BIOFIN
The Biodiversity Finance Initiative

UNDP



Study to identify and assess subsidies with possible negative impacts on biodiversity and propose redesign options

Inception Report

OneWorld Sustainable Investments

12 December 2023

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Abbreviations and Acronyms

BIOFIN	Biodiversity Finance Initiative
CBD	Convention on Biological Diversity
DEL	Deliverable
ERP	Economic Recovery Plan
FAO	Food and Agriculture Organisation of the United Nations
FGD	Focus Group Discusion
FIP	Forest Investment Program
GGCRS	Green Growth and Climate Resilience Strategy
GOR	Government of Rwanda
KII	Key Informant Interview
MCDA	Multi Criteria Decision Analysis
MIDIMAR	Ministry of Disaster Management and Refugee Affairs
MINAGRI	Ministry of Agriculture and Animal Resources
MINICOM	Ministry of Trade and Industry
MININFRA	Ministry of Infrastructure
MOE	Ministry of Environment
MOH	Ministry of Health
MOLF	Ministry of Lands and Forestry
NBSAP	National Biodiversity Strategic Action Plan
NDC	Nationally Determined Contributions
NECCP	National Environment and Climate Change Policy
NGO	Non-Governmental Organisations

NISR	National Institute of Statistics Rwanda
NLUDMP	National Land Use and Development Master Plan
NPRP	Coronavirus Disease 2019 National Preparedness and Response Plan
NST1	National Strategy for Transformation (2017–2024)
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PEA	Political Economy Analysis
PMT	Project Management Team
REMA	Rwanda Environmental Management Authority
RG	Reference Group
SADC	Southern Africa Development Community
SDG	Sustainable Development Goal
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
WHO	World Health Organisation

Executive Summary

Now present in 41 countries, UNDP-BIOFIN is working with governments, civil-society, vulnerable communities, and the private sector to catalyse investments in nature.

BIOFIN supports the development of comprehensive Biodiversity Finance Plans, drawing on 160+ finance solutions, that will help secure the future for people and the planet. Solutions that focus on delivering better on what is available, reallocating resources from where they harm to where they help.

During BIOFIN Phase I, BIOFIN Rwanda, under the leadership of Rwanda Environment Management Authority (REMA) and in collaboration with other key stakeholders, produced the National Biodiversity Finance Plan, identifying 10 prioritized finance solutions to be implemented in order to fill the Biodiversity Finance Gap. Under BIOFIN Phase II, two of these finance solutions are under implementation and the need for parallel studies has been identified.

This includes a study to identify and assess the subsidies with possible negative impacts on biodiversity and propose redesign options (“the Project”).

UNDP has commissioned OneWorld to carry out this work. This DRAFT Inception Report, prepared by OneWorld Sustainable Investments, is submitted to UNDP Rwanda and constitutes Deliverable 1 under this contract.

1 | Introduction

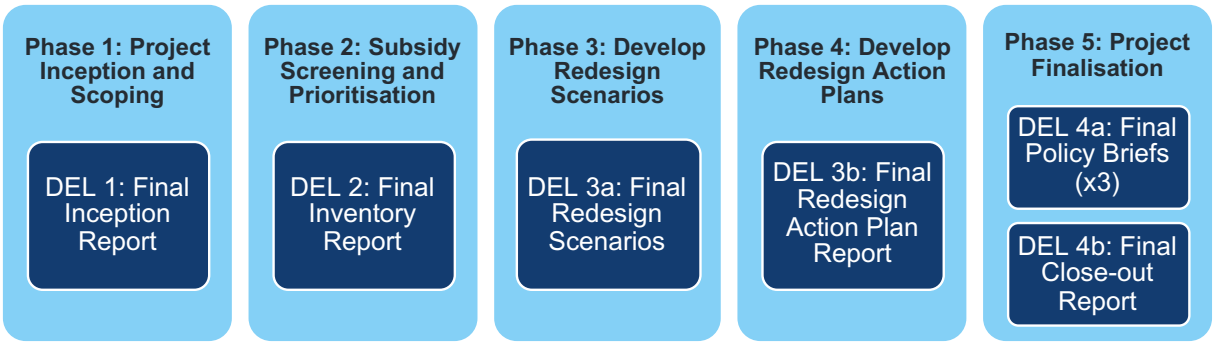
This Draft Inception Report is *Deliverable 1* of the project **"Study to identify and assess subsidies with possible negative impacts on biodiversity and propose redesign options"**, commissioned by the United Nations Development Programme (UNDP) Rwanda under the Biodiversity Finance Initiative (BIOFIN) and the Rwanda Environmental Management Authority (REMA). The overall objective of this assignment is to map and assess subsidies and propose plausible redesign options through, for example, greening by introducing biodiversity safeguards or reducing the subsidy value to redirect resources to support biodiversity-positive outcomes. The specific objectives of this assignment are:

1. Building on the Policy and Institutional Review undertaken during BIOFIN I, identify and assess subsidies potentially harmful to biodiversity and the associated value and costs of these subsidies.
2. Assess the potential of redesign options, considering various environmental, socio-economic and political factors, and prioritise subsidies for redesign.
3. Develop subsidy redesign action plans which account for potential environmental, socio-economic and political trade-offs throughout the redesign and transition process.

Engaging the implementation of these redesign options is not within the scope of this project. Rather, this project will focus on planning and developing, in consultation with the Government of Rwanda and other key stakeholders, plausible redesign options. Project outputs will also be reviewed and validated by a Reference Group made up of representatives from key stakeholder groups (Table 6). This will allow for strong ownership by government and key stakeholders as well as the institutionalisation of the process.

This draft Inception Report will be refined and finalised following feedback received from the Project Management Team (PMT) during the Inception Meeting. Figure 1 outlines our 5-phased approach and related deliverables to conducting the subsidy screening exercise and developing the redesign scenarios and action plan for prioritised subsidies. This is further detailed through the technical methodology and accompanying workplan in section 2.

Figure 1: Five-phased approach to project delivery



The content of this draft report is based on the project Terms of Reference (ToR), the draft guidelines produced by the BIOFIN Global Team 'The Nature of Subsidies: a step-by-step guide to repurpose subsidies harmful to biodiversity and improve their impacts on people and nature' (to be published in January 2024), the original project proposal and preliminary research. The outcomes of the forthcoming Inception Meeting will inform the final version of this report. This draft Inception Report includes a refined approach, methodology and workplan as per the preliminary desktop review, the outcomes of the preliminary desktop review, an indicative stakeholder list and engagement plan, and an indicative list of the relevant sectoral and cross-cutting policies to be included in this assignment.

