



AFRICAN DEVELOPMENT BANK



**PROJECT : Rwanda Sustainable Woodland Management and
Natural Forest Restoration**

COUNTRY : Republic of Rwanda

PROJECT APPRAISAL REPORT

September 2011

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Currency Equivalents

September 2011

EUR 1	=	FRW 860.34
Unit of Account (UA) 1	=	FRW 958.2
Unit of Account (UA) 1	=	EUR 1.11374

FISCAL YEAR

1 January - 31 December

WEIGHTS AND MEASURES

1 metric ton	=	2204 pounds
1 kilogramme (kg)	=	2.20 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

LIST OF ACRONYMS AND ABBREVIATIONS

CARPE	:	Central African Regional Programme for the Environment
COMIFAC	:	Central African Forest Commission
EDPRS	:	National Poverty Reduction Strategy
GIS	:	Geographic Information System
MINALOC	:	Ministry of Local Administration
MINECOFIN	:	Ministry of Finance and Economic Planning
MINIRENA	:	Ministry of Natural Resources
MRV	:	Monitoring, Reporting, Verification
PAFOR	:	Rwanda Forest Management Support Project
PAREF	:	Reforestation Support Project
NNP	:	Nyungwe National Park
RAB	:	Rwanda Agricultural Board
RDB	:	Rwanda Development Board
REMA	:	Rwanda Environment Management Authority
RNRA	:	Rwanda Natural Resource Authority

PROJECT INFORMATION SHEET

DONEE: Republic of Rwanda

EXECUTING AGENCY: Rwanda Natural Resource Authority (RNRA)

Financing Plan

Source of Financing	Amount (EUR)	Instrument
CBFF	4 586 859	Grant
Rwandan Government	233 672	
Beneficiaries	99 682	
TOTAL COST	4 920 213	

ADB Key Financing Information

Grant Amount	EUR 4 586 859
Commitment Charge	NA
Service Charge	NA
Tenor	NA
Grace Period	NA
IRR NPV	NA
ERR	NA

Duration – Main Milestones (expected)

Project Duration	3 years
Concept Note Approval	March 2010
Project Appraisal	April 2010
Project Approval	November 2011
Effectiveness	November 2011
Completion	November 2014
Last Disbursement	December 2015
Last Repayment	NA

EXECUTIVE SUMMARY

1. Project Overview

1.1 On instruction from the CBFF Governing Council dated 5 December 2009, the CBFF Secretariat identified government and regional projects that qualify for Congo Basin Forest Fund (CBFF) financing in the ten COMIFAC member countries that form part of the Congo Basin. To that end, the CBFF Secretariat dispatched an identification mission to Rwanda in January 2010, at the end of which Rwanda submitted a project concept note that was considered and approved by the Governing Council during its Seventh Ordinary Meeting held in Tunis on 7 March 2010. The Council then instructed the CBFF Secretariat to assist the country in preparing a detailed project proposal. Based on the proposal, the Secretariat fielded a project appraisal mission in April 2010, leading to the preparation of this report. At its Ninth Meeting held on 15 and 16 November 2010 in Libreville (Gabon), the CBFF Governing Council approved the funding of this project for EUR 4.59 million.

1.2 The overall objective of the Rwanda Sustainable Woodland Management and Natural Forest Restoration Project is to contribute to reducing deforestation and poverty in the Congo Basin. Its specific objectives are to: (1) increase forest cover and improve the living conditions of forest-area dwellers and (2) create basic conditions that would win Rwanda eligibility for carbon market benefits and payment for ecosystem services. The project duration will be three years and its total cost is estimated at EUR 4 920 213, of which a CBFF contribution of about **EUR 4 586 859** (representing 93% of the project cost) and a Rwandan Government contribution estimated at EUR 233 672 (or 5% of the total project cost). The project beneficiaries will contribute EUR 99 682 (or about 2% of the total project cost) by participating mainly in village woodland creation and management and agroforestry and fruit tree planting.

1.3 The direct project beneficiaries will be forest-area communities in eight districts that make up the project area. These include: (i) 600 000 households (or about 3 000 000 people) who will be provided with forest and/or fruit tree seedlings; (ii) 400 vulnerable persons who will benefit from private micro-woodlands; (iii) 1 200 farmers who will be trained, 200 of whom will be supported to form community cooperatives (seven apiarian cooperatives and seven women mushroom growers' cooperatives); and (iv) 24 technicians of Rwanda Natural Resource Authority (RNRA) and its partners who will receive further training under the project. The direct beneficiaries will also include all people who will have temporary employment during seedling tree production and planting, and implementation of the forest management plan.

1.4 The project will have environmental, climatic, social and financial impact. The harvesting of restored woodlands, private micro-woodlands and agroforestry trees will help to reduce the pressure on protected and unprotected natural forests, which will be gradually restored. This will contribute to biodiversity conservation. From the climate perspective, the project will help to increase the forest cover rate and reduce the pace of deforestation. It will ultimately contribute to building up carbon pools and reducing climate warming. Community beekeeping and mushroom-growing cooperatives will improve household income through the sale of products and job creation. Project implementation will build the capacity of RNRA staff, its partners and beneficiaries. The production and planting of seedling forest, agroforestry and fruit trees as well as the implementation of forest management plans will create temporary jobs.

2. Needs Assessment

2.1 In Rwanda, the gap between demand for and supply of timber and fuelwood (estimated at 6.7 million cubic metres) leads to an excessive tapping of forest resources. Similarly, land shortage due to high population density (crude density of 400 inhabitants per square kilometre) as well as degraded soils deepen poverty among rural dwellers who, in search of alternative income, overexploit natural forests and forest plantations for domestic and commercial purposes. Therefore, the project will address the need to preserve forest resources, meet the needs of forest-area dwellers in forest products and improve their income through income-generating activities compatible with forest resource management. The project will also help to implement national strategies and priorities contained in Vision 2020, the forest policy, the national agricultural strategy and the national poverty reduction strategy. These strategies and priorities are defined as follows: (i) increase in and diversification of national forest and agroforestry resources; (ii) conservation and sustainable rehabilitation of forest and agroforestry resources; (iii) assessment of the contribution of goods and services rendered by the forestry sector to the national economy; and (iv) development of an environmental and natural resource conservation-friendly agriculture.

2.2 The project will also contribute to achieving CBFF objectives through its activities which cover three CBFF thematic areas, namely: (1) forest management and sustainable practice; (2) ecological and socio-economic monitoring and baseline data; and (3) livelihood and economic development. The project is also in keeping with the Central African Forest Commission (COMIFAC) Convergence Plan, particularly Thrusts 2, 6 and 9 concerning knowledge of forest resources, development of alternative activities and poverty reduction, and development of financing mechanisms.

3. Value Added for the Bank

3.1 From July 2001 to June 2010, the Bank funded the Rwanda Forest Management Support Project (PAFOR). PAFOR's sector objective was to contribute to poverty reduction through the management and judicious use of the country's forests and forest plantations, while preserving the environment. Its specific objectives were to: (i) reconstitute the wood potential through participatory forest management; and (ii) increase the income of the rural population through the management of buffer natural forest plantations and community woodlands, agroforestry and diversification of forestry activities through the private sector. PAFOR contributed to the rehabilitation of 800 hectares of natural forest in the West Province and to the reforestation of more than 8 995 hectares in some districts in the East, North and South Provinces.

3.2 The funding of the Rwanda Sustainable Woodland Management and Natural Forest Restoration Project will help to ensure the continuity of some activities and the sustainability of PAFOR's impact by increasing forest cover in the South Province, building the capacity of national managers and beneficiaries, and improving the living conditions of forest-area dwellers.

4. Knowledge Management

4.1 The project will help to: (i) ensure greater involvement of local communities in the South Province in sustainable forest resource management; (ii) enhance knowledge of forest resources in the Eastern watershed of the Congo Basin; (iii) consolidate the role of forestry in poverty reduction; and (iv) develop a national Monitoring, Reporting and Verification (MRV) system and payment for ecosystem services (PES).

4.2 The knowledge acquired under this project will enhance that of other projects or initiatives funded by the Bank in the areas of sustainable natural resource management, environmental protection and climate change. Lessons learnt as well as knowledge acquired will inform project annual reports, completion reports and performance evaluation reports.

RESULTS LOGICAL FRAMEWORK

Country and project name: Republic of Rwanda- Sustainable management of manmade forests and restoration of natural forests						
Purpose of the project : Contribute to reducing deforestation and poverty in Congo basin						
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
		Indicator (including CSI)	Baseline	Target		
IMPACT	Increased forest cover and improved living standards for the population in the Congo Basin area in Rwanda	-Rate of increase in forest cover	36%	39%	Project reports	Risk indicators: failure to honour commitments made by stakeholders Mitigative strategies: Signing of agreements (MoUs) between RNRA and its partners; Regular monitoring and evaluation of activities
		- Income of the population in the project area	-	5%		
OUTCOMES	<u>Outcome 1</u> : The rate of forest cover in eight districts is increased	-Number of hectares of natural forests restored -Number of hectares of new manmade forests created (forest and agroforestry)	0 42,629 ha	300 45,129 ha	Progress Reports, Monitoring/Evaluation Reports	Risk Indicators: Stagnation of forest areas or reduction in forest areas in worse case Mitigative strategies: Intense awareness-raising campaigns upon signature of Grant Protocol Agreement; Involvement of local organizations, opinion leaders and project beneficiaries upon project start-up and during its implementation
	<u>Outcome 2</u> : Coordinated management of public and private manmade forests in the eight districts covered by the project	-Number of hectares of public and private manmade forests complying with sustainable management standards	12,570 ha	15,270 ha		
	<u>Outcome 3</u> : Increased incomes for households living nearby natural forests	Additional increase of incomes from the project	-	5%		
	<u>Outcome 4</u> : Information on forest biomass and carbon pool is available	4.1. Biomass map 4.2. Carbon pool determination and monitoring system	0	Existence of A Biomass map Existence of a Carbon pool determination and monitoring system	Reports of RNRA and its partners (CGIS and LTS)	

