**Project Title**: Innovative Development Policy and Finance for Impact (IDPFI)

**Project Number: UNDP to add (after signature)**

**Implementing Partner:** **MINECOFIN**

**Start Date:** 1 July 2019 **End Date:** 30 June 2024 **PAC Meeting date:** 5 April 2019

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| **Brief Description** |
| *The new Innovative Development Policy and Finance for Impact (IDPFI) Project builds upon the previous support extended to the Ministry of Finance and Economic Planning (MINECOFIN) by UNDP under the project “Support for Effective Development Cooperation for Results” that was jointly supported by UNDP, DfID and Switzerland.*  *The programme addresses the underlying challenges to economic and social transformation in Rwanda including, economic diversification, inclusive and accelerated economic growth and reduction of poverty and inequality. Despite rapid economic growth and significant gains in the reduction of poverty and inequality, still significant share of the population remains below income and multidimensional poverty lines in Rwanda, mainly because of very high population growth in rural areas, limited structural transformation, high vulnerability caused by weather related climate change, low levels of private investments and limited finances to undertake transformational programmes.*  *With the adoption of SDGs, Rwanda needs to consolidate and enhance its progress in an integrated way as stated in the new National Strategy for Transformation (NST1). The need to make concurrent progress in multiple fronts is recognized by the Government of Rwanda. However, this ambitious goal can only be achieved if system wide thinking is adequately embedded within the national institution’s planning approaches, new and innovative policy options are developed to deepen structural transformation and if Rwanda achieves significant mileage in attracting and boosting domestic savings, private investments as well as diversifying its sources of finance for development.*  *IDPFI will contribute to the United Nations Development Assistance Plan (UNDAP): ‘‘By 2023 people in Rwanda benefit from more inclusive, competitive and sustainable economic growth that generates decent work and promotes quality livelihoods for all’’. This will be achieved through the* *Outputs: 1. “Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs”; 2: “MINECOFIN has enhanced technical capacity to access, monitor and manage diverse external development finance resources to achieve national development objectives”; 3: “Strengthened Government capacity to utilize non-traditional sources and mechanisms of finance” and 4: “The newly established* Rwanda Cooperation Initiative has enhanced institutional capacity to accelerate progress on the Sustainable Development Goals (SDGs) through an effective coordination of Rwanda’s South-South and Triangular Cooperation activities”.  *The results framework is aligned to Agenda 2030, Rwanda’s national policies and strategies, UNDP’s Country Programme Document (CPD), (UNDAP) 2018-2023 and other relevant frameworks. The project will work with the appropriate stakeholders and through effective partnerships.*  *The project will be implemented using government own systems under the strategic guidance of senior management in MINECOFIN and day to day support from the External Finance Division under the Office of Chief Economist within MINECOFIN and the National Planning and Research Department in operationalisation of interventions within their respective mandates as well as additional responsible parties, including the National Institute for Statistics and Research (NISR) A Steering Committee chaired by the PS/MINECOFIN will provide strategic oversight to the project, with senior representation from relevant stakeholders. Technical Assistance to MINECOFIN will be provided, and quality will be assured by UNDP and partners including ONE UN team.*  *The indicative total budget is of USD 4,205,250 for 2019 – 2024.*  *Activities in the multi-year work plan will be prioritized based on the confirmed budget.* |

**Contributing to:**

**UNDAP 2018-2023 Outcome 3**: By 2023 people in Rwanda benefit from more inclusive, competitive and sustainable economic growth that generates decent work and promotes quality livelihoods for all.

**UNDP SP outcome 1**: Eradicate poverty in all its forms and dimensions; and

**UNDP SP outcome 2**: Accelerate structural transformations for sustainable development.

**Indicative Output(s)**:

1. “Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs”;
2. MINECOFIN has enhanced technical capacity to manage, monitor and coordinate development cooperation to achieve national development objectives”; and
3. “Government able to identify, test, assess, and scale-up innovative financing solutions that use non-traditional sources and finance mechanisms and demonstrate high potential for development impact”.
4. “Rwanda Cooperation Initiative has enhanced capacity to accelerate progress on the Sustainable Development Goals (SDGs) through south -South and Triangular Cooperation”

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| **Total resources required** | **USD 4,205,250** | |
| **UNDP** | 3,955,250 |
| **Donor (Swiss Development Cooperation)** | 250,000 |

**Names and signatures of counterparts**

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| --- | --- |
| **UNDP** | **Implementing Partner** |
| Mr. Stephen Rodriques  Resident Representative  United Nations Development Programme  Signature: | Hon. Dr. Uzziel NDAGIJIMANA  Minister of Finance and Economic Planning  (MINECOFIN)  Signature: |
| Date & Seal: | Date & Seal: |

**List of Acronyms**

AAAA: Addis Ababa Action Agenda

ACBF: African Capacity Building Foundation

CPD: UNDP’s Country Programme Document

CSOs: Civil Society Organizations

DAD: Development Assistance Database

DDSs: District Development Strategies

DFID: Department for International Development

DP: Development Partners

DPAF: Donor Performance Assessment Framework assessment

DPCG: Development Partners Coordination Group

DPR: Development Partners Retreat

EAC: East African Community

EDFR: External Development Finance Report

EDPRS: Economic Development & Poverty Reduction Strategy

EFD: External Finance Division

EPRN: Economic Policy Research Network

FAO: Food and Agriculture Organization

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

GGGI: Global Green Growth Institute

GIZ: German Development Cooperation

GoR: Government of Rwanda

HGSs: Home Growth Solutions

IDPFR: Innovative Development Policy and Finance for Impact

IFAD: International Fund for Agricultural Development

IFIs: international Financial Institutions

INGOs: International Non-Government Organizations

MINECOFIN: Ministry of Finance and Economic Planning

NHDR: National Human Development Report

NISR: National Institute of Statistics of Rwanda

NST1: National Strategy for Transformation

ODA: Official Development Assistance

PEAS: Poverty-Environment for Sustainable Development Goals

PPD: Public-Private Dialogue

PPP: Public-Private Partnership

PS: Permanent Secretary

PSF: Private Sector Federation

RCI: Rwanda Cooperation Initiative

RCSP: Rwanda Civil Society Platform

RDB: Rwanda Development Board

SDC: Swiss Development Cooperation

SDGs: Sustainable Development Goals

SMEs: Small and Medium Enterprises

SSC: South-South Co-operation

SSPs: Sector Strategic Plans

TRAC: Target Resources for Assignment from the Core (only from UNDP)

UNCDF: United Nations Capital Development Fund

UNDAP: United Nations Development Assistance Plan

UNDP: United Nations Development programme

UNFPA: United Nations Population Fund

# Development Challenge

1. The Government of Rwanda is preparing a new **Vision 2050** that will replace Vision 2020, and a **7-year National Strategy for Transformation** (NST1) for the period 2018-2024. Vision 2050 aims inter alia to ensure that Rwanda achieves upper middle-income status by 2035 with a good quality of life and decent jobs for its people and high-income status by 2050. NST1 is the key national strategic planning document for the remainder of Vision 2020 and for the first four years of the journey under Vision 2050. It integrates and mainstreams the Sustainable Development Goals (SDGs), the African Union Agenda 2063 and its First 10-Year Implementation Plan, and the East African Community (EAC) Vision 2050. It is supplemented by Sector Strategic Plans (SSPs) and District Development Strategies (DDSs). Achieving the visionary agenda set out in Vision 2050 and the NST1 requires significant investments and financial resources and innovative policies that can achieve accelerated development impact.
2. Over 20 years after from the devastation of the genocide, Rwanda has made significant progress in **accelerating economic growth** than anywhere else in Sub-Saharan African. Average annual growth of 7.5 percent is coupled with sound macroeconomic policies and declining poverty: GDP per capita tripled from about USD200 in 2002 to USD700 in 2017. Overall, growth was also pro-poor: Rwanda's Human Development Index increased from 0.332 in 2000 to 0.464 in 2010 while it continued improving, although at a slower pace, reaching 0.498 in 2015 (UNDP, 2016). The poverty headcount dropped from 60.4 percent in 2010 to 39.1 percent in 2014, and extreme poverty from 24.1 percent to 16.3 in the same period. In terms of inequalities, Rwanda has registered slow but steady decline in the Gini coefficient from 0.513 in 2005 to 0.45 in 2014 (NISR, 2016). Rwanda is close to, or has exceeded, low-middle income countries’ averages for life expectancy, literacy, sanitation and maternal and child mortality. It is ranked second in Africa in the World Bank’s Doing Business report.
3. Despite this remarkable progress, **bottlenecks and challenges** remain. Growth has been decelerating overall and it is forecasted to settle around 7.6 percent over the period 2018-2023 (World Economic Outlook. IMF, 2018); this is however far below the 9.1 percent growth aimed for in the NST1. Poverty continues to affect the rural population more than urban while reginal variation continues to prevail with some regions having higher level of poverty than others. While Rwanda has made significant progress on women empowerment issues, women continue to be affected disproportionately in poverty due to their limited engagement in the productive economy.
4. In addition, the **pace of structural transformation** in Rwanda has not matched the country’s ambitious vision of accelerated industrialisation and job creation. While the share of Agriculture to the economy shows broadly a declining trend from 34 percent in 2006 to 31 percent in 2017; the share of Industry sector to GDP has shown marginal change since 2010 from 15 percent of GDP to 16 percent of GDP. In absolute terms Manufacturing value added increased over time reaching USD 493 million in 2016 from USD170 million in 2005 with no change in its contribution to GDP - averaging 6 percent throughout this period. As per the recent report of the World Bank, manufacturing contribution to jobs has been limited- only 4 percent of labour force (two-third of it in agro-processing), and the share of manufacturing to overall employment has been declining (Jobs Report 2016). Also, the manufacturing sector in Rwanda has relatively narrow base with limited diversification, with food and beverages dominating the large share of manufacturing outputs. The African Development Bank (2014)[[1]](#footnote-1) further indicated resource based and low technology products dominated the manufacturing sector in Rwanda. While the structural transformation process has therefore started with a declining share of agriculture to GDP, it is still in its initial stages, signifying the opportunity for massive and accelerated industrialisation led my manufacturing sector in Rwanda. Similarly, Mining faced challenges in Rwanda in the face of global commodity price fluctuation, affecting the performance industry in general.
5. There is a need to **accelerate growth** through deepening structural transformation that will allow a large segment of the youthful population to be employed meaningfully in high paying and high productive sectors. Despite signs of recovery, growth in the industrial and services sector slowed to 4 and 8 percent respectively in 2017, far below the national targets of 14 and 13.5 percent (NISR, 2018). Combined with low agricultural value addition, the economy is not generating adequate decent employment opportunities for Rwanda’s young population. This is creating higher level of vulnerability to the economy as the largest and dominant sector, agriculture continues to be affected by climate change related shocks e.g., drought; as well as declining commodity prices that affect the various sectors including agriculture, mining and other services.
6. In connection to the inclusive growth agenda, reducing poverty and inequality, deepening demographic transition and **harnessing demographic dividend** is critical for Rwanda to ensure adequate jobs for its youthful population. Rwanda has a total population of 11.5 million of which 82 percent of the working age population lives in rural areas and only 18 percent reside in urban areas. Over 77 percent of Rwanda’s population is under 35 years old (NISR, 2018). Although Rwanda’s national average figure for unemployment is around 16.7 percent, which indicates roughly for every six persons in the labour force one is unemployed, the unemployment rate is higher among women (17.5 percent) than among men (16.1 percent) and higher among young people (21.0) than among adults (13.3 percent). It is also higher in the urban areas (18.1 percent) than in the rural areas (16.2 percent). Focusing on only unemployment rate alone however, masks the critical issue of underemployment which is prevalent in most of the rural areas; as well as the prevailing insufficiencies in creation of non-farm jobs and uncompetitive skilled labour for firms, especially in urban areas.
7. While it is notable that Rwanda has designed a transformative plan, which addresses these challenges; its effective implementation largely depends on how Rwanda **harness the power of innovative policy options and mobilises adequate financing**. In the post 2015 era where countries including Rwanda have made strong commitments to ‘*leave no one behind’*; policy innovations capable of delivering multiple social and economic goals are critical. These should be based on evidence base that clearly identify the most vulnerable and what they are deprived of, allowing targeted interventions.
8. The new National Strategy for Transformation (NST1), merged with the 7 years Government’s Programme, started at the end of 2017 and will span until 2024. For a full and successful implementation of NST1, **mobilizing and diversifying development finance** will prove critical, particularly leveraging private sector resources. Despite Government of Rwanda (GoR) effort to create a favourable business enabling environment, private sector growth continues to be constrained by factors like prohibitive cost of capital, infrastructure deficit - mainly access to affordable energy, small local market size, landlocked position, regional security concerns. The private credit to GDP is 19.7 percent, compared to 70.2 percent in South Africa and 102.2 percent in Singapore. Moreover, the top corporate borrowers are highly indebted. Agriculture represents only 2 percent of total loans, while accounting for 30 percent of GDP.
9. For Rwanda to sustain its high level of growth and poverty reduction efforts, increasing the rate of **domestic saving**, which can sustainably finance investment is key. Although Rwanda had solid GDP growth, averaging above 7 percent over the last decade that traditionally should increase domestic savings, the saving rate has increased rather marginally, reaching 8 percent of GDP in 2015 and approaching around 11 percent in 2017. The positive impact of income growth on saving is thus muted. Domestic saving in Rwanda is half of the levels achieved by all low-income countries in Sub Saharan Africa in 2016. When compared to its East African neighbours, Rwanda is the second lowest in region just above Burundi. Tanzania has the highest domestic saving followed by Uganda, reaching 21.51 percent and 15.4 percent in 2016 (World Bank).
10. To further enhance access to capital, Rwanda established its **Capital Market** **Authority** in March 2007 with the purpose of guiding the development of the capital market industry in Rwanda. The Capital Market was officially launched in 2008. As the youngest stock exchange in the region, it is relatively underdeveloped, which impedes its ability to intermediate long-term finance effectively, moving money from savers to borrowers and private sector actors. In view of the East Africa regional integration, Rwanda explores coordination within East African Community (EAC) exchanges to attract investors across the region.
11. While the financial sector has seen tremendous growth over the past 5 years there is lack of sector-specific investment skill and **green market intelligence** in existing banks.
12. Rwanda **needs an increased level of development financing.** Despite, traditional ODA grants decreasing, more assistance is delivered as loans rather than grants, and new financing modalities are emerging to take the place of traditional budget support.
13. The reduction in ODA grants has been partially mitigated by a **growing domestic resource mobilization**. Tax revenues to GDP reached a peak 18.6 percent in 2015-16. Public debt is considered sustainable at a low risk of distress, but it is increasing. In terms of Debt Sustainability Framework, the Present Value of Rwanda’s Public Debt (Foreign and Domestic) is currently 36.7% of GDP compared to the agreed/recommended threshold of EAC Countries of 50% of Debt to GDP. Rwanda has only once-but successfully-accessed international capital markets in 2013 with a EUR400 million Eurobond, which was oversubscribed 8.5 times (fixed annual coupon of 6.625 percent; bullet repayment in 2023).
14. **Foreign private inflows**, which are dominated by Foreign Direct Investment (FDI) and remittances, totalled USD723 million in 2016-17. Other private flows, including commercial lending and portfolio investment remain marginal, but there is an increase in borrowing of well established companies from international financial institutions (IFIs). There is a limited mapping of outflows and accounts of the value of illicit financial flows, though estimates from UNECA point to a 5 percent of GDP.[[2]](#footnote-2)

1. Addressing issues of structural transformation, poverty, inequality as well as diversifying finance requires national capacity which can steer progress across sectors and adapt national policy making systems to fast changing global and national circumstances. While considerable progress has been made in evidence-based planning, policy making and monitoring results; with the adoption of Agenda 2030 and the SDGs as well as the Addis Ababa Action Agenda (AAAA), there is a need for enhanced capacity to accelerate progress in multiple fronts by adopting integrated and foresight planning, innovative policy development and diversifying financing in full alignment with the AAAA.
2. The present programme is designed to contribute to *achieving sustained inclusive economic growth at the rates necessary to deliver the objectives of NST 1 and Vision 2050, given the present conditions of Rwanda.* The programme aims at strengthening the capacity of national institutions to plan, develop effective policies, diversify finance and monitor progress. Figure 1 is showing the interlinkages as well as the need for integrated solutions.

