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CLIMATE FINANCE IN RWANDA

9TH MARCH 2018



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BACKGROUND ON CCF IN RWANDA



CLIMATE CHANGE IN RWANDA

Climate change vulnerability is increasing

Floods are increasing, especially in Western and Northern provinces

Example: March 2018 Rubavu



More and more droughts, especially in Eastern and Southern provinces

Example: 2016 Kayonza





ADAPTATION AND MITIGATION STRATEGIES ARE NEEDED

Adaptation

Adaptation means anticipating the adverse effects of climate change and taking appropriate action to prevent or minimise the damage they can cause, or taking advantage of opportunities that may arise.

Examples of adaptation measures include: using scarce water resources more efficiently; developing drought-tolerant crops

Mitigation

Climate Change Mitigation refers to efforts to reduce or prevent emission of greenhouse gases.

Examples of mitigation measures include: using new technologies and renewable energies, making older equipment more energy efficient, or changing management practices or consumer behavior.



CLIMATE CHANGE MITIGATION AND ADAPTION

How Rwanda is addressing climate change

- Climate change mitigation strategies and actions are needed, e.g. by reducing Green House Gas emissions (GHG) or increasing the capacity of carbon sinks (e.g. reforestation)
- Strategies are often linked the **energy sector**
- Promoting and supporting resource efficiency and renewable energy development (biomass, hydroelectric, wind, solar and hydrothermal systems) via **CLIMATE CHANGE FINANCE**
- Promoting renewable energy also contributes to secured energy access, reduced negative environmental impacts and improve economic and social development



CLIMATE CHANGE FINANCE IN RWANDA

Trends in climate-related development finance (mitigation and adaption)

2009: 15 Mio USD

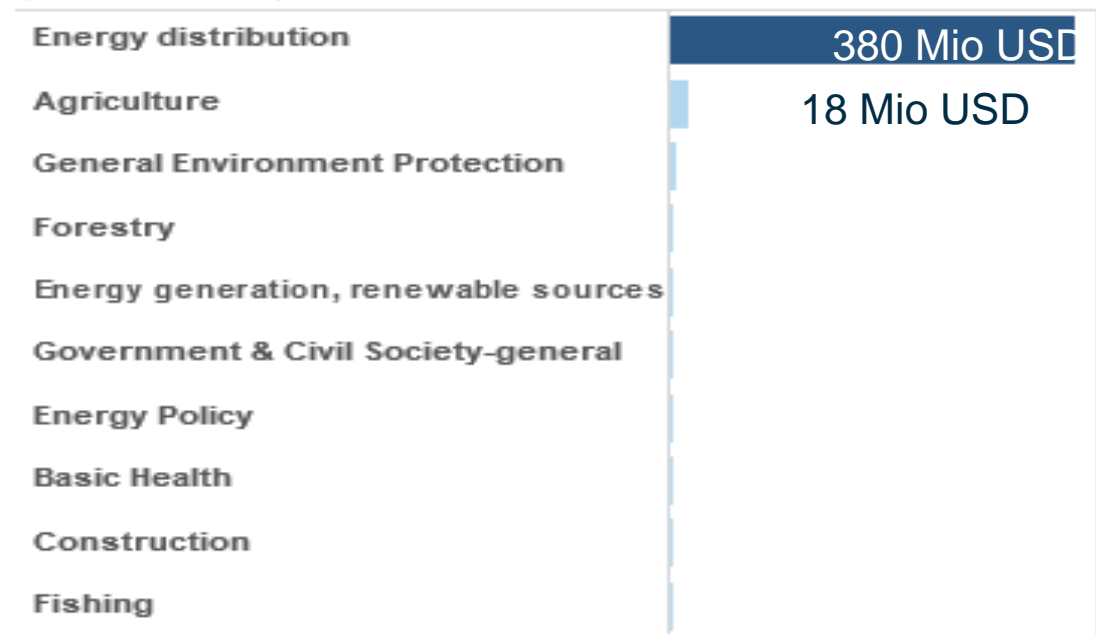
2013: 279 Mio USD

2016: 761 Mio USD

Mitigation related development finance

2016: 415 Mio USD

Top 10 sectors: Mitigation-related development finance (Upper bound), Rwanda, 2016



USD million, constant 2015 prices

Source: https://public.tableau.com/views/Climate-relateddevelopmentfinance-RP/CRDF-Recipient?:embed=y&:display_count=no&%3AshowVizHome=no%20



CLIMATE CHANGE FINANCE IN RWANDA

Rwanda's National Architecture for Climate Finance

International Climate Funds (CIF,
AF, GCF)

National Governing Bodies:
MINIRENA, MINECOFIN

- MINIRENA coordinated Green Growth Strategy, CC subsector strategy and ENR 5 year strategic plan to implement EDPRS II.

Implementing Entity: MINIRENA,
REMA, RDB

- MINIRENA implements strategies, cc and adaptation competences. MINIRENA accesses funding and is IE. Rwanda Development Bank has credit facility.

