. The initial design phase of FONERWA will be carried out from February to July 2012, detailed in the overleaf, and immediately followed by an operational phase.



## Why FONERWA?

- Legal basis is Article 65 of the Organic Law on environment No.04/2005,
- An opportunity to generate resources to support environmental sustainability, resilience to climate change & green growth,
- Instrument to streamline extra-budgetary support and existing funds (e.g. Water and Forestry funds)
- Provide support to diverse activities and beneficiaries within the GoR, private sector, communities and individuals,
- Access emerging international finance.

## Project timeline: February - July 2012



Figure 1. Step-by-step conceptual Fonerwa development process within a Results-Based Management framework.

### Project approach

Key factors in the success of Fonerwa will be alignment with established GoR procedures, and national ownership. To ensure this, the proposed design approach is built around a highly participatory framework of Results-Based Management (RBM).

The **7 key steps** within the RBM framework are shown in Figure 1. This begins with an engagement process involving key stakeholders followed by a situation analysis including a needs assessment and synthesis of current thinking and experiences on climate and environment fund design nationally and internationally.

Subsequent steps will focus on financial options analysis (See Figure 2 option categories) and Fund design scenarios, elaboration of operational management procedures in line with GoR systems including costing, risk management, monitoring and evaluation.

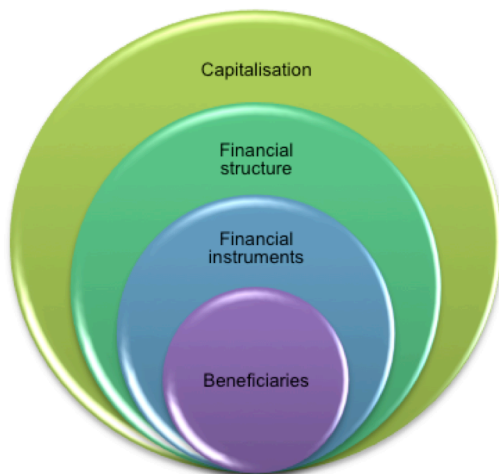


Figure 2. Key categories to guide Fund design options and Fund Manager selection.

Based on final design selections, institutional arrangements will be decided in close collaboration with the GoR and key development partners, among other stakeholders. A final Fonerwa Design Document and Operational Manual will comprise primary project outputs to be validated in June and July 2012.

### Approach rationale

The objective of this approach is to deliver a simple, step-by-step process of Fund establishment in close partnership with the GoR and stakeholders in order to maximise capacity development and ultimately enable a *Rwandan owned and managed operational phase by July 2012*.

### Project team

The Fonerwa Design Project work will be undertaken by the University of Wolverhampton's Centre for International Development and Training (CIDT). To ensure project sustainability and close contact with the GoR and other key stakeholders, the CIDT team is balanced between local and international associates.

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