Figure 2 Problem Tree for the IDPFI



# Strategy

1. Rwanda has made considerable progress in implementing its policies and strategies, which has delivered significant development outcomes. With the adoption of SDGs and the formulation of the NST1, an ambitious agenda for the next seven years is set, which demands delivery of concurrent social and economic goals that require innovative approaches. With declining concessional resources, the country is increasingly faced with the need to do more with less as it implements Agenda 2030. In full alignment with the NST1, this Project aims to support Government to **strengthen capacities** to plan, develop innovative policies, monitor progress and diversify development finance to address major development constraints including economic diversification, transformation, poverty and inequality.
2. The design of the project is guided by the key lessons generated from the second Economic Development & Poverty Reduction Strategy (EDPRS2) Mid-Term Evaluation (January 2018). These lessons among others include the following:

* Growth targets during EDPRS2 were ambitious considering the country capacity and resource constraints; however, economic transformation that delivers double-digit growth averaging (11.5 percent) is possible if the country adopts new and innovative approaches in implementing policy including on the green development agenda;
* An integrated approach that entails modernizing agriculture and increasing productivity of manufacturing sector linked to urbanisation agenda, is key to deepen structural transformation;
* There is an urgent need to increase the level of domestic savings and investments for accelerated growth;
* Enhance value for money in government spending. This means enhancing the quality of strategic interventions within the planning process as well as effective implementation of projects; and
* The M&E framework needs strengthening for effective follow up of NST1 implementation.

1. It also considers the lessons from Outcome and Project Evaluations of the implementation of the previous project “Support for Effective Development Cooperation for Results”. These lessons learned are:

* The two implementing departments appear to have worked in a separate fashion, thus missing out on complementarities.
* A key area identified as lacking in capacity and skills is policy research and analysis – addressing this is an opportunity to benefit from the synergies in inter-departmental collaboration and leverage the complementarities of planning and external finance mobilization. To do this there is need for analytical information and policy research.
* MINECOFIN skillset is still largely skewed towards traditional development assistance-ODA management. The new sources of development finance require different skills and knowledge.
* Although there is a system for information sharing, the quality and usefulness of data in DAD needs to be improved. There is also a need to revise and update current policy frameworks/guidelines, along with stronger monitoring of development impacts and costs and risks.
* Capacities need to be built not only in MINECOFIN, but in other central government entities like the RDB, line ministries, private sector.
* The previous project experienced low absorption of funds and implementation delays. Indicators in the results framework fell short on the SMART criteria and hindered accurate measurement of progress. The steering committee did not meet as often as it had envisioned.

1. The project is designed in full alignment with the new **United Nations Development Assistance Plan (UNDAP)**, as well as **UNDP’s Country Programme Document** (CPD)[[3]](#footnote-3). The programme is expected to contribute to UNDAPOutcome 3: “*By 2023 people in Rwanda benefit from more inclusive, competitive and sustainable economic growth that generates decent work and promotes quality livelihoods for all*”. The programme is further designed to deliver critical and strategic objectives of the UNDP CDP within the inclusive and sustainable growth pillar - UNDP Strategic Plan outcome 1: ‘’*Eradicate poverty in all its forms and dimensions*’’ as well as UNDP Strategic Plan outcome 2: ‘‘*Accelerate structural transformations for sustainable developmen*t’’. Specifically, it aims to contribute to Output 1.1. ‘*MINECOFIN has enhanced technical capacity to access, leverage and utilize development finance to achieve national development objectives*.” and Output 1.2. ‘*Public-private partnerships and NST 1 institutional arrangements strengthened to create decent jobs and promote entrepreneurship, especially among women and youth*’.
2. The Project will make a tangible contribution to the **realisation of NTS 1 priorities and SDGs**. The programme will particularly contribute to harness the systemic and integrated linkages between SDGs, e.g. the link between Goal 1 “*End poverty in all its forms everywhere*”, Goal 5 ‘Ending *all forms of discrimination against women and girls is not only a basic human right, but it also crucial to accelerating sustainable development*. with Goal 8 “*Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*.”, Goal 9 ‘*Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*’ that are highly relevant to Rwanda. This Project will also specifically contribute to Goal 17 “*Revitalize the global partnership for sustainable development*”. See ANNEX 1 for a more detailed description of how this programme contributes to the NST1 priorities and the SDGs.
3. The strategy will therefore aim to **operationalize** policies, organizational development and partnerships to:
4. Support evidence-based planning, policy analysis, and M&E to support the implementation of integrated and high impact policies and programmes to achieve the NST goals, and the “*leave no one behind*” principle.
5. Reinforce Rwanda as a leader and innovator in development policy as well as in the new development finance landscape - building on past successes and priority interventions for NST1; and
6. Pioneer and operationalize innovative approaches and financing schemes to address the larger and the more diverse financing needs.
7. In relation to **strengthening planning**, the lessons from Mid-term Evaluation of EDPRS2, mentioned above, justify that the country growth strategy needs to be guided by **foresight planning approaches** that do not only consider national economic fundamentals but also future scenarios that considers global trends including those that affect Rwanda’s growth performance such as commodity price. In this regard, the proposed support to strengthen national planning systems with foresight approaches provides alterative policy scenarios that allow decision makers to fast adapt to changing circumstances. Also, such an approach will enable Rwanda to leverage its minimal resources to achieve multiple goals by picking appropriate and high impact policy mix. This support will be complemented with strengthening of capacity for domestication and localisation of the SDGs though supporting the development of a dynamically complex system that will allow feedback loops, non-linearities; as well as simulates behaviour of dynamic systems. The policy scenarios that emerges through this will enable decision makers to undertake strategic planning and institutionalization of evidence-based policy design. The foresight approach will also allow decision makers to track the impact of policies on different socio-economic groups including those who are likely to be left behind such as youth, women, children, disabled etc. The capacity support to strengthen planning will further link national and sub-national levels, supporting the country to narrow the inequalities among different sub regions reinforcing the leaving no one behind principle implementation.
8. The **policy support** will be anchored on MINECOFIN in close collaboration with the Strategy and Policy Advisory Unit of the President office. The areas of focus for the applied policy analysis will be identified in full alignment with the lessons drawn from EDPRS2, as mentioned above and emerging issues during the NST1 implementation process. In this respect the project will continue to carry forward the policy support started under the previous programme around boosting domestic savings, industrialisation and widening the tax base through focused analysis on agriculture and mining sectors. The project will further support the completion of the National Human Development Report which focus on assessing the contribution of Home Growth Solutions (HGSs) to Human Development as well as the development of the module on human development. For enhanced impact, the policy analysis support under this project will be done in close collaboration with other partners including the UNECA, SDG Centre for Africa and interested development partners based on selected themes while ensuring relevant line ministries and agencies are involved. In addition, the project will enhance the capacity of national policy research institutes by working with them on selected areas.
9. The project will also support **capacity to monitor** **progress of NST1**. The lack of integrated system of M&E hinders planners and decision maker’s capacity to fully and systematically monitor progress and design effective strategies to solve problems in real time. An improved M&E system will contribute to enhanced accountability and transparency on progress on development outcomes. This needs to be accompanied by capacity building of critical staff from MINECOFIN and line ministries.
10. Achieving the visionary agenda set out in Vision 2050 and the NST1 requires **significant investments and financial resources**. Available public capital, including ODA and domestic resource mobilization, is not sufficient to support this transformation. The AAAA – the result of the 3rd International Conference on Financing for Development - draws upon all sources of finance, technology and innovation, promotes trade and debt sustainability, harnesses data and addresses systemic issues to support implementation of the 2030 Agenda for Sustainable Development. Vision 2050, NST1, and the 2017 National Investment Policy all stress the need to **diversify Rwanda’s access to financing** and partner with the private sector. NST1 Priority Area 5 aims at increasing private investment to 21.6 percent of GDP in 2024 from 14.5 percent in 2016.
11. International private finance to developing countries shows rapid growth, mainly driven by the increase of Foreign Direct Investment (FDI), equity flows, and remittances. According to the [GIIN](https://thegiin.org/research/publication/annualsurvey2018), impact investing assets under management in 2018 were around $230 billion, while, according to the [OECD](https://data.oecd.org/oda/net-oda.htm), official development assistance (ODA) to developing countries in 2017 was around $145 billion. The [green bonds market](http://www.undp.org/content/sdfinance/en/home/solutions/green-bonds.html) will soon surpass a USD1 trillion in issuances from zero in early 2000s. More than 108 Impact Bonds, with a total of more than $400m in investment, have now been launched and there are at least 100 more under development. Equally, according to some estimates, South-South Co-operation (SSC) has more than doubled between 2006-2017, while private aid has also grown to an estimated USD 60-70 billion annually.
12. While there is no shortage of capital worldwide, the private sector is often unable to make investments due to the associated project- or country-related risks. Public funding is expected to be necessary to leverage private flows in many cases. **Blended financing** is innovative way to leverage development resources to mobilize significant private investment in developing countries. It has mobilized over $131billion in capital towards sustainable development in developing countries to-date.Development partners, multilateral and bilateral development financing institutions (DFIs) and global philanthropists are increasingly considering de-risking instruments and risk-sharing models that aim to leverage development resources to increase private sector financing. Some examples are the World Bank Group IDA 18 IFC/MIGA Private Sector Window and the [European Union External Investment Plan](https://ec.europa.eu/europeaid/eu-external-investment-plan-factsheet_en) EUR1.5 billion investment-guarantee to facilitate private capital flows in Africa.
13. **The project will support Government to address the larger and more diverse financing needs associated with national development agenda**. A proactive and strategic management of diverse development flowsrequires new capacities, skillsets and mindsets in government institutions. These capacities are more difficult to build due to the greater complexity and variety of available financial instruments, all of which present new risks along with opportunities. Further, there is often limited knowledge in Government of non-traditional sources and instruments, while fostering development partnerships with a broader range of actors and setting up co-ordination mechanisms beyond traditional ODA is more complex. There are also significant transaction costs associated with new financing instruments. They often require bankable project pipelines like in the case of blended finance, additional processes for tracking, monitoring and reporting on use of proceeds like in the case of green and sustainability bonds, more complex and objectively verifiable performance matrices especially if payments to investors are linked to results like in outcome contracting, use of risk mitigation tools and currency hedging or foreign exchange facilities in some cases.
14. A number of **assumptions** have been made during the design of this project document:

* There will be continued and increased government interest to explore new and innovative policy options to deepen structural transformation, and social transformation with significant effect on poverty reduction and sustainable development goals.
* There will be continued and improved coordination among development partners active in Rwanda, including UNDP to delivery of the transformational agenda.
* MINECOFIN and all MDAs have staff to lead and contribute towards developing strategic foresight planning approaches and policy analysis for SDGs.
* MINECOFIN is committed to harnessing the potential of adopting innovative policies for transformation and diversifying its sources of external development finance. It will commit necessary human resources to carry out the interventions supported by the project and will engage other relevant government institutions.
* There will be continued and improved coordination among Government and development partners active in Rwanda, and commitment to work together to improve the effectiveness of development cooperation and test new instruments.
* The private sector is prepared to accept that it has an increasing and very significant role to play in accelerating inclusive growth, economic diversification, poverty reduction, and a responsibility to ensure that investments do not impact negatively on natural resources and the environment. National partners and representative private sector organizations will actively engage in building the ecosystem for a responsible private sector for sustainable development.
* The diverse external development financing landscape requires new types of partnerships with a variety of actors ranging from foundations, to South-South Cooperation partners, private sector and bilateral and multilateral development finance institutions. Government is committed to explore such new partnership opportunities.
* Civil society are a key partner in building multi-actor partnerships for the NST monitoring and implementation processes. The Rwanda Civil Society Platform (RCSP) is the umbrella organization of local CSOs and will continue to engage in dialogue with government and development partners.
* There will be continued partnership between GoR, UNDP, DFID and Switzerland to achieve the intended results, while other partners might join in supporting the project. The remaining DFID contribution to the “Development Cooperation for Results” project will be committed to the new project phase to allow activities in Year 1 to take place without interruption, while further support will continue to be discussed. Switzerland’s support for on-the-job technical support to MINECOFIN currently extends till September 2019. Opportunities will be sought to extend the partnership with DFID and Switzerland to cover the entire project period.

1. The **main drivers** (internal factors) that will contribute to the successful delivery of the Project outputs are the following:

* UNDP Rwanda will remain supportive of and actively involved in the new project, providing technical as well as financial support to the programme through its Target Resources for Assignment from the Core (TRAC);
* UNDP Strategy Advisory Unit team will provide pro-active and dynamic leadership to the project and its activities, including through a substantive and on-going engagement in relevant national planning process, engagement with key partners and implementation processes. Through the regional and global networks including south-south cooperation platforms UNDP is committed to mobilise capacity and experience required to support SDG mainstreaming process, bring knowledge on foresight and system-based planning approaches;
* Technical know-how of the UNDP staff to consolidate and accelerate progress on diversifying development finance;
* In addition to UNDP, solid partnerships with UNECA and SDG centre contribute to the project objectives in innovative policies; and
* Greater experience within UNDP globally exists to draw on for enhanced implementation of the diversification of development finance component.

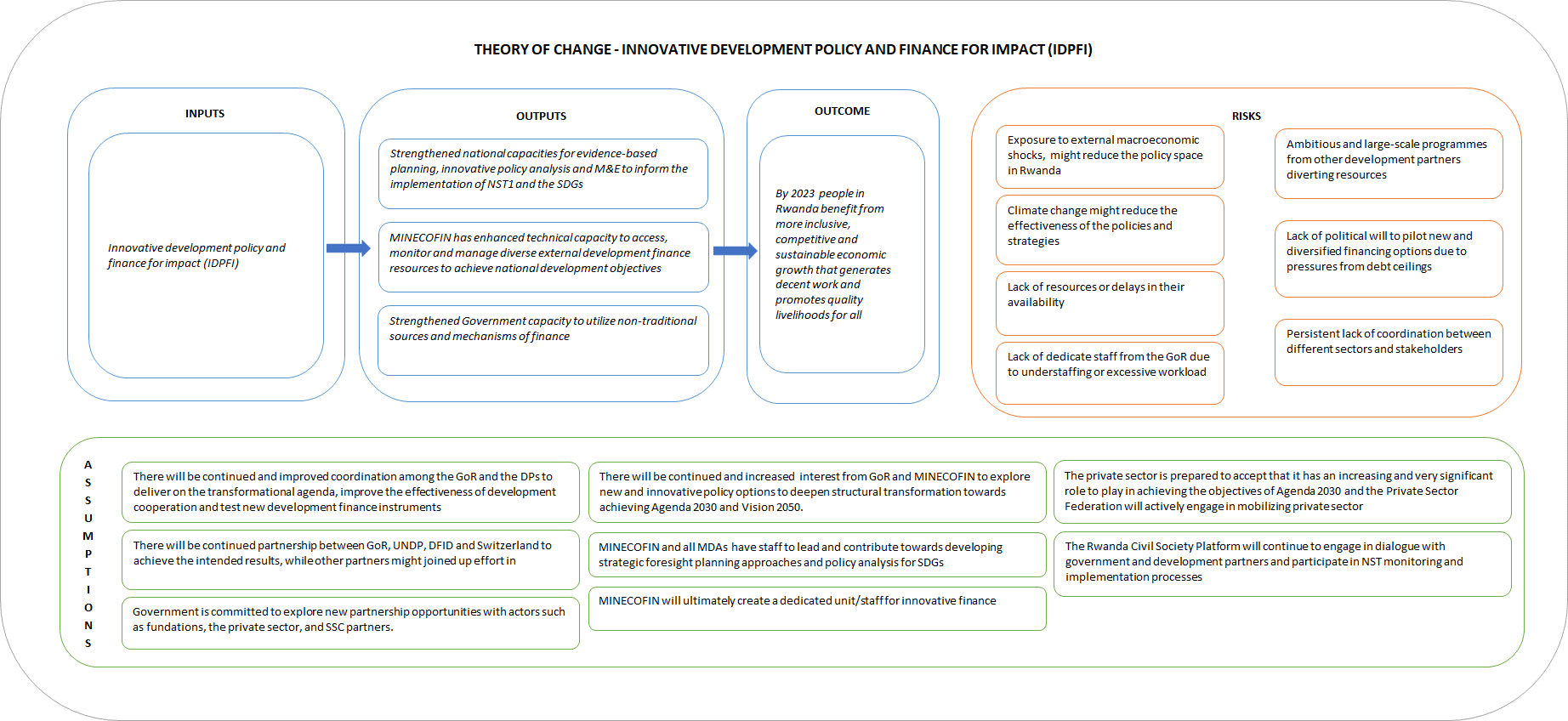
1. There are **risks** that have been considered in the design of this programme, and that will have to be managed during implementation. These include:

* Increased exposure to external shocks, such as volatility of commodity price, might reduce the policy space in Rwanda limiting the application of new and innovative policy options and financing instruments.
* Increased shock from climate change might reduce the effectiveness of the policies and strategies to bring the desired enhanced structural transformation by limiting the backward and forward linkages as well as redirecting public resources towards adaptive policies, thus negating or reversing some of the benefits of the project. programme.
* While national institutions are the main counterparts for the programme, due to pressing engagements within the government own programmes, staff might not fully participate in the day to day operationalisation of the programme and may not benefit optimally from, the programme.
* Required resources may not be available and mobilized in time.
* Ambitious and large-scale programmes from other development partners might divert the strategic engagement of critical actors within the public sector from this programme.
* Coordination between different sectors and stakeholders may continue to be a challenge.