Executive Entity: FONERWA

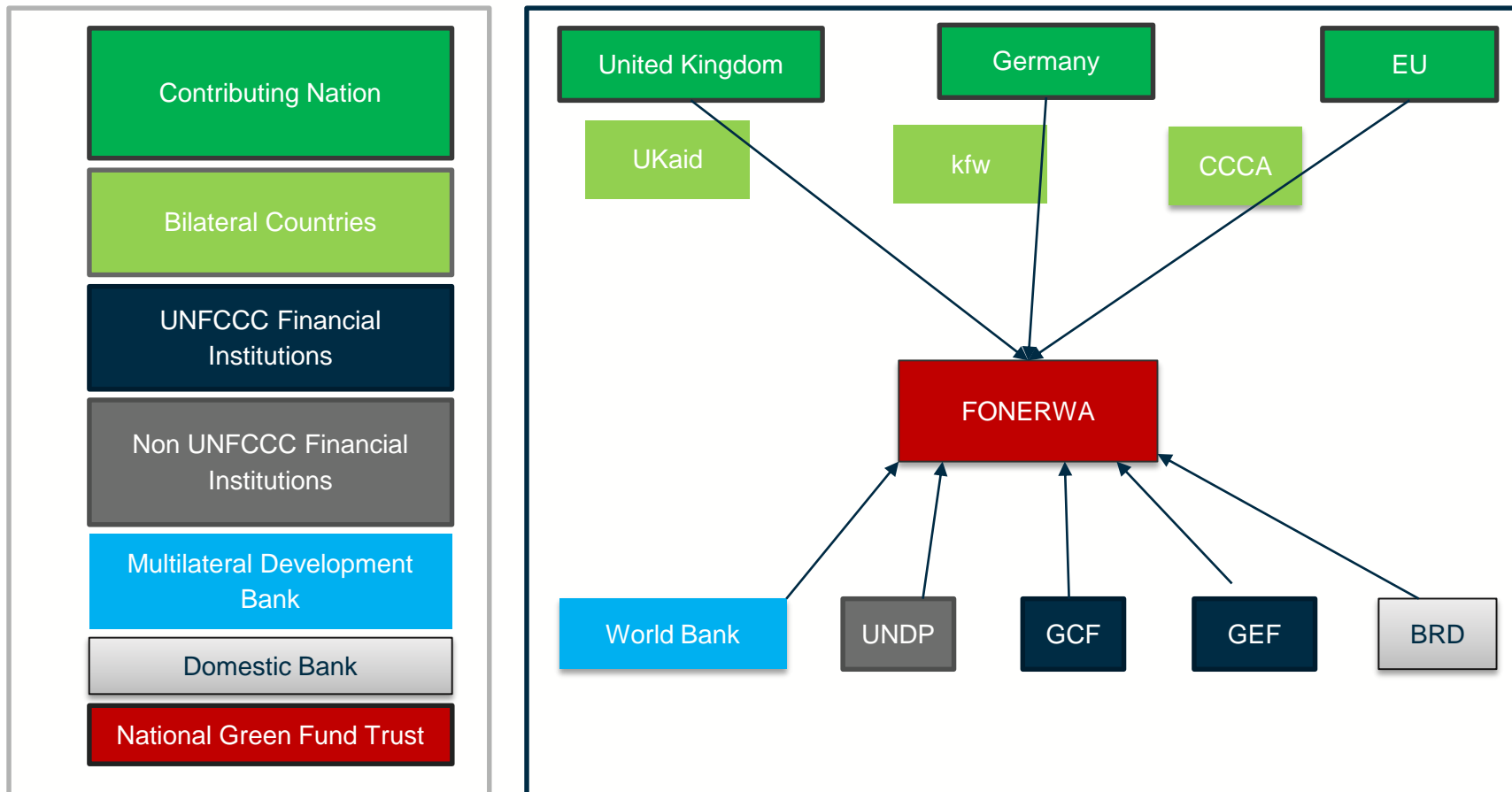
- FONERWA designs, manages, executes programs, lion's share of CF distributed by them. MININFRA focal point for some CIF projects.

Projects

- Projects can be implemented by central government, local government, private sector, civil society.



FONERWA FUND – RWANDAS GREEN FUND



Source: adapted from Climate Institute 2017

Please note, not all funds are included



CHALLENGES OF CLIMATE CHANGE FINANCE

Challenges

Fact Findings

Lack of government policy on climate change

No national policy on climate change in Rwanda, only outdated policy on environment of 2003

Limited awareness and capacity for private sector and CSOs to access to a variety of potential financial sources.

There is a need to increase the awareness and capacity among private sector and CSOs to engage in the competition of climate change fund

Insufficient community integration of climate change in concerns

Interview with beneficiaries revealed that their involvement is limited to implementation process.

Limited opportunities for NGOs consultation and participation

There is no adequate representation of civil society on any FONERWA boards

Slow and complex application process

The Fonerwa Funds application process has to go through six steps which may take up to six months for approval. Non-governmental entities stated, they prefer to apply for funding elsewhere.

Funds mainly disbursed to government-led projects

For all projects funded by FONERWA more than 50% are Government led

Geographic distribution of FONERWA

Eastern province most vulnerable, but the region is not sufficiently covered by projects.

Unclear/complex MRV system and lack of reporting capacities at the local level

At local level beneficiaries are expected to be involved in monitoring and evaluation to ensure project ownership. But involvement is lacking.



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CCF: CITIZEN REPORT CARDS



STUDY OBJECTIVES OF CRC

The overall objective of the study is to contribute to promoting transparency, accountability and good governance in Climate Change Finance (CCF) in Rwanda.

The CRC report aimed to:

1. Evaluate the awareness of citizens/beneficiaries on different aspects of climate change
2. Assess the status quo of renewable energy projects from a beneficiaries' perspective
3. Analyze the level of transparency, accountability and participation in the management of climate change funds
4. Measure the incidence of corruption occurred during the implementation of climate change financed projects
5. Formulate key recommendations for effective use of climate change finance in the selected districts



METHODOLOGY



- Quantitative and qualitative methods
- Target population CRC:
 - Rwandan citizens aged 18 + (in their households)
 - Users of renewable energy facilities (hydropower energy, solar energy, improved cooking stoves, biogas) offered by FONERWA.
- Target population interviews:
 - other key stakeholders of governance such as local authorities
 - CSOs and representatives of the private sector



SAMPLE SIZE & SAMPLING STRATEGY

Size and selection criteria

- 4 districts were targeted (based on the volume of amount allocated to climate change), one in each province
- 400 households in each of the 4 districts (95% of confidence level and 5% of margin of error)
- Ensured that at least 3 out of 4 renewable energy related projects exist in the selected district

Sampling strategy

- Sampling frame: Renewable Energy beneficiaries with lists from districts
- Purposive selection of households based on the type of renewable energy use (at least 3 out of 4)
- Households selected by team leaders
- Participants in FGDs & Interviews were purposively selected