1.1 | Kick-off Meeting Outcomes

The Kick-off Meeting was held via MS Teams on **Wednesday, 25 October 2023**, and was attended by key project members of BIOFIN Rwanda, the Rwanda Environment Management Authority (REMA), UNDP Rwanda and the National Technical Advisory Committee of the BIOFIN Global Initiative as well as members of the OneWorld team, under the project lead, Belynda Petrie. The focus of the meeting was on refining the methodology based on best practice examples; stakeholder engagement planning; and discussion of the purpose of the final report. The critical outcomes of the meeting are summarised below:

- The reports of various best practice examples of similar assignments (Botswana, Georgia and Nepal) were to be shared with the OneWorld team along with the draft guidelines for repurposing subsidies harmful to biodiversity ("The Nature of Subsidies"). These guidelines are still in draft form and are not to be shared outside of the OneWorld team.
- The Redesign Action Plan should be realistic in terms of what it proposes and should indicate prescriptive and prioritised steps for implementation. Focus should be on sectors which have direct impacts on biodiversity, such as (but not limited to) agriculture, energy and water. The report should include a national definition of what constitutes a "harmful subsidy" which should be elicited through the stakeholder engagements.
- A UNDP BIOFIN report template for the final reports has been shared with the OneWorld team.
- The OneWorld team will develop an indicative stakeholder list (including contact details) which is to be shared with the PMT. The PMT will develop an introduction letter to introduce the OneWorld team to stakeholders for engagements following approval of the Inception Report. The same will be done for data acquisition purposes from relevant sources.
- The remainder of 2023 will be dedicated to the Inception Phase and desktop review. Stakeholder engagements are set to begin in 2024.
- Channels of communication between the OneWorld team and the PMT were determined.

1.2 | Key Questions, Assumptions and Points for Clarification

The following points – to be discussed at the Inception Meeting, which is yet to be scheduled, will be critical for successful delivery of the objectives of this project.

1. **Finalise approach and methodology:** The revised approach, methodology and workplan, as well as the indicative stakeholder and data lists, will be presented to the PMT at the Inception Meeting for comment, review, and finalisation. This will include the types of subsidies to be included in the screening and assessment and finalising the number of subsidy mechanisms to be prioritised for in-depth screening and redesign action plan development.
2. **Stakeholder engagement protocols:** It is anticipated that the UNDP Rwanda and REMA will assist with stakeholder engagement by facilitating necessary introductions and providing relevant official letters of authorisation and introduction following approval of the Inception Report. It is anticipated that the letters will be addressed from REMA and will contain a brief overview of the project as per the ToR. The initial list of focal points to be included in the Reference Group will also be discussed and refined from the list suggested in Table 6.
3. **Data and information access:** Access to existing biodiversity-related data is essential to this project. The OneWorld team assumes that UNDP and REMA will support in facilitating timeous access to the required data that is potentially unavailable by liaising with the necessary institutions to gain access.
4. **Data Costs**: OneWorld assumes there are limited associated costs for accessing any of the key datasets held by various government institutions or related organisations, given that the project is being developed for the benefit of the Rwandan people. In the case that payment is requested for access to key datasets, OneWorld will liaise with UNDP Rwanda for assistance with obtaining access to the necessary data where possible.
5. **BIOFIN Templates for final reports and presentations:** The provided BIOFIN template will be used for final stakeholder-facing reports, including this Inception Report, the Final Subsidy Inventory and Redesign Recommendations Report, the Final Redesign Action Plan Report and the policy briefs. For all other reports, OneWorld proposes to use its own template. The use of a BIOFIN PowerPoint template for presentations needs to be determined during the Inception Meeting.

2 | Approach, Methodology and Workplan

OneWorld's revised approach, methodology and workplan is based on the Terms of Reference for this assignment, OneWorld's submitted proposal, and the outcomes of the discussions during the Kick-off meeting, held on 25 October 2023. Briefly, revisions include amendments to the timing of the development of the Multi Criteria Decision Analysis (MCDA) Framework and a detailed description of the purpose of the final reports. These amendments were made to allow for more research to be undertaken to better inform the MCDA Framework as well as to ensure that the final report meets the expectations of the PMT.

2.1 | Approach

To meet the objectives of this assignment, OneWorld will draw on its previous experience in developing desktop research, analysis of complex environmental and financial problems, and critical synthesis, and of working in Rwanda. Good practice experience and examples as developed by BIOFIN in other countries, where these are relevant will also be applied.

The project team will design a framework for assessing various subsidies and incentives, applying an agreed set of criteria, and working closely with the PMT. We will carry out a Cost Benefit and/or Multi Criteria Decision Analysis (MCDA) to allow prioritisation of the most suitable options emerging from the research as being the most effective/efficient in terms of achieving biodiversity finance targets as well as social and gender impacts, among others. We will further carry out a political economy analysis (PEA) to understand where political support as well as support from a broad range of stakeholders is likely to be present or absent, for different redesign options.

Based on these findings we will develop an Action Plan, in close coordination with the Government of Rwanda, which we will validate with stakeholders, as outlined in the ToR. Learnings from current and past projects in this field, stakeholder engagement and participatory analysis, and existing data and literature will enable us to map and identify critical stakeholders and priority areas.

Adaptive management and participatory analysis

We will apply an adaptive and participatory approach to undertaking this assignment. Adaptive management will inform the process of updating and refining both our analysis at each project stage. Each project activity will inform the next; initial desk reviews will inform stakeholder engagements; and the combined findings will inform presentations to and discussions with the Project Management Team. This will allow a continuous review and update of findings. Adaptive management is central to effective participatory analysis. Different stakeholders will know different aspects of the overall biodiversity and related sectoral landscape in Rwanda. The project team will adaptively navigate and analyse this

situation to synthesise the current situation in terms of biodiversity in relation to national policy and subsidies, as well as the various relevant sectoral plans and policies.