1. Above risks are further detailed and rated in Annex 4, Risk Analysis
2. The pathways (outputs, interventions and actions) in the programming framework have been selected based on the following **criteria**:

* **Participatory**: interventions and actions were selected by working closely with MINECOFIN, Strategy and Advisory Unit of the President Office, NISR, Private Sector Federation, and selected development partners, the programme will continue to enhance participation;
* **Strategic alignment**: the issues selected to be tackled by this programme are in full alignment with the priority development issues in Rwanda as contained in NTS1 and the comparative advantages of the UN to provide strategic, neutral and effective policy support to the localisation of SDGs, economic and social transformation, especially to realise the concept of ‘*leaving no one behind*’;
* **Capacity-building**: the programme aims at strengthening capacity in all its dimensions (strategic planning, organisational development, skills transfer, access to resources, etc.); and
* **Impac**t: interventions selected under this programme are carefully assessed for systemic impact on multiple fronts.

Figure 3 Theory of Change of the IDPFI



# Results and Partnerships

***Expected Results***

1. In the period 2014-2018 MINECOFIN in the spirit of striving to enhance effectiveness and efficiency of development cooperation for results, developed and implemented an integrated programme, “Support for Effective Development Cooperation for Results”, which was jointly supported by UNDP, DFID and Switzerland. The programme built on the results of three different projects that had been supported by UN(DP): i.e. (a) *Supporting Harmonization, Alignment, and Coordination for Aid Effectiveness in Rwanda (b) Strengthening Government of Rwanda’s National Evidence-Based Policy Planning, Analysis and M&E Project and (c) Support to Special Activities through Evidence-Based Policy Research and Advocacy in support of MDG Initiatives in Rwanda.* The programme’s main objectives were:
2. Support for Effective Development Cooperation and Resource Mobilization, particularly from non-traditional sources.
3. Strengthen Government of Rwanda’s National Evidence-Based Policy Planning, Analysis and M&E capacities, mechanisms and processes.
4. The next phase of the support from April 2019 will build upon the achievements of the previous programme and will strengthen government’s capacity to plan based on evidence, develop innovative policies, monitor progress and mobilize development finance to implement the ambitions inscribed in the Agenda 2030 for Sustainable Development and Vision 2050 and NST 1. This project is expected to contribute to Outcome 3 of the UNDAP: “*By 2023 people in Rwanda benefit from more inclusive, competitive and sustainable economic growth that generates decent work and promotes quality livelihoods for all*”; as well as UNDP SP Outcome 1: *Eradicate poverty in all it forms and dimensions* and UNDP SP Outcome 2: *Accelerate structural transformations for sustainable development*. It thereby directly supports NST1 “Economic Transformation” Pillar.
5. The new project will deliver the objectives through three complementary and mutually reinforcing outputs. These are:

**Output 1: Strengthened Government capacities to support the implementation of NST1 and the achievement of the SDGs through evidence-based planning, innovative policy analysis and M&E**

Anchored in the vision and strategies contained in NST1, this output aims to develop institutional capacity for evidence based planning and innovative policy development as well as monitoring and evaluation.

As clearly indicated in the NST1, accelerating growth is identified as the driving force in achieving the objectives of NST1. Over the implementation period 2018-2024, growth will have to average 9.1 percent to then reach 12 percent for the following decade. Such an objective is more ambitious when considering the global economic trends, suggesting increased volatility in commodity prices, in climate change-related shocks and deepening of global value chains, together with internal challenges, such as a youthful population and limited availability of land for agriculture.

In the light of this, the Government of Rwanda (GoR) prioritized economic transformation by making it one of the three pillars of NST1, the others being social transformation and transformational governance. The Economic Transformation Pillar targets 6 priority areas:

Box 2 NST1 - Economic Transformation Pillar: Priority Areas

1. Create decent jobs for economic development and poverty reduction;

2. Accelerate Urbanization to facilitate economic growth;

3. Promote industrial development, export promotion and expansion of trade related infrastructure;

4. Develop and promote a service-led and knowledge-based economy;

5. Increase agriculture and livestock quality, productivity and production;

6. Sustainably exploit natural resources and protect the environment;

This new project will focus on these priority areas supporting the institutions involved by strengthening their capacity to **implement evidence-based and integrated planning** and to **design cross-sectoral policies and programmes** to achieve their respective goals, while advocating the leave no one behind principle.

The project will be implemented **under the leadership of MINECOFIN**, as the ministry responsible for the coordination and follow up for the implementation of the Agenda 2030, Vision 2050 and the NST1, and in collaboration with NISR. Within MINECOFIN, the project will benefit from strategic guidance from senior management and operational support and day-to-day management through the Office of Chief Economist, in close collaboration with the National Department for Planning and Research and other relevant departments in the ministry.

Support will be provided by **developing tools and procedures to inform the national planning** and budget cycles and frameworks. Linking to innovative policy development and implementation, this project will strengthen evidence-based planning. In particular, it will enhance the integration and localization of the Sustainable Development Goals (SDGs). By supporting the National Department for Planning and Research as well as the planning cadres within line ministries to acquire capacities for foresight planning and system thinking. The project will support the development of an interactive system dynamics model designed considering the complex interactions and feedback loops that run within and between the SDGs. The model will enable scenarios building to help policy-makers and other stakeholders understand the impacts of policy interventions on the interlinked SDGs. This programme, in addition to developing the model for system thinking and approach, will strengthen national capacity for Foresight planning by targeting, line ministries, academia, national policy research institutes, and economic associations.

At policy making level, the project will support decision makers by **providing innovative policy briefs** on topics agreed upon with the GoR. This component will craft and execute a policy research agenda to provide innovative policy reforms and programmes needed to accelerate inclusive and equitable economic growth, decent job creation with special attention to women and youth. It will directly contribute to the realisation of the transformational agenda through applied policy analysis work focused on enhancing industrialisation, exports diversification, promoting investments both local and foreign, boosting domestic savings, addressing vulnerabilities including for those who are likely to be left behind, reducing inequalities as well as other emerging issues. The innovative policy options shall be integrated into national policy making process through targeted high-level policy dialogue platforms. The component will not only provide alternative policy solutions towards the realisation of the transformative agenda, it will also **build national adaptive capacity to deliver the transformational agenda** by ensuring timely corrective discourse. The policy studies will be delivered in close partnerships with critical policy focused institutions including UNECA, ONE UN, Sustainable Development Goals Centre for Africa in Rwanda, as well as development partners such as DFID, the Swiss Cooperation (SECO) and others.

Lastly, the project will focus on providing the GoR with an **integrated monitoring and evaluation system developed to trace progress on NST1**. Further supporting the planning and policy analysis work, this project will strengthen MINECOFIN’s capacity to monitor and evaluate NST1. In this regard, the project will support critical mass of M&E specialists within MINECOFIN and other line ministries to obtain capacity on result-based Management linked to NST1 result framework. Furthermore, the project will support development of an integrated M&E system linked to existing information management systems allowing monitoring of progress both at national and sub national level.

***The key activities are:***

* 1. Support the preparation of critical policy studies for the realisation of the economic and social transformation agenda. The theme and focus of each year policy analysis work shall be determined in full consultation between MINECOFIN key departments and line ministries.
  2. Support targeted high-level policy for integration of the innovative policy options into decision making process; and support the production of policy briefs documenting the impact of key policy reforms.
  3. Undertake training, including training of trainers, and awareness-building on foresight planning and system thinking for SDGs targeting the planning officers. The training will be designed to create national capacity for enhanced evidence-based planning beyond MINECOFIN and sector stakeholders by involving critical national institutions such as academia, national policy research institutes and economic associations.
  4. Explore the possibility to develop an interactive system dynamics model (such as the iSDG model) designed considering the complex interactions and feedback loops that run within and between the SDG, and the targets of Agenda 2063, as embedded in the NST1 and Vision 2050.
     1. Undertake trainings and training on trainers on the newly developed and customised iSDG model to create national capacity for enhanced evidence-based planning.
  5. Support capacity development for results-oriented M&E enabling tracking of NST1 targets and SDGs.
     1. Provide training to planning and monitoring staff in central and local Government to continuously improve their planning and M&E capacities.
  6. Support the strengthening of the national statistical system and the adoption of the principles of the “*Leave no one behind*” agenda in its activities, through:
     1. Provide support to SDGs monitoring and dissemination activities, via the update of the censuses and surveys, the use of big data, the strengthening of administrative systems such as the Management Information System, and the SDG dissemination platform as well as prepare for VNR;
     2. Strengthen national capacity for human development and multidimensional poverty reporting and analysis.

**Output 2. MINECOFIN has enhanced technical capacity to manage, monitor and coordinate development cooperation to achieve national development objectives**

As the development finance landscape changes, the GoR will continue to be firmly committed to strengthening development cooperation by upholding the principles of ownership, focus on results, inclusive development partnerships, and transparency and mutual accountability. Ensuring that all sources of development finance – including new sources – are effectively coordinated and monitored is critical to this effort.

Created in 2005, MINECOFIN’s External Finance Division (EFD) is the primary Government entry point for external development financing. The EFD provides a centralized interface for all DPs and provides guidance and leadership on how DPs can better align their support to Government priorities.

The EFD's key responsibilities are:

* Mobilizing External Financing from traditional partners and non-traditional partners to complement domestic revenues in the National Budget. This financing includes Official Development Assistance (Grants & Concessional Loans) and Commercial loans to finance Government priorities (Sovereign Bonds)
* Mobilizing financing for the private sector from International Financial Institutions.
* Coordination of DPs through various forums.

MINECOFIN is currently in the process of updating its *Aid Policy* (2006) and *Aid Policy Manual of Procedures* (2011) to ensure that policy guidance reflects the changing development finance landscape. It is also improving the implementation and expanding the scope of the *Development Assistance Database* (DAD) based on a comprehensive review that established a roadmap for system modifications and capacity development to enable MINECOFIN to transition the system to full national ownership.

MINECOFIN overseas the implementation of the Division of Labour procedures and produces the annual Donor Performance Assessment Framework assessment (DPAF) to strengthen accountability between the GoR and DPs. The DPAF enables the performance of bilateral and multilateral partners to be assessed against a set of indicators which measure the quality and volume of ODA to Rwanda. The framework needs to be adapted further to ensure indicators reflect how assistance is currently delivered and expanded to measure the performance of all partners contributing finance flows to the NST1.

MINECOFIN also produces an annual External Development Finance Report (EDFR) to provide a comprehensive overview and analyse key characteristics and trends of external development finance flows. The report was recently expanded to include data on private sources of development finance (foreign private investment, remittances, INGOs), but significant data gaps remain on these resource flows, and on other critical finance flows that are yet to be analysed in the report (e.g. foundations, DFIs, blended finance). The GoR will expand the scope of the EDFR to analyse new resource flows, and given synergies with the annual DPAF Report, may combine these two critical sets of analyses into one report. The reports are accessible to all stakeholders through the MINECOFIN’s website.

The EFD is the secretariat for the annual Development Partners Retreat (DPR), and quarterly Development Partners Coordination Group (DPCG) meetings. The dialogue serves as a forum where stakeholders, including the private sector and CSOs, can discuss progress and identify opportunities and challenges in attaining national development targets.

The support under this output will improve MINECOFIN’s capacity to manage increasingly diverse development partnerships to achieve national development objectives, through training and organizational development, policy updates and quality dialogue with all actors engaged in development cooperation.

***The key activities are:***

* 1. Develop a comprehensive development finance resource mobilization strategy for NST1.
  2. Support effective implementation of the revised Aid Policy and Manual of Procedures, including training and awareness raising to government institutions and key stakeholders.
  3. Strengthen the ownership, use, and value of the DAD by improving the quality of ODA data, transitioning the DAD to full national ownership, and expanding the scope of DAD to capture other development finance flows:
     1. Increase reliability, usefulness, and use of ODA data in DAD: 1) implement validation process; 2) conduct bi-annual training and data quality review with DP Focal Points and EFD DP Portfolio Managers; 3) fully implement and use MTEF module; 4) train DAD Focal Points in each MINECOFIN division.
     2. Transition DAD to full national ownership: 1) build capacities within MINECOFIN to fully implement DAD and implement necessary system modifications and transition the system to full national ownership.
     3. Expand scope of DAD to capture other external development finance flows: 1) Work with DPs to enter full scope of ODA into DAD; 2) Establish mechanisms to obtain quality data on private sector resources from philanthropic organizations and DFIs (e.g. blended finance) and to record this data in DAD; 3) Complete INGO database-DAD integration.
  4. Strengthen the external development cooperation monitoring framework and produce the annual DPAF and EDFR report.
     1. Adapt and expand further the DPAF to ensure indicators reflect how assistance is currently delivered and measure the performance of all partners contributing finance flows to the NST 1.
     2. Collect and analyse information on all inflows of external development finance, including private sources and other critical finance flows (e.g. foundations, DFIs, blended finance).
     3. Promote and monitor the impact of South-South and triangular cooperation in collaboration with national centres of excellence such as the newly established Rwanda Cooperation Initiative.
  5. Support effective engagement of all relevant partners and quality dialogue on development cooperation through the existing structures for dialogue and coordination (Development Partners Retreat and DPCG meetings), including increased engagement by CSOs and the private sector in policy dialogue on development co-operation and increased focus on issues related to private sector investment in national priority areas:
     1. Prioritize agenda items in consultation with the DP Co-Chair and the Secretariat for Public-Private Dialogue (PPD).
     2. Support stakeholders to select representatives to ensure that the dialogue is inclusive and that all groups are represented.
     3. Improve engagement by CSOs and private sector [partners] in policy dialogue on development co-operation by strengthening capacities of their umbrella organizations – RCSP and PSF – for research, policy dialogue and coordination.
     4. Incorporate additional partners into dialogue structures as appropriate (e.g. DFIs, foundations and the private sector).

2.6 Provide training and capacity-building to relevant Government staff on external resource mobilization.

**Output 3: Government able to identify, test, assess, and scale-up innovative financing solutions that use non-traditional sources and finance mechanisms and demonstrate high potential for development impact**

This output supports government’s efforts to mobilize and catalyse resources from a variety of sources to maximize financing for national development. An Innovative Finance Facility in MINECOFIN will be established to identify, test and scale-up innovative financing solutions that use non-traditional sources and mechanisms of finance and nurture partnership opportunities with a variety of actors (e.g. DFIs, foundations) to improve private sector participation in development finance.

The Innovative Finance Facility will support the exploration of multiple innovative financing mechanisms, to include (but not limited to): blended finance, outcomes-based approaches (e.g. impact bonds), harnessing diaspora savings and remittances, and green finance.

The Innovative Finance Facility will provide both a platform for follow-up and mechanism to promote the wider use of blended finance in development cooperation, by: 1) bringing together a core team of relevant blended finance actors, 2) providing specialized training to Government on blended finance, 3) strengthening relationships with DFIs and foundations and available de-risking windows and facilities. After strengthening capacity and structures for using blended finance, the Facility will support the acceleration of selected blended finance structures – to mitigate risks and leverage additional resources from public and private sources.  Through this acceleration the Facility will raise further the awareness of blended finance approaches throughout the investment cycle.

Rwanda is also looking for partnerships that would support the implementation of Rwanda’s national green growth priorities. Vision 2050, NST1, the National Green Growth and Climate Resilience Strategy, Rwanda’s Urbanization Policy, the National Roadmap for the Development of Green Secondary Cities – all lay a foundation for significant low carbon and climate resilient infrastructure projects. A green finance stream will support Government to make more effective use of existing channels for climate finance and innovative finance instruments, to mobilize public and private resources to support green growth.