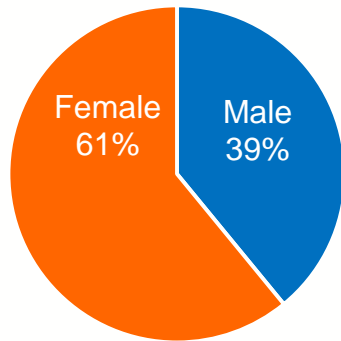
RESPONDENTS SAMPLE ALLOCATION

PROVINCE	District	Sample size
Nothern	Musanze	400
Southern	Nyanza	400
Western	Karongi	400
Eastern	Rwamagana	400
Total		1600

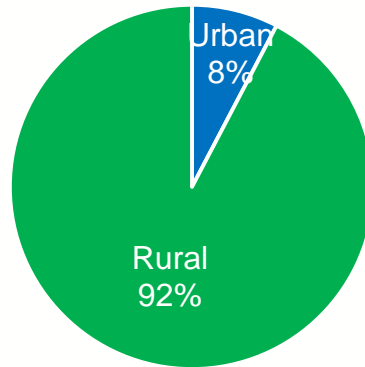


DEMOGRAPHICS

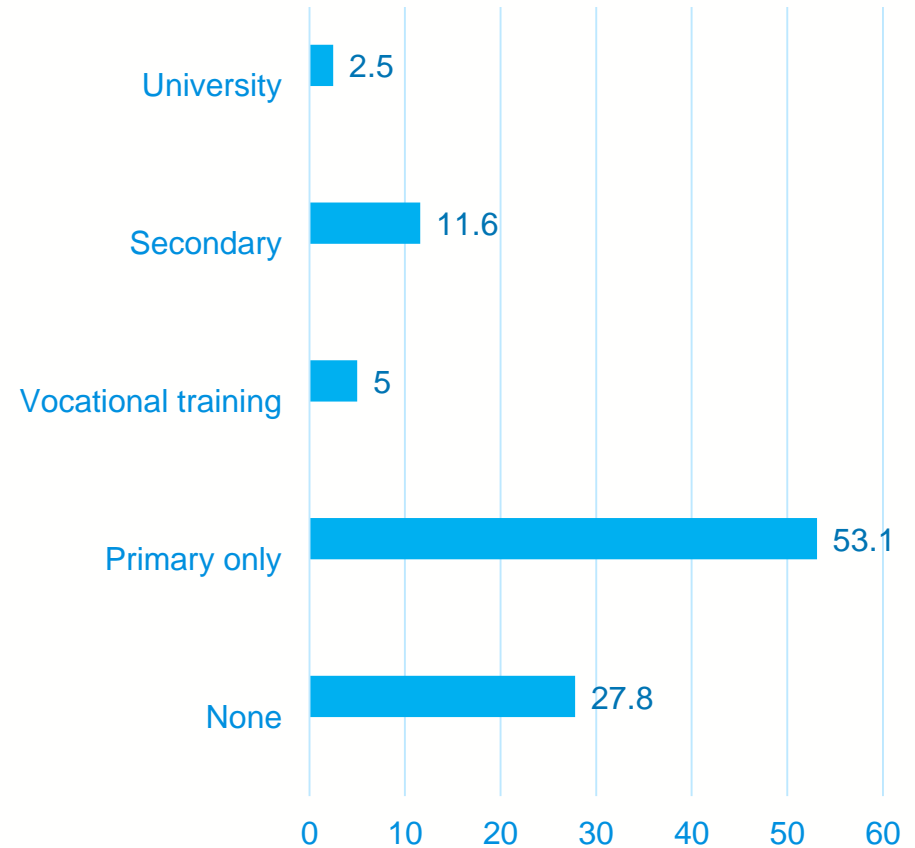
Gender



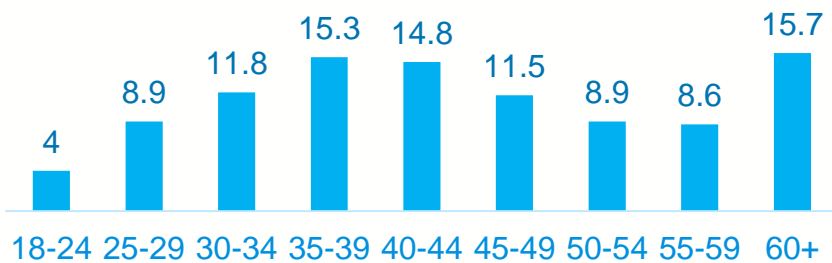
Residence



Highest level of education (%)



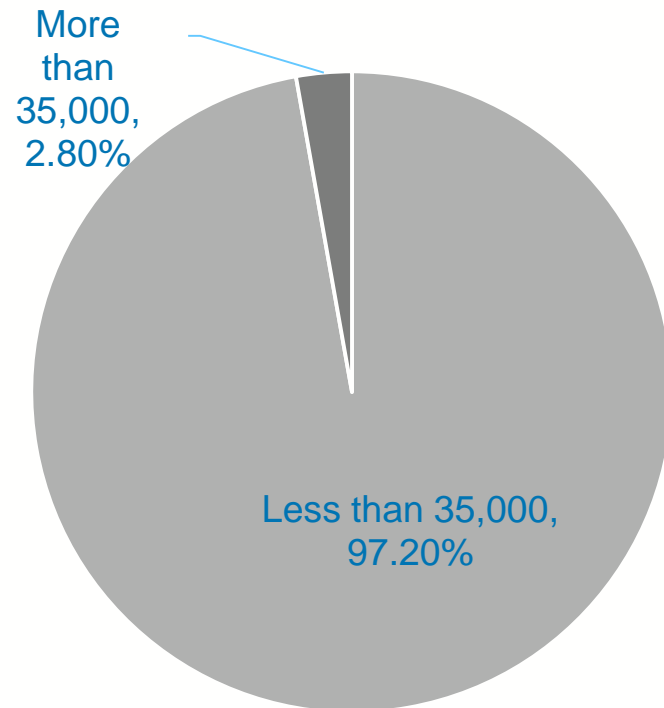
Age groups (%)