OUTPUTS	1.Forest management and sustainable practices							
	<u>Output 1.1</u> : Revised forest management plans	1.1. Number of forest management plans revised	1	8	Plans and reports	<p>Risk Indicators: Inadequate service delivery and failure to respect deadlines, resulting in poor knowledge of forest resources and inadequate forest production. Delays in the provision of public land</p> <p>Mitigative strategies: Ensure the early preparation of bidding documents; Ensure regular monitoring of services provided by partners; Carry out an awareness-raising campaign; Involve all stakeholders in extension activities; Hold consultations with local authorities to encourage the massive participation of the local population; Turn to opinion leaders in local communities to obtain public land.</p>		
	<u>Output 1.2</u> : RNRA technicians and those of its partners are capable of implementing forest management plans	1.2. Number of technicians trained	0	20	Certificates, training workshop reports, NAFA progress reports			
	<u>Output 1.3</u> : Revised forest management plans are implemented	1.3. Number of plans implemented	0	8	Reports			
	<u>Output 1.4</u> : A cadastral survey of public small natural forests and manmade forests is available	1.4. HA public small natural forests and manmade forests with a cadastral plan	0	3000 ha	Cadastral plan			
	<u>Output 1.5</u> : Seedling agroforestry trees are produced and planted	1.5. Number of seedling agroforestry trees distributed and planted and number of beneficiary households	0 0	8000000 seedlings 600000 households	List of beneficiaries and Progress Reports			
	<u>Output 1.6</u> : Small natural forests are restored	1.6. Number of hectares of natural forests rehabilitated	150	162 ha	Progress Reports, field visits			
	<u>Output 1.7</u> : The population masters agroforestry techniques and eucalyptus coppice management	1.7. Number of people trained	0	1150 people	Lists of people trained and training workshop report			
	<u>Output 1.8</u> : Woodlots created by vulnerable people	1.8. Number of hectares of manmade forests created and number of people supported	0 0	200 ha 400 people	List of people supported (or contracts signed with beneficiaries) and Progress Reports			
	<u>Output 1.9</u> : New public forest plantations are created	1.9. Number of hectares of new forest plantations created	12,800 ha	13,300 ha	Progress and Monitoring/Evaluation Reports			

<p>2. Ecological and Socio-economic Monitoring and Baseline Data</p> <p><u>Output 2.1:</u> The forest biomass map is available</p> <p><u>Output 2.2 :</u> The carbon pool determination and monitoring system is established (MRV system)</p> <p><u>Output 2.3 :</u> Senior technicians capable of developing and using a carbon pool determination and monitoring system and taking over at the end of the project</p>	<p>2.1. Number of forest biomass maps available</p>	0	1	National Forest Biomass Map	<p>Risk indicators: the level and trends of carbon pools are not known</p> <p>Mitigative strategies: Training of nationals and implementation of agreements signed with specialized institutions such as LTS</p>
	<p>2.2. A carbon pool determination and monitoring system is available</p>	0	1	MRV system document, Progress and Monitoring/Evaluation Reports	
	<p>2.3. Number of (senior) technicians trained</p>	0	1	Certificates and RNRA Progress Reports	

3. Livelihood and Economic Development					
<u>Output 3.1</u> : Apiarian cooperatives are established and functional	3.1. Cooperatives established and functional	10	17 cooperatives	Instruments governing their establishment and progress reports	<p>Risk indicators: Insufficient quantity of products from various activities implemented under the project or slump in the sales of the products</p> <p>Mitigative strategies: Signing of MoUs with structures or NGOs specialized in production and marketing; Lay special emphasis on training and supervision of cooperatives</p>
<u>Output 3.2</u> : Beekeepers master and apply modern beekeeping techniques	3.2. Number of beekeepers trained and supervised in modern beekeeping techniques	-	100 beekeepers	Training workshop report and progress reports	
<u>Output 3.3</u> : Seedling fruit trees are distributed and planted	3.3. Number of beneficiaries and seedling fruit trees distributed and planted	- -	1000 people 10000 fruit seedlings	List of beneficiaries and progress reports	
<u>Output 3.4</u> : Mushroom growers' cooperatives formed and functional	3.4. Number of cooperatives formed and functional	4	11 cooperatives	Instruments governing their formation (or registration number) and progress reports	
<u>Output 3.5</u> : Mushroom growers master and apply mushroom growing techniques	3.5. Number of mushroom growers trained and supervised in mushroom growing techniques	-	100 cooperatives	List of people trained and training workshop report	

<p>Component 4 : Project Management</p> <p><u>Output 4.1</u> : Project team has the necessary equipment and means to operate.</p> <p><u>Output 4.2</u> : The procurement/contract plan is implemented following the procurement methods indicated in the Grant Agreement</p> <p><u>Output 4.3</u> : The administrative and financial management of the project is effectively performed</p>	<p>Type of operation equipment and resources provided</p> <p>Procurements/contracts executed as planned</p> <p>Procedures Manual revised and adapted; interim and end-of-year financial reports are prepared regularly and on time; annual financial audits are conducted</p>	<p>0</p> <p>A Procurement plan is available</p> <p>Existence of a Procedures Manual but not adapted to the project</p>	<p>The project team is equipped and functional upon project start-up</p> <p>Planned procurements / contracts are executed within the prescribed deadlines</p> <p>A computerized accounting and financial management system is established and is functional; (2) The previous PAFOR Procedures Manual is revised and adapted to the new project; (3) The previous software is configured in accordance with project needs; (4) Annual audits were realized as planned</p>	<p>Reports</p> <p>Reports</p> <p>Financial Reports and Audit reports</p>	<p>Risk Indicators: Procurement delays</p> <p>Mitigative Strategies: Permanent assistance by the CBFF Secretariat; Close support by the ADB Regional Office in Kigali</p>
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KEY ACTIVITIES	COMPONENTS	INPUTS
	<p>1. Forest management and sustainable practices</p> <p>1.1. Revision of existing forest management plans for seven of the eight districts covered by the project 1.2. Training of RNRA technicians and those of its partners in forest management plan implementation 1.3. Implementation of the eight revised forest management plans 1.4. Conduct of a cadastral survey of public small natural forests and woodlands 1.5. Agroforestry development 1.6. Restoration of degraded small natural forests 1.7. Training of the population in agroforestry and in eucalyptus coppice management 1.8. Provision of support to vulnerable groups (unmarried women and genocide survivors) in creating micro-woodlands 1.9. Creation of new forest plantations on State land</p>	<p>Component 1 : 3,937,079 Euros</p>
	<p>2. Ecological and Socio-economic Monitoring and Baseline Data</p> <p>2.1. Drawing of a forest biomass map 2.2. Development and establishment of a carbon pool determination and monitoring system (development of a national MRV system) 2.3. Training of RNRA and CGIS senior technicians on the development and use of a carbon pool determination and monitoring system</p>	<p>Component: 388,070 Euros</p>
	<p>3. Livelihood and Economic Development</p> <p>3.1. Support for the establishment and operation of apiarian cooperatives 3.2. Training and supervision of beekeepers in modern beekeeping techniques 3.3. Development of horticulture at the community level 3.4. Support for the formation and operation of women's mushroom cooperatives 3.5. Training and supervision of women mushroom growers</p>	<p>Component 3: 281,813 Euros</p>
	<p>4. Project management</p> <p>4.1. Equipping and running of the project management team 4.2. Procurement of goods, services and works required for project implementation 4.3. Project administrative and financial management</p>	<p>Component: 313,251 Euros</p>

PROJECT IMPLEMENTATION SCHEDULE

ACTIVITIES		2011				2012				2013				2014			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1	Negotiations																
2	Grant approval																
3	First disbursement																
4	Project launching workshop																
	Forest Management and Sustainable Practice																
5	Revision of existing forest management plans for seven of the eight Districts covered by the project																
6	Training of RNRA technicians and those of its partners in forest management plan implementation																
7	Implementation of eight forest management plans																
8	Conduct of a cadastral survey of public small natural forests and woodlands																
9	Agroforestry development in four districts																
10	Restoration of degraded small natural forests																
11	Training of the population in agroforestry and in eucalyptus coppice management																
12	Provision of support to vulnerable groups in creating micro-woodlands																
13	Creation of new forest plantations on State land																
14	Guidance, supervision, monitoring and evaluation																
	Ecological and Socio-economic Monitoring and Baseline Data																
15	Drawing of a forest biomass map																
16	Development and establishment of a carbon pool determination and monitoring system																
17	Training of RNRA and CGIS senior technicians in the development and use of a carbon pool determination and monitoring system																
	Livelihood and Economic Development																
18	Support for the establishment and operation of apiarian cooperatives																
19	Training and guidance of beekeepers in modern beekeeping techniques																
20	Promotion of horticulture among beneficiaries																
21	Support for the establishment and operation of women's mushroom cooperatives																
22	Training and guidance of women mushroom growers																

REPORT AND RECOMMENDATION OF BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING THE RWANDA SUSTAINABLE WOODLAND MANAGEMENT AND NATURAL FOREST RESTORATION PROJECT

Management hereby submits this report and recommendation concerning a proposal for the award of an EUR 4.59 million CBFF grant to the Government of Rwanda to finance the Rwanda Sustainable Woodland Management and Natural Forest Restoration Project.

I. STRATEGIC THRUST AND RATIONALE

Project Linkages with Country Strategy and Objectives

1.1.1 Rwanda's strategic objectives in forestry include, among others: (i) increasing and diversifying national forest and agroforestry resources (Vision 2020 and forest policy); (ii) conserving and sustainably rehabilitating forest and agroforestry resources (EDPRS and forest policy); (iii) assessing the contribution of goods and services provided by the forestry sector to the national economy (forest policy); and (iv) developing an agriculture that seeks to preserve the environment and natural resources (National Agricultural Policy). This project will help to implement national strategies and priorities contained in Vision 2020, the national poverty reduction strategy (EDPR), the forest policy and the national agricultural strategy. Therefore, the project is relevant to the objectives pursued by Rwanda.