We will apply an **intersectional lens** (Box 1) to ensure that all relevant voices are captured, and to allow the project team to develop a holistic understanding of partnership needs for effectively protecting Rwanda's natural endowments. OneWorld's in-country expert will drive this process, drawing on his vast experience and knowledge of Rwanda. The value and pitfalls of conducting participatory analysis, relies on building and maintaining strong stakeholder relationships, and thorough preparation of interviews, workshops and discussions.

Some key learnings that have emerged from engaging a range of diverse stakeholders include the following:

It is critical that the correct stakeholders are identified and engaged. Due to busy timetables, this can be difficult to coordinate; however, this ensures that dialogue is useful and relevant which ultimately informs the strength of findings.

In order to engage in meaningful dialogue with stakeholders and elicit the most important information, stakeholders should be informed of general questions and an agenda prior to the engagement. This allows for deliberate thought, which results in fruitful dialogue.

Continuous engagement is required to ensure that findings and recommendations accurately reflect the needs and thinking of the various actors involved. Through the constant exchange and validation of information, this creates buy-in and a shared and co-created outcome, which ultimately increases the sustainability and momentum of the project.

Applying these lessons throughout the lifecycle of this project is critical in order to co-develop the project process, engagements, end result, and shared vision that is accepted – and owned – by the relevant stakeholders.

One of the key determinants of the successful implementation of the Subsidy Redesign Action Plans is the ownership, buy-in and partnership among stakeholders from various groups. These stakeholders will be instrumental in garnering support for and driving the implementation of these subsidy reforms. The formation of a Reference Group (RG) will be integral to effective stakeholder engagement and ownership. The RG will comprise representatives from all relevant stakeholder groups, including sector-specific Rwandan Ministries, civil society organisations, including relevant women's, youth and Indigenous Peoples organisations, relevant business associations, and other national experts and academia pertinent to the target sectors. The representatives nominated through the PMT to join the RG will provide valuable insights in terms of subsidy assessment and prioritisation for redesign throughout the duration of this assignment. Further, they will provide key entry points into the various stakeholder groups, facilitate partnerships and will act as champions for the BIOFIN project in Rwanda. Critically, stakeholders currently developing the updated

NBSAP for Rwanda will also be invited to join the RG. By including these stakeholders, it will facilitate including the implementation of the final redesign options into the updated NBSAP.

Box 1. Applying an intersectional lens to participatory analysis

Box 1: Participatory analysis – Applying an intersectional lens

Stakeholder engagement or participatory analysis should bring together and capture all voices, in an equitable manner. Applying an intersectional lens (both in stakeholder mapping and engagement), to foreground the complexities of power, privilege and identity (see Figure 7) is key. This enables an understanding of how different factors affect social stratification (e.g., gender, class, geographical location, housing, access to health services, education, sexuality, migration status, religion, etc.) (WHO, 2020).

These factors interact to increase (or reduce) people's vulnerability, beyond broader classifications such as gender or age. Whilst this insight has been gleaned from a WHO study on the applying an intersectional lens for research on infectious diseases and poverty, the principle applies across a range of themes — to include climate change, energy poverty, water and food insecurity and unemployment, all of which are factors that affect vulnerable communities.

Figure 2. The Intersectionality Wheel (WHO, 2020)



Source: WHO, (2020) Incorporating Intersectional Gender Analysis into Research on Infectious Diseases of Poverty: A toolkit for health researchers. (online)

Data collection and management

Data collection will be conducted in the form of desktop review, key informant interviews (KIIs) and Focus Group Discussions (FGDs). These will inform the deliverables through all phases of the assignment.

Desktop research will be undertaken by reviewing various national and sectoral policies and subsidies as well as grey literature relating to subsidies and their biodiversity impacts. A set of indicative research questions will underpin the desktop review, as noted in Section 2.2 below, and these will be refined for application in the participatory analysis, KIIs and FGDs. Participatory analysis will enrich our information through in-depth collection of anecdotal information and qualitative insights. The richness of data required for this project cannot be obtained simply through general information available in desktop analysis, and the participatory analysis data obtained will allow us to triangulate data collected elsewhere and achieve a more holistic understanding.

Triangulation will thus be achieved through applying a range of instruments to gather and cross- check collected data. Instruments will include KIIs, FGDs and workshops and archival documents and government sources.

Our **protocol for data collection and management** is outlined in Box 2 below.

Box 2. Our data management protocol – in brief.

Box 2: Out Data Management Protocol – In Brief

OneWorld routinely makes extensive use of quantitative and qualitative data, and as such we have put in place rigorous protocols to govern data collection, analysis, and management. When handling both quantitative and qualitative data, data protection underlies every step of our approach from data collection to the eventual dissemination of project outputs. This ensures that we comply with the relevant data legislation guidelines as set out by the country of project operation to protect the rights of all stakeholders involved.

OneWorld as an organisation does not profit from the collection of private information, and where any such private or sensitive information is collected through our business operations, it is protected by ensuring that:

- Data collected from surveys is always pre-identified, and permissions are given beforehand by survey respondents to participate in the survey, and for OneWorld to make use of their survey responses.
- Data collected from stakeholder engagements, e.g. workshops or interviews, is anonymised where appropriate, or where requested. Permissions for the sharing and reporting of any such subject matter related data is also obtained. OneWorld does not share the personal information collected from any of these data sources with any third or external party.
- Quantitative data is generally collected via open sources, which allows for replicability of the findings from our data analysis. Where quantitative data received

is confidential, we restrict staff access through the use of passcodes, use secure methods of file transfer, and enter into data sharing agreements, with source organisations where applicable.

- All collected data is stored on OneWorld's secure SharePoint site, a centralised online data library. SharePoint is one of the most secure cloud providers, and OneWorld requires employees to have two-factor authentication enabled, mitigating the impact of compromised passwords. Additionally, storing data on SharePoint provides an automatic backing up of data. OneWorld ensures raw data is never handled without a backup saved, such that the risk of data loss is sufficiently mitigated.

- Data, once collected and stored, undergoes various forms of data mining, to translate it into valuable project outputs. OneWorld has critical expertise in translating raw data into usable project outputs, due to our extensive data analysis experience, subject matter expertise and technical nuance on any given project.

