

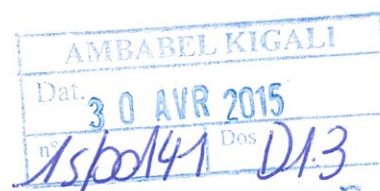
REPUBLIC OF RWANDA



MINISTRY OF FINANCE AND ECONOMIC PLANNING
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29 APR 2015

Kigali
N° 16.16/10/15/CE



Mr. Erwin De Wandel
Minister Counselor in charge of Development Cooperation
Embassy of the Kingdom of Belgium
KIGALI

Dear Mr. De Wandel,

RE: Submission of the Project Identification Note for Forest Management and Woody Biomass Energy Support Project” of €5M.

Reference is made to the Project Identification Note (PIN) for Forest Management and Woody Biomass Energy Support Project of €5M that have been developed by the Ministry of Natural Resources and details hereby enclosed.

The proposed intervention “*Support to Forest Management and Sustainable Biomass Energy Supply*” aims at supporting the Government of Rwanda in its efforts to reduce the gap between the supply and demand of woody biomass as targeted under EDPRS II.

The Ministry of Finance and Economic Planning hereby writes to officially submit the above mentioned Project Identification Note amounting to €5 million. We request your office to proceed with the next steps.

Sincerely,


Kampeta Sayinzoga
Permanent Secretary and Secretary to the Treasury



CC:

- Hon. Minister of Finance and Economic Planning
- Hon. Minister of Natural Resources
- Hon. Minister of State in Charge of Economic Planning
- Permanent Secretary, MINIRENA
- Director General, RNRA
- Resident Representative- BTC

REPUBLIC OF RWANDA



MINISTRY OF INFRASTRUCTURE

PROJECT IDENTIFICATION NOTE

ENERGY SECTOR - FORESTRY

**Forest Management and woody Biomass Energy support project
(FMBE)**

UNDER THE INDICATIVE BILATERAL COOPERATION PROGRAM 2011-2014 BETWEEN
BELGIUM AND RWANDA

1. Summary description of the intervention.

Biomass is almost wholly relied on for cooking and related uses by both urban and rural households (93%). The proposed intervention “**Support to Forest Management and Sustainable Biomass Energy Supply (FMSBE)**” joins the effort of the Government of Rwanda in securing energy for all Rwandans, herewith referred in this concept note as the Sustainable Energy for All (SE4All) and contributes to the low carbon strategy 2050 of Rwanda.

In the report “Supply Master Plan for fuelwood and charcoal (WISDOM study)” based on an update of the WISDOM model in 2012, the total demand for conventional woody biomass was estimated to be approximately 4.2 Mt, and sustainable supply potential was estimated at 3.2 million tons. The study projects that due to urbanization, population and income growth, by 2020 under a business-as-usual (BAU) scenario, demand will grow to 5.7 Mt. The study further elaborates on the fact that this gap is sensitive to assumptions about productivity, which could vary the sustainable supply potential anywhere from 2.6-4.3 Mt. It points to measures that could be taken to improve productivity to further close the supply-demand gap.

This intervention aims at reducing the gap between the supply and demand of woody biomass. To reach this objective, five result areas are proposed, as described below.

- 1.1. This intervention will therefore mainly focus **(Result 1)** on the increase of the woody biomass supply (in quantity and quality in proportion of total wood production) by improving the average productivity of forests, on both private and public lands, through the mainstreaming of sustainable management approaches.

For this result area, District Forest Management Plans (DFMPs) will be designed and/or implemented (general management level) in the Districts of the intervention. In addition, Simplified Forest Management Plans (SFMPs) will be developed and/or applied at Forest Management Unit (FMU) level (operational level).

For 4 Districts where these DFMPs/SFMPs are not yet established or revised (Rwamagana, Kicukiro, Gasabo and Nyarugenge), the focus will be put firstly on forest inventories and cadaster to be the basis for the design or revision of DFMPs/SFMPs (including). However, planting of new areas and exhausted forest areas (very old and not producing) could start before the DFMP is done. Planting for forest conversion will be supported based on these DFMPs/SFMPs. Integration of gender in the DFMPs/SFMPs will be systematically considered.

The focus for Districts where DFMPs/SFMPs have just been revised/established (e. g; Districts of PAREF.be2 intervention) will be on support for the adequate implementation of these new DFMPs/SFMPs. Technical support will be provided to help the districts in:

- the implementation of the SFMPs already established (support in the elaboration of tender documentation, in the contract establishment with forest operators/cooperatives, in the monitoring, silvicultural technical advice and control of these forest operators/cooperatives, etc..)
- in the implementation of the DFMPs established (support in the realization of simple inventories and design of SFMPs for remaining FMUs, in the monitoring and annual updating of the DFMP, in the management of activities of conversion, new afforestation, etc.. accordingly to the plan).

Collaboration with MINALOC (and possibly the Belgian support to the decentralization process) for the financing of annual District forest action plans and building capacity at District level (implementing DFMP) will be developed.