1.1.2 The project is in line with the Bank's 2008-2011 Country Strategy Paper (CSP) for Rwanda and particularly with Pillar II concerning competitiveness and business development, given that it will involve many private service providers and NGOs in implementing the works planned. The project is also in keeping with the Bank's general poverty reduction and environmental protection policy as it will help the beneficiaries to improve their income by promoting income-generating activities, creating jobs and increasing the reforestation rate.

Rationale for CBFF Involvement

1.2.1 The project will cover three CBFF thematic areas, namely: (1) forest management and sustainable practice; (2) ecological and socio-economic monitoring and baseline data; and (3) livelihood and economic development. Therefore, it will contribute to achieving CBFF objectives, namely to reduce the deforestation rate and alleviate poverty among the population within the project target area.

1.2.2 Furthermore, the project will cover three thrusts under the Central African Forest Commission (COMIFAC) Convergence Plan targeted as a matter of priority by CBFF, namely Thrusts 2, 6 and 9 concerning knowledge of forest resources, development of alternative activities and poverty reduction, and development of financing mechanisms. As a reminder, COMIFAC comprises ten (10) countries in Central Africa, namely: Burundi, Cameroon, Congo, Gabon, Equatorial Guinea, Democratic Republic of Congo, Rwanda, Sao Tome and Principe, and Chad. The COMIFAC Convergence Plan aims to define priority areas for forest management and conservation in the Commission's ten member countries, including sub-regional, cross-border and national actions. The Plan, which comprises ten strategic thrusts, is considered as the reference document to guide the actions and financing of COMIFAC member countries in forestry.

1.2.3 The project will contribute to preserving PAFOR achievements (the Bank funded PAFOR from 2001 to 2010) and will help to strengthen actions undertaken in the sub-sector through projects sponsored by the Bank and other partners.

Aid Coordination

1.3.1 Each year, the Rwandan Government organizes a Development Partners' Forum. All donors, including those not actively involved in Rwanda, are invited to the Forum. There is also a Development Partners Coordination Group comprising Government and development partner representatives whose role is to discuss development programme planning/implementation and external aid coordination. The Harmonization and Budget Support Group comprising donors providing budget support is a forum for discussion and harmonization of budget support approaches. The Government and development partners have developed a joint performance evaluation framework for monitoring the Poverty Reduction and Economic Development Strategy Paper during the 2008-2012 period.

1.3.2 External aid is coordinated by the Ministry of Finance through External Financing Unit. Belgium and the Netherlands are the main donors in the forestry sector in Rwanda. These countries are financing the Reforestation Support Project (PAREF) for EUR 13 000 000. The Bank also financed the Rwanda Forest Management Support Project (PAFOR) which was completed in 2010. PAREF's main objective is to increase fuelwood production. It is implemented particularly in national forest estates. PAFOR had several components covering the reconstitution of wood potential, protection of sensitive areas, training and institutional support.

II. PROJECT DESCRIPTION

2.1 Project Objectives

The project's sector objective is to contribute to reducing deforestation and poverty in the Congo Basin. Its specific objectives are to: (1) increase forest cover and improve the living conditions of the forest-area population; and (2) create basic conditions that would win Rwanda eligibility for carbon market benefits and payment for ecosystem services.

2.2 Project Components

2.2.1 Project activities are grouped into four components, briefly described in the following table:

Table 2.1
Project Components

No.	Component Name	Estimated Cost (EUR)	Component Description
A	Forest Management and Sustainable Practice	3,937,079	<ul style="list-style-type: none"> ▪ Revision of existing forest management plans for seven of the eight Districts covered by the project ▪ Training of NAFA technicians and those of its partners in forest management plan implementation ▪ Implementation of 8 forest management plans through silvicultural activities in order to foster productivity increase and a more sustained production. To this effect, of degraded afforestation will be replaced by new plantations using improved forestry seed. The degraded afforestation will be replaced gradually so as too have at the end a forest which can provide forest products on a regular and sustained basis. The implementation of management plans will also help to diversify the forest productions with the replacement of some wood for energy related afforestation by timber species. ▪ Conduct of a cadastral survey of public small natural forests and woodlands (3 000 ha) ▪ Agroforestry development in eight Districts ▪ Restoration of degraded small natural forests ▪ Training of the population in agroforestry and eucalyptus coppice management ▪ Provision of support to vulnerable groups (unmarried women and genocide survivors) in creating private micro-woodlands ▪ Creation of new forest plantations on State land
2.	Ecological and Socio-economic Monitoring and Baseline Data	388,070	<ul style="list-style-type: none"> ▪ Drawing of a forest biomass map ▪ Development and establishment of a carbon pool determination and monitoring system ▪ Training of RNRA and CGIS senior technicians on the development and use of a carbon pool determination and monitoring system
3.	Livelihood and Economic Development	281,813	<ul style="list-style-type: none"> ▪ Support for the establishment and operation of apiarian cooperatives ▪ Training and supervision of beekeepers in modern beekeeping techniques ▪ Development of horticulture ▪ Support for the establishment and operation of women's mushroom cooperatives ▪ Training and guidance of women mushroom growers
4.	Project Management	313,251	<ul style="list-style-type: none"> ▪ Equipping and running of the project management team ▪ Procurement of goods, services and works needed for project implementation ▪ Project administrative and financial management

2.3 Technical Solutions Adopted and Alternatives Explored

Table 2.2
Comparison of Technical Solutions Explored and Solutions Adopted

Solution Adopted	Solution Explored	Reasons for Rejection
1. Revision and implementation of management plans by the Ministry's trained staff 2. Agroforestry development by trained local communities	1. Have an experienced Consultant revise and implement development plans 2. Have a specialized NGO develop agroforestry	1. High cost and absence of ownership, and hence of sustainability 2. High cost and absence of ownership, and hence of sustainability
1. Drawing of a forest biomass map by experienced local experts 2. Development and establishment of a carbon pool determination and monitoring system (development of a national MRV system)	1. Have the map drawn by consultant cartographers and GIS specialists 2. Have a national MRV system developed by consultant REDD and MRV specialists	1. A new theme requiring building local capacity for better ownership and consequently sustainability High cost 2. A new theme requiring building local capacity for better ownership and consequently sustainability High cost
1. Support for the establishment and operation of apiarian cooperatives for local communities in order to reduce poverty 2. Development of community horticulture	Support to local communities for the development of income-generating activities other than PFNL	Activity and methodology imposed on farmers: absence of ownership and sustainability
RNRA ensures project administrative and financial management	A private consulting firm ensures project administrative and financial management	Costly solution; absence of ownership and sustainability

2.4 Project Type

The operation under consideration is a project initiated to implement the recommendations of a study carried out by the Ministry of Natural Resources in 2007, including the following: (i) take measures to restore, protect and reforest old woodlands that are being damaged; (ii) encourage the establishment of private woodlands notably by developing agroforestry; (iii) map forest resources under 0.5 ha and agroforestry resources. It will be financed with a Congo Basin Forest Fund (CBFF) grant and contributions from the Rwandan Government and beneficiaries. This funding method is consistent with CBFF procedures which encourage cost-sharing. The CBFF grant will be used to finance goods, services and works needed for project implementation.

2.5 Project Cost

2.5.1 The overall project cost is estimated at EUR 4 920 213, net of taxes and customers duties. All costs were calculated in local currency and then converted into Euro. Customs duties and taxes will be borne by the State. A 1% physical contingency rate was applied on all works. This low physical contingency rate is attributable to the low level of technology of the works which, moreover, will be executed by experienced local private service providers who have field experience and expertise. A 3% composite provision for price escalation was applied on all components. The summary of the estimated project cost by component and by expenditure category is shown in Tables 2.3 and 2.4 below.

*Table 2.3
Summary of Estimated Project Cost by Component*

COMPONENT	Local Currency	Foreign Exchange	Total	% Foreign Exchange
Forest Management and Sustainable Practice	3 237 938	430 126	3 668 064	12
Ecological and Socio-economic Monitoring and Baseline Data	128 783	237 617	366 400	65
Livelihood and Economic Development	272 502	0	272 502	0
Project Management	287 369	8 888	296 257	3
Base cost	3 926 593	676 630	4 603 223	15
Provision for physical contingencies	28 769	0	28 769	0
Provision for price escalation (composite 3%)	25 940	262 281	288 221	9
Total cost estimate	3 981 302	938 911	4 920 213	14

*Table 2.4
Summary of Estimated Project Cost by Expenditure Category*

EXPENDITURE CATEGORY	Local Currency	Foreign Exchange	Total	% Foreign Exchange
Works	2 554 791	0	2 554 761	0
Goods	73 346	46 894	120 240	39
Services	629 737	629 737	1 259 473	50
Staff	244 347	0	244 347	0
Operating cost	301 634	0	301 634	0
Miscellaneous management expenses	122 739	0	122 739	0
Base cost	3 926 593	676 630	4 603 223	15
Provision for physical contingencies	28 769	0	28 769	0
Provision for price escalation (composite 3%)	25 940	262 281	288 221	91
Total cost	3 981 302	938 911	4 920 213	19

2.5.2 The project will be financed by the Congo Basin Forest Fund (CBFF), the Rwandan Government and beneficiaries. CBFF would contribute **EUR 4 586 859** representing 93% of the overall project cost. The Rwandan Government's contribution is estimated at EUR 233 672 (or 5% of the overall project cost) representing the salaries of staff involved in project implementation, office rental, computer hardware inherited from PAFOR (project financed by the ADB and completed in 2010), exemption from taxes on project equipment as well as bank charges. In-kind contribution by beneficiaries is equivalent to EUR 99 682 (or 2% of the overall

project cost) and covers their participation in creating and maintaining village woodlands and planting seedling agroforestry trees.