Quality assurance

OneWorld is committed to a high standard of excellence in delivering projects and outputs. We adopt a two-pronged approach to quality assurance: (1) Key experts in a project team also act as peer reviewers of each other's work. This promotes collaboration and teamwork and ensures that project deliverables attain acceptable quality standards and harnesses the benefits of working with a skilled inter-disciplinary team; and (2) the OneWorld Knowledge and Publications team provides expert editorial, publications and knowledge management support.

OneWorld takes a hands-on approach to managing projects, teams, and sub-consultants. Belynda Petrie, the Team Lead, will be responsible for ensuring the highest level of quality in outputs. We will apply a robust performance management process that conforms to the ToR, which will include building in time for peer review and quality controls. Our Team Lead will be responsible for engaging closely with the PMT to understand expectations and timelines (which are to be finalised at the Inception Meeting), and to work with the team delivering the assignment to ensure that the PMT are fully satisfied with the process and output.

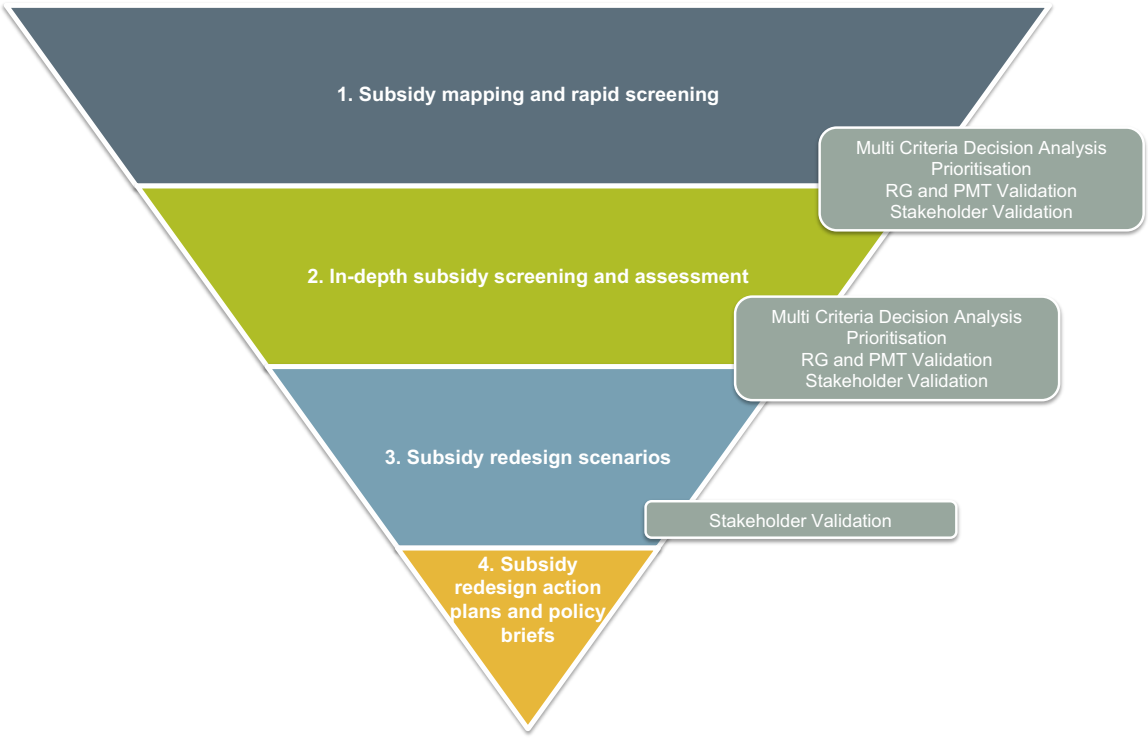
2.2 | Implementation Plan

This project will be delivered over five phases: i) Project Inception; ii) Subsidy Screening and Prioritisation; iii) Develop Redesign Scenarios; iv) Develop Redesign Action Plans; and v) Project Finalisation, as depicted in Figure 1 below. The detailed workplan can be found in Section 2.3. This refined methodology builds on the guidelines for subsidy identification and assessment documented in the draft UNDP BIOFIN Global guidelines, The Nature of Subsidies (2024).

The OneWorld Team will also submit electronic **progress reports** no later than the last day of each month.

The project methodology relies on a critical path of causal dependencies whereby the activities and deliverables of each phase are dependent upon the deliverables of the preceding phase. Therefore, the development of the final report – a robust and plausible Redesign Action Plan – will depend on effective subsidy screening and assessment, subsidy prioritisation for redesign, and developing plausible redesign scenarios which effectively capture the Rwandan context. This is illustrated in **Error! Reference source not found.** below.

Figure 3. The causal dependencies for developing the Redesign Action Plans and Policy Briefs



Phase 1: Project Inception

Project kick-off meeting

After contract signature, a virtual project kick-off meeting was held between the PMT and members of the OneWorld team on Wednesday, 25 October 2023. The teams established the working relationship and discussed refining the methodology based on best practice examples; stakeholder engagement planning; and discussion of the purpose of the final report (as discussed in section 1.2).

Preliminary desktop review and stakeholder engagement plan

Following the kick-off meeting, the OneWorld team conducted a preliminary desk review of a sample of reports from countries which have undertaken similar initiatives to the current assignment; as well as reviewing the UNDP BIOFIN guidelines for subsidy assessments. The team also conducted a broader preliminary literature, document and policy review. This review was used to identify an indicative list of cross-cutting and sectoral subsidies to potentially be included in this assignment (see section 3).

In parallel with the desk review, and in consultation with the in-country OneWorld team members, we undertook a preliminary stakeholder mapping exercise to identify and map relevant stakeholders (see Section 4). The stakeholder map includes sector-specific Rwandan Ministries, civil society organisations, including relevant women's, youth and Indigenous Peoples organisations, relevant business associations, academia and other national experts and stakeholders within the relevant sectors identified in the BIOFIN Rwanda Biodiversity Finance Policy and Institutional Review (2017). Thereafter the project team developed an indicative stakeholder engagement plan, aimed at ensuring that all relevant stakeholders are included in consultations. It is expected that the stakeholder engagement plan will be adapted iteratively throughout the assignment as more information and stakeholders are identified through the literature review and stakeholder engagement processes.