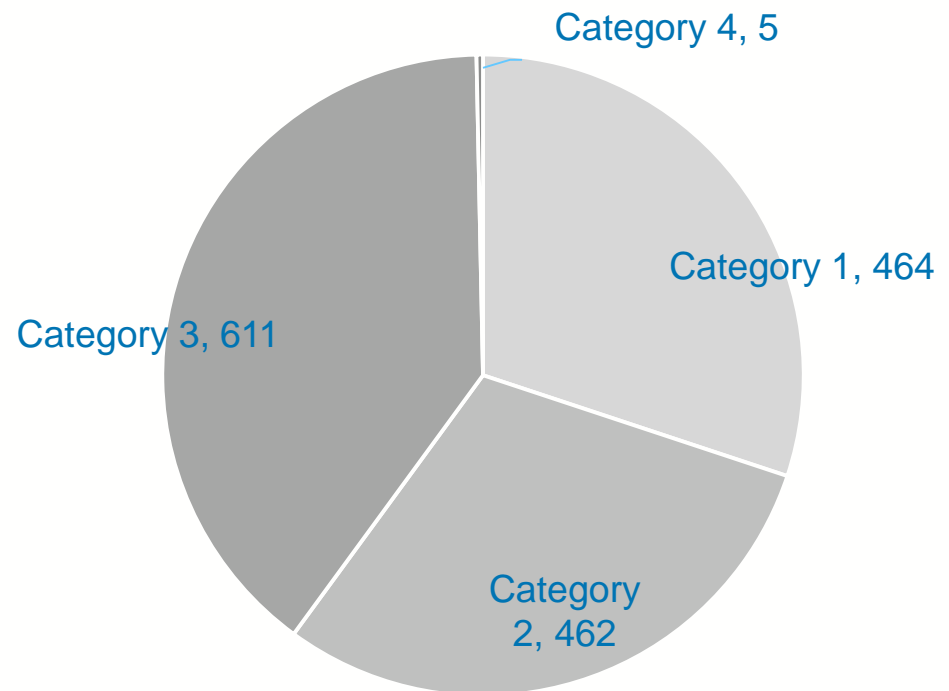


INCOME PER MONTH AND UBUDEHE CATEGORY

Income per month



Ubuduhe





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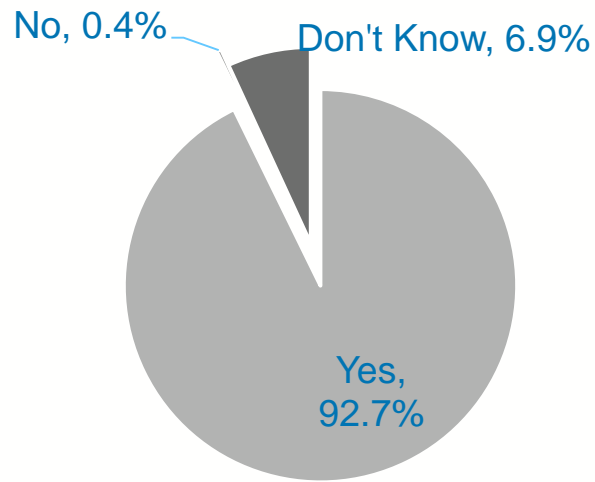