Table 2.5
Sources of Financing

Sources of Financing	Local Currency	Foreign Exchange	Total	% Total
CBFF	3 668 016	918 843	4 586 859	93
Government	213 604	20 068	233 672	5
Beneficiaries	99 682	0	99 682	2
Total cost estimate	3 981 302	938 911	4 920 213	100

2.5.3 The expenditure schedule is as follows:

Table 2.6
Expenditure Schedule by Component (in EUR)

COMPONENT	Year 1	Year 2	Year 3	Total	% Total
Forest Management and Sustainable Practice	819 374	1 731 289	1 386 416	3 937 079	80
Ecological and Socio-economic Monitoring and Baseline Data	39 140	348 930	0	388 070	8
Livelihood and Economic Development	257 756	14 179	9 878	281 813	6
Project Management	127 496	91 505	94 250	313 251	6
TOTAL COST	1 243 766	2 185 903	1 490 544	4 920 213	100

2.6 Project Target Area and Beneficiaries

2.6.1 The project will be implemented in the following eight Districts located in the country's South Province (see map of project area in Annex 1): (1) Nyaruguru; (2) Gisagara; (3) Huye; (4) Nyamagabe; (5) Nyanza; (6) Ruhango; (7) Muhanga; and (8) Kamonyi. This area was chosen for the following reasons: (i) the province is located in the Congo Basin area which covers approximately 30% of the national territory; (ii) the region has abundant protected and unprotected natural forests (where the Nyungwe mountain forest, which is now a national park, is located); (iii) according to the 2007 forest inventory, woodlands in the buffer zone around Nyungwe National Park are very old and the restoration of the area is considered a priority; (iv) forest degradation is at an advanced stage owing to poaching and the illegal felling of trees by the generally very poor forest-area population.

2.6.2 The direct project beneficiaries are: (i) 600 000 households (or about 3 000 000 people) that will be provided with forest and/or fruit trees seedlings; (ii) 400 vulnerable persons who will benefit from private micro-woodlands; (iii) 1 200 farmers who will be trained, 200 of whom will be supported to form community cooperatives (seven apiarian cooperatives and seven women mushroom growers' cooperatives); (iv) 24 technicians of RNRA and its partners who will receive further training under the project. The direct beneficiaries will also include all those who will have temporary employment during seedling tree production and planting, and implementation of the forest management plan. The indirect beneficiaries are the three million people living in the eight Districts covered by the project.

2.7 Participatory Approach for Project Identification, Design and Implementation

2.7.1 The first instance of the participatory approach during the project identification and design phase was during the celebration of the National Tree Day (in November 2009) when the population of the South Province expressed the need for a forestry project in the province. Other consultations were held with the different partners, stakeholders and local populations in the country's administrative Districts and Sectors. Following the consultations, a concept note including the needs expressed during the consultations was prepared by RNRA. This project has taken those needs into account.

2.7.2 As part of project design/appraisal, the CBFF Secretariat fielded two missions to Kigali, in January and April 2010, to discuss project issues with beneficiaries and stakeholders and ascertain that the project would not be a duplication of other operations in its target area. The compilation and summary of ideas expressed and themes treated during the different meetings led to this appraisal report. Bank experts were involved in the project appraisal process through various comments made, with a view to improving the quality of this report.

2.7.3 During the project implementation phase, some of the partners that contributed to project design (LTS, RAB, CGIS, etc.) will participate in implementing a number of activities. The local population will be involved in the planting of seedling forest and agroforestry trees. Beekeepers' groups will participate in site preparation and the construction of hive stands, and will themselves supply bees. Women mushroom growers will participate in the construction of barns (shelters) and regular watering of mushroom fields. Some beneficiaries will also take part in the training provided under the project (1 000 agroforestry farmers, 100 beekeepers and 100 women mushroom growers). Influential organizations at the local level will play a key role in sensitizing the population to enable them to participate actively in project activities.

2.8 Bank Group Experience and Lessons Reflected in Project Design

2.8.1 The Rwanda Forest Management Support Project (PAFOR) is the only forestry sector project financed by the Bank since 1994. The project, which was completed in 2010, helped, among other things, to restore 15 000 ha of degraded natural forests and forest plantations, develop a better road network (construction of 157 km of new roads and reforestation of both sides of the roads over a distance of 241 km), build the capacity of professionals and beneficiaries, and construct 80 000 improved homes. Other important achievements concern agroforestry, management plan preparation, academic training of senior officers and guidance of local associations in seedling production, tree planting and maintenance. This project will benefit from the expertise acquired during PAFOR implementation. It will also complement PAFOR by launching the implementation of already prepared management plans and, above all, by building the capacity of the population to maintain and manage already created woodlands.

2.8.2 The major lesson drawn from PAFOR implementation and which informed project design, concerns procurement arrangements. In the PAFOR document, the use of local contractors was retained for the execution of project works, particularly seedling production. Poor understanding of project area micro-climate by the local contractors as well as weaknesses in supervision resulted in a low seedling growth rate. In agreement with the ADB, PAFOR modified this procurement method and opted for the use of local private service providers based on memoranda of understanding or agreements signed with producers associations and groups. This helped to correct the weaknesses noticed. RNRA built on PAFOR's experience in this project by opting to use local private service providers, while maintaining a level playing field.

2.8.3 The 2009 review report shows that the overall performance of Bank Group portfolio in Rwanda is satisfactory. On the whole, the disbursement rate is higher than the Bank Group's overall average disbursement rate (25%). However, there are procurement problems, notably in the agricultural sector (delays in bid analysis and contract award). Experience acquired by the project management team in implementing PAFOR will help to mitigate these difficulties.

2.9 Key Performance Indicators

The key performance indicators are shown in the project logical framework and can be summarized as follows: (i) the number of hectares of public and private woodlands complying with sustainable management standards; (ii) the number of hectares of natural forests restored; (iii) the number of hectares of new plantations opened; (iv) additional income generated by the project; and (v) existence of data on forest biomass and carbon pool.

III. PROJECT FEASIBILITY

3.1 Technical Feasibility

Project technical feasibility will depend on RNRA's technical capacity acquired in managing similar projects such as the Rwanda Forest Management Support Project (PAFOR, financed jointly by the ADB and Rwandan Government) and the Reforestation Support Project, (PAREF, co-financed by the Netherlands and Belgium), the expertise of its staff and partners involved in project management, and mastery of seedling tree production and planting by the population, particularly associations and groups. Project technical effectiveness will also depend on the implementation approach adopted, which should take the interests of beneficiaries into consideration. In fact, all activities planned have a direct benefit for local communities. This will facilitate beneficiary support and ownership.

3.2 Economic and Financial Performance

3.2.1 Calculating a rate of return for this project would not be realistic, given that income-generating activities (beekeeping, horticulture and mushroom growing) will concern only a small number of beneficiaries. However, based on estimates, financial benefits will surely be derived from these activities. Use of modern beekeeping techniques will increase yield, from 7 kg per traditional hive stand to 40 kg per modern hive stand. At a rate of FRW 1 000 per kg of purified honey and 300 hive stands per cooperative, annual income per cooperative is estimated at FRW 12 000 000, or about EUR 15 000 per cooperative of 40 members on average. The gross profit margin per member is expected to increase from EUR 80 prior to the project (at a yield of 7 kg per traditional hive stand) to EUR 375 per annum in a with-project situation, or an additional project-induced profit margin of about EUR 255 per member per year.

3.2.2 Concerning fruit trees, income is estimated at FRW 280 000 000 as from the third year of the project (at the rate of FRW 28 000 per annum per fruit tree, generally an avocado tree), that is FRW 280 000 per beneficiary, equivalent to about EUR 358 per annum per beneficiary. For its part, mushroom growing will generate income estimated at FRW 8 000 000 per year per barn, or about EUR 10 000 per annum. These estimates show that the activities are profitable and would generate significant income for the beneficiaries.

3.2.3 By using the labour-intensive method, seedling forest, agroforestry and fruit tree production and planting as well as forest management plan implementation will help to create temporary jobs equivalent to 240 000 man/days.

3.3 Environmental and Social Impact

Environment

3.3.1 The project is classified under the Bank's Environmental Category 3, justified by the fact that the project will not have any negative environmental impact. Instead, it will contribute to improving the local environment. The harvesting of restored woodlands, private micro-woodlands and agroforestry trees (agroforestry and horticulture) will lead to a reduction in pressure on protected and unprotected natural forests which could be gradually restored, thus contributing to biodiversity conservation. Honey will be processed naturally without additives and bees will facilitate pollen dispersal and natural restoration of small forests from the current degraded state.

Climate Change

3.3.2 The project will help to increase the forest cover rate and reduce the deforestation rate by restoring small natural forests, protecting Nyungwe forest, creating new woodlands and developing agroforestry and horticulture. The beneficiary local population and communities could have access to the wood they need for domestic and community use without resorting to illegal felling of natural forests in their neighbourhoods. Planted trees, new woodlands created and increased productivity of existing woodlands will eventually contribute to building up carbon pools and, consequently, reducing climate warming.

3.3.3 The existence of management plans and inventories as well as the establishment of a carbon pool determination and monitoring system will help to improve knowledge of forest resources of the Eastern watershed of the Congo Basin and provide the population with resources.