***The key activities are:***

* 1. Establish an Innovative Finance Facility in MINECOFIN to identify, conceptualize, pilot, assess, and scale-up innovative financing solutions that use non-traditional sources and finance mechanisms.
     1. Recruit relevant staff and establish focal points in key institutions;
     2. Train a core team from MINECOFIN, RDB and key sectors on innovative forms of finance, including blended finance, impact investing, diaspora finance, green finance.
     3. Support coordination (ensure that no duplication will take place and include / consult all government entities that are involved in innovative finance (such as FONERWA).) with relevant actors, strengthening relationships with DFIs, foundations, and available blended finance and de-risking windows and facilities.
     4. Conduct research and due diligence on the feasibility of potentially relevant innovative financing solutions and develop and present to the core team concept notes on how these solutions could be accessed and implemented.[[4]](#footnote-4)
  2. Pioneer innovative green financing mechanisms to support implementation of Rwanda’s
     1. Produce a model framework for green and sustainable bonds in consultation with relevant institutions (e.g., MINECOFIN, FONERWA, BNR, Capital Market Authority)
     2. Conduct due diligence of proposals to identify bankable green projects and assets
     3. Prepare the steps to issue an inaugural green bond
     4. Provide support to conceptualize and capitalize a dedicated green climate facility
  3. Develop capacities to accelerate private sector access to DFI windows and impact investment:
     1. Update and disseminate the private sector financing map;
     2. Establish a network of sustainable business in PSF (which could become a cross-cutting association similar to women entrepreneurs and youth associations)
     3. One-to-one support to selected ventures with high potential for impact to develop their business plans and mature their inclusive business models, measures their impacts, and access finance
     4. Promote a network of sustainable business in PSF
  4. Conduct training on innovative finance (including blended finance)
  5. Conduct feasibility studies for innovative finance solutions / mechanisms and identification of pipeline projects

**Output 4: Rwanda Cooperation Initiative has enhanced capacity to accelerate progress on the Sustainable Development Goals (SDGs) through south -South and Triangular Cooperation**

The aim of this output is to strengthen the capacity of the RCI as a centre of excellence to promote the role of Rwanda as an emerging South-South and Triangular cooperation player, within the context of the implementation of Agenda 2030, not only within the African continent but also at the global level. The output is aligned to the objectives of the UNDP mandate as integrator, bringing multiple national and international development actors together to address critical development challenges facing Rwanda and the continent.

This output will focus on supporting the establishment of the RCI through (i) activities to build the capacity of the institution’s managers, key profile and staff, such as long-term technical assistance, consulting assignments, tailored trainings and twinning projects; (ii) activities to map, codify and collect those home-grown solutions that RCI is mandated to promote through its South-South and Triangular Cooperation activities and support the designing of a website and e-learning platform; (iii) activities of policy support, such as the drafting of a legal framework for the RCI, the organisation of match making activities and conferences to promote RCI and its mandate in the region and globally.

Through this output, UNDP will also assist in establishing a forum for dialogue, consultation and consensus-building on South-South and Triangular priorities between government, development partners, the private sector, civil society and others, at national, sub-regional and regional levels. This is expected to lead to the development of a National South-South and Triangular Cooperation Strategy aligned with the BAPA+40 discussions and the national development priorities.

***The key activities are:***

4.1 Build the policy and institutional capacity of the Rwanda Cooperation Initiative through different forms of short, medium and long-term support, such as technical assistance, consultancy assignments, secondments and twinning projects.

4.2 Support the mapping, identification, collection and certification of those home-grown solutions that the RCI will be promoting in its South-South and Triangular Cooperation activities.

4.3 Support the design and set-up of a website and e-learning platform for the RCI.

4.4 Support the promotion of Rwanda as strategic South-South development partner and South-South active convener in Africa and Globally through (i) the engagement and representation of Rwanda in regional and international development fora and (ii) the organization of key milestone events, such as conferences, workshops and forums on South-South Cooperation in Rwanda.

4.5 Establishing a legal framework for RCI

**Resources Required to Achieve the Expected Results**

1. The IDPFI will require, financing, an effective and efficient technical expertise and management support at national level. Project management at national level will be done through MINECOFIN, which will have dedicated Technical Advisor, with full knowledge of the project and activities. The TA should effectively work with MINECOFIN staff and other main partners and stakeholders to support the implementation and achieve the expected results. The project will source appropriate technical expertise particularly in the development of the integrated model for planning from credible international institutions on demand basis. Technical support obtained through this project will be to strengthen national capacity for localization of SDGs in the national planning, budgeting and implementation, including the sector mainstreaming efforts in full alignment with NST1. Short term subject matter specialist will also be sought based on the selected thematic area for the innovative policy development to complement national capacities. Furthermore, based on a solid concept note and call for proposal, technical expertise for strengthening M&E capacity shall be sourced to develop an integrated M&E system, undertake capacity assessment and provide training.
2. Furthermore, in strengthening government capacity to roll out innovative finances sustainably, Government should make effort to dedicate staff to take full responsibility of the roll out of the innovative finance options during the project period. It is important that conscious effort is made to build capacity and expertise at national level as the development finance landscape continues to evolve. These efforts will be supported by further specific and targeted technical and capacity building consultancy support to MINECOFIN and key stakeholders.
3. Support from UNDP CO and the regional service center and global policy teams is needed for quality assurance of the analyses, tools, reports, evidence, briefs and other products produced by IDPFI Rwanda. This should also include support from the UNDP CO Strategic Policy Unit, including the Senior Economist, because the IDPFI is central in supporting and attaining the related National, Sector, UNDAP and CPD results. Support from the UNDP Regional Bureau will also be occasionally needed, in linking with networks and tools that could support the IDPFI project, and supporting further resource mobilization that would scale up IDPFI results. This quality assurance and support may take up time of the CO, RBA and Global Policy teams, which may need to be mobilized, and then eventually also be supported.
4. The indicative total budget is of USD 4,250,205 2019 – 2024. The proposed interventions under this project document will be prioritized based on the confirmed budget for the entire project period.

All these elements above will be included in the IDPFI Results and Budget Frameworks.

**Partnerships**

1. The new project will maintain and enhance all the **current institutional partnerships** of the Support for Effective Development Cooperation for Results’ project. These include:

* The project will build on and expand on the current partnership with MINECOFIN and the support from DFID and Switzerland.
* Building on the joint research work on enhancing structural transformation in Rwanda and the study on domestic resource mobilization; IDPFI will continue this partnership with UN ECA, SDG Center as well as other UN agencies.
* In the implementation of activities under Output 1, it is proposed that the project works very closely with internationally recognized research and academia for enhanced delivery of project results and knowledge transfer.
* The rapidly evolving development finance landscape requires closer engagement with other central institutions which are responsible for individual flows, including Rwanda Development Board, National Bank of Rwanda, Rwanda Capital Market Authority, FONERWA.
* The project will also work with selected sector ministries to explore non-traditional sources and instruments.
* The project will also build on the current collaboration with the NISR on relevant data management, including generating data on SDGs.
* Within the wider framework of donor coordination in Rwanda, the project will work closely with the development partners to mobilize resources for implementing innovative policy options and diversification of finance; this will build on the already close relationship with development partners present in Rwanda.

1. The project will also explore and establish **new partnerships** with institutions and projects that share its objectives and can contribute to their realization. These may include:

* NDC Partnership: The NDC Partnership which Rwanda joined, aims to enhance cooperation so that countries have access to the technical knowledge and financial support they need to achieve large-scale climate and sustainable development targets as quickly and effectively as possible. The NDC Partnership builds in-country capacity and increases knowledge sharing so that climate policies have meaningful and enduring impacts, and drive increasing global ambition over time.
* SDG Philanthropic Platform: The new programme will draw on the global SDG Philanthropic Platform to strengthen Rwanda’s engagement with global philanthropy for innovative financing products
* Climate Bond Initiative: The partnership with the Climate Bond Initiative aims to develop capacities to tap into the green bond market.
* Global Green Growth Institute (GGGI): A treaty-based international, inter-governmental organization dedicated to supporting and promoting strong, inclusive and sustainable economic growth in developing countries and emerging economies. In Rwanda, GGGI is already supporting government in the implementation of national development agenda. The IDPFI will explore collaboration with GGGI, especially in relation to the rolling out of the green bond project.
* Development Partners: Due to high interest among development partners and donors, such as DFiD, GiZ, EU, USAID, World Bank et al. in the area of especially blended finance it is expected that consultations will take place to identify potential areas of collaboration.
* Universities and academia: collaboration with university has already started under the previous project through involving staff of the national University in the preparation of National Human Development Report (NHDR), but will be enhanced under IDPFI with an objective of blending academic knowledge with applied policy research.
* Institute of Policy Analysis and Research (IPAR-Rwanda): IPAR-Rwanda is the leading independent, not-for-profit research and policy analysis Think Tank in Rwanda. It became fully functional in 2008 with the support of the African Capacity Building Foundation (ACBF) and International Development Research Centre (IDRC). In full alignment with the project objectives, IDPFI will collaborate with IPAR to enhance evidence-based policy making through innovative and applied research and policy analysis.
* Private Sector actors: Working with and through the private sector to catalyze additional investments. This has already started with the previous phase of the project and shall be enhanced through strong partnership with the Private Sector Federation (PSF) and drawing on the expertise of the Global Business Call to Action project to scale up engagement with the private sector. Business Call to Action (BCtA) aims to accelerate progress towards the SDGs by challenging companies to develop inclusive business models that engage people at the base of the economic pyramid as consumers, producers, suppliers, distributors of goods and services and as employees. It is a unique multilateral alliance among donor governments – including the [Dutch Ministry of Foreign Affairs](http://www.government.nl/ministries/bz), the [Swedish International Development Cooperation Agency (Sida)](http://www.sida.se/English/), the [Swiss Agency for Development and Cooperation](https://www.eda.admin.ch/sdc), the [UK Department for International Development (DFID)](http://www.dfid.gov.uk/), the [US Agency for International Development (USAID)](http://www.usaid.gov/), and the United Nations Development Programme, which hosts the secretariat. Over 200 companies, ranging from multinationals to social enterprises, and working in 67 countries, have already responded to BCtA by committing to improve the lives and livelihoods of millions in developing countries through access to markets, financial services, affordable healthcare, water and sanitation, education and other critical services. BCtA member companies are market leaders that provide examples of successful, profitable and scalable models for reaching poor communities and contributing to global development. More information is available at: <https://www.businesscalltoaction.org/>.
* Other UN agencies: the previous phases of the project in Rwanda were implemented through an active partnership between UNDP and UNECA and UNICEF, and other UN agencies were only involved as needed. In this new project, partnerships and synergies will be explored and established with the UN agencies, notably UNIDO and the International Fund for Agricultural Development (IFAD), UN Women, FAO, and UNFPA.
* Global and regional networks: The project will also actively pursue opportunities to increase Rwanda’s visibility in global conversations on innovation in development finance. There are opportunities linked to SSC, climate finance, blended finance and impact investing networking and events.

**Stakeholder Engagement**

1. Stakeholders that will need to be engaged in the IDPFI are the different Government ministries and agencies, specifically at decision making level, technical level with a focus on planning and policy and private sector actors. Main target groups of the IDPFI are:
2. National Policy-makers: These are the key strategic stakeholders the project tries to engage, to inform them of innovative policy mixes that can deliver NST1 priorities and SDGs for them to make informed choice;
3. National technical experts: These are technical staff within MINECOFIN, other relevant national institutions, and in selected line ministries, whose capacity will be built during project period and who will guide project implementation.
4. Sub national decision makers: These are staff of sub national level who will be directly involved and benefit from policy and planning support. Their engagement is also going to immensely contribute to ensure inclusiveness and represent the voice of the local level to ensure no one is left behind in the policy and planning process.
5. Private sector actors. These are the end-users of diversified development finance for transformational agenda. The SMES among others will include women who are actively engaging in the informal sector for their livelihoods.

**South-South and Triangular Cooperation (SSC/TrC)**

1. South-South and Triangular Cooperation is an integral aspect of this project. The Project aims at identifying knowledge, innovative policies and capacities across the region as well as within the southern and emerging countries. The technical exchanges, knowledge sharing and technical transfer through South-South cooperation partnerships will not only contribute to the enhancement of capacity of government, partners and other key stakeholders, but also strengthen the linkages and relations with other global south partners, including with African peer countries, thus leading to regional cohesion and integration
2. The Project aims to bring and customize to Rwanda’s context, knowledge and innovative policy options from developing countries that have undergone enhanced structural transformation. IDPFI will also seek country knowledge exchanges focused on sharing lessons and tools on mainstreaming and localizing SDGs and closing the financing gap especially through mobilizing private sector investment. Considering that Rwanda is a pioneer in the diversification of development finance, effort will be made to systematize and codify all the experience and data generated, including the lessons learned from the process with a potential to share it with other interested global south partners and scaling it up in the continent and in other regions. Such experiences could be featured through UNDPs corporate SSMART – the development solutions exchange platform – and the African Solutions Platform, which is linked with NEPADs APDev Platform. UNDP could also support the promotion of such experiences through its Regional and Inter-regional south-south cooperation match-making events and participation in key global fora, such as the UNCDF and the Global South-South Development Expo.

**Knowledge and Innovation**

1. Considering the focus of the project is innovative policy and evidence-based planning, IDPFI will produce knowledge products that will inform the discourse and policy-making around the transformation agenda. This will entail specific analytical studies, e.g. looking at for example, identifying accelerator SDGs, high impact interventions for boosting domestic savings, policy interventions to enhance the involvement of the private sector in manufacturing and high value-added sectors etc. This will further include specific policy briefs on issues pertinent to leaving no one behind concept, addressing inequality, eliminating poverty as well as diversification of development finance. The knowledge materials that will be produced will also include SDGs localization tools and its guidance materials, following the development of the integrated model. Further knowledge and training material for capacity development on Monitoring and Evaluation (M&E) also be produced and used. Further innovations in the generation, storage and use of data for improved planning as well as monitoring and evaluation will be considered. This could include household data and big data. Dissemination of knowledge will be undertaken through specific media products, including use of social media, as well as the traditional print media.
2. The Project will support MINECOFIN’s capacities to analyse the key characteristics of external development finance inflows to Rwanda. A key product is the External Development Finance report. While the focus of the analysis is on public sources of external development finance – Official Development Assistance (ODA) and resources from emerging partners, the report also reviews inflows of private sources of external development finance, including foreign private investment (FPI), overseas remittances, and international non-governmental organizations (INGOs). The Rwanda Donor Performance Assessment Framework (DPAF) is an annual Government of Rwanda led process that takes stock of Development Partners’ performance against NST1 indicators that measure their progress in the provision of quality and volume of development assistance to Rwanda. During the 2017 annual GoR and DP Retreat, a revision of the indicators was approved, taking the new total number of indicators to nineteen.
3. The Development Assistance Database (DAD) is a web-based aid information management system established to serve as the GoR’s sole repository of data on ODA to Rwanda. Specifically, the GoR wanted to track project-level data on activities being financed by DPs, including, for example: project duration, financial commitments and disbursements, sector(s) of intervention, and geographic location(s). Over the course of its implementation, the DAD has continued to serve its primary role as the GoR’s source of data on ODA to the public sector, and the data in the system has consistently enabled the GoR to monitor DP activities, analyze overall assistance flows, and assess DP performance. The use of the DAD has also helped inform ongoing dialogue with DPs and ensured transparency and accountability in the use of resources. Apart from serving this fundamental role, various efforts have also been undertaken to enhance the system, but unfortunately, most have never been successfully seen to completion (e.g. Integration with SmartFMS, and implementation of IATI module). In 2017 MINECOFIN conducted a comprehensive assessment of DAD to determine what adjustments are needed to ensure that this vital role continues to be fulfilled in the context of a changing external development finance landscape. The next phase of the support will aim to implement the recommendation to strengthen national ownership of the DAD as key system in government linked to the overall government ICT infrastructure.
4. IDPFI will also produce focused knowledge products on innovative development finance. This will specifically focus on inclusion of the private sector for increased investments in SDGs, e.g. through capacity building and introduction of innovative financing elements, e.g. “green bonds”, blended finance, impact investments.

**Gender engagement / strategy**

1. The IDPFI project in Rwanda applies a gender and rights-based approach as a key to effectively promote leaving no one behind principle in the context of the transformation agenda. While promoting economic and social transformation, for instance in identifying innovative approaches for the empowerment of the poor, especially of women, the project will aim to not only ensure that gender disaggregated data is collected but also analyzed to disaggregate the impact of diverse set of policy mix is understood for both men and women. In the SDG model that is planned to be developed, the project will ensure that that the planning systems are engendered in all aspects of the selected SDGs indicators. On Innovative policy options, the policy briefs that are planned to be prepared, following the collection of data for the system, will reflect relevant thematic areas that can contribute to the policy debate on gender equality.
2. IDPFI Rwanda will contribute to addressing the gender discrimination/exclusion in relation to finance by engaging women on aspects of the innovative finance dimension where local private sector is expected to play an active role through, for instance, impact investments, blended finance etc.

**Sustainability and Scaling Up**

1. IDPFI is fully embedded in the Rwanda Government’s system and processes. This includes the IDPFI day-to-day management in MINECOFIN, and guidance through the Government (MINECOFIN) led Steering Committee. Government’s leadership of the Project, and ownership of the components amongst senior officials, provide a high level of confidence in the sustainability of the results.