- 1.2. According to the Wisdom study (2012), one of the most important measures to be taken, to reduce the gap between supply and demand of wood at national level, is to increase wood supply through afforestation (**Result 2**). Two types of afforestation are envisaged:
 - Biomass forest plantations on available non forested public lands (mainly in the Eastern Districts, See 4.5)
 - Plantation of trees in agroforestry (crop lands) areas. Agroforestry also plays a very important role where land remains scarce. WISDOM estimates that Agroforestry would reduce the gap to 50% if we double the current coverage in agroforestry trees in current land area
- 1.3. The management objective will only achieve its expectation if the current seed supply system is improved and high quality planting material is made available. The Tree Seed Centre (TSC) and the issues surrounding the supply of quality and diversified genetic material for planting was the mandate of RAB but from 2014 the Centre is transferred to RNRA.

However the Centre needs urgently to assume feasible performance targets to improve the quality, quantity and variety of tree seeds. The RNRA **(Result 3)** could be supported in in two ways:

- In a short term view by urgent provision of quality tree seed/clones (coming from neighbor countries as Uganda and South Africa) for new productive plantations and forest conversions.
- In a long term view by establishment and support for the implementation of a national strategy for tree seed supply. Special attention should be paid towards sustainability of this component

- 1.4. One of the most important challenges for the biomass energy sector is the reduction of the biomass waste during the transformation process of wood into final products, and particularly into charcoal. This is why one of the important results of the intervention **(Result 4)** will be to improve the efficiency (yield) of charcoal making processes. This measure could have a very high impact on the short term.

The first activity could be to have the charcoal makers shift from the traditional method to improved ones (e.g. "Casamanse Kiln"). This change will mean an overall support to the value chain, based on in depth analysis of the constraints and reluctance of the actors to adopt improved technologies (analysis could start quickly by using the Study Fund). Activities will address the support to the organization of charcoal makers in cooperatives, the support to the regulation of the charcoal sector (change of the taxation and licensing system, eco-labelling), the training of charcoal makers in the use of the improved technologies, etc. In order to have the best impact, this activity must be conducted in the Districts that produce the main part of the charcoal in Rwanda as Nyaruguru and Nyamagabe, Sectorial coordination is a key to make this component a success.

- 1.5. To follow-up the performance of the forestry sector, the development of a **System for Forest Monitoring and Evaluation (FMES)** is ongoing but not yet implemented. This system will enable the decentralized Government entities to share with the central government and stakeholders the data in timely manner. The system is expected to be completed and operational by June, 2015 in the 6 Districts of PAREF Be-2.

However, as this system will be running for the first year across the country, end users (mostly District and sector forest officers) as well as key stakeholders where data are expected to come from will need to be trained **(Result 5)**.

Similarly, the system has to be adopted by the Ministry of Finance and the statistical agency (NSIR) for reporting the National forestry accounts.

1.6 Support to sub sector coordination **(Result 6)**

The program will support the Forestry sub sector working group. An important aspect of sector strengthening is sector coordination, including all stakeholders. The program will provide funding and support for sector coordination. The strategy behind these activities is that a well-coordinated and well-monitored sector with clear action plans and identified needs attracts development partners and funding more easily.

The program should furthermore provide technical assistance and consultancy services to develop the necessary rules and regulations for the sector when needed.

The formulation mission of the intervention will validate these result areas and verify their feasibility, by analysing opportunities, constraints and risks for every result area, and by taking in to account the local context and the available budget (5M€).

2. Ministry to be designated for the preparation and implementation of the intervention.

- 2.1. The Ministry that will prepare and implement the intervention will be the Ministry of Natural Resources (MINIRENA). The implementing agency will be Rwanda Natural Resources Authority (RNRA) through the Department of Forestry and Nature Conservation (DFNC).
- 2.2. The Belgian Development Agency (BTC) will participate in the preparation and implementation of the intervention on the side of the Kingdom of Belgium.
- 2.3. Implementation of this intervention will involve different key stakeholders such as MININFRA, MINECOFIN, MINALOC, MINICOM and MINAGRI and the private sector.

3. Define the general objectives and specific objectives of the intervention.

- 3.1. *The general objective (IMPACT) of the intervention is:*

Improvement of sustainable management of forest resources contributes to poverty reduction, economic growth and environmental protection

3.2. *The specific objective (OUTCOME) of the intervention is:*

The gap between the supply and demand of woody biomass is reduced.