Gender Issues

3.3.4 There will be special follow-up to ensure the effective participation of youths and women in all project activities (seedling tree production and planting, forest management plan implementation, training, agroforestry, beekeeping, etc.). Specifically, the project will provide support in the formation of women mushroom growers' cooperatives: seven cooperatives grouping about one hundred women will be formed and supported in terms of training, supervision, planting and operating equipment. Income generated from mushroom growing is estimated at FRW 8 000 000 per annum per barn, that is about EUR 10 000 per annum/barn. Special support will be provided to vulnerable groups (genocide survivors, orphans, unmarried women) by helping them to create micro-woodlands through the distribution of seedling forest trees and supervision: at least 400 people will be involved, of whom 25% men, 35% women and 40% children without parents. During the project implementation phase, about 150 nursery farmer jobs will be created, of which 100 allocated to women under the technical supervision of district foresters. Training in agroforestry and coppice forest management techniques will be organized for 1 000 small forest producers, at least 30% of them women. Thus, the project will create enabling conditions for increasing the income of youths and women and strengthening their capacity. This will empower women to some extent. With PAFOR, experience has shown the dynamism and organization of women's associations, groups and Pygmies in producing seedlings and opening plantations.

Social Issues

3.3.5 Private micro-woodland creation and agroforestry and horticulture development will effectively contribute to water and soil conservation, fuelwood supply and soil fertility maintenance and improvement. Spin-offs will be an increase in the potential level of agricultural productivity of beneficiary households and a reduction in the time taken and risks run by women and children when fetching fuelwood in natural forests. In addition, community honey and mushroom cooperatives will have a positive impact on the nutritional status of beneficiaries, particularly children, through honey and mushroom consumption. The cooperatives will also improve household income through the sale of products and job creation. More than two hundred jobs will be created in honey and mushroom production, and about one hundred jobs in transporting and marketing production from cooperatives. The project will help to strengthen the role of forestry in poverty reduction.

3.3.6 Project implementation will enable the staff of RNRA and its partners as well as beneficiaries to enhance their knowledge. Seedling forest, agroforestry and fruit tree production and planting as well as forest management plan implementation will help to create temporary jobs equivalent to 240 000 man/days.

Involuntary Population Displacement

3.3.7 The project will not cause any involuntary population displacement. The opening of new forest plantations will be done on State lands. Micro-woodlands will be developed on private lands as part of support to vulnerable groups. A bamboo belt extending from the exterior into the interior of the forest will be used to restore degraded natural forests. Agroforestry activities will be concentrated on fields already farmed. Therefore, there is no planned clearing entailing any population displacement under this project.

IV. PROJECT IMPLEMENTATION

4.1 Implementation Arrangements

Institutional Arrangements

4.1.1 The project will be executed by the Rwanda National Resource Authority (RNRA) through its Forestry & Terrestrial Ecosystem management Department. RNRA is under the supervision of the Ministry of Natural Resources. RNRA is charged with controlling, monitoring and ensuring the integration of forestry aspects into all national development programmes in Rwanda. Specifically, RNRA assumes the following responsibilities: (i) participate in forest policy and strategy design and implementation; (ii) advise the Government on forest sector policies, strategies and legislation; (iii) support other State bodies in environmental and forest protection; (iv) prepare national afforestation and forest management programmes; (v) advise and encourage individuals to participate in afforestation; (vi) undertake and sponsor research in the forestry sector, and collect and manage data on forests; (vii) disseminate research findings; (viii) prepare technical standards for forest management and use; (ix) evaluate and closely monitor development programmes to ensure compliance with rational forest management and use standards; and (x) collaborate with other institutions and international organizations involved in forestry activities.

4.1.2 The project will be under RNRA coordination. RNRA has already appointed a Coordinator (the current Officer in charge of forest industry and carbon market) who was actively involved in the project design. He will be assisted by a Technical Assistant recruited competitively in conformity with the Bank's Rules and Procedures for the Use of Consultants. The Technical Assistant shall have a good command of the Bank's Rules and Procedures and will be actively involved in all phases of the project's implementation. He will provide guidance on the Bank's rules and will ensure compliance with the reporting formats and deadlines. The coordination team will include in addition: the Deputy Director in charge of Forestry & Terrestrial Ecosystem management Department; the Forest Estate Programme Unit Director; Officers in charge of the forestry inventory and agroforestry respectively, the Director in charge of administration and finance, an accountant as well as. Most of those staff shall have a good experience in the management of the Bank's financed projects.

4.1.3 In accordance with Rwanda's domestic policy, public sector institutions like RNRA have their project activities executed by service providers or other specialized public structures. In this connection, the implementation of project activities will be entrusted to technical partners and to consultants who will lend support to the coordination team on an ad hoc basis. RNRA will supervise all activities. The following technical partners have already been identified: (i) the GIS Centre of National University of Rwanda which will draw a forest biomass map; (ii) LTS International which will develop and establish a carbon pool determination and monitoring system and train RNRA senior technicians; (iii) Rwanda Agricultural Board (RAB) to support the development and the functioning of the bee-keeping and mushroom production cooperatives.

4.1.4 RNRA's capacity to manage the project depends not only on the qualification and expertise of its staff, but also on its experience in project management. In fact, it has already managed other projects, including: (i) the Rwanda Forest Management Support Project (PAFOR) co-financed by the ADB and the Rwandan Government over eight years at a cost of UA 11.51 million; and (ii) the Reforestation Support Project (PAREF) co-financed by the Netherlands and Belgium for EUR 13 million. RNRA will also enlist the support of specialized partners and service providers in implementing project activities.

4.1.5 A steering committee presided by the Permanent Secretary in the Ministry of Natural Resources will be created following the signing of the grant agreement. It will include the following structures: the External financing Unit of the Ministry of Finance and Economic Planning (MINECOFIN), the Ministry of Natural Resources (MINIRENA), Rwanda Development Board (RDB), Rwanda Environment Management Authority (REMA), the Central African Regional Programme for the Environment (CARPE) and the Ministry of Local Administration (MINALOC). The Steering committee will be responsible of the approval of annual workplans and budgets as well as annual reports and M&E reports. It will also ensure the implementation of the recommendations of the supervision missions and the development of synergies with the other projects and programmes.

Arrangements for the Procurement of Goods, Works and Services

4.1.6 The Bank (ORPF.1) has ordered a study, which is currently underway, on the opportunity for using national procedures in order to determine how they dovetail with global, standard acquisition procedures. While awaiting the conclusion of the study, all procurement of goods, works and services will be undertaken in accordance with Bank's Rules of Procedure for the Procurement of Goods and Works or, as appropriate, Bank's Rules of Procedure for the Use of Consultants. Bank standard bidding documents will be used. RNRA will be responsible for the procurement of goods, works and consultancy services. Considering its experience in project management, RNRA's capacity was considered adequate to conduct procurement activities. Two experts with a strong experience in procurement are currently in place and will play a crucial role in the smooth implementation of the project. Arrangements for the procurement of goods, works and services are summarized in Annex 2.

4.1.7 The post-review procedure is allowed under the specific conditions defined in Annex 2.

Financial Management and Auditing Arrangements

4.1.8 Despite a significant improvement in public finance management (especially the quality of public external audit), Rwanda's recent PEFA (November 2010) reveals little advancement in indicators related to public accounting and financial reporting. Consequently, Rwandan public finance provisions will not be used in administrative, financial and accounting management, but could come into play for project auditing.

4.1.9 Drawing lessons from the implementation of the completed project (PAFOR), RNRA will be reinforced upon start-up by a director of administration/finance and an accountant who have already been recruited for this project (both are civil service employees). They will be responsible for administrative, financial and accounting management under the supervision of the coordinator. To effectively ensure project accounting and budget monitoring, the project will be equipped with suitable management tools (previous Procedures Manual to be revised and adapted, and previous accounting software to be configured to render it more operational for this project). Accounts will be kept in separate ledgers clearly showing all CBFF-funded operations. The books and accounts will be incorporated into a computerized accounting management system suitable for producing financial statements that comply with international standards.

4.1.10 The annual financial statements, the special account and the functioning of the internal will be audited on an annual basis by the State finance General Auditor or by a private auditing firm appointed by the General Auditor and fulfilling the Bank's requirements (listed in the Bank's approved auditing firms). The auditor will be responsible for *a posteriori* evaluation and review of supporting documents as well as auditing of any CBFF-funded project(s). In addition, RNRA will prepare interim financial statements to be included in project quarterly progress reports. On the whole, this administrative and financial arrangement will reduce the fiduciary risk and ensure the efficient, effective and economic use of resources.

4.1.11 Disbursement arrangements: CBFF grant resources will be disbursed in accordance with ADB Rules of Procedure and CBFF Operational Procedures. The following two disbursement methods will be used: (i) the direct payment method for works, goods and services contracts above EUR 24,000; (ii) the special account or revolving fund (RF) method

for goods and services contracts below EUR 24,000 and for operating costs, project staff allowances and sundry management costs. CBFF grant resources will be deposited into the special account opened by the project executing agency (RNRA) in a local bank deemed acceptable to the Bank. The provisions set forth in the Bank's Disbursement Manual will apply. Disbursements from the special account will be made as an advance, based on an annual work programme and budget approved beforehand by the CBFF Secretariat. Every request for an advance will be submitted to the CBFF Secretariat for approval and will cover a maximum period of six months of operations. The special account will be replenished on the basis of requests by RNRA, backed by supporting documents for the use of at least 50% of the advance previously received.

4.2 Project Monitoring and Evaluation

4.2.1 RNRA will be responsible for project internal monitoring/evaluation. It will be assisted in the performance of this task by a Consultant to be recruited for the purpose. The Consultant will establish a monitoring/evaluation arrangement, conduct periodic monitoring/evaluation missions and train NAFA senior officers. The External Financing Unit will conduct project external monitoring/evaluation each quarter.

4.2.2 RNRA will prepare quarterly and annual project progress reports indicating the status of physical implementation, procurements made, expenditure level, difficulties encountered and measures taken or envisaged to improve project management. Likewise, RNRA will prepare and submit an annual work plan and budget to the CBFF Secretariat for consideration and approval. The project will also be periodically supervised by the CBFF Secretariat to verify project achievements on the ground, assess the level of attainment of expected outputs, issue directives and make recommendations for greater project management effectiveness, with a view to achieving the set objectives. The Kinshasa-based CBFF Operations Officer, assisted by the ADB Regional Office in Kigali, will closely monitor the project. At the end of the project, RNRA will prepare and submit a project completion report to the CBFF Secretariat. The latter will conduct a completion mission to evaluate project achievements and performance, draw lessons and establish best practices.