RESULTS OF CRC

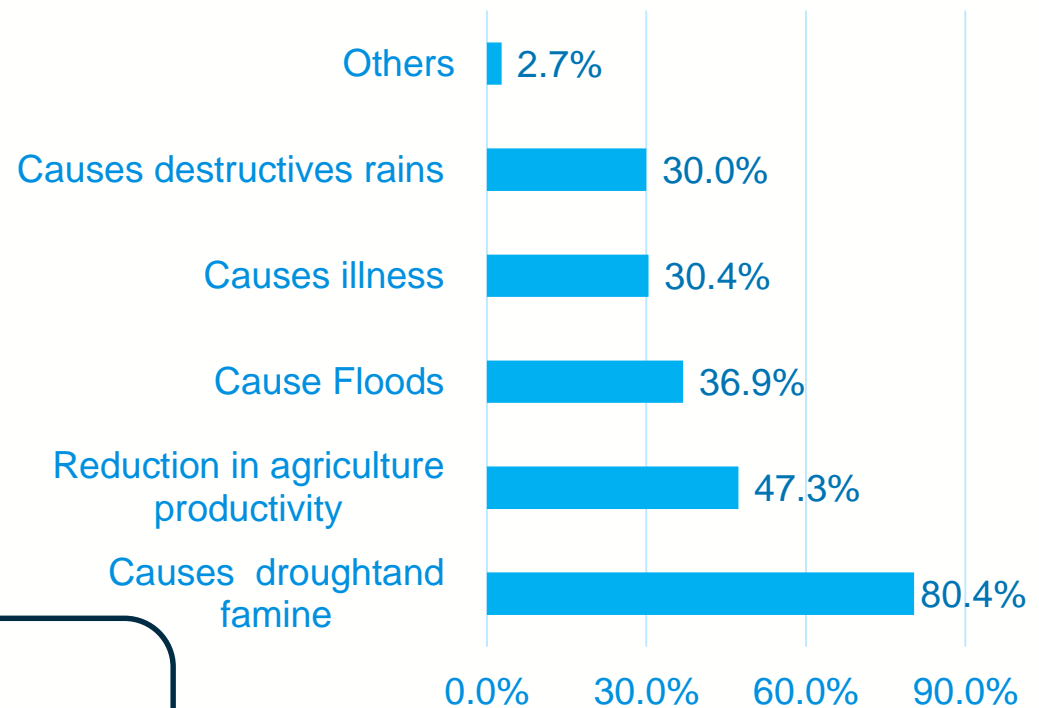


AWARENESS OF CLIMATE CHANGE

Awareness of CC



Perception of CC effects

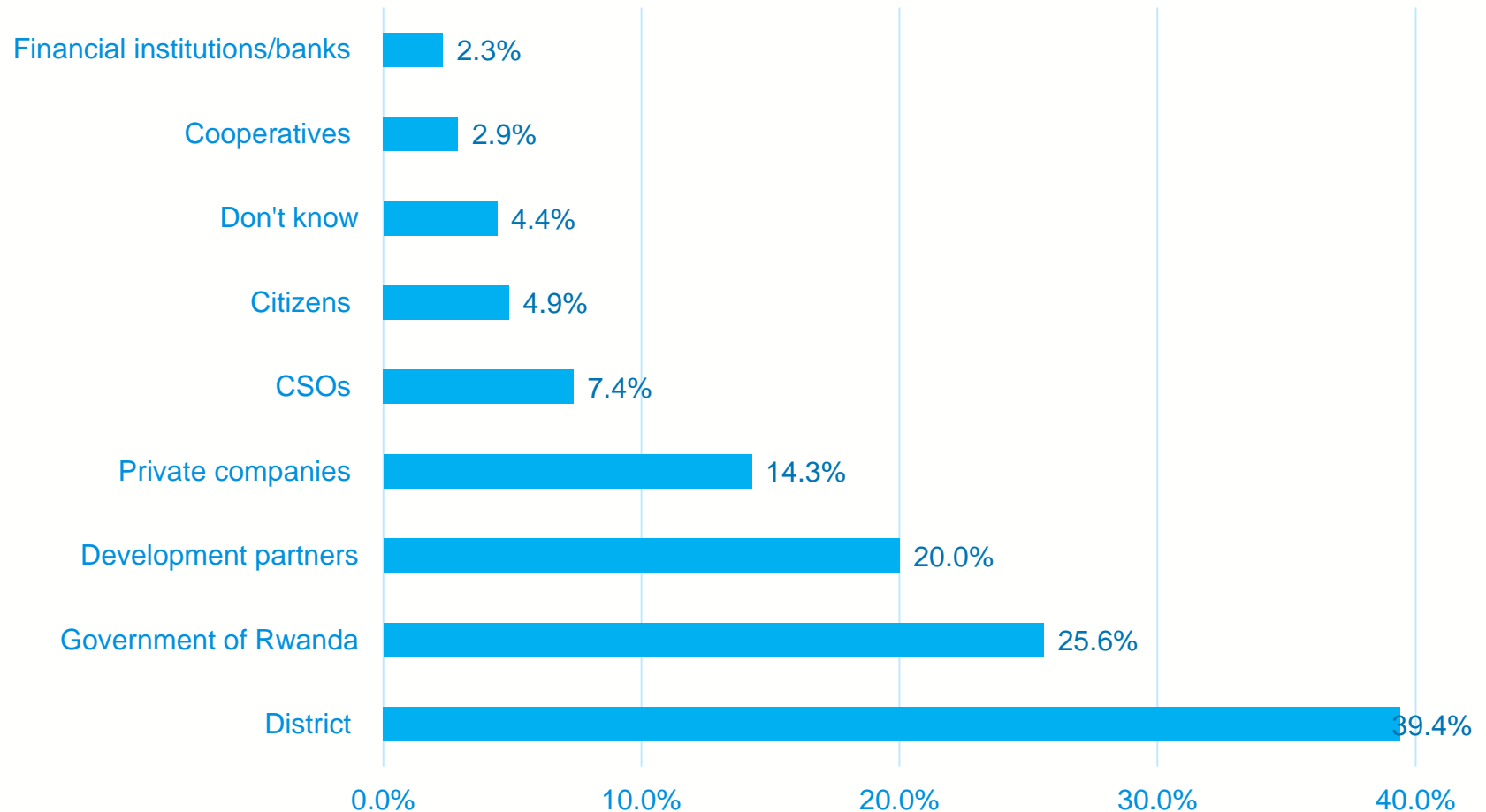


Can renewable energy mitigate CC?

80,6% of respondents agree that renewable energy sources contribute to the prevention of climate change.



KEY STAKEHOLDERS IN THE ENERGY SECTOR





SOURCE OF FUND

Source of funding for renewable energy and resource-efficient practices

		Grant	Self-funded	Loan	Others	Total
Hydropower via grid	N	64	396	54	2	516
	%	12.4%	76.7%	10.5%	0.4%	100.0%
Bio Energy	N	73	28	13	3	117
	%	62.4%	23.9%	11.1%	2.6%	100.0%
Solar Energy	N	441	76	61	1	579
	%	76.2%	13.1%	10.5%	0.2%	100.0%
Resource efficient practices: Improved Cooking stoves	N	414	41	1	3	459
	%	90.2%	8.9%	0.2%	0.7%	100.0%



APPLICATION PERIOD

	Less than 1 week	1-2 weeks	2 weeks – 1 months	1-3 months	3-6 months	6 months +
Hydropower	5.7%	19.2%	25.0%	22.6%	11.5%	16.0%
Bio Energy	22.1%	30.3%	22.1%	18.0%	4.1%	3.3%
Solar Energy	34.4%	22.1%	24.8%	13.2%	2.1%	3.5%
Resource efficient practices: Improved Cooking stoves	56.5%	15.7%	12.0%	5.0%	4.1%	6.7%



INSTALLATION FEES

	FREE	1,000 - 50,000 RWF	51,000 - 100,000 RWF	100,001 - 150,000 RWF	150,001 - 200,000 RWF	Greater than 200,000 RWF
Hydropower	14.6%	16.3%	55.9%	6.5%	3.5%	3.3%
Bio Energy	51.1%	17.0%	12.8%	2.1%	0.0%	17.0%
Solar Energy	71.9%	11.7%	4.1%	5.4%	6.9%	0.0%
Resource efficient practices: Improved Cooking stoves	40.5%	54.1%	2.7%	0.0%	2.7%	0.0%