Several factors considered critical for project sustainability have been addressed in the project design:

* IDPFI will support the development of national capacities for planning, policy development, implementation and M&E systems. Furthermore, policy studies, including policy briefs will be used to inform national policy and decision-makers for scaling up successful tools and methodologies through the regular government and national systems including through high level round table in close collaboration with the Strategy and advisory Unit of the President Office. The use of country systems will not only ensure full national ownership by the different actors, it also makes the Project results more sustainable.
* The project supports the implementation of national priorities. Government’s commitment is demonstrated in strategic government documents and in high-level dialogue with Development Partners.
* Clear direction and participation of the Government in project design. The project design and deliverables were informed by discussions with MINECOFIN’s management at senior levels. The MINECOFIN’s Chief Economist and External Finance and National Development Planning and Research divisions have engaged proactively in project preparation.
* Several other institutions and organizations that have interest in the scope of the project were consulted during the design stage of the project and will continue to be consulted during implementation, including the Strategy and Advisory Unit of the President Office in the Office of the President, NISR, RDB, NIRDA, the newly established Development Cooperation Centre. National representative organizations and academia were also consulted.
* The MINECOFIN has a track record of successful implementation during the previous phases of the support to the ministry in similar policy areas.
* Reliance on knowledge generation and policy research is a key strategy. The policy agenda will inform policy dialogue with development partners and other key stakeholders.
* Setting up capacities that support the diversification of development finance. The project supports government to strengthen capacities to mobilize financing for the implementation of the NST and the SDGs.
* The establishment of baseline indictors and use of refined monitoring systems that track the diversity of development finance should help to keep track of performance and enable early action in the events that activities go off track.

**Risks and Assumptions**

1. There are risks that have been considered in the design of this project, and that will have to be managed during implementation, as also already described under Chapter III. Strategy, and further detailed in ANNEX: Risk Analysis. These risks that can threaten the achievement of project results have been significantly reduced through factoring in lessons learned from previous UNDP support:

These Risks include:

* **Increased exposure to external shocks such as Volatility of commodity prices might reduce the policy space in Rwanda limiting the application of new and innovative policy options.** This risk will be carefully monitored, including through policy engagements with other development partners. To the extent possible, attempt will be done to also assess fiscal the implication of new and innovative solutions to allow decision makers to make informed action.
* **Increased shock from climate change** might reduce the effectiveness of the policies and strategies to bring about enhanced structural transformation by limiting the backward and forward linkages. To mitigate this risk, this project will work with other projects including projects supported by UNDP e.g., PEAS to reduce such an impact from climate related shocks.
* **Required resources may not be available and mobilized in time**. Considering the increased resource constraint from UNDP TRAC resource, which has seen significant decline over time, as well as the decline in concessional resources from other partners that has dwindled over time in Rwanda, the project faces real risk of resources shortage. To mitigate the impact of such a risk, significant effort was made at the project formulation process to sustain existing partners’ interest in continuing their support, and new partners are being targeted.
* **Ambitious and large-scale programmes from other development partners might divert the strategic engagement of critical actors** within the public sector from this project. To mitigate this risk, opportunity for collaboration will be sought on major areas of convergence. For instance, based on the thematic area of choice, UNDP will collaborate with existing policy instrument and platforms such as the World Bank economic update and its launch as collaborative space. Similar approaches with other development partners will be adopted.
* The diversification of sources of finance will depend on strong **communication and collaboration** not only ministry’s management and technical departments but between MINECOFIN and other government agencies. Past experience is that while the Project provides for analysis there is no assurance that the advice financed by the project will be translated into action. This project phase has been designed to allow for better communication and consultation with various stakeholders inside and outside the ministry.

# Project Management

**Cost Efficiency and Effectiveness**

1. The Project **is designed considering the key lessons from** EDRS 2 mid-term evaluation and builds upon the foundation laid by the **previous support from UNDP project**, while the results and lessons learned from the previous support in MINECOFIN are central to designing the activities. The project evaluation also recommended an integrated approach across the planning, policy development, M&E and financing functions, a retained focus on new sources of finance beyond ODA, and refined government arrangements through bi-annual Steering Committee meetings at strategic level and quarterly technical meetings. These recommendations have been reflected in the new project. The approach adopted in this project to engage a wider stakeholder group during the design stage also provided significant opportunity to narrow the scope of the project to selected interventions that can deliver maximum result.
2. The project aims at fostering partnerships and networks to leverage strength of each partner while improving cost effectiveness. This will include partnerships with relevant national government ministries, ONE UN, SDG Centre, national policy and research institutions. Partnerships with other projects within UNDP, under the new CPD 2018-2023, shall be explored on areas of convergence and cross cutting issues to increase efficiencies. Collaboration with other Development Partners, and private sector will be enhanced, mainly through the existing coordination frameworks and platforms. Joint engagement approach shall enhance the buy-in and ownership of the key development results.
3. **Results Framework[[5]](#footnote-5)**

| **Intended Outcome as stated in the UNDAP Rwanda Programme Results and Resource Framework:**  **Proposed UNDAP Outcome 1**: *By 2023 people in Rwanda benefit from more inclusive, competitive and sustainable economic growth that generates decent work and promotes quality livelihoods for all* |
| --- |
| **Outcome indicators (as stated in the UNDAP and UNDP CPD):**  **Outcome indicator 1.1:** Gini coefficient  Baseline: 0.45  Target: 0.4  **Outcome Indicator 1.2:** **Private investment as a share of GDP**  Baseline: 15%  Target: 21.60%Outcome Indicator 1.3: Number of new decent jobs created  Baseline: 0  Target: 1,071,428 |
| **Applicable Output(s) from the UNDP Strategic Plan:**  UNDP SP outcome 1: Eradicate poverty in all its forms and dimensions.  UNDP SP outcome 2: Accelerate structural transformations for sustainable development |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Project title: Innovative Development Policies and Finance for Impact (IDPFI)** | | | | | | | | | |
| **EXPECTED OUTPUTS** | **OUTPUT INDICATORS** | **DATA SOURCE** | **BASELINE (2018)** | **TARGETS (by frequency of data collection)** | | | | | **DATA COLLECTION METHODS & RISKS** |
| **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Final[[6]](#footnote-6)** |
| **Output 1: Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs** | *Number of new policy studies and innovative policy briefs that informed decision making within national systems* | * Study reports produced; * NHDR produced; * Assessments and training reports on innovative research approaches. * Records of Parliament * Press clippings * Policy Briefs | 0 | 2 (Policy briefs on innovative policy options for SDGs prepared) | 4 (Policy briefs on innovative policy options for SDGs prepared) | 6 (Policy briefs on innovative policy options for SDGs pre-pared) | 8 (Policy on innovative policy options for SDGs pre-pared) | 10 (Policy on innovative policy options for SDGs pre-pared) | * Use and reference of innovative tools and knowledge in budget planning and assessments; * Training Reports; * Mid-Term and Final NST 1 reviews. |
| *Extent to which foresight planning and system thinking for SDGs are used by the trained officials to inform national planning and budget frameworks with the full buy-in of line ministries* | * National reports; * Mainstreaming assessments for sectors; * Guidelines and other tools developed to guide staff of national institutions; * Assessments and training reports. | 1[[7]](#footnote-7) | 2 | 3 | 4 | 5 | 6 | * NST1 M&E system; * SSPs; * Mid-Term and Final NST 1 Reviews. |
| 1.3  *Extent to which an integrated monitoring and evaluation system to trace progress on NST1 has been developed an adopted.* | * NST1 monitoring reports; * MINECOFIN dedicated reports on SDG achievement. * MINECOFIN quarterly reports on key development indictors. * Tools / instruments and their guidance documents; * Assessments and training reports. | 1[[8]](#footnote-8) | 2 | 3 | 3 | 3 | 4 | * Policy Dialogue reports; * Briefing Reports; * Policies, plans and budget statements; media reports |
| 1.4  *Extent to which the principles of* *the national statistical system was strengthened and adopted the “leave no one behind” agenda principles in its activities* | * NISR NSDS3 progress reports * NISR censuses and surveys * SDG dissemination platform * Assessments and training reports. | 1[[9]](#footnote-9) | 2 | 3 | 3 | 3 | 3 | * NSDS3 progress reports and reviews |
| **Output 2: MINECOFIN has enhanced technical capacity to manage, monitor and coordinate development coordination to achieve national development objectives** | 2.1  Extent to which the revised aid policy is implemented | * Progress reports * MINECOFIN development finance reports * Development cooperation meeting reports | 1 (The Government is reviewing the aid policy and manual of procedures to provide policy guidelines) | 2[[10]](#footnote-10) | 2 | 3 | 3 | 4 | * ODA is the largest external development finance resource. Capacities to access other sources of finance are still low. |
| *2.2*.  Share of DAD recommendations that have been implemented. | Progress reports  Feedback from users on quality and usefulness of DAD data during Project Evaluation | 0 % (DAD has been assessed and comprehensive recommendations prepared but not implemented) | 20 % of recommendations are implemented | 40% of recommendations are implemented | 60 % of recommendation are implemented | 80% of recommendation are implemented | 90% of recommendation are implemented | * Implementation of some recommendations requires technical support from the system provider and collaboration with government units responsible for other systems (e.g. INGO database, IFMIS) and coordination of data collection processes (e.g., BNR) |
| *2.3*  Quality of development cooperation monitoring reports | Project Progress reports  Annual Government reports | 1 | 2[[11]](#footnote-11) | 3 | 3 | 4 | 4 | * Development Assistance Database * INGO database in RGB * BNR private capital survey * Coordination challenges * Availability of data * Data gaps |
| 2.4 DPR recommendations implemented within a year (%) | Project Progress reports  Meeting reports | 60% | 70% | 70% | 80% | 90% | 90% | * DPR recommendations are agreed annually |
| **Output 3: Strengthened Government capacity to access and utilize non-traditional sources and mechanisms of finance** | 3.1.  Number of Innovative financing solutions initiated through the innovative finance facility in MINECOFIN | * Project progress reports * Concept notes * Detailed design of relevant solutions * Training reports * Steering committee meeting reports * Meeting reports | 2 | 3 | 5 | 6 | 8 | 10 | * Measurements of increased Government capacity to understand and utilize innovative sources and mechanisms of finance * Target group includes staff in relevant MINECOFIN divisions, other relevant central agencies (RDB, BNR, FONERWA), planning staff in key ministries. * It assumes willingness and interest to participate in training on innovative sources of finance given competing priorities * Not enough evidence of what works and what does not. * Data collection through various actors involved in the new financing approaches |
|  | 3.2 Level of utilization of non-traditional sources of green finance | * Project progress reports * Steering committee meeting reports * Stakeholder meeting reports * Concept notes * Due diligence reports for potential green project proposals * Detailed feasibility study of Green Investment Bank * Training reports | 0 | 1[[12]](#footnote-12) | 2 | 3 | 3 | 4 | N/a |
|  | 3.3 Number of business initiatives accelerated | * Project progress reports * PSF reports * DFI reports * Impact investing reports | 2 | 4 | 6 | 8 | 10 | 12 | * Improved capabilities of participating businesses is demonstrated through improved product/ process/ inclusive business model or market access supported through clear business plan and access to finance. |
| **Output 4:Rwanda Cooperation Initiative has enhanced capacity to accelerate progress on the Sustainable Development Goals (SDGs) through south -South 4and Triangular Cooperation** | 4.1 Number of Rwandan SSC Activities included in the African SSC Report | * African SSC Report | 0 | 2 | 4 | 6 | 8 | 10 | * Data will be collected on an annual basis from a secondary source |
|  | 4.2 Extent to which GoR/RCI has in place the policy and institutional capacities to effectively coordinate, monitor and report on SS&TC (including network of SSC focal points, national SSC strategy, M&E system for monitoring SSC partnerships, etc)[[13]](#footnote-13) | * Official approval documents | 1 | 2 | 3 | 3 | 3 | 3 | * Data will be collected from secondary source on annual basis |
|  | 4.3 Number of Rwandan good practices codified and available through the RCI and African Solutions Platform | * Africa Solutions Platform and other Regional and Global SSC Platforms Reports | 0 | 1 | 2 | 3 | 4 | 5 | * Data will be collected from secondary sources on annual basis |

1. **MONITORING AND EVALUATION**

In accordance with UNDP’s programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

**Monitoring Plan**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Monitoring Activity** | **Purpose** | **Frequency** | **Expected Action** | **Partners**  **(if joint)** | **Cost**  **(US$)** |
| **Track results progress** | Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs. | Annual, Quarterly, or in the frequency required for each indicator. | Slower than expected progress will be addressed by project management. | MINECOFIN and UNDP |  |
| **Monitor and Manage Risk** | Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP’s Social and Environmental Standards. Audits will be conducted in accordance with UNDP’s audit policy to manage financial risk. | Quarterly | Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken. | UNDP |  |
| **Learn** | Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project. | At least annually | Relevant lessons are captured by the project team and used to inform management decisions. | MINECOFIN and UNDP | 10,000 |
| **Annual Project Quality Assurance** | The quality of the project will be assessed against UNDP’s quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project. | Annually | Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance. | MINECOFIN and UNDP |  |
| **Review and Make Course Corrections** | Internal review of data and evidence from all monitoring actions to inform decision making. | At least annually | Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections. | MINECOFIN and UNDP |  |
| **Project Report** | A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period. | Annually, and at the end of the project (final report) |  | MINECOFIN |  |
| **Project Review (Project Board)** | The project’s governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project’s final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences. | Specify frequency (i.e., at least annually) | Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified. | MINECOFIN and UNDP |  |

**Evaluation Plan[[14]](#footnote-14)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Evaluation Title** | **Partners (if joint)** | **Related Strategic Plan Output** | **UNDAF/CPD Outcome** | **Planned Completion Date** | **Key Evaluation Stakeholders** | **Cost and Source of Funding** |
| **UNDAP Mid-Term Evaluation** | One UN agencies | “Eradicate poverty in all its forms and dimensions”, | UNDAP Outcome 3 | 2021 | UN agencies, MINECOFIN, priority sectors | One UN |
| **UNDP Independent Country Programme Evaluation** | UNDP CO | “Eradicate poverty in all its forms and dimensions”, | UNDAP; CPD | 2023 | UNDP, other UN agencies, Government, DPs | UNDP |
| **IPDF Rwanda evaluation** | UNDP | “Eradicate poverty in all its forms and dimensions”, | UNDAP Outcome 3;  CPD Outcome 1 and 2 | 2021 | UNDP, MINECOFIN, Other UN agences | UNDP |
| **UNDAP final evaluation** | One UN agencies | ““Eradicate poverty in all its forms and dimensions”, | UNDAP Outcome 3 | 2021 | UN agencies, MINECOFIN, priority sectors | One UN |