4.3 Governance

4.3.1 Since the mid-1990s, the Government has focused its efforts on the four "Rs" (Reconciliation, Reform, Reconstruction and Regional Stability). Reconciliation has resulted in the restoration of peace and economic recovery. Political and economic reforms have attracted support from the donor community and facilitated reconstruction, while strengthening social services. The Rwandan Government has adopted a policy of zero tolerance to corruption and allegations concerning public officials are systematically investigated and prosecuted. Compared with its neighbours, Rwanda occupies a better place in the ranking of Transparency International's Corruption Perception Index as well as the Ibrahim Index of African Governance. The Joint Governance Assessment (JGA) conducted by the Government and donors shows that although progress has been made, much more remains to be done, particularly in the area of institutional capacity building. A recent Rwanda Governance Profile, prepared by the Bank Group, arrived at the same conclusion.

4.3.2 The policy of decentralizing the administration is the basis for sustainable governance reform in the interior. Decentralization helps to bring the population nearer to public officials and can contribute to strengthening accountability. The decentralization system provides for great flexibility, including charters for services and/or contracts with

citizens in some provinces as a basis for follow-up and accountability. PGRReF will be implemented in this context which prioritizes consultation and bottom-up decision-making.

4.4 Sustainability

4.4.1 Project sustainability is based on: (i) its consistency with national policies and strategies developed by the Government of Rwanda in relation to project activities (Vision 2020, National Poverty Reduction Strategy, National Forestry Policy and National Agricultural Policy); (ii) innovative and participatory approach for project implementation; (iii) building the capacity of forest supervisory structures and grassroots communities; and (iv) the permanency of NAFA, which is a supervisory, monitoring and control structure funded with State resources.

4.4.2 Apiarian cooperatives will ensure natural forest and woodland protection even after the project, because the survival of their economic activities will depend on the existence of forest and woodlands which are nectar wells. Part of the income generated from honey or mushroom production will be reinvested to ensure continuity of activities. Woodlands will be maintained by forestry producer cooperatives that would have acquired expertise in forest maintenance. The cooperatives will continue to raise the awareness of woodland owners on woodland maintenance. By so doing, the cooperatives will create employment opportunities for themselves by hiring their services to forest owners. In most cases, the sustainability of project activities will be ensured by their capacity to become self-financing. Woodland maintenance cooperatives could hire their services or know-how in eucalyptus coppice management and maintenance, and part of the income would be used to replace worn-out equipment. The National Forestry Fund (NFF) established by Law No. 47/1988 of 5 December 1988 to organize tenure of forest land will take over activities carried out in the public forest domain.

4.5 Risk Management

4.5.1 The main project risks and their mitigative measures are indicated in the project logical framework. The project will entail no environmental risk as it will instead help to restore degraded natural forests, increase forest cover and mitigate risks associated with climate change.

4.5.2 The following could be other potential risks: (i) low determination and commitment of partners (Public and Private Institutions) because of the focus on their mission and the lack of a clear partnership framework in this project. Cooperation agreements which will be signed between RNRA and its partners are clear, especially concerning the regular monitoring/evaluation of activities. Similarly, RNRA's regular supervision missions and those of CBFF (CBFF agency in Kinshasa) will help to correct any weaknesses during project implementation; (ii) insufficient quantity of products from various activities initiated under the project or slump in product sales: the involvement of specialized production and marketing structures, and the training and guidance of beneficiaries organized into cooperatives will help to mitigate this risk.

4.6 Knowledge Building

4.6.1 The project plans to build the capacity of RNRA staff and its partners as well as project beneficiaries. Concerning RNRA and its partners, capacity building will entail the training of 20 technicians in implementing forest management plans and 4 technicians in developing and using

a carbon pool determination and monitoring system. Regarding beneficiaries, 1 000 farmers will be trained in agroforestry and eucalyptus coppice management, 100 people in modern beekeeping techniques and 100 women in mushroom farming and marketing techniques. The training will be carried out by the Rwanda Agriculture Board (RAB) on the basis of an agreement with RNRA.

4.6.2 Knowledge acquired under this project will enhance expertise from other projects or initiatives funded by the Bank in the areas of sustainable natural resource management, environmental protection and climate change. Lessons learnt as well as knowledge acquired will inform project annual, completion and performance evaluation reports.

V. LEGAL FRAMEWORK

5.1 Legal Instrument

The project legal framework will be a Grant Protocol Agreement between the Rwandan Government and the Bank. This document will include the terms and conditions for awarding the grant.

5.2 Conditions Associated with CBFF Involvement

5.2.1 CBFF involvement shall be subject to fulfilment of the following special conditions:

A. *Conditions precedent to grant effectiveness*

5.2.2 Entry into force of the Grant Protocol shall be subject to its signature by the Rwandan Government and the Bank.

B. *Conditions Precedent to first disbursement*

5.2.3 The first disbursement of grant resources shall be subject to the fulfilment by the Rwandan Government of the following special conditions:

- (i) Provide evidence of opening a special account in a commercial bank acceptable to the Bank into which Congo Basin Forest Fund (CBFF) resources will be deposited.
- (ii) Provide evidence of appointment of the Project Steering Committee.

5.3 Compliance with Bank and CBFF Policies

The project is consistent with CBFF objectives and policy. It is also in keeping with applicable Bank policies, notably: (i) the Bank's Country Strategy Paper for Rwanda; (ii) the Bank's 2008-2011 Medium-Term Strategy; and (iii) the Bank's Environmental Policy.

VI. RECOMMENDATION

In light of the foregoing, it is recommended that a CBFF grant not exceeding EUR 4 586 859 be awarded to the Rwandan Government to implement the project as designed and described in this report, subject to the conditions set forth in the Grant Protocol Agreement.

Appendix 1

Indicator	Year	Rwanda	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		26,3	30 322,6	80 976,0	54 658,4
Total Population (millions)	2010	10,3	1 031,5	5 628,5	1 068,7
Urban Population (% of Total)	2010	18,9	40,0	44,8	77,7
Population Density (per Km ²)	2010	390,2	3,4	66,6	23,1
GNI per Capita (US \$)	2009	460,0	1 525,4	2 780,3	39 688,1
Labor Force Participation - Total (%)	2010	49,7	40,1	0,0	0,0
Labor Force Participation - Female (%)	2010	52,9	41,0	39,8	43,3
Gender -Related Development Index Value	2007	0,5	0,5	..	0,9
Human Develop. Index (Rank among 169 countries)	2010	152,0	..	..	..
Popul. Living Below \$ 1 a Day (% of Population)	2005	76,8	..	25,0	..
Demographic Indicators					
Population Growth Rate - Total (%)	2010	2,8	2,3	1,4	0,7
Population Growth Rate - Urban (%)	2010	4,3	3,4	2,4	1,0
Population < 15 years (%)	2010	42,4	40,4	29,2	17,7
Population >= 65 years (%)	2010	2,8	3,4	6,0	15,3
Dependency Ratio (%)	2010	81,2	78,1	52,8	..
Sex Ratio (per 100 female)	2010	94,0	99,5	934,9	948,3
Female Population 15-49 years (% of total population)	2010	25,1	24,4	53,3	47,2
Life Expectancy at Birth - Total (years)	2010	51,1	56,0	65,7	79,8
Life Expectancy at Birth - Female (years)	2010	52,9	54,8	68,9	82,7
Crude Birth Rate (per 1,000)	2010	40,9	35,0	21,5	12,0
Crude Death Rate (per 1,000)	2010	14,0	12,0	8,2	8,3
Infant Mortality Rate (per 1,000)	2010	95,9	78,0	53,1	5,8
Child Mortality Rate (per 1,000)	2010	148,2	127,2	51,4	6,3
Total Fertility Rate (per woman)	2010	5,3	4,4	2,7	1,8
Maternal Mortality Rate (per 100,000)	2008	540,0	530,2	440,0	10,0
Women Using Contraception (%)	2005	17,5	..	61,0	75,0
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005	2,0	46,7	77,0	287,0
Nurses (per 100,000 people)*	2005	45,0	..	98,0	782,0

Births attended by Trained Health Personnel (%)	2005	38,6	..	39,0	99,3
Access to Safe Water (% of Population)	2008	65,0	64,9	84,0	99,6
Access to Health Services (% of Population)	2003	17,6	65,3	80,0	100,0
Access to Sanitation (% of Population)	2008	54,0	40,8	54,6	99,8
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007	2,8	4,6	161,9	14,1
Incidence of Tuberculosis (per 100,000)	2009	376,0	294,9	..	..
Child Immunization Against Tuberculosis (%)	2008	93,0	85,0	89,0	99,0
Child Immunization Against Measles (%)	2008	92,0	83,7	76,0	92,6
Underweight Children (% of children under 5 years)	2005	18,0	..	27,0	0,1
Daily Calorie Supply per Capita	2007	2 085,1	2 461,7	2 675,2	3 284,7
Public Expenditure on Health (as % of GDP)	2008	10,4	2,4	4,0	6,9
Education Indicators					
Gross Enrolment Ratio (%)		..	..	..	..
Primary School - Total	2009	150,7	102,5	106,0	101,5
Primary School - Female	2009	151,4	98,7	104,6	101,2
Secondary School - Total	2009	26,7	36,8	62,3	100,3
Secondary School - Female	2009	26,0	32,2	60,7	100,0
Primary School Female Teaching Staff (% of Total)	2008	54,4	45,5	..	..
Adult Literacy Rate - Total (%)	2008	70,3	64,8	19,0	..
Adult Literacy Rate - Male (%)	2008	66,1	55,9	..	..
Adult Literacy Rate - Female (%)	2008	74,8	74,0	..	..
Percentage of GDP Spent on Education	2010	4,9	4,6	..	5,4
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2008	52,3	7,6	9,9	11,6
Annual Rate of Deforestation (%)	2000	3,9	0,6	0,4	-0,2
Annual Rate of Reforestation (%)		..	..	..	..
Per Capita CO2 Emissions (metric tons)	2008	0,1	1,2	..	..