DEMANDED EXTRA-PAYMENT

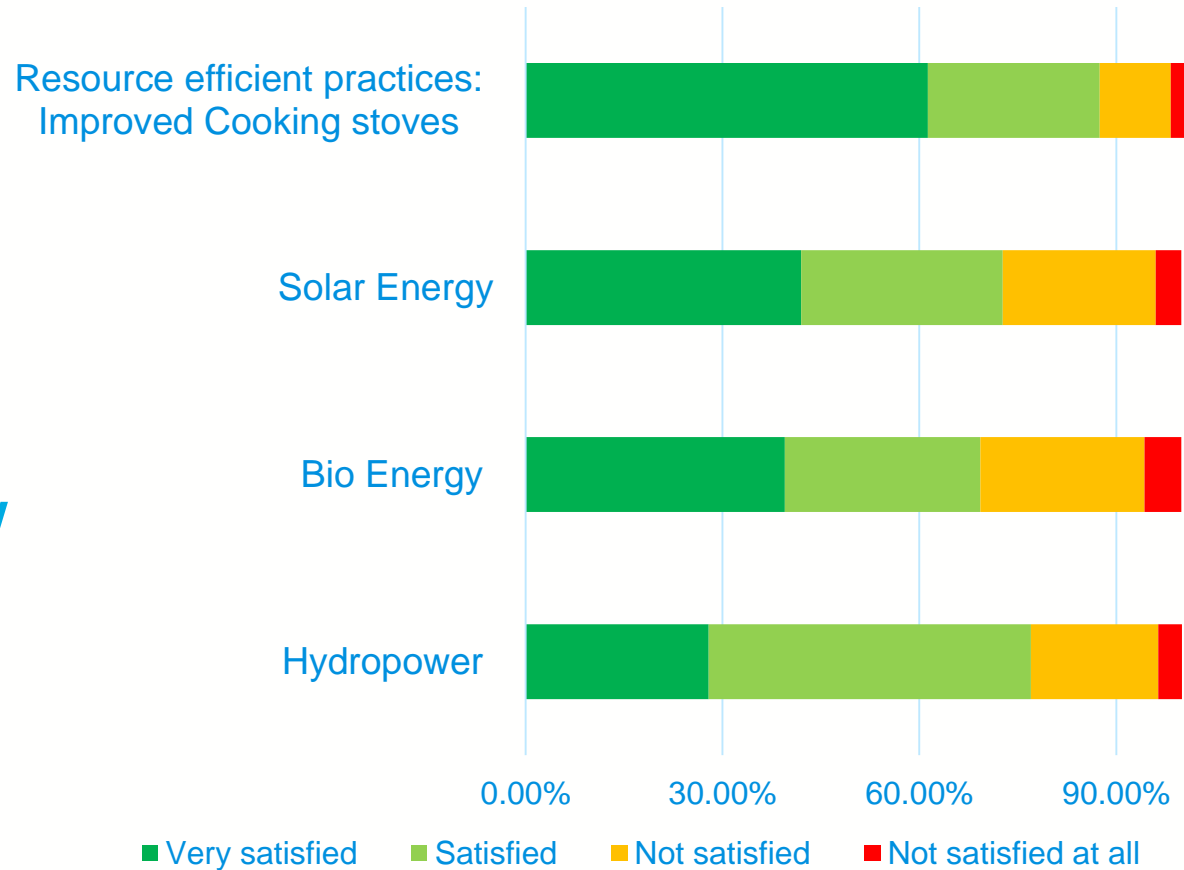
Asked to pay extra-payment to acquire renewable energy

	Yes (%)	No (%)
Hydropower	20.8 %	79.2 %
Biogas	2.7 %	97.3 %
Bio Energy	4.1 %	95.9 %
Resource efficient practices: Improved Cooking stoves	7.2 %	92.8 %



SATISFACTION

Satisfaction with overall cost to access the renewable energy set-up





RENEWABLE ENERGY AND COOKING STOVE USAGE

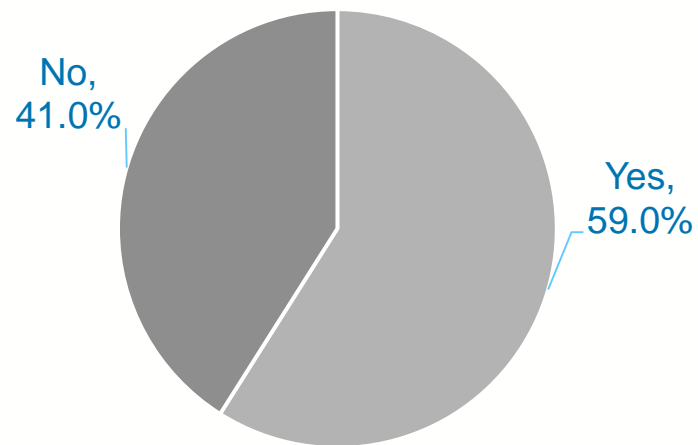
Comparison of usage by different energy sources

	Score for lighting	Score for cooking	Score for business creation
Hydropower	62.5 %	6.8 %	9.7 %
Biogas	33.7 %	48.5 %	10.6 %
Solar	54.8 %	NA	7.2 %
Cooking stoves	NA	74.3 %	13.5 %



TRAINING

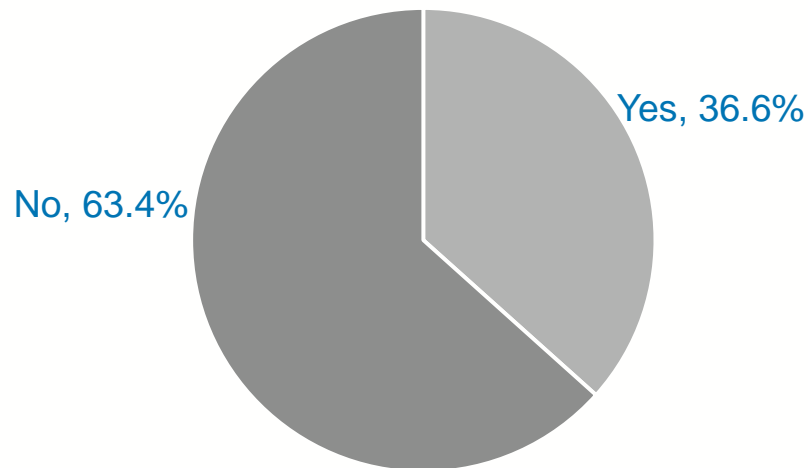
Respondents who got trained on the usage of renewable energy equipment