1. **Multi-Year Work Plan** [[15]](#footnote-15)[[16]](#footnote-16)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **EXPECTED OUTPUTS** | **PLANNED ACTIVITIES** | **Planned Budget by Year (USD)** | | | | | **RESPONSIBLE PARTY** | **PLANNED BUDGET (USD)** | | |
| **Y1** | **Y2** | **Y3** | **Y4** | **Y5** | **Funding Source** | **Budget Description** | **Amount** |
| **Output 1: Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs** | 1.1 Support the preparation of critical policy studies for the realisation of the economic and social transformation agenda | - | 30,000 | 100,000 | 45,000 | 45,000 | MINECOFIN  Macroeconomic division and NDPR  Academia/national research institutions | UNDP/Project | Technical assistance | 220,000 |
| 1.2 Support targeted quarterly high-level policy dialogue for integration of the innovative policy options arising from the policy research into decision making process | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | MINECOFIN  Macroeconomic division and NDPR  Academia/national research institution | UNDP | Workshop and media coverage | 25,000 |
| 1.3 Undertake training, including training of trainers, and awareness-building on foresight planning and system thinking for SDGs targeting the planning officers | 20,000 | 20,000 | 20,000 | 10,000 | 10,000 | MINECOFIN NDPR  Academia/national research institution | UNDP/Project | Technical assistance Workshops;  Consulting fees;  Training costs;  Printed materials | 80,000 |
| 1.4.1 Explore the possibility to develop an interactive system dynamics model designed considering the complex interactions and feedback loops that run within and between the SDG, and the targets of Agenda 2063, as embedded in the NST1 and Vision 2050, to be anchored on the existing system in NISR | 45,000 | 40,000 | - | - | - | MINECOFIN NDPR  NISR | UNDP/Project | Technical assistance  Consulting fees;  Training costs;  Printed materials | 85,000 |
| 1.4.2 Support the production of at least 2 Policy briefs per year documenting the impact of key policy reforms on SDGs using the interactive system dynamics model | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | MINECOFIN  Macroeconomic division and NDPR | Project | Workshop  Printed materials | 50,000 |
| 1.5.1 Provide training to planning and monitoring staff in central and local Government to continuously improve their planning and M&E capacities | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | MINECOFIN  NDPR  NISR | Project | Training | 50,000 |
| 1.6.1 Provide support to SDGs monitoring and dissemination activities, via the update of the censuses and surveys, the use of big data, the strengthening of administrative systems such as the Management Information System, and the SDG dissemination platform as well as prepare for VNR | - | 50,000 | - | 50,000 | - | NISR | Project | Technical assistance  Training | 100,000 |
| 1.6.2 Strengthen national capacity for human development and multidimensional poverty reporting and analysis | - | 20,000 | - | - | 20,000 | MINECOFIN  NDPR  NISR | UNDP | Training | 40,000 |
| **Total amount per year output 1** | **90,000** | **185,000** | **145,000** | **130,000** | **100,000** |  | | | **650,000** |
| **Output 2: MINECOFIN has enhanced technical capacity to manage, monitor and coordinate development cooperation to achieve national development objectives** | 2.1 Develop a comprehensive development finance resource mobilization strategy for the NST, and support implementation of the revised aid policy and Manual of Procedures, including training and awareness raising to government institutions and key stakeholders | 63,000 | - | - | - | - | MINECOFIN  EFD  BNR  RDB | UNDP/Project | Consultancy  Workshop | 63,000 |
| 2.2 Support to DAD to improve the reliability, relevance and use of DAD data, transition the DAD to full national ownership, and expand the scope of data to capture other external development finance flows | 25,000 | 25,000 | - | - | - | MINECOFIN  EFD | UNDP/Project | Technical support | 50,000 |
| 2.3 Strengthen the development cooperation monitoring framework and produce the Donor Performance Assessment Framework (DPAF) and the External Development Finance Report. | - | 20,000 | - | 20,000 | - | MINECOFIN  EFD | UNDP/Project | Technical assistance  printing costs | 40,000 |
| 2.4. Build MINECOFIN’s capacity to catalyse and mobilize additional capital for the NST through blended finance, and to access more resources from philanthropic organizations. | - | 10,000 | 10,000 | 10,000 | 10,000 | MINECOFIN  EFD | UNDP/Project | Technical assistance | 40,000 |
| 2.5 Support effective engagement and dialogue through the Development Partners Retreat and DPCG meetings. | - | 45,000 | 45,000 | 45,000 | 45,000 | MINECOFIN  EFD | UNDP/project | Workshop | 180,000 |
| 2.6 Provide training and capacity-building to relevant Government staff on external resource mobilization . | - | 10,000 | 10,000 | 10,000 | 10,000 | MINECOFIN  EFD  RCI | UNDP/Project | Consultancy  Workshop | 40,000 |
| 2.7 Technical assistance and on the job training by International Resource Mobilization Advisor in EFD | 125,000 | 250,000 | 250,000 | 250,000 | 250,000 | MINECOFIN | SDC | Technical assistance | 1,125,000 |
| 2.8 Local TA supporting on M&E in EFD | 13,000 | 26,000 | 26,000 | 26,000 | 26,000 | MINECOFIN | UNDP/Project | Technical Assistance | 117,000 |
| **Total amount per year output 2** | **226,000** | **386,000** | **341,000** | **361,000** | **341,000** |  | | | **1,655,000** |
| **Output 3: Government able to identify, test and scale-up innovative financing solutions that use non-traditional sources and mechanisms** | 3.1. Establish an innovative finance facility in MINECOFIN to identify, conceptualize, pilot, assess, and scale-up innovative financing solutions that demonstrate the most potential for development impact: (i) recruit relevant staff and train a core team on innovative forms of finance; (ii) coordinate with relevant actors; (iii) conduct research and due diligence of potentially relevant solutions: (iv) design , pilot and scale-up innovative financing schemes with high potential for impact (e.g using blended finance, diaspora finance, outcome-based mechanisms) | 50,000 | 112,250 | 100,000 | 100,000 | 100,000 | MINECOFIN | UNDP/project | Staff cost  Technical assistance  Workshop | 462,250 |
| 3.2. Pioneer innovative green financing mechanisms (ii) produce a model framework for green and sustainable bonds in consultation with relevant institutions (e.g, MINECOFIN, FONERWA, BNR, Capital Market Authority); (iii) conduct due diligence of proposals to identify bankable green projects and assets; (iv) prepare the steps to issue an inaugural green bond; (v) provide support to conceptualize and capitalize a dedicated green climate facility | 250,000 | - | - | - | - | MINECOFIN  FONERWA | UNDP/project | Consultancy  Workshop | 250,000 |
| 3.3. Improve private sector access to DFI windows and impact investing: (i) Update and disseminate the private sector financing map; (iii) promote a network of sustainable business in PSF (ii) One-to-one support to selected ventures with high potential for impact to develop their business plans and mature their inclusive business models, measures their impacts, and access finance | - | 10,000 | 10,000 | 10,000 | 10,000 | MINECOFIN | UNDP/Project | Technical assistance  Workshop | 40,000 |
|  | 3.4 Conduct training on innovative finance (including blended finance) | 15,000 | - | - | - | - |  |  |  | 15,000 |
| 3.5 Conduct feasibility studies for innovative finance solutions / mechanisms and identification of pipeline projects | - | 50,000 | 50,000 | 50,000 | 50,000 |  |  |  | 250,000 |
| **Total amount per year output 3** | **315,000** | **172,250** | **160,000** | **160,000** | **160,000** |  | | | **967,250** |
| **Output 4:** Rwanda Cooperation Initiative has enhanced capacity to accelerate progress on the Sustainable Development Goals (SDGs) through south -South and Triangular Cooperation | 4.1 Assess and build Policy and Institutional Capacity of the Rwanda Cooperation Initiative through TA | 290,000 | - | - | - | - | Rwanda Cooperation Initiative (RCI) | UNDP/Project | Technical assistance  Workshops | 290,000 |
| 4.2 Identification, collection and certification of home-grown solutions to be promoted by RCI | 60,000 | - | - | - | - | RCI | UNDP/Project | Technical assistance  Consultancy | 60,000 |
| 4.3 Set-up of the website and e-learning platform | 88,000 | - | - | - | - | RCI | UNDP/Project | Technical assistance  Consultancy | 88,000 |
| 4.4 Support RCI in the development of a national strategy on SSC, a planning and M&E system, and a database of SSC focal points | 60,000 | - | - | - | - | RCI | UNDP/Project | Technical assistance  Consultancy  Workshops | 60,000 |
| 4.5 Development of a national Talent Bank Database and its mechanism for the deployment of national experts to other countries | 10,000 | - | - | - | - | RCI | UNDP/Project | Technical assistance  Consultancy | 10,000 |
| 4.6 Establish a legal framework for RCI | 20,000 | - | - | - | - | RCI | UNDP/Project | Technical assistance  Consultancy | 20,000 |
| **Total amount per year output 4** | **528,000** | **-** | **-** | **-** | **-** |  | | | **528,000** |
| **Evaluation (as relevant)** | EVALUATION |  |  |  |  | 10,000 | MINECOFIN | UNDP | Consultancy | 10,000 |
| **General Management Support** | Direct Project Cost | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | UNDP | UNDP/Project | Salaries and administrative costs | 150,000 |
| Contribution to SPU-MINECOFIN operational budget under cost-sharing arrangements (including dedicated project manager in SPIU) | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | MINECOFIN  SPIU | UNDP/project | SPIU operational/running/administrative/overheads cost | 125,000 |
| Miscellaneous (bank charges, audit, spot check, exchange rate, M&E) | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | UNDP | UNDP | Miscellaneous | 20,000 |
|  | **Total amount per year** | **79,000** | **79,000** | **79,000** | **79,000** | **89,000** |  | | | **405,000** |
| **TOTAL** | **4,205,250** | | | | | | | | | |

# Governance and Management Arrangements

1. The project will be managed and coordinated by MINECOFIN. Implementation arrangements are designed to ensure the efficient management of the project and to facilitate inter-departmental coordination within the MINECOFIN and between it and other stakeholders.

Figure 7 Proposed management structure

**TECHNICAL COMMITTEE *(meets quarterly)***

**STEERING COMMITTEE *(meets bi-annually)***

**Chair:** PS-ST, MINECOFIN

**Co-Chair:** UNDP Resident Representative

**MINECOFIN EFD / SPIU**

**PROJECT QUALITY ASSURANCE**

UNDP

**OUTPUT 3**

**Key Focal point:** External Finance Division

**OUTPUT 2**

**Key Focal point:** External Finance Division

**OUTPUT 1**

**Key Focal point:** Macroeconomic Division/ NDPR

**MINECOFIN / NISR**

**PROJECT BOARD (GOVERNANCE MECHANISM)**

**MINECOFIN / FONERWA**

**Project Steering Committee**

The Project Steering Committee will perform management oversight functions and strategic level decision-making through dialogue and consensus. It will provide guidance to the managing entity (MINECOFIN) and implementing units. The Steering Committee will meet twice a year or as deemed necessary and will sign off to the progress reports and the annual Work Plan. The SPIU with support of a Project Manager will act as secretariat to the Steering Committee.

The following members constitute the Project Steering Committee:

* MINECOFIN
* UNDP
* Swiss Development Cooperation (SDC)
* German Development Cooperation (GiZ)
* Department for International Development (DFiD)

Other potential partners providing financial and/or technical support

**Project Management Team**

A national M&E person seated in External Finance Division will be the project focal point for implementation of project activities. Working together with the Single Project Implementation Unit (SPIU) in MINECOFIN, they will be responsible for the day-to-day running of the project and coordination. They will coordinate the preparation of work plans and reporting on performance and will help to ensure achieving project outputs and the effective use of resources including preparing annual and quarterly work plans together with UNDP.

The Project Management Team will be supported by a Technical Committee that will meet quarterly to follow up on guidance and recommendations by the Steering Committee and to ensure that operational issues and bottlenecks concerning implementation of agreed activities are addressed in a timely fashion. The Project Technical Committee will comprise representatives of all units responsible for activities in the work plan as well as the Development Partners supporting the project. The meetings will be coordinated by the Project Manager/SPIU.

**Project Implementation**

The day to day implementation of the project activities will be undertaken primarily under the three units of MINECOFIN – the Macroeconomic Policy Division and National Planning and Research Division for Output 1, the External Finance Division and, for Output 2 and 3. A long-term Resource Mobilization/Development Finance Advisor will be placed in the External Finance Division and provide required advisory and technical support to the project. Additional long-term support will be mobilized through long-term local technical assistance, young professionals or UNV, depending on available resources.

Further technical assistance will be sought from UNDP or will be contracted directly to provide specific and targeted support for individual activities as needed. UNDP will implement the hiring and supervision of the production of the National Human Development Report, after the topic has been discussed and selected by the Steering Committee. The NHDR is an independent report commissioned by UNDP, as per the rules and procedures enacted by the Human Development Office.

# Legal Context and Risk Management

**Legal Context Standard Clauses**

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on (date).   All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

**Risk Management Standard Clauses**

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP’s property in the Implementing Partner’s custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
2. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
3. assume all risks and liabilities related to the Implementing Partner’s security, and the full implementation of the security plan.
4. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner’s obligations under this Project Document [and the Project Cooperation Agreement between UNDP and the Implementing Partner][[17]](#footnote-17).
5. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\_sanctions\_list.shtml](https://intranet.undp.org/global/documents/ppm/FINAL_Risk_Log_Template.doc). This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document.
6. Consistent with UNDP’s Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).
7. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
8. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

# LIST OF ANNEXES

1. **Project Quality Assurance Report**
2. **Social and Environmental Screening Template**
3. **Risk Analysis**
4. **Capacity Assessment**
5. **Project Board Terms of Reference and TORs of key management positions**
6. **IDPFI Contribution to the Implementation of the SDGS**
7. **Review of Illustrative Financing Solutions for Sustainable Development**