Sources : ADB Statistics Department Databases; World Bank: World Development Indicators

UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available.

Appendix 2

Table of ADB Portfolio in Rwanda (2008-2011)

Table 5
Bank Group Indicative Loan Programme 2008-2011 for Rwanda

Project Title	Planned Approval by Boards of Directors	Indicative Amount	Area/Country/Region
Public Sector Window (in UA Million) - Country Operations			
Education			
1. Support for Science and Technology	2008	6.00	Entire country
Transport			
2. Road Programmes	2009	10.00	Kigali/ Butare/ Cyagugu
Governance/ Private Sector Development			
3. Competitiveness and Business Development	2008	5.00	Entire country
4. Institutional Support to the Strategic Policy Unit	2008	1.00	Entire country
5. General Budget Support III	2009	24.80	Entire country
Water Supply and Sanitation			
6. Rural Water Supply and Kigali Sanitation Project	2009	13.30	Kigali and rural areas
Sub-total, Country Operations		60.10	
Public Sector Window (in UA Million) - Regional Operations¹			
Agriculture and Natural Resources			
7. Bugesera Natural Resource Development Project	2009	4.95	Burundi /Rwanda
Transport and Communications			
8. Burundi-Rwanda Road Project	2008	16.30	Bujumbura/Ruhwa/Ntendezi /Kibuya/Gesinyi
9. INB-NELSAP Interconnection Project	2008	10.15	DRC/Burundi/Kenya/Rwanda/Uganda
10. Communications Surveillance for Navigation in COMESA (Air Traffic Management)	2009		COMESA
11. Isaka-Kigali Railway Study	2009	0.50	Burundi, Rwanda, Tanzania
12. Regional Centre of Excellence in ICT	2009	0.60	East Africa
Sub-total, Regional Operations		38.50	
Total, Country Allocation Under ADF-XI		98.60	
Private Sector Window (in USD Million)- Country Operations			
Capacity Building			
13. Rwanda Private Sector Capacity Building	2008	7.00	Entire Country
Energy			
14. Biogas Exploitation Project - Lake Kivu	2010	41.00	East Africa
Manufacturing Industries			
15. Cement Production Project	2009	20.00	Entire Country
Sub-total, Country Operations		68.00	
Private Sector Window (in USD Million)- Regional Operations²			
Financial Sector			
16. PTA Bank (Lines of credit/Shareholding/Assistance)	2008	57.80	COMESA

Notes:

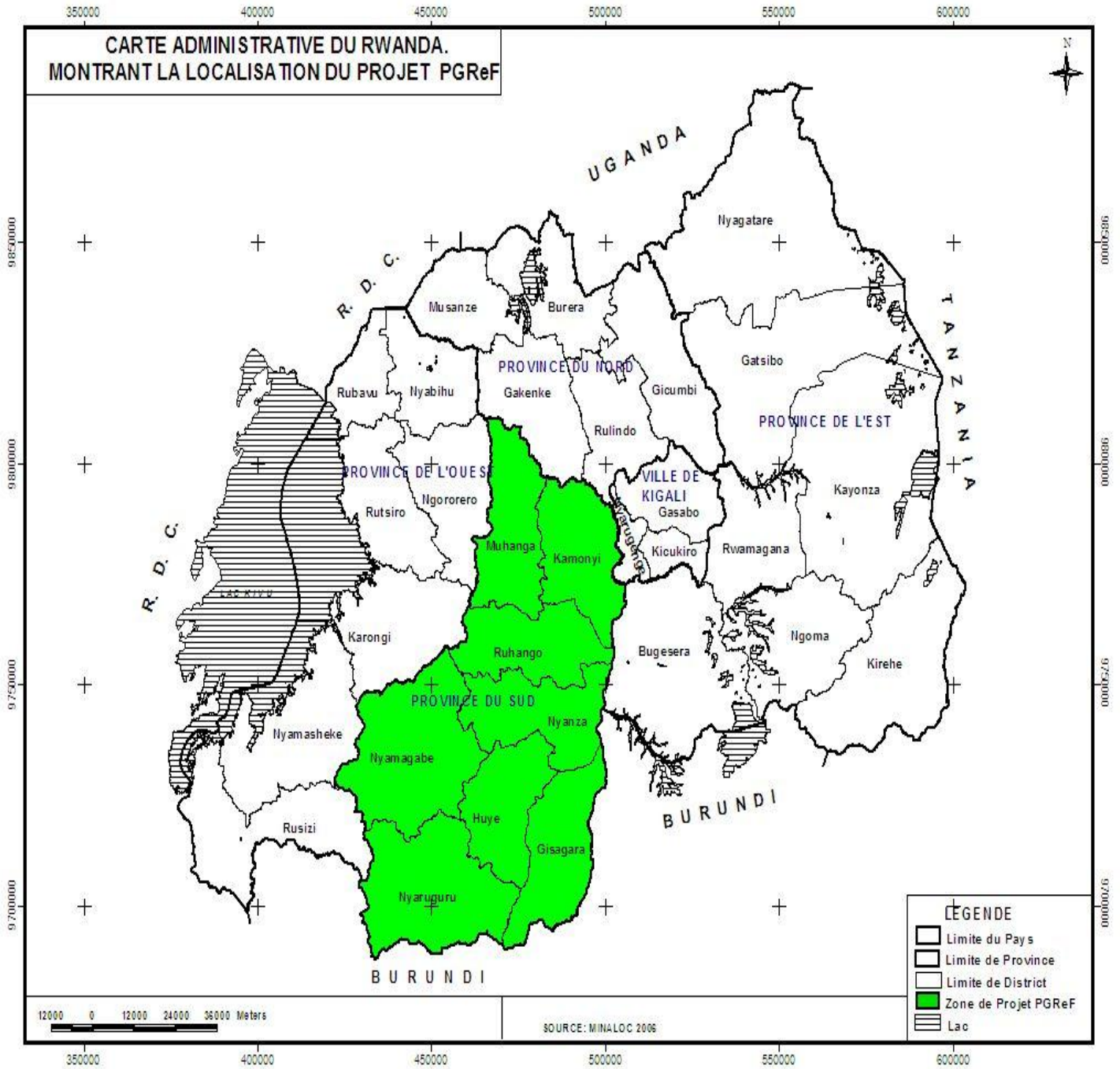
¹ Figures indicated for public sector regional operations represent the sharing of the country's burden based on its allocation under ADF-XI.

² Private sector window regional operations indicated are lines of credit and technical assistance to sub-regional development banks, of which Rwanda is a beneficiary member country.

17. East African Development Bank (Lines of Credit/Technical Assistance)	2009	41.00	East Africa
Sub-total, Regional Operations		98.80	

Appendix 3

Map of Project Area



Expenditure Schedule by Component and by Activity (Base Cost)

(in EUR)

No.	COMPONENT	Year 1	Year 2	Year 3	Total
A	Forest Management and Sustainable Practice	791 395	1 619 004	1 257 665	3 668 064
A1	Revision of eight forest management plans	58 500	78 000	0	136 500
A2	Training of RNRA technicians	25 853	14 500	0	40 353
A3	Implementation of eight forest management plans	204 900	819 600	819 600	1 844 100
A4	Conduct of a cadastral survey of public small forests and woodlands	91 253	127 754	60 835	279 841
A5	Agroforestry development	142 500	285 000	142 500	570 000
A6	Restoration of degraded small natural forests	63 960	74 331	36 900	175 191
A7	Training of the population in agroforestry and eucalyptus coppice management (1 000 farmers)	29 850	29 990	8 000	67 840
A8	Provision of support to vulnerable groups in creating micro-woodlands	0	30 000	30 000	60 000
A9	Creation of new forest plantations on State land	0	81 250	81 250	162 500
A10	Guidance, supervision, monitoring and evaluation	174 580	78 580	78 580	331 739
B	Ecological and Socio-economic Monitoring and Baseline Data	38 000	328 400	0	366 400
B1	Drawing of a forest biomass map (CGIS)	0	173 400	0	173 400
B2	Development and establishment of a carbon pool determination and monitoring system	0	117 000	0	117 000
B3	Training of RNRA and CGIS senior technicians in the development and use of a carbon pool determination and monitoring system	38 000	38 000	0	76 000
C	Livelihood and Economic Development	250 202	13 300	9 000	272 502
C1	Support for the formation and operation of apiarian cooperatives (seven cooperatives)	179 450	0	0	179 450
C2	Training and supervision of beekeepers in modern beekeeping techniques	8 050	0	0	8 050
C3	Promotion of horticulture among beneficiaries	2 600	6 500	3 900	13 000
C4	Support for the establishment and operation of mushroom growers' cooperatives (women)	52 052	0	0	52 052
C5	Training and supervision of mushroom growers	8 050	6 800	5 100	19 950
D	Project Management	123 752	86 252	86 252	296 257
D1	Goods	8 500	1 000	1 000	10 500
D2	RNRA staff salaries	54 339	54 339	54 339	163 018
D3	Miscellaneous management expenses	60 913	30 913	30 913	122 739
Base cost		1 203 350	2 046 957	1 352 917	4 603 223
Provision for physical contingencies		4 161	13 467	11 142	28 769
Provision for price escalation (3% composite)		36 256	125 480	126 485	288 221
TOTAL COST		1 243 766	2 185 903	1 490 544	4 920 213