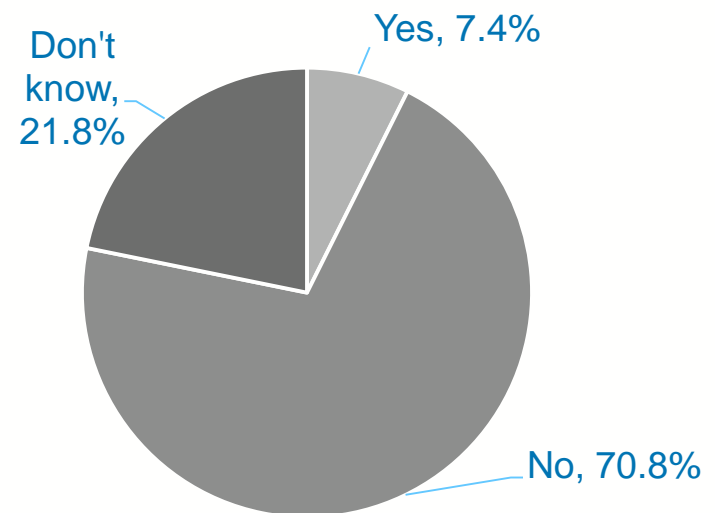


TRANSPARENCY AND ACCOUNTABILITY

Beneficiaries of the renewable energy set-up who have been consulted to take part on the decision of acquiring such equipment



Existence of channels through which respondents get information on the management of the funded projects





INVOLVEMENT IN DECISION MAKING

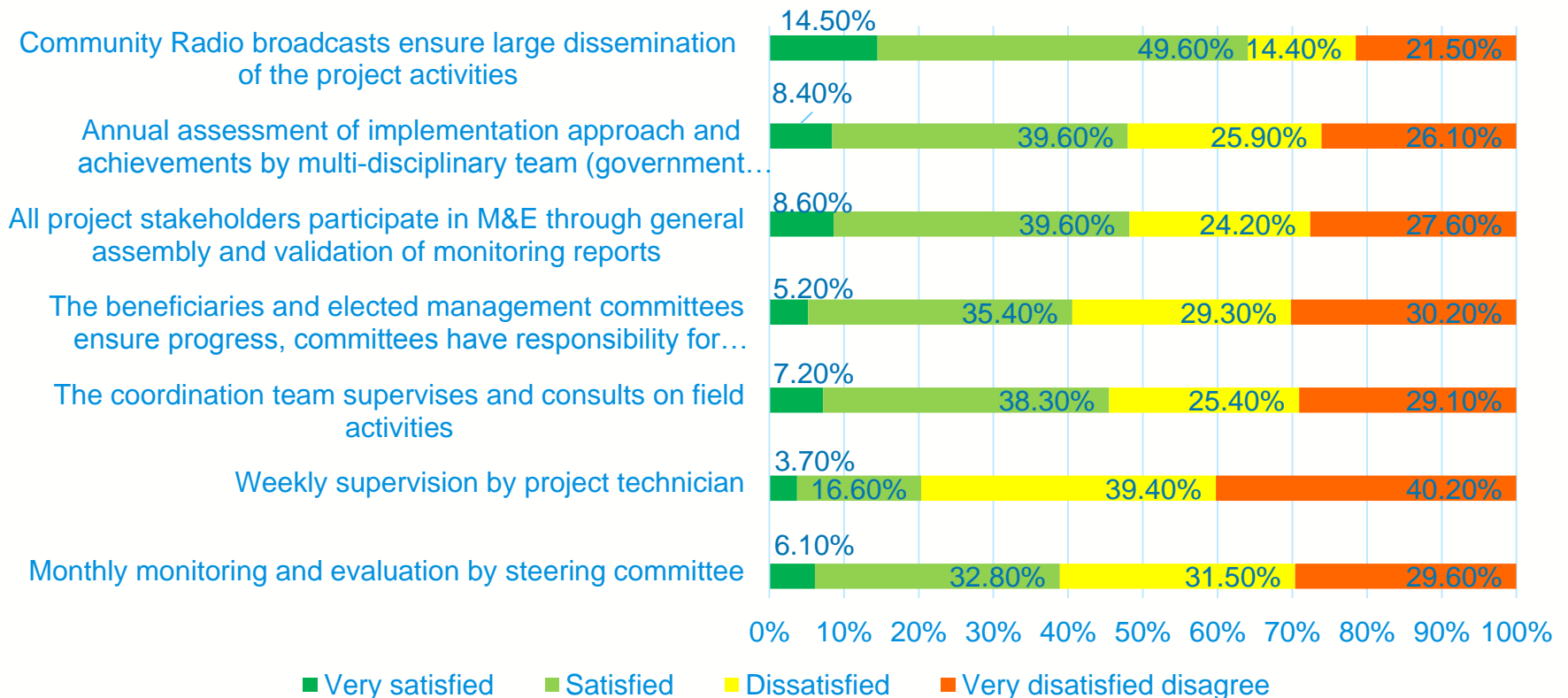
Frequency of involvement of beneficiaries, CSOs and local leaders in monitoring the management of funds allocated to renewable energy projects in their district

	Very often	Often	Rare	Very rare	Never	Score
Beneficiaries	4.8%	11.8%	16.4%	11.6%	55.5%	24.7%
CSOs	4.2%	7.0%	14.3%	14.6%	59.8%	20.3%
Local leaders	7.5%	17.7%	18.1%	16.3%	40.4%	33.9%