# Annex 1: Project Quality Assurance: Design and Appraisal

| **Project QA Assessment: Design and Appraisal** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Overall Project** | | | | | | | | |
| **Exemplary (5)**  **** | | **Highly Satisfactory (4)**  **** | **Satisfactory (3)**  **** | **Needs Improvement (2)**  **** | **Inadequate (1)**  **** | | | |
| At least four criteria are rated Exemplary, and all criteria are rated High or Exemplary. | | All criteria are rated Satisfactory or higher, and at least four criteria are rated High or Exemplary. | At least six criteria are rated Satisfactory or higher, and only one may be rated Needs Improvement. The Principled criterion must be rated Satisfactory or above. | At least three criteria are rated Satisfactory or higher, and only four criteria may be rated Needs Improvement. | One or more criteria are rated Inadequate, or five or more criteria are rated Needs Improvement. | | | |
| **DECISION** | | | | | | | | |
| * **APPROVE** – the project is of sufficient quality to be approved in its current form**.** Any management actions must be addressed in a timely manner. * **APPROVE WITH QUALIFICATIONS** – the project has issues that must be addressed before the project document can be approved. Any management actions must be addressed in a timely manner. * **DISAPPROVE** – the project has significant issues that should prevent the project from being approved as drafted. | | | | | | | | |
| **RATING CRITERIA**  **For all questions, select the option that best reflects the project** | | | | | | | | |
| **Strategic** |  | | | | | | | |
| 1. **Does the project specify how it will contribute to higher level change through linkage to the programme’s Theory of Change?**  * **3:** The project is clearly linked to the programme’s theory of change. It has an explicit change pathway that explains how the project will contribute to outcome level change and why the project’s strategy will likely lead to this change. This analysis is backed by credible evidence of what works effectively in this context and includes assumptions and risks. * **2:** The project is clearly linked to the programme’s theory of change. It has a change pathway that explains how the project will contribute to outcome-level change and why the project strategy will likely lead to this change. * **1:** The project document may describe in generic terms how the project will contribute to development results, without an explicit link to the programme’s theory of change.   *\*Note: Projects not contributing to a programme must have a project-specific Theory of Change. See alternative question under the lightbulb for these cases.* | | | | | | **3** | 2 | |
| 1 | | |
| **Evidence**  Project document draft\* p.9; UNDP Country Programme Document 2018-2023 p.2 , §4 | | |
| 1. **Is the project aligned with the UNDP Strategic Plan?**  * **3:** The project responds to at least one of the development settings as specified in the Strategic Plan[[18]](#footnote-18) and adapts at least one Signature Solution[[19]](#footnote-19). The project’s RRF includes all the relevant SP output indicators. *(all must be true)* * **2:** The project responds to at least one of the development settings as specified in the Strategic Plan4. The project’s RRF includes at least one SP output indicator, if relevant. *(both must be true)* * **1:** The project responds to a partner’s identified need, but this need falls outside of the UNDP Strategic Plan. Also select this option if none of the relevant SP indicators are included in the RRF. | | | | | | 3 | **2** | |
| 1 | | |
| **[[20]](#footnote-20)Evidence**  Project Document p.9 (Results Framework); UNDP Strategic Plan 2018-2012, p.7 | | |
| 1. **Is the project linked to the programme outputs? (i.e., UNDAF Results Group Workplan/CPD, RPD or Strategic Plan IRRF for global projects/strategic interventions not part of a programme)** | | | | | | **Yes** | | **No** |
| **Relevant** |  | | | | | | | |
| 1. **Does the project target groups left furthest behind?**  * **3:** The target groups are clearly specified, prioritising discriminated and marginalized groups left furthest behind, identified through a rigorous process based on evidence. * **2:** The target groups are clearly specified, prioritizing groups left furthest behind. * **1:** The target groups are not clearly specified.   \*Note: Management Action must be taken for a score of 1. *Projects that build institutional capacity should still identify targeted groups to justify support* | | | | | | 3 | 2 | |
| 1 | | |
| **Evidence**  Project document p. 16-17, 29 | | |
| 1. **Have knowledge, good practices, and past lessons learned of UNDP and others informed the project design?**  * **3:** Knowledge and lessons learned backed by credible evidence from sources such as evaluation, corporate policies/strategies, and/or monitoring have been explicitly used, with appropriate referencing, to justify the approach used by the project. * **2:** The project design mentions knowledge and lessons learned backed by evidence/sources, but have not been used to justify the approach selected. * **1:** There is little or no mention of knowledge and lessons learned informing the project design. Any references made are anecdotal and not backed by evidence.   \*Note: Management Action or strong management justification must be given for a score of 1 | | | | | | 3 | 2 | |
| 1 | | |
| **Evidence**  Project document, p. 8-9 | | |
| 1. **Does UNDP have a clear advantage to engage in the role envisioned by the project vis-à-vis national/regional/global partners and other actors?**  * **3:** An analysis has been conducted on the role of other partners in the area where the project intends to work, and credible evidence supports the proposed engagement of UNDP and partners through the project, including identification of potential funding partners. It is clear how results achieved by partners will complement the project’s intended results and a communication strategy is in place to communicate results and raise visibility vis-à-vis key partners. Options for south-south and triangular cooperation have been considered, as appropriate. *(all must be true)* * **2:** Some analysis has been conducted on the role of other partners in the area where the project intends to work, and relatively limited evidence supports the proposed engagement of and division of labour between UNDP and partners through the project, with unclear funding and communications strategies or plans. * **1:** No clear analysis has been conducted on the role of other partners in the area that the project intends to work. There is risk that the project overlaps and/or does not coordinate with partners’ interventions in this area. Options for south-south and triangular cooperation have not been considered, despite its potential relevance.   \*Note: Management Action or strong management justification must be given for a score of 1 | | | | | |  | 2 | |
| 1 | | |
| **Evidence**  Project document,p. 13 | | |
| **Principled** | | | | | | | | |
| 1. **Does the project apply a human rights-based approach?**  * **3:** The project is guided by human rights and incorporates the principles of accountability, meaningful participation, and non-discrimination in the project’s strategy. The project upholds the relevant international and national laws and standards. Any potential adverse impacts on enjoyment of human rights were rigorously identified and assessed as relevant, with appropriate mitigation and management measures incorporated into project design and budget.*(all must be true)* * **2:** The project is guided by human rights by prioritizing accountability, meaningful participation and non-discrimination. Potential adverse impacts on enjoyment of human rights were identified and assessed as relevant, and appropriate mitigation and management measures incorporated into the project design and budget. *(both must be true)* * **1:** No evidence that the project is guided by human rights. Limited or no evidence that potential adverse impacts on enjoyment of human rights were considered.   \*Note: Management action or strong management justification must be given for a score of 1 | | | | | | 3 | 2 | |
| 1 | | |
| **Evidence**  Project documentp.26, 29, 31 | | |
| 1. **Does the project use gender analysis in the project design?**  * **3:** A participatory gender analysis has been conducted and results from this gender analysis inform the development challenge, strategy and expected results sections of the project document. Outputs and indicators of the results framework include explicit references to gender equality, and specific indicators measure and monitor results to ensure women are fully benefitting from the project. *(all must be true)* * **2:** A basic gender analysis has been carried out and results from this analysis are scattered (i.e., fragmented and not consistent) across the development challenge and strategy sections of the project document. The results framework may include some gender sensitive outputs and/or activities but gender inequalities are not consistently integrated across each output. *(all must be true)* * **1:** The project design may or may not mention information and/or data on the differential impact of the project’s development situation on gender relations, women and men, but the gender inequalities have not been clearly identified and reflected in the project document.   \*Note: Management Action or strong management justification must be given for a score of 1 | | | | | | 3 | | 2 |
| 1 | | |
| **Evidence**  Project document p. 26, 31 | | |
| **9. Did the project support the resilience and sustainability of societies and/or ecosystems?**   * **3:** Credible evidence that the project addresses sustainability and resilience dimensions of development challenges, which are integrated in the project strategy and design. The project reflects the interconnections between the social, economic and environmental dimensions of sustainable development. Relevant shocks, hazards and adverse social and environmental impacts have been identified and rigorously assessed with appropriate management and mitigation measures incorporated into project design and budget. *(all must be true)*. * **2:** The project design integrates sustainability and resilience dimensions of development challenges. Relevant shocks, hazards and adverse social and environmental impacts have been identified and assessed, and relevant management and mitigation measures incorporated into project design and budget. *(both must be true)* * **1:** Sustainability and resilience dimensions and impacts were not adequately considered.   \*Note: Management action or strong management justification must be given for a score of 1 | | | | | | 3 | 2 | |
| 1 | | |
| **Evidence**  Project document p.11 §31; p.32 § 57 (Risks and Assumptions), p.43 (Monitoring Plan), p.46-52 (Multi-Year Work Plan) | | |
| **10. Has the Social and Environmental Screening Procedure (SESP) been conducted to identify potential social and environmental impacts and risks?** The SESP is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences and/or communication materials and information dissemination. [if yes, upload the completed checklist. If SESP is not required, provide the reason for the exemption in the evidence section.] | | | | | | Yes | **No[[21]](#footnote-21)** | |
| SESP Not Required | | |
| **Management & Monitoring** | | | | | | | | |
| 1. **Does the project have a strong results framework?**  * **3:** The project’s selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators that measure the key expected development changes, each with credible data sources and populated baselines and targets, including gender sensitive, target group focused, sex-disaggregated indicators where appropriate. *(all must be true)* * **2:** The project’s selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators, but baselines, targets and data sources may not yet be fully specified. Some use of target group focused, sex-disaggregated indicators, as appropriate. *(all must be true)* * **1:** The project’s selection of outputs and activities are not at an appropriate level; outputs are not accompanied by SMART, results-oriented indicators that measure the expected change and have not been populated with baselines and targets; data sources are not specified, and/or no gender sensitive, sex-disaggregation of indicators. *(if any is true)*   \*Note: Management Action or strong management justification must be given for a score of 1 | | | | | | 3 | 2 | |
| 1 | | |
| **Evidence**  Project document p.36-42 (Results Framework) | | |
| **12. Is the project’s governance mechanism clearly defined in the project document, including composition of the project board?**   * **3:** The project’s governance mechanism is fully defined. Individuals have been specified for each position in the governance mechanism (especially all members of the project board.) Project Board members have agreed on their roles and responsibilities as specified in the terms of reference. The ToR of the project board has been attached to the project document. *(all must be true)*. * **2:** The project’s governance mechanism is defined; specific institutions are noted as holding key governance roles, but individuals may not have been specified yet. The project document lists the most important responsibilities of the project board, project director/manager and quality assurance roles. *(all must be true)* * **1:** The project’s governance mechanism is loosely defined in the project document, only mentioning key roles that will need to be filled at a later date. No information on the responsibilities of key positions in the governance mechanism is provided.   \*Note: Management Action or strong management justification must be given for a score of 1 | | | | | | 3 | **2** | |
| 1 | | |
| **Evidence**  Project document p.53-54 (Governance and Management Arrangements). No ToR for project board available yte. | | |
| **13.** **Have the project risks been identified with clear plans stated to manage and mitigate each risk?**   * **3:** Project risks related to the achievement of results are fully described in the project risk log, based on comprehensive analysis drawing on the programme’s theory of change, Social and Environmental Standards and screening, situation analysis, capacity assessments and other analysis such as funding potential and reputational risk. Risks have been identified through a consultative process with key internal and external stakeholders, including consultation with the UNDP Security Office as required. Clear and complete plan in place to manage and mitigate each risk, including security risks, reflected in project budgeting and monitoring plans. *(both must be true)* * **2:** Project risks related to the achievement of results are identified in the initial project risk log based on a minimum level of analysis and consultation, with mitigation measures identified for each risk. * **1:** Some risks may be identified in the initial project risk log, but no evidence of consultation or analysis and no clear risk mitigation measures identified. This option is also selected if risks are not clearly identified, no initial risk log is included with the project document and/or no security risk management process has taken place for the project.   \*Note: Management Action must be taken for a score of 1 | | | | | | 3 | **2** | |
| 1 | | |
| **Evidence**  Project Document p.12 §33; p.32 (Risks and Assumptions). No risk log available. | | |
| **Efficient** |  | | | | | | | |
| 1. **Have specific measures for ensuring cost-efficient use of resources been explicitly mentioned as part of the project design? This can include, for example: i) using the theory of change analysis to explore different options of achieving the maximum results with the resources available; ii) using a portfolio management approach to improve cost effectiveness through synergies with other interventions; iii) through joint operations (e.g., monitoring or procurement) with other partners; iv) sharing resources or coordinating delivery with other projects, v) using innovative approaches and technologies to reduce the cost of service delivery or other types of interventions.**   *(Note: Evidence of at least one measure must be provided to answer yes for this question)*  Evidence: Project Document p.8 §20; p.28; p.34 ( Cost Efficiency and Effectiveness) | | | | | | **Yes** (3) | No (1) | |
| **15. Is the budget justified and supported with valid estimates?**   * **3:** The project’s budget is at the activity level with funding sources, and is specified for the duration of the project period in a multi-year budget. Realistic resource mobilisation plans are in place to fill unfunded components. Costs are supported with valid estimates using benchmarks from similar projects or activities. Cost implications from inflation and foreign exchange exposure have been estimated and incorporated in the budget. Adequate costs for monitoring, evaluation, communications and security have been incorporated. * **2:** The project’s budget is at the activity level with funding sources, when possible, and is specified for the duration of the project in a multi-year budget, but no funding plan is in place. Costs are supported with valid estimates based on prevailing rates. * **1:** The project’s budget is not specified at the activity level, and/or may not be captured in a multi-year budget. | | | | | | 3 | 2 | |
| 1 | | |
| **Evidence**  Project Document p.46-52 (Multi-Year Work Plan), p.32 (Risks and Assumptions), p.43 (Monitoring Plan) | | |
| 1. **Is the Country Office/Regional Hub/Global Project fully recovering the costs involved with project implementation?**  * **3:** The budget fully covers all project costs that are attributable to the project, including programme management and development effectiveness services related to strategic country programme planning, quality assurance, pipeline development, policy advocacy services, finance, procurement, human resources, administration, issuance of contracts, security, travel, assets, general services, information and communications based on full costing in accordance with prevailing UNDP policies (i.e., UPL, LPL.) * **2:** The budget covers significant project costs that are attributable to the project based on prevailing UNDP policies (i.e., UPL, LPL) as relevant. * **1:** The budget does not adequately cover project costs that are attributable to the project, and UNDP is cross-subsidizing the project.   \*Note: Management Action must be given for a score of 1. The budget must be revised to fully reflect the costs of implementation before the project commences. | | | | | | 3 | 2 | |
| 1 | | |
| **Evidence**  Project document p.46-52 (Multi-Year Work Plan) | | |
| **Effective** |  | | | | | | | |
| **17. Have targeted groups been engaged in the design of the project?**   * 3: Credible evidence that all targeted groups, prioritising discriminated and marginalized populations that will be involved in or affected by the project, have been actively engaged in the design of the project. The project has an explicit strategy to identify, engage and ensure the meaningful participation of target groups as stakeholders throughout the project, including through monitoring and decision-making (e.g., representation on the project board, inclusion in samples for evaluations, etc.) * 2: Some evidence that key targeted groups have been consulted in the design of the project. * 1: No evidence of engagement with targeted groups during project design. | | | | | | 3 | **2** | |
| 1 | | |
| **Evidence**  Project document p.29 (Stakeholder Engagement), p.34 §58 | | |
| **18. Does the project plan for adaptation and course correction if regular monitoring activities, evaluation, and lesson learned demonstrate there are better approaches to achieve the intended results and/or circumstances change during implementation?**  Evidence: Project Document p.43 (Monitoring Plan) | | | | | | **Yes**  (3) | No  (1) | |
| **19. The gender marker for all project outputs are scored at GEN2 or GEN3, indicating that gender has been fully mainstreamed into all project outputs at a minimum.**  \*Note: Management Action or strong management justification must be given for a score of “no” | | | | | | Yes  (3) | **No**  (1) | |
| **Evidence** | | |
| **Sustainability & National Ownership** | | | | | | | | |
| **20. Have national/regional/global partners led, or proactively engaged in, the design of the project?**   * **3:** National partners (or regional/global partners for regional and global projects) have full ownership of the project and led the process of the development of the project jointly with UNDP. * **2:** The project has been developed by UNDP in close consultation with national/regional/global partners. * **1:** The project has been developed by UNDP with limited or no engagement with national partners. | | | | | | 3 | **2** | |
| 1 | | |
| **Evidence**  Project document p.34 (Project Management) | | |
| **21. Are key institutions and systems identified, and is there a strategy for strengthening specific/ comprehensive capacities based on capacity assessments conducted?**   * **3:** The project has a strategy for strengthening specific capacities of national institutions and/or actors based on a completed capacity assessment. This strategy includes an approach to regularly monitor national capacities using clear indicators and rigorous methods of data collection, and adjust the strategy to strengthen national capacities accordingly. * **2:** A capacity assessment has been completed. There are plans to develop a strategy to strengthen specific capacities of national institutions and/or actors based on the results of the capacity assessment. * **1:** Capacity assessments have not been carried out. | | | | | | **3** | 2 | |
| 1 | | |
| **Evidence**  Project document (all sections – especially Strategy and Results Framework) | | |
| **22. Is there is a clear strategy embedded in the project specifying how the project will use national systems (i.e., procurement, monitoring, evaluations, etc.,) to the extent possible?**  Evidence: Project Document p.34 §60, p.31 (Sustainability and Scaling Up) | | | | | | **Yes** (3) | No (1) | |
| **23. Is there a clear transition arrangement/ phase-out plan developed with key stakeholders in order to sustain or scale up results (including resource mobilisation and communications strategy)?**  Evidence: Project Document p.31 (Sustainability and Scaling Up. No communications strategy. | | | | | | Yes (3) | **No**\*\*[[22]](#footnote-22)  (1) | |

# Annex 2: Social and Environmental Screening Template

*The completed template, which constitutes the Social and Environmental Screening Report, must be included as an annex to the Project Document. Please refer to the* [*Social and Environmental Screening Procedure*](http://www.undp.org/content/undp/en/home/librarypage/operations1/undp-social-and-environmental-screening-procedure.html) *and* [*Toolkit*](https://intranet.undp.org/unit/bpps/DI/SES_Toolkit/) *for guidance on how to answer the 6 questions.*

**Project Information**

|  |  |
| --- | --- |
| ***Project Information*** |  |
| 1. Project Title | Innovative Development Policies and Finance for Impact |
| 1. Project Number |  |
| 1. Location (Global/Region/Country) | Rwanda |

**Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability**

|  |
| --- |
| **QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?** |
| ***Briefly describe in the space below how the Project mainstreams the human-rights based approach*** |
| The IDPFI project in Rwanda applies a gender and rights-based approach as a key to effectively promote leaving no one behind principle in the context of the transformation agenda. While promoting economic and social transformation, for instance in identifying innovative approaches for the empowerment of the poor, especially of women, the project will aim to not only ensure that gender disaggregated data is collected but also analyzed to disaggregate the impact of diverse set of policy mix is understood for both men and women. In the SDG model that is planned to be developed, the project will ensure that that the planning systems are engendered in all aspects of the selected SDGs indicators. On innovative policy options, the policy briefs that are planned to be prepared, following the collection of data for the system, will reflect relevant thematic areas that can contribute to the policy debate on gender equality. |
| ***Briefly describe in the space below how the Project is likely to improve gender equality and women’s empowerment*** |
| IDPFI Rwanda will contribute to addressing the gender discrimination/exclusion in relation to finance by engaging women on aspects of the innovative finance dimension where local private sector is expected to play an active role through, for instance, impact investments, blended finance etc. |
| ***Briefly describe in the space below how the Project mainstreams environmental sustainability*** |
| Environmental sustainability is addressed in the project’s objective to explore new and innovative financing mechanisms for development finance. For example, impact investment is an investment approach with the intention to generate a measurable social and environmental impact alongside a financial return. The accelerator will support the companies to be impact investment ready, by demonstrating to investors a clear understanding of their positive social and environmental contributions. |

**Part B. Identifying and Managing Social and Environmental Risks**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION 2: What are the Potential Social and Environmental Risks?**  *Note: Describe briefly potential social and environmental risks identified in Attachment 1 – Risk Screening Checklist (based on any “Yes” responses). If no risks have been identified in Attachment 1 then note “No Risks Identified” and skip to Question 4 and Select “Low Risk”. Questions 5 and 6 not required for Low Risk Projects.* | | **QUESTION 3: What is the level of significance of the potential social and environmental risks?**  *Note: Respond to Questions 4 and 5 below before proceeding to Question 6* | | | | | **QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?** |
| ***Risk Description*** | | ***Impact and Probability (1-5)*** | | ***Risk significance (Low, Moderate, High)*** | | ***Comments*** | ***Description of assessment and management measures as reflected in the Project design. If ESIA or SESA is required note that the assessment should consider all potential impacts and risks.*** |
| Risk 1: Increased shock from climate change might reduce the effectiveness of the policies and strategies to bring about enhanced structural transformation by limiting the backward and forward linkages. | | I =  P = | |  | |  | To mitigate this risk, this project will work with other projects including projects supported by UNDP e.g., PEAS to reduce such an impact from climate related shocks. |
| Risk 2: | | I =  P = | |  | |  |  |
| **QUESTION 4: What is the overall Project risk categorization?** | | | | | | | |
| **Select one (see** [SESP](http://www.undp.org/content/undp/en/home/librarypage/operations1/undp-social-and-environmental-screening-procedure.html) **for guidance)** | | | | | **Comments** | | |
| ***Low Risk*** | **☐** | | | |  | | |
| ***Moderate Risk*** | **☐** | | | |  | | |
| ***High Risk*** | **☐** | | | |  | | |
| **QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?** | | | | |  | | |
| Check all that apply | | | | | **Comments** | | |
| **Principle 1: Human Rights** | | | **☐** | |  | | |
| **Principle 2: Gender Equality and Women’s Empowerment** | | | **☐** | |  | | |
| **1. Biodiversity Conservation and Natural Resource Management** | | | **☐** | |  | | |
| **2. Climate Change Mitigation and Adaptation** | | | **☐** | |  | | |
| **3. Community Health, Safety and Working Conditions** | | | **☐** | |  | | |
| **4. Cultural Heritage** | | | **☐** | |  | | |
| **5. Displacement and Resettlement** | | | **☐** | |  | | |
| **6. Indigenous Peoples** | | | **☐** | |  | | |
| **7. Pollution Prevention and Resource Efficiency** | | | **☐** | |  | | |