Expenditure Schedule by Expenditure Category- Base Cost (in EUR)

CATEGORIES	YEAR			TOTAL
	1	2	3	
1 WORKS	383 960	1 176 681	994 150	2 554 791
Seedling tree production and planting	122 000	356 250	234 250	712 500
Plantation on private land	23 100	46 500	23 400	93 000
Reconversion work	174 900	699 600	699 600	1 574 100
Restoration of small natural forests	63 960	74 331	36 900	175 191
2 GOODS	107 840	11 400	1 000	120 240
Vehicles	56 000	0	0	56 000
Motorcycles	40 000	0	0	40 000
Computer hardware	7 000	0	0	7 000
GIS software	0	10 400	0	10 400
Forestry Equipment	3 340	0	0	3 340
Office Equipment	1 500	1 000	1 000	3 500
3 SERVICES	476 731	557 430	225 312	1 259 473
Technical assistance	23 377	23 377	23 377	70 130
Short-term consultants	205 753	360 254	196 835	762 841
MOU with LTS International	0	117 000	0	117 000
MOU with CGIS	0	50 000	0	50 000
MOU with RAB	247 602	6 800	5 100	259 502
4 STAFF	81 449	81 449	81 449	244 347
5 OPERATING COST	92 457	189 084	20 094	301 634
6 MISCELLANEOUS MANAGEMENT EXPENSES	60 913	30 913	30 913	122 739
BASE COST	1 203 350	2 046 957	1 352 917	4 603 223
Provision for physical contingencies	4 161	13 467	11 142	28 769
Provision for price escalation	36 256	125 480	126 485	288 221
TOTAL	1 243 766	2 185 903	1 490 544	4 920 213

PROCUREMENT ARRANGEMENTS

Table: Summary of procurement modes

Catégories de dépenses	LCB	Other*	Not financed by CBFF	Total
1. Works				
1.1 Seedling tree production and planting	-	[712.500] 712.500		[712.500] 712.500
1.2 Plantation on private land	-	-	93.000	[0] 93.000
1.3 Reconversion work	-	[1.574.100] 1.574.100		[1.574.100] 1.574.100
1.4 Restoration of small natural forests	-	[175.191] 175.191		[175.191] 175.191
2. Goods				
2.1 Vehicles	[56.000] 56.000	-		[56.000] 56.000
2.2 Motorcycles	[40.000] 40.000	-		[40.000] 40.000
2.3 Computer hardware	-	-	7.000	[0] 7.000
2.4 GIS software	[10.400] 10.400	-		[10.400] 10.400
2.5 Forestry Equipment	[3.340] 3.340	-		[3.340] 3.340
2.6 Office Equipment	[3.500] 3.500	-		[3.500] 3.500
3. Services				
3.1 Technical assistance	[70.130] 70.130	-		[70.130] 70.130
3.2 Short-term consultants	[762.841] 762.841	-		[762.841] 762.841
3.3 MOU with LTS International		[117.000] 117.000		[117.000] 117.000
3.4 MOU with CGIS	-	[50.000] 50.000		[50.000] 50.000
3.5 MOU with RAB	-	[259.502] 259.502		[259.502] 259.502
4. Staff	-	[81.329] 244.347		[81.329] 244.347
5. Operating Cost	-	[301.634] 301.634		[301.631] 301.631
6. Miscellaneous management expenses	-	[72.386] 122.739		[72.386] 122.739
BASE COST	[946.211] 946.211	[3.343.641] 3.557.012	100.000	[4.289.852] 4.603.223
Unallocated				[297.007] 316.990
TOTAL COST				[4.586.859] 4.920.213

Note : data in bracket [] are amounts financed under CBFF resources.

* « Other » refers to national competitive bidding, the memorandum of understanding with CGIS, LTS, RAB and supply of equipments inherited from PAFOR project (EUR 7,000) and Government and beneficiaries contribution (EUR 93,000).

Works: the procurement of works will be through local competition in accordance with the procedures of the « procurement guidelines related to community driven project ». They involve: (i) agroforestry plant production works; (ii) planting works on public land, (iii) development of bamboo belts and rehabilitation of small natural forests, (iv) plant production des plants and digging for vulnerable population groups (installation of micro afforestations) as well as (v) fruit plant production through many contracts for a maximum contract price not to exceed 100,000 Euro ; (vi) reconversion work through many contracts for a maximum contract price not to exceed 200,000 Euro. The total amount for all works is estimated at 2,461,791 Euro.

The use of procurement mode based on community and local association is deemed necessary to significantly reduce poverty among the population closely neighboring the forests and above all to ensure the durability of the project realization through the involvement of the population and local expertise in the implementation of the project.

Goods : the following goods will be procured through national competitive bidding : i) two (2) pick-up vehicles and 8 motorbikes, for field extension activities for a total amount of EUR 96,000, (ii) two (2) SIG software for an estimated value of 10,400 Euro, (iii) forestry nursering technical equipments for an estimated total amount of 3,340 Euro including 3 testing and maintenance and manual saw within the framework of population training on agroforestry and the conduct of eucalyptus tillage, (iv) office equipment (furniture, Fax etc) for a total amount of 3,500 Euro.

Services: the following consulting services for a total amount of 832,971 Euro will be procured through tender using the Quality- and Cost-Based Selection (QCBS) mode. They are: (i) Technical assistance to the Project's coordination; (ii) the revision of forestry management plans, (iii) The development of a cadastral plan for small natural forests, (iv) training in agroforestry and conduct of eucalyptus tillage; (v) sensitization of trained farmers to create service supplier cooperatives,(vi) support to the project's internal M&E system (vii) and inventory of forestry planning.

Activities related to the development of a system of identification and follow-up of carbon stocks as well as the training of RNRA and CGIS senior technical staff will be implemented by an international private consultant, LTS International, through a memorandum of understanding to be signed with RNRA. The memorandum of understanding price is Euro 117,000. That institution has a sound experience in carbon related domain and also an experience in the sub-region.

Activities related to the mapping of the forestry biomass, for an estimated amount of 50,000 Euro, will be executed by the GIS center (CGIS) de the National University of Rwanda GIS center through a memorandum of understanding to be signed with RNRA. The selection of CGIS is due to its specialization and demonstrated experience in that area at the national level.

All activities pertaining to the creation of bee-keeping cooperatives and mushroom production cooperatives for an amount of 259,502 Euro will be realized through a memorandum of understanding between RNRA and Rwanda Agricultural Board (RAB) which is the State specialized institution in charge of agriculture and livestock.

For procurement of services valued at the equivalent in Euro to 200,000 UA or more for consulting firms and 50, 000 UA or more for individual consultants, the advertisement of the procurement must be placed in the UNDB and Bank's website. For procurement of services with estimated costs valued at the equivalent in Euro to less than 200,000 UA for consulting firms and less than 50, 000 UA for individual consultants, the grant beneficiary may limit the publication of the Call for interest to local and regional newspapers. However, any eligible consultant, regional or not, desiring to provide the services solicited may express his/her desire to be included in the shortlist.

Operation: The procurement of services related to the project's operations will be done through shopping. The value of each contract shall not exceed 30,000 Euro. Experts and project's staff allowances will be procured in accordance to the guidelines of the Administrative and Financial procedures Manual, already available (the one used by PAFOR) and which does not need an update.

◆ **Review Procedures**

The following documents are subject to review and approval by the Bank before promulgation: General Procurement Notices, Tender Notices, Tender Documents or Requests for Proposals documents, Tender Evaluation Reports including recommendations for Contract Award or Evaluation Reports on Consultants Technical proposals, Draft contracts, if these have been amended from the drafts included in the tender invitation documents. Consultant financial proposal evaluation report including recommendations for Contract Award alongside with the minutes of the negotiations and the initialed draft contracts shall be transmitted to the Bank for information.

◆ **Post Review**

Because of the number of small tender to be processed through shopping, contracts for goods, for a maximum amount of 20,000 Euros will be subject to post review by ADF. The Project implementation agency RNRA, will put in place and maintain an efficient filing system of all files and mails, including demand for price quotation, evaluation and contract award sheets related to those procurements, for periodical review by the Bank's missions or any auditor recruited by the Bank for the audit of the financial statements. The post procurement audit, with the objective to check the compliance of the procurement activities will be carried out during the first supervision mission following the contract award. The mission will appreciate the opportunity to modify the procurement modes. The project implementation unit will gather the data on the procurement process and include them as part of the quarterly report to submit to the CBFF secretary.

◆ **Executing Agency**

The project will be implemented by RNRA. It will be responsible of the procurement of goods and consulting services. RNRA resources, capacities and experience du RNRA were assessed and judged insufficient to satisfactorily carry out this project's procurement activities. To address the situation a technical assistant will be recruited for procurement, the elaboration of the project's administrative and financial procedures manual, and the training of the project's accountant.

◆ **Procurement Plan**

RNRA will prepare a procurement plan and submit it to the CBFF Secretariat for approval before negotiation of the Grant Protocol Agreement. The plan will cover an initial period of at least 18 months and will be updated by RNRA every year or as needed, but always for the following 18 months during the project implementation period. Any proposal to revise the procurement plan will be submitted to the Bank for prior approval.

REPUBLIC OF RWANDA

**SUSTAINABLE WOODLAND MANAGEMENT AND NATURAL FOREST
RESTORATION PROJECT**

OUTCOME OF GRANT NEGOTIATIONS

The Grant negotiations for the above-cited project were held in Tunis on September 09th 2011, between the Delegation from the Government of the Republic of Rwanda and representatives of the African Development Bank Group. All conditions related to the Grant Agreement have been agreed by the Government of Rwanda. Following the review of the documents relating to the Grant, namely, the Appraisal Report, the Grant Agreement and the Disbursement Letter, the Rwanda Delegation expressed its satisfaction and agreed on the project components, financing plan and the terms of the CBFF grant as outlined in the appraisal report.