SATISFACTION

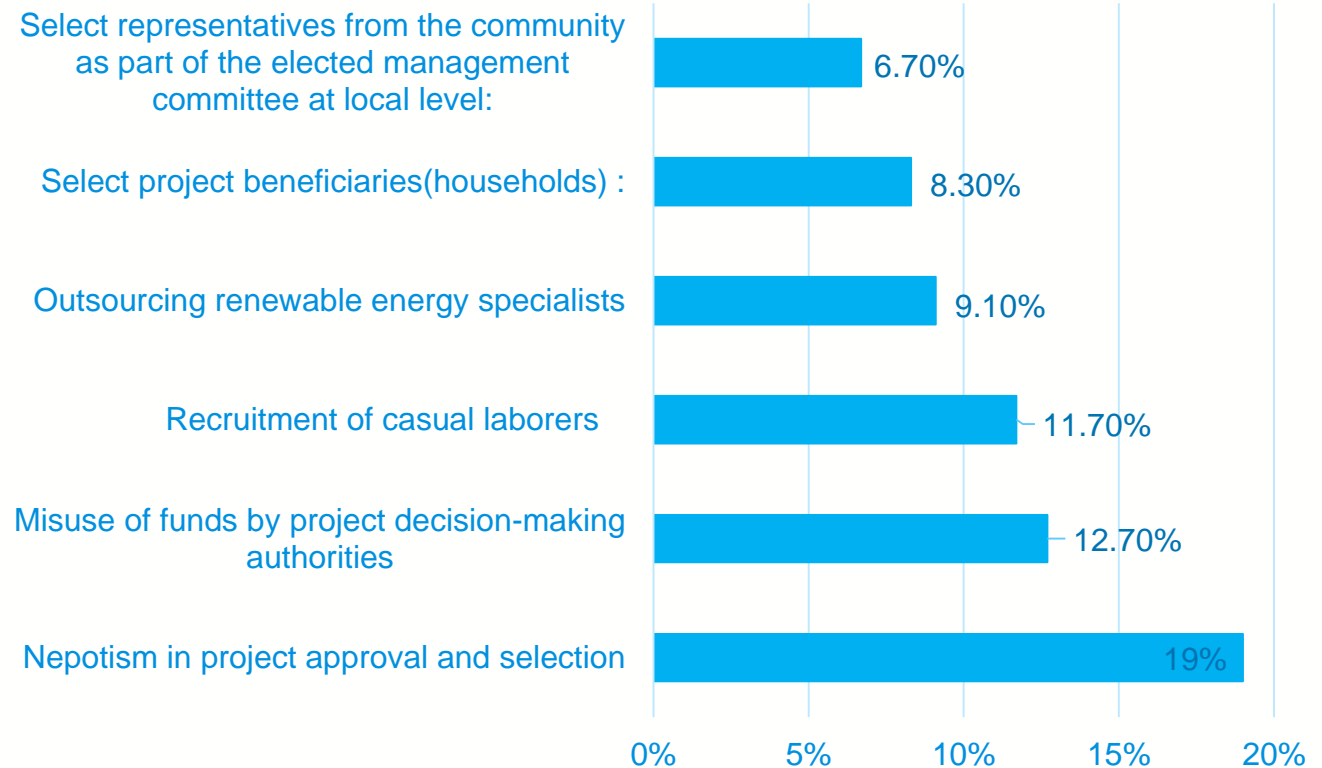
Satisfaction with the performance of stakeholder's responsibility during the projects' implementation





CORRUPTION IN IMPLEMENTATION

Perceived corruption levels during the implementation of climate change projects in the selected district



19 % of selected and approved projects lack transparency due to Nepotism



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CONCLUSION



CONCLUSION FROM CRC FINDINGS

- Citizens are in general **well informed** a) about climate change, b) climate change effects, c) as well as about the contribution of renewable energy
- Most **grants are received** for improved cooking stoves and solar power, set-ups and application time is shortest
- Solar powers as well as cooking stoves demand the lowest levels of technological input, infrastructure and knowhow to install and maintenance
- **Waiting time** highest in the category of electricity/hydropower (3-6 months)
- 41 % of people using renewable energy, were **not trained** at all
- When it comes to **upward accountability and transparency**: major gaps in planning and monitoring, information channels of the funded projects are seemingly not operational, 63.4% have never been consulted
- The level of **corruption** seems to be low. The highest level of corruption is considered for nepotism in project approval and selection



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RECOMMENDATIONS



RECOMMENDATIONS FROM CCF MAPPING

- The national government should establish a **policy, institutional, and legal framework to incorporate climate change** into decision-making, national planning, and budgeting as well as a framework for implementation of mitigation actions.
- FONERWA Board should develop policies and guidelines which allow for the **disclosure of anticorruption rules and safeguards and accountability mechanisms** of government, private sectors and NGOs, which they are required to demonstrate as part of their accreditation of the funds.
- Develop and adopt policies and guidelines that require the **involvement of community and CSOs in the evaluation and monitoring of effectiveness** of anti-corruption rules and safeguards and accountability processes operated by government, private sector and NGOs.



RECOMMENDATIONS FROM CCF MAPPING

- Local governments needs more **capacity building** to assist implement and sustain mitigation projects particularly renewable energy projects,
- FONERWA board should develop **guiding principles to enable community participation** in project planning so that local can incorporate their needs to ensure ownership of the project and effective uses for mitigation finance.
- FONERWA need to provide greater clarification on funds allocated to mitigation so that it may not be used to other program and organizations working on mitigation finance need to coordinate with districts to raise awareness and share project information.



RECOMMENDATIONS FROM CRC

- The funds should be made **accessible** to all Rwandans; focus on projects that are more sustainable. E.g. maintenance and input costs for cooking stoves and solar versus biogas
- **Applicability** of biogas: resources/inputs needed for biogas, but new regulations for getting the inputs (e.g. wood, dung), some people might hesitate of installing bioenergy plants
- To make the technologies being used for a long time, more **training** would be needed for renewable energy technologies.
- Ensure **upward accountability** and transparency in the planning and monitoring of the projects to ensure that the climate change funds are used efficiently and according to the citizens' needs
- The committees to manage the project funds are established at local level, however, it should be ensured that they fulfill their responsibility. A proper **mechanism to follow** up on project implementation is needed.



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