Based on the outcomes of the stakeholder mapping exercise, the OneWorld team has nominated key representatives from each stakeholder group (per the groups outlined in section 2.1 above) to be included in a Reference Group (RG) for the duration of this assignment (Table 6). The purpose of the RG (in conjunction with the PMT), is to review, advise on, and provide representative feedback, on subsidies and incentives identified and selected for prioritisation in the following phases of this assignment (through validation meetings. The RG will be critical representatives during the validation workshops.

Develop draft Inception Report

This draft Inception Report includes a refined approach, methodology and workplan based on the outcomes of the preliminary desktop review, an indicative stakeholder list and engagement plan, and an indicative list of the relevant sectoral and cross-cutting policies to be used for mapping relevant subsidies included in this assignment.

The draft Inception Report will be submitted to the PMT for review, before the Inception Meeting.

Inception Meeting

We will organise, convene and facilitate a virtual Inception Meeting with the PMT where we will present the draft Inception Report and discuss the feedback from the PMT. This will ensure that the OneWorld team and the PMT are in agreement regarding project methodology, timelines, and expectations. The Inception Meeting will also present an opportunity to identify additional key documents and stakeholders and finalise the proposed members of the RG.

All comments and feedback received from the PMT will be captured by the OneWorld team and incorporated into the final Inception Report which will be submitted as **Deliverable 1** of this assignment.

Deliverable 1: Final Inception Report

Phase 2: Subsidy and Incentive Screening and Prioritisation

Develop the Multi Criteria Decision Analysis (MCDA) Framework

Building on the outcomes of the preliminary literature review, we will develop a Multi Criteria Decision Analysis (MCDA) Framework for subsidy and incentive screening and prioritisation exercises undertaken during this Phase. MCDAs provide a broad framework for incorporating all the necessary different types of information and both qualitative and quantitative data including, but not limited to, the impacts on biodiversity, socio-economic and gender impacts, etc. This is appropriate given the cross-cutting nature of subsidies and incentives with harmful impacts on biodiversity. The key pros and cons of the MCDA are highlighted in Box 3.

Box 3. Multi Criteria Decision Analysis

Box 3: Multi Criteria Decision Analysis

Multi-criteria decision analysis (MCDA) enables both qualitative and quantitative data to be used when ranking intervention options, so that monetary and non-monetary criteria can be directly compared. These preferential options are determined by evaluating and comparing the interventions against a set of criteria that have been developed from pre-determined objectives (for example the BIOFIN Screening Criteria). The different criteria are given scores and are weighted according to their importance in achieving the objectives. The final scores calculated for each intervention illustrate which are most able to achieve the desired objectives and are thus deemed the most preferred options based on the MCDA (Sharma, Desgain and Sandbukt, 2015). This brings greater flexibility and a wider range of criteria into consideration, which is especially useful where data gaps occur. Additionally, it allows the systematic inclusion of divergent or convergent stakeholder

inputs in the process (Cohen *et al.*, 2019). There is, however, a risk of it becoming overly subjective compared to explicitly quantitative approaches.

Development of the framework will be guided by and adapted from the Rapid Screening Criteria and Scoring Guidance and the Detailed Screening Criteria and Scoring Guidance, as set out in the BIOFIN Workbook 2018 (Chapter 6, p.147 and p.149–150, respectively), the specific selection criteria stipulated in the ToR (p.3–4) as well as the criteria set out in Annex 1 of the ToR. Further, we will review literature, such as publications, databases and web articles, pertaining to international best practices in undertaking similar assignments. Where possible, these will be relevant to the Rwandan context. The international best practice review will inform and build on our proposed methodology and MCDA Framework.

Develop initial stakeholder engagement plan and consultation guide

Building on the preliminary stakeholder engagement mapping and plan undertaken during Inception, we will develop a stakeholder engagement plan, including a consultation guide, for undertaking purposive engagements. This will include a draft introductory letter, a set of guiding questions to guide KIIs and FGDs, and key communication messages. As part of these communication messages and guiding questions, the OneWorld team will include the OECD definition of a "harmful subsidy" to determine the the various intepretations of this term among stakeholders. This will assist with developing a definition which aligns with most stakeholders' perceptions, a pertinent consideration for the validation workshops and for facilitating ownership of this work by key stakeholders.

The initial stakeholder engagement plan and consultation guide will be submitted to the PMT for review. It is likely that this will be updated iteratively as the project progresses and new information is brought to light during the ongoing engagements and desk review.

Rapid subsidy and incentive mapping exercise

The OneWorld team will undertake a rapid mapping exercise of all major subsidies and incentives in Rwanda, including those perceived as being biodiversity-positive, in the three key sectors. This will build on the indicative list of policies provided in section 3. This mapping exercise will include the following types of subsidies:

- Subsidies, grants and subsidised tariffs
- Tax breaks and tax credits
- Under-pricing of natural resources
- Green subsidies
- Production and consumption subsidies

We will also map various recovery programmes, such as Rwanda's Coronavirus Disease 2019 National Preparedness and Response Plan (NPRP) and the Economic Recovery Plan

(ERP), the National Strategy for Transformation (2017–2024) (NST1), and Official Development Assistance (ODA) interventions.

The purpose of this step is to ensure that all major subsidies, incentives and programmes that are potentially harmful to biodiversity are included in the screening exercise. We will submit the findings of the rapid mapping exercise to the RG for discussion and refinement, following which we will submit the findings to the PMT for review and finalisation.

Subsidy and incentive screening exercise

We will undertake a two-step screening exercise: i) a rapid screening exercise, and ii) an in-depth assessment and comprehensive screening.

We will conduct a rapid screening exercise on all mapped subsidies and incentives, to determine whether there are unintended harmful impacts on biodiversity in Rwanda resulting from these. This screening will be based on the finalised MCDA framework as well as guiding questions adapted from the BIOFIN Workbook 2018 and draft BIOFIN subsidy assessment guidelines ("The Nature of Subsidies 2023"). These include:

- What are the most prominent subsidies/incentives known to have an impact on biodiversity?
- In which area do these impacts on biodiversity occur?
- What evidence is available of the harm caused by the specific subsidy to biodiversity, including ecosystem services and endangered species?

The outcomes of this exercise will be used to develop an initial inventory of subsidies and subsidies that may be harmful to biodiversity, as well as to identify and assess between 5 and 10 policies for discussion where 3-5 instruments will be prioritised for an in-depth assessment.