**Final Sign Off**

|  |  |  |
| --- | --- | --- |
| ***Signature*** | ***Date*** | ***Description*** |
| QA Assessor |  | UNDP staff member responsible for the Project, typically a UNDP Programme Officer. Final signature confirms they have “checked” to ensure that the SESP is adequately conducted. |
| QA Approver |  | UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD)**,** Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have “cleared” the SESP prior to submittal to the PAC. |
| PAC Chair |  | UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC. |

|  |  |
| --- | --- |
| **Checklist Potential Social and Environmental Risks** |  |
| **Principles 1: Human Rights** | **Answer  (Yes/No)** |
| 1. Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups? | No |
| 2. Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? [[23]](#footnote-23) | No |
| 3. Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups? | No |
| 4. Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them? | No |
| 5. Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project? | No |
| 6. Is there a risk that rights-holders do not have the capacity to claim their rights? | No |
| 7. Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process? | No |
| 8. Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals? | No |
| **Principle 2: Gender Equality and Women’s Empowerment** |  |
| 1. Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls? | No |
| 2. Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits? | No |
| 3. Have women’s groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment? | No |
| 4. Would the Project potentially limit women’s ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services?  *For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being* | No |
| **Principle 3: Environmental Sustainability:** Screeningquestions regarding environmental risks are encompassed by the specific Standard-related questions below |  |
|  |  |
| **Standard 1: Biodiversity Conservation and Sustainable** [**Natural**](#SustNatResManGlossary) **Resource Management** |  |
| 1.1 Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services?  *For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes* | No |
| 1.2 Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities? | No |
| 1.3 Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5) | No |
| 1.4 Would Project activities pose risks to endangered species? | No |
| 1.5 Would the Project pose a risk of introducing invasive alien species? | No |
| 1.6 Does the Project involve harvesting of natural forests, plantation development, or reforestation? | No |
| 1.7 Does the Project involve the production and/or harvesting of fish populations or other aquatic species? | No |
| 1.8 Does the Project involve significant extraction, diversion or containment of surface or ground water?  *For example, construction of dams, reservoirs, river basin developments, groundwater extraction* | No |
| 1.9 Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development) | No |
| 1.10 Would the Project generate potential adverse transboundary or global environmental concerns? | No |
| 1.11 Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area?  *For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.* | No |
| **Standard 2: Climate Change Mitigation and Adaptation** |  |
| 2.1 Will the proposed Project result in significant[[24]](#footnote-24) greenhouse gas emissions or may exacerbate climate change? | No |
| 2.2 Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change? | No |
| 2.3 Is the proposed Project likely to directly or indirectly increase social and environmental [vulnerability to climate change](#CCVulnerabilityGlossary) now or in the future (also known as maladaptive practices)?  *For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population’s vulnerability to climate change, specifically flooding* | No |
| **Standard 3: Community Health, Safety and Working Conditions** |  |
| 3.1 Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities? | No |
| 3.2 Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)? | No |
| 3.3 Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)? | No |
| 3.4 Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure) | No |
| 3.5 Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions? | No |
| 3.6 Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)? | No |
| 3.7 Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning? | No |
| 3.8 Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)? | No |
| 3.9 Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)? | No |
| **Standard 4: Cultural Heritage** |  |
| 4.1 Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts) | No |
| 4.2 Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes? | No |
| **Standard 5: Displacement and Resettlement** |  |
| 5.1 Would the Project potentially involve temporary or permanent and full or partial physical displacement? | No |
| 5.2 Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)? | No |
| 5.3 Is there a risk that the Project would lead to forced evictions?[[25]](#footnote-25) | No |
| 5.4 Would the proposed Project possibly affect land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources? | No |
| **Standard 6: Indigenous Peoples** |  |
| 6.1 Are indigenous peoples present in the Project area (including Project area of influence)? | No |
| 6.2 Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples? | No |
| 6.3 Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)?  *If the answer to the screening question 6.3 is “yes” the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.* | No |
| 6.4 Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned? | No |
| 6.5 Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples? | No |
| 6.6 Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources? | No |
| 6.7 Would the Project adversely affect the development priorities of indigenous peoples as defined by them? | No |
| 6.8 Would the Project potentially affect the physical and cultural survival of indigenous peoples? | No |
| 6.9 Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices? | No |
| **Standard 7: Pollution Prevention and Resource Efficiency** |  |
| 7.1 Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or [transboundary impacts](#TransboundaryImpactsGlossary)? | No |
| 7.2 Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)? | No |
| 7.3 Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs?  *For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol* | No |
| 7.4 Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health? | No |
| 7.5 Does the Project include activities that require significant consumption of raw materials, energy, and/or water? | No |

# Annex 3: Risk Analysis

**OFFLINE RISK LOG**

*(see* [*Deliverable Description*](http://content.undp.org/go/prescriptive/Project-Management---Prescriptive-Content-Documents/download/?d_id=1266195&) *for the Risk Log regarding its purpose and use)*

* + **Risk ID number**: reference number to allow grouping of all information on this risk
  + **Description**: brief description of the risk, including potential future event and its cause
  + **Date identified**: when was the risk identified
  + **Type** (i.e. as per ERM risk categories): Social and Environmental, Financial, Operational, Organizational, Political, Regulatory, Strategic
  + **Impact and Probability**:
    - Impact: effect on the project if the risk were to occur on a scale of 1 (low) to 5 (critical)
    - Probability: estimate of the likelihood of the risk occurring on a scale of 1 (not likely) to 5 (expected)
  + **Risk Treatment/Management Response**: what actions have been taken/will be taken to counter this risk
  + **Risk Owner**: the person or entity with the responsibility to manage the risk.
  + **Submitted/updated by**: who submitted/updated the risk (online only)
  + **Last update**: when was the status of the risk last checked (online only)
  + **Current status**: implementation status of risk management measures and their effectiveness and relevant changes in context (online only)

|  |  |  |
| --- | --- | --- |
| **Project Title: Innovative Development Policies and Finance for Impact (IDPFI)** |  | **Date: 14/05/2019** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **#** | **Description** | **Date Identified** | **Type** | **Impact & Probability** | | **Countermeasures / Mngt response** | **Owner** | **Submitted, updated by** | **Last Update** | **Status** |
| 1 | Exposure to external shocks, such as volatility of commodity prices, might reduce the policy space in Rwanda limiting the application of new and innovative policy options and financing instruments. | 14/05/19 | Financial | 3 | 3 |  |  |  |  |  |
| 2 | Increased shock from climate change might reduce the effectiveness of the policies and strategies to bring the desired enhanced structural transformation by limiting the backward and forward linkages as well as redirecting public resources towards adaptive policies, thus negating or reversing some of the benefits of the project. | 14/05/19 | Social and Environmental | 4 | 4 |  |  |  |  |  |
| 3 | While national institutions are the main counterparts for the programme, due to pressing engagements within the government own programmes, staff might not fully participate in the day to day operationalisation of the programme and may not benefit optimally from, the programme. | 14/05/19 | Operational | 4 | 4 |  |  |  |  |  |
| 4 | Required resources may not be available and mobilized in time. | 14/05/19 | Financial | 2 | 4 |  |  |  |  |  |
| 5 | Ambitious and large-scale programmes from other development partners might divert the strategic engagement of critical actors within the public sector from this programme. | 14/05/19 | Strategic | 4 | 2 |  |  |  |  |  |
| 6 | Securing political will might be difficult to pilot new and diversified financing options due to pressures from debt ceilings. | 14/05/19 | Political | 2 | 3 |  |  |  |  |  |
| 7 | Coordination between different sectors and stakeholders may continue to be a challenge. | 14/05/19 | Organizational | 4 | 1 |  |  |  |  |  |

# Annex 4: Capacity Assessment

*See separate pdf-file.*

# Annex 5: Project Board Terms of Reference and TORs of key management positions

*See separate documents*

# Annex 6: IDPFI Contribution to the implementation of SDGs

IDFPI will make tangible contributions to achieving Agenda 2030. For its very nature of capacity building and policy informing project, the contribution will both be direct and indirect.

|  |  |  |
| --- | --- | --- |
| **SDG** | **Target** | **IDPFI Contribution** |
| **Goal 1: End poverty in all its forms everywhere** | 1.1 By 2030, eradicate extreme poverty for all people everywhere, measured as people living on less than $1.90 a day | *Indirect:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs. |
| 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions |
| 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable | *Indirect:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs. |
| 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance |
| 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters |
| 1.6 Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions | *Direct:*  **Output 2 :** MINECOFIN has enhanced technical capacity to access, monitor and manage diverse external development finance resources to achieve national development objectives |
| **Goal 5: Achieve gender equality and empower all women and girls** | 5.7 Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws | *Indirect:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs |
| **Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all** | 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries | *Direct:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs |
| 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors |
| 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services |
| 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value |
| 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training |
| 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all |
| 8.11 Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries | *Indirect:*  **Output 2:** MINECOFIN has enhanced technical capacity to access, monitor and manage diverse external development finance resources to achieve national development objectives  **Output 3:** Strengthened Government capacity to utilize non-traditional sources and mechanisms of finance |
| **Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation** | 9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries | *Direct:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs. |
| 9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets |
| 9.7 Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities |
| **Goal 10: Reduce inequality within and among countries** | 10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average | *Direct:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs. |
| 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status |
| 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality |
| 10.9 Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes | *Direct:*  **Output 2:** MINECOFIN has enhanced technical capacity to access, monitor and manage diverse external development finance resources to achieve national development objectives  **Output 3:** Strengthened Government capacity to utilize non-traditional sources and mechanisms of finance |
| **Goal 16: Promote just, peaceful and inclusive societies** | 16.6 Develop effective, accountable and transparent institutions at all levels | *Indirect:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs |
| 16.11 Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime | *Direct:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs. |
| **Goal 17: Revitalize the global partnership for sustainable development** | **17.1 Finance**   * Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection * Mobilize additional financial resources for developing countries from multiple sources * Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress * Adopt and implement investment promotion regimes for least developed countries | *Direct:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs.  **Output 2:** MINECOFIN has enhanced technical capacity to access, monitor and manage diverse external development finance resources to achieve national development objectives.  **Output 3:** Strengthened Government capacity to utilize non-traditional sources and mechanisms of finance. |
| **17.3 Capacity building**   * Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation | *Direct:*  **Output 2:** MINECOFIN has enhanced technical capacity to access, monitor and manage diverse external development finance resources to achieve national development objectives. |
| **17.5.3 Data, monitoring and accountability**   * By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts * By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries | *Direct:*  **Output 1:** Strengthened national capacities for evidence-based planning, innovative policy analysis and M&E to inform the implementation of NST1 and the SDGs. |

1. Eastern Africa’s Manufacturing Sector: Promoting Technology, Innovation, Productivity and Linkages- Rwanda Country Report, November 2014. [↑](#footnote-ref-1)
2. Report of the High-Level Panel on Illicit Financial Flows from Africa, AU/ECA Conference of Ministers of Finance, Planning and Economic Development: www.uneca.org/sites/default/files/PublicationFiles/iff\_main\_report\_26feb\_en.pdf [↑](#footnote-ref-2)
3. The UNDAP is the UN assistance framework for Rwanda. The CPD is the UNDAP-connected planning document of UNDP. These documents are singed and agreed upon by the Government of Rwanda and the UN system. [↑](#footnote-ref-3)
4. For illustrative schemes, see http://www.undp.org/content/sdfinance/en/home/solutions.html [↑](#footnote-ref-4)
5. UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project. [↑](#footnote-ref-5)
6. Final Target after the initial 5 year intended period. [↑](#footnote-ref-6)
7. 1 - NST1 integrated SDGs at strategic levels, but annualized targets that mainstream SDGs are not yet available; Most sector strategic plans (SSP) for 2018-24 integrate SDGs; Guidelines in planning & budget circulars and checklists in place; Planning and implementation assessment reports are available

   2 - 25 planning cadres trained on SDG modelling; Annualized targets for SDGs integrated in NST1 result framework; SDGs accelerator and strategies identified that can inform sector policies and strategies.

   3 - 2 Priority Sectors mainstreamed their respective SDGs in full alignment with national goals.

   4 - 4 Priority Sectors mainstreamed their respective SDGs in full alignment with national goals.

   5 - Budgeting and oversight frameworks mainstreamed SDGs.

   6 - Planning and budgeting systems adequately mainstreamed SDGs and associated investments taking a system approach. Acceleration strategies and goals identified. [↑](#footnote-ref-7)
8. 1 – Existing M&E system not developed.

   2 - System developed including progress on SDG integrated in the M&E system and functional analysis

   3 - .System operational including generation of quarterly and annual reports

   4 – System fully functioning including SDGs indicators integrated in NSI Result framework and M&E system. National reports produced at ease using integrated system and up-to-date most important dashboard used by high level decision makers. [↑](#footnote-ref-8)
9. 1 – Reports regularly produced that include principles.

   2 – Training of relevant staff on the principles and preparation of consolidated data for SDG reporting

   3 - Implementation of two principle activities per year from the SP of NISR implemented in support of bridging the data gap for SDG monitoring and evaluation [↑](#footnote-ref-9)
10. Scale 1- 4

    1 - Review of the 2006 Aid Policy and Manual of Procedures started; Dialogue structures exist but mostly focused on ODA.

    2 - Policy developed and coordination structures more inclusive of new relevant actors (e.g. private sector)

    3 - Policy partially implemented as evidenced by progress in the various areas

    4 - Policy mostly implemented as evidenced by progress in the various areas [↑](#footnote-ref-10)
11. Scale 1- 4

    1 - Reports published annually but gaps in reporting

    2 - Reports published annually, the two sets of analysis brought into one report

    3 - Reports published and tracking of new forms of finance improved.

    4 - Reports published and comprehensively track all available sources of external finance data [↑](#footnote-ref-11)
12. Scale 1 - 4

    1 - Steering Committee on Green Finance in place

    2 - Green projects and assets identified; feasibility of dedicated green facility using the ‘green investment bank model’ assessed

    3 - Framework in place for green and sustainable bonds and dedicated green facility

    4 - Dedicated green investment facility [↑](#footnote-ref-12)
13. Measured on a 4-point scale: 1. Basic capacity in place (e.g. initial staff recruited, office space located); 2. Core team in place, including draft policies, strategies and M&E plan; 3. Core team in place with approved policies, strategies and partially implemented M&E tools, as well as designated focal points and MoUs with Ministries and Agencies; 4. Fully operational mechanisms including fully functioning M&E systems [↑](#footnote-ref-13)
14. Optional, if needed [↑](#footnote-ref-14)
15. Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32 [↑](#footnote-ref-15)
16. Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years. [↑](#footnote-ref-16)
17. Use bracketed text only when IP is an NGO/IGO [↑](#footnote-ref-17)
18. The three development settings in UNDP’s 2018-2021 Strategic Plan are: a) Eradicate poverty in all its forms and dimensions; b) Accelerate structural transformations for sustainable development; and c) Build resilience to shocks and crises [↑](#footnote-ref-18)
19. The six Signature Solutions of UNDP’s 2018-2021 Strategic Plan are: a) Keeping people out of poverty; b) Strengthen effective, inclusive and accountable governance; c) Enhance national prevention and recovery capacities for resilient societies; d) Promote nature based solutions for a sustainable planet; e) Close the energy gap; and f) Strengthen gender equality and the empowerment of women and girls. [↑](#footnote-ref-19)
20. \*The version of the Project Document is the one being presented to the LPAC in early 2019 (January-February). All reference made to the “project document” is this version. [↑](#footnote-ref-20)
21. [↑](#footnote-ref-21)
22. Resource mobilisation strategy in the project document but no communications strategy. [↑](#footnote-ref-22)
23. Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to “women and men” or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals. [↑](#footnote-ref-23)
24. In regards to CO2, ‘significant emissions’ corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.] [↑](#footnote-ref-24)
25. Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections. [↑](#footnote-ref-25)