4. Target group and, where applicable, the location of the intervention.

- 4.1. Government (central and decentralized entities) for public forests sustainably managed.
- 4.2. Private forest operators and cooperatives that will be involved and supported in the DFMPs implementation (for public but also for private Forest Management Unit) will be direct beneficiaries.
- 4.3. Private owners with woodlots greater than 2 hectares, or groups of farmers with consolidated forests woodlots will benefit from simplified forests management plans (SFMPs) to be developed with them (including technical support on how to implement these SFMPs).
- 4.4. Local communities will get indirect benefits from this intervention through ecosystem goods and services and continuous cash flow from forest activities and sustainable woody biomass production.
- 4.5. Area of intervention includes potentially (to be confirmed by formulation mission based on available resources and opportunity/constraints analysis):
 - Rural Kigali City (Nyarugenge, Gasabo, Kicukiro) and Eastern Province (Rwamagana) for DFMPs/SFMPs design and start of implementation
 - PAREF.be2 intervention Districts (Gakenke, Rulindo, Gicumbi, Bugesera, Ngoma and Kirehe) for the support to implementation of established DFMPs/SFMPs
 - Rural Kigali City (Nyarugenge, Gasabo, Kicukiro) and Eastern Province (Rwamagana, Bugesera and Kirehe) for afforestation and forest conversion
 - Nyaruguru and Nyamagabe for the work on charcoal value chain
 - All Districts of Rwanda for the FMES implementation support

5. Relationship of the intervention with EDPRS 2 (Economic Development and Poverty Reduction Strategy 2), the Millennium Development Goals (MDGs) and Energy biomass and Forestry Policy.

- 5.1. This intervention is in line with EDPRS 2 based on the following:
- The intervention will contribute to the reduction of poverty by increasing income from forest activities and by ensuring sustainable goods and services of well managed forests
 - The intervention will involve the private sector in the implementation of the DFMPS/SFMPs. This will contribute to the following main objective of EDPRS II: “Private sector takes dominant share of investment”.
 - The intervention through agroforestry will contribute to the increase of crop productivity;
 - This intervention will furthermore create jobs for communities (HIMO)
- 5.2. The project will be in line with the MDG n°7 which recognizes that millions hectares of forest are lost every year, many species being driven to near extinction and renewable resources are becoming scarce. Therefore this project will work toward addressing the issue stated in the 7 MDGs by improving sustainable forest management and increasing the tree cover to enhance watershed protection/management and mitigate the climate change effects for the local communities.
- 5.3. This intervention will fully contribute:
- To the objective of the “Sustainable Energy for All” Action Agenda (SE4LL), supporting the implementation of the Energy Sector Strategic Plan.
 - To achieve the outcomes of the National Forest Policy.

Improving forest productivity through sustainable forest management, increasing sustainably managed forest cover and reducing the waste in wood transformation processes are key elements identified for achievement of energy for all and forest sector goals.

6. Synergy with other bilateral and multilateral donors

- 6.1. Links and synergy with other donors will be established through collaboration with projects such as PGRF (AfDB), PAREF.Nl (Netherlands), PAREF.be2 (Belgium), Reducing Emissions from deforestation and forest degradation program (REDD++/MRV) funded by Congo Basin Forest Funds (CBFF-AfDB) and implemented by COMIFAC through FAO-Rwanda. PACEBCO (funded by COMIFAC), KWAMP (IFAD),

FONERWA (recently approved) Forest Landscape Restoration (IUCN-BMU project in pipeline. It is important to note that these interventions are not geographically overlapping but rather adjacent to cover the entire country.

- 6.2. In the context of RNRA/PAREF.be2 project, it is foreseen to design a Forest Sector Support Program (2016-2025?) to be funded by government and partners/donors. This FSSP will be one coherent and synergic program including all interventions to be implemented (such as improvement of sustainable forest management, updating and improving forest policy and rules/regulations, action plan on capacity building in forestry sector, action plan on quality tree seed supply, action plan on biomass energy value chain improvement, etc.).

7. Budget and duration of the intervention

- 7.1. The estimated duration of the specific agreement will be 6 years, with implementation duration of 5 years (to be discussed during formulation). The support of Belgium will amount to € 5 million.

8. Measures to be taken to ensure the sustainability of the intervention after its closure (measures regarding institutional, human resources and financial authorities).

- 8.1. The intervention should ensure capacity building through specific technical training sessions, on-job training and participative implementation of all activities, involving main stakeholders and direct beneficiaries to enhance the ownership.
- 8.2. DFMPs and SFMPs should be well designed to make them sustainably and economically feasible.
- 8.3. The Government should make available earmarked budget for implementation of the DFMPs/SFMPs as from the moment plans are ready for implementation
- 8.4. The National Forest Program is envisaged in near future to guide the forest investment plans and align donors and private sector involvement in its implementation.
- 8.5. The government of Rwanda will ensure the availability at Districts level of forest officers (sufficient staff) in charge of the implementation of DFMPs.

- 8.6. Guidelines and new regulations on the biomass energy (eg charcoal) value chain ensuring economic and social viability of improved technologies are put in place.
 - 8.7. RNRA will ensure the enforcement of forest and other relevant laws/regulations for sustainable forest management.
 - 8.8. Financial mobilization for the Forest Sector Support Program and improving the sustainability of the sector by engaging the private in the participatory forest management in form of co-management agreements (PPP).
 - 8.9. Government of Rwanda through RNRA will continue to earmark financial support to the Districts for sustainable management of forests.
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