The outcomes of the Rapid Screening as well as the list of proposed priority policies, and a rationale for each, will be submitted to the PMT and the RG for review and comment. We will organise and facilitate a **virtual validation meeting** with the PMT and the RG to receive feedback. We will incorporate the feedback received and develop a final list of 3-5 prioritised subsidies and incentives for in-depth screening and assessment.

The in-depth assessment and comprehensive screening will determine the financial/economic, social and biodiversity impacts of the chosen subsidies. This will include assessing:

- The policies, legal and institutional frameworks supporting these policies,
- The objective and desired results of the subsidies/incentives,
- the total annual financial cost of these subsidies for the Rwandan Government (where this data is available),

- the financial and social impact of these subsidies/incentives on households and producers (where this data is available), and
- the unintended impacts of these subsidies/incentives on biodiversity and the related economic costs of these impacts over a five-year period (where this data is available).

This exercise will also include a cost-benefit analysis, initial impact assessment analysis, and a political and socio-economic analysis (including gender dimensions and vulnerable groups). This will allow us to effectively prioritise subsidies/incentives for redesign. Together, these analyses will identify:

- the potential for avoided costs
- the perceived effectiveness
- the climate/environmental impacts,
- the appetite for subsidy reform in terms of political will,
- the direct and indirect socio-economic impacts (including health, poverty, etc.) of subsidy redesign under each scenario over time, and
- the potential for subsidy improvement in terms of its effectiveness (for example, value for money, transparency, reaching of target groups, etc.).

To effectively undertake these assessments, we will collect quantitative and qualitative data through desktop review and augmented through stakeholder engagements. We will build on the preliminary desktop review undertaken during the inception phase and conduct an in-depth desktop review of relevant policies, strategies, programmes, scientific literature and grey literature related to the subsidies/incentives in question.

Further, we will supplement our findings from the desktop review through engaging key stakeholders identified during the stakeholder mapping exercise (Phase 1). This will allow us to triangulate our findings and develop a more holistic understanding of the impacts of these subsidies/incentives on the economy and biodiversity of Rwanda. Stakeholder engagements will be conducted through **Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs)**. We will develop an indicative list of questions which will be designed to guide KIIs and FGDs conducted throughout this assignment which will be adapted from the review questions listed in Annex 1 of the ToR (p.13). We will also develop indicative communication messages tailored to the national context to introduce this assignment to stakeholders. These will be included in the invitation packs sent to stakeholders. Engagements will be conducted both virtually, and in-person by our in-country experts to ensure that all relevant stakeholder perspectives are captured. We will also use these engagements to determine key priority areas for subsidy/incentive redesign and to identify any major gaps in the subsidy/incentive redesign process.

Subsidy/Incentive Inventory and Redesign Recommendations Report

The outcomes of the subsidy/incentive screening exercise will be captured in a **draft Subsidy/Incentive Inventory and Redesign Recommendations Report.** This report will include the MCDA Framework, a full list of mapped subsidies/incentives, the outcomes of the rapid screening exercise as well as the in-depth assessment and comprehensive screening. We will draw on the template provided in Annex 2 of the ToR (‘*Template for entries into the inventory of harmful subsidies’*) to capture the outcomes of the in-depth assessment and comprehensive screening of the prioritised subsidies/incentives.

We will also propose 3 priority subsidies/incentives (ideally one per key sector) for redesign and include a rationale for each in the draft report. We will identify these three based on a MCDA.

Further, we will review the overall process for designing or updating subsidies in Rwanda.

The draft Subsidy/Incentives Inventory and Redesign Recommendations Report will be submitted to the PMT and RG for comment and review. We will incorporate the feedback received into an amended draft report.

Validation workshop

In consultation with the PMT, we will support the Reference Group (RG) in organising, facilitating and rapporteuring a validation workshop event with key stakeholders. The latter is expected to include sector-specific Rwandan Ministries, civil society organizations, including relevant women's, youth and Indigenous Peoples organisations, relevant business associations, and other national experts and stakeholders within the relevant sectors. This will also include those stakeholders currently developing the updated Rwanda NBSAP. In preparation for the workshop, and in consultation with the PMT, we will finalise the workshop invitations, agenda and a pre-reading pack. This validation workshop will also be critical for developing a shared understanding among stakeholders of what constitutes a “harmful” subsidy. During the validation workshop, the OneWorld Team will present the draft Subsidy/Incentive Inventory and Redesign Recommendations Report as well as the three nominated subsidies/incentives for prioritisation. We will validate and finalise the three prioritised subsidies for redesign as well as determine key priority areas/themes for the subsidy redesign scenarios and action plans. This will inform activities in the following phases of this assignment.

Inventory Report

All feedback received during the validation workshop will be captured into a comments matrix. This will be used to refine and finalise the Subsidy/Incentive Inventory and Redesign Recommendations Report and the final three subsidies/incentives prioritised for redesign. The final report will be submitted to the PMT as Deliverable 2 for this assignment.

Deliverable 2: Final Subsidy/Incentive Inventory and Redesign Recommendations Report

Phase 3: Develop Redesign Scenarios

Develop scenarios for redesign of three prioritised subsidies/incentives

Building on the outcomes of Phase 2, the OneWorld Team will develop a set of three plausible scenarios, including a Business-as-Usual Scenario, for the redesign of each of the three prioritised subsidies/incentives. The various scenarios and their various parameters, including the timeline and underpinning assumptions, will be developed in consultation with the PMT and the RG as well as by drawing on the priorities identified during Phase 2. Further, and in line with our adaptive approach, we will determine whether scenarios should be developed in isolation for each prioritised subsidy/incentive or if scenarios should consider all three subsidies/incentives concurrently. This will be dependent on the nature and inter-dependencies of the three prioritised subsidies/incentives. This will also be applied to the development of the Redesign Action Plans in Phase 4.

Additionally, we will identify and assess various political opportunities and co-benefits as well as potential supporters/partnerships to gain momentum for subsidy/incentive redesign actions. We will further inform the scenario development by incorporating feedback gained through follow up engagements with key stakeholders, through KIIs and/or FGDs. These engagements are expected to inform the reform options that will be developed under Phase 4 below.

The OneWorld Team will capture the outcomes of the scenario development exercise into a **draft Redesign Scenarios Report**. We will also develop an outline for a redesign action plan for each of the three prioritised subsidies based on the scenarios. The draft report will be submitted to the PMT and the RG for comment and review.

Validation meeting

In consultation with the PMT, the OneWorld Team will organise and facilitate a validation meeting with the PMT, the RG and other key stakeholders where we will present the draft Redesign Scenarios Report. We will use this meeting to validate the scenarios and further develop priorities for the redesign action plans based on the outlines included in the report.

Refine and finalise draft Redesign Scenarios Report

The OneWorld Team will capture and incorporate feedback received during the validation meeting into the draft Redesign Scenarios Report and submit the final report as Deliverable 3a.

Deliverable 3a: Final Redesign Scenarios Report

Phase 4: Develop Redesign Action Plan

Develop draft Redesign Action Plan for the three prioritised subsidies/incentives

Building on the outcomes of Phase 3, the OneWorld Team will develop Redesign Action Plans for the three prioritised subsidies/incentives. For these action plans to be effective, they need to relate to the Rwandan context as well as the programmes underway in the

country, such as Vision 2050 and the forthcoming instrument that is intended to replace the National Transformation Strategy (NST1). Further, the action plans need to be transparent, feasible, cost-effective and cost-efficient, and based on a shared vision of the subsidy/incentive redesign process. The action plans will indicate prescriptive and prioritised steps for implementation.

As part of the Redesign Action Plan development, we will also design:

- a monitoring and evaluation system – including core indicators drawn from the MCDA – to track implementation progress,
- an environmental and social safeguard strategy to overcome any unintended consequences or side effects, including the design of a support programme to ease the transition for key stakeholders impacted by subsidy redesign,
- an indicative budget for implementation of the action plans, and
- a communication and advocacy strategy to garner support for subsidy redesign.

The number of action plans developed will be dependent on the nature and degree of inter-dependencies between the three prioritised subsidies, as mentioned under Phase 3. The development of these action plans will be augmented by stakeholder engagements, through KIIs and FGDs, as well as consultations with the PMT and the RG. We will incorporate the outcomes of this exercise into a **draft Redesign Action Plan Report** and submit this to the PMT and the RG for comment and review. The feedback will be incorporated into an amended draft report.

Validation workshop

In consultation with the PMT, we will organise, facilitate and rapporteur a half-day hybrid validation workshop event with key stakeholders, as listed under the Validation Workshop in Phase 2. In preparation for the workshop, and in consultation with the PMT, we will finalise the workshop invitations, agenda and a pre-reading pack. During the workshop, we will present the final Redesign Scenarios Report and the draft action plans for comment and review.

Redesign Action Plan Report

All feedback received during the validation workshop will be captured into a comments matrix. This will be used to refine and finalise the Redesign Action Plan Report for the three prioritised subsidies. The final report will be submitted to the PMT as Deliverable 3b for this assignment.

Deliverable 3b: Final Redesign Action Plan Report

Phase 5: Project Finalisation

Develop draft Policy Brief (x 3) and draft Close-out Report

During this Project Finalisation Phase, the OneWorld Team will develop a policy brief on each of the three prioritised subsidies, their proposed redesign, and the expected outcomes of the redesign process. The purpose of these policy briefs will be to raise awareness among stakeholders of the impacts of subsidies harmful to biodiversity, and potential redesign solutions and benefits. This will be done in consultation with the PMT. Additionally, we will develop a draft **Close-out Report**. Monitoring, evaluation and learning are critical components for improving project delivery and project implementation. The purpose of the Close-out report is to foster reflection on the project's implementation and to document lessons learnt during the process which can be carried over to future projects.

We will submit both the draft Policy Briefs (x 3) and the draft Close-out Report to the PMT for comment and review.

Project Close-out Meeting
In consultation with the PMT, we will organise and facilitate a project close-out meeting with the PMT and the RG. We will present the draft Policy Briefs and the draft Close-out Report for comment. This meeting will also provide an opportunity to strengthen the partnership between the PMT and the RG, and determine immediate next steps, for the implementation of the Subsidy Redesign Action Plans.

Refine and finalise Policy Briefs (x 3) and Close-out Report
The feedback received will be captured and used to refine and finalise the draft Policy Briefs and the draft Close-out Report. These will be submitted as Deliverable 4a and Deliverable 4b of this assignment, respectively.

Deliverable 4a: Final Policy Briefs
Deliverable 4b: Final Close Report

2.3 | Workplan

The work and time schedule are outlined in Table 2 including the indicative timing of project deliverables as aligned with the ToR. The OneWorld Team will also submit electronic **progress reports** on a monthly basis.

Table 1. Workplan and time schedule.

N°.	Activities/Deliverables	Months											
		NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Phase 1: Project Inception													
1.1	Kick-off Meeting	X											
1.2	Preliminary desktop, literature document and policy review	X											
1.3	Develop stakeholder engagement plan and stakeholder map	X											
1.4	Develop draft Inception Report	X											
1.5	Inception Meeting	X											
1.6	Refine and finalise Inception Report	X											
DEL-1	**Final Inception Report**	**X**											
Phase 2: Subsidy and Incentive Screening and Prioritisation													
2.1	Develop the Multi Criteria Decision Analysis Framework		X										
2.2	Rapid subsidy/incentive mapping exercise		X										
2.3	In-depth desktop review of prioritised subsidies		X	X									
2.4	Stakeholder engagements (KIIs and FGDs)			X									
2.5	Rapid subsidy/incentive screening exercise		X	X									
2.6	Virtual validation meeting with RG and PMT			X	X								
2.7	In-depth subsidy/incentive screening and assessment			X	X								
2.8	Develop the draft Subsidy Inventory and Redesign Recommendations Report			X	X								
2.9	Organise and facilitate a validation workshop				X								
2.10	Refine and finalise draft report				X								

DEL-2	**Final Subsidy Inventory and Redesign Recommendations Report**				**X**								
Phase 3: Develop Redesign Scenarios													
3.1	Develop scenarios for redesign of three prioritised subsidies					X	X						
3.3	Stakeholder engagements (KIIs and FGDs)					X	X						
3.4	Develop draft Redesign Scenarios Report						X	X					
3.5	Organise and facilitate a validation meeting with the RG, PMT and other key stakeholders							X					
3.6	Refine and finalise draft Redesign Scenarios Report								X				
DEL-3a	**Final Redesign Scenarios Report**								**X**				
Phase 4: Develop Redesign Action Plan													
4.1	Develop draft Redesign Action Plan for the three prioritised subsidies								X	X			
4.2	Stakeholder engagements (KIIs and FGDs)								X	X			
4.3	Develop draft Redesign Action Plan Report									X	X		
4.4	Organise and facilitate a validation workshop										X		
4.5	Refine and finalise draft Redesign Action Plan Report										X	X	
DEL-3b	**Final Redesign Action Plan Report**											**X**	
Phase 5: Project Finalisation													
5.1	Develop draft Policy Brief x 3										X	X	
5.2	Develop draft Close-out Report											X	
5.3	Project Close-out Meeting											X	
5.4	Refine and finalise Policy Briefs											X	X
DEL-4a	**Final Policy Briefs**												**X**

5.5	Refine and finalise Close-out Report											X	X
DEL-4b	**Final Close-out Report**												**X**
Project Management													
Monthly progress reports		X	X	X	X	X	X	X	X	X	X	X	X

3 | Project Background and Preliminary Literature Review

3.1 | Project Background

UNDP's Biodiversity Finance Initiative (BIOFIN) is a global partnership which aims to address the growing biodiversity finance challenge in developing countries to assist with mobilising the resources necessary to implement their National Biodiversity Plans and achieve biodiversity targets.

The BIOFIN initiative in Rwanda, implemented by UNDP Rwanda and REMA, has recently completed Phase I of the initiative with the development of a Biodiversity Policy and Institutional Review and a Biodiversity Financial Needs Assessment for Rwanda. The Financial Needs Assessment estimated the financial resources needed to enable national annual biodiversity goals to be at significantly higher levels than recent actual annual expenditures for biodiversity protection and mitigation (Rwanda BIOFIN, 2018). Financial resources are also currently limited, with low integration between public and private sectors. These trends accentuate Rwanda's increasing financial need for biodiversity protection and restoration.

Rwanda's National Biodiversity Strategic Action Plan (NBSAP) suggests several mechanisms for increasing biodiversity financing, including mechanisms for addressing subsidies with harmful, if unintended, impacts on biodiversity, and closing the financing needs gap. Addressing this need forms part of Phase II of the BIOFIN initiative in Rwanda.

This approach is in line with SDG 15 for protecting, restoring, and promoting sustainable ecosystems and to halt biodiversity loss. Biodiversity loss is a significant issue in Rwanda, not least because of population pressure, energy use patterns and terraced smallholder agriculture practices in the country's challenging topography. The approach is also well aligned with the Kunming-Montreal Global Biodiversity Framework proposal for eliminating or reforming incentives – including subsidies – that have negative impacts on biodiversity.

Rwanda is at the cusp of transformative and structural change towards integrated, growth oriented economic development that enables social justice and protects and realises the country's natural assets. Creating progressive and biodiversity-friendly subsidies is likely to accelerate the country's transformational pathway. The policy analysis and policy briefs developed through this project for supporting the BIOFIN Initiative and assisting the Government of Rwanda will be important for establishing priority subsidies/reforms needed to enable transformational change in biodiversity and natural capital management in Rwanda.

3.2 | Preliminary Desktop Review

Threats to Biodiversity in Rwanda – in brief

Rwanda has a rich diversity of species (2 280 higher plant species, 151 mammal species, 97 reptile species, 25 amphibian species, 19 fish species and 700 bird species). However, this rich biodiversity is facing major negative trends and pressures, as reported in the 6th National Report to the Convention on Biological Diversity (Government of Rwanda [GOR], 2020). These trends/pressures are largely related to Rwanda's growing population size – the country is the most densely populated in Africa – and its dependence on agriculture for livelihoods. These negative trends and pressures on biodiversity include:

- Poaching and agricultural encroachment into important biodiversity areas and habitats
- Fires in protected areas (some are started intentionally, based on resentment towards protected areas, whilst accidental ones are sometimes started by honey harvesters)
- The presence of alien invasive species of plants and fishes, gastropods, and crop insect pests, which are displacing indigenous vegetation and fishes and affecting agricultural productivity
- Plant and animal diseases transmissible from livestock to wildlife
- Deforestation (to create land for farming, and as a result of land use change, illegal mining and grazing)
- Human-wildlife conflict around the national parks (although this has been declining)
- Damming of rivers leading to drops in water levels
- Over-fishing/using the wrong mesh size nets and destruction of fish breeding grounds
- Over-harvesting of useful plant species (e.g., those with a high commercial value; medicinal plants)
- Over-abstraction of water and drainage of wetlands outside parks
- Inadequate regulations and/or weaknesses in the implementation of existing laws and regulations
- Infrastructure development that leads to habitat fragmentation and encroachments into ecosystems such as wetlands (lack of connectivity)
- Climate change

Rwandan Policy Context

The Government of Rwanda is concerned about the quality of life of its people, linking this closely with a healthy natural environment. The natural environment is firmly positioned in national policy as a national and societal asset. The country has therefore instituted a range of national policies and strategies that address environment and biodiversity issues. Cross cutting is the strong national climate change policy framework, which has opened up the

country's access to important sources of national and international climate and related finance.

The focus on protecting and enhancing the country's natural assets emanates from the national development vision and policy. **Vision 2050** (2021-2050) integrates human development, governance, economic growth, and structural transformation (from agriculture to a greater focus on services, green industrialisation and nature-based tourism). Vision 2050 presents a sustainable growth and development pathway in terms of the use and management of natural resources, while building resilience to cope with the impacts of climate change. This pathway links the high quality of life desired for Rwandan people, with the quality of the natural and the built environment.

The **National Environment and Climate Change Policy (NECCP)** and the **Green Growth and Climate Resilience Strategy (GGCRS)** both embed the aims of Vision 2050 to achieve a nation that has a clean and healthy environment that is resilient to climate variability and change, and that supports a high quality of life for its society. Among the NECCP's ambitions are to promote green foreign and domestic direct investment and other capital flows. The **Rwanda Biodiversity Policy** affirms the country's commitment to the Convention on Biological Diversity (CBD) and presents Rwanda's strategies and actions for conserving biological diversity, the sustainable use of its components, protecting key ecosystems and rehabilitating and restoring degraded ecosystems. It encourages cooperation between government and the private sector for its sustainable use and seeks to build incentives into conservation and sustainable use objectives.

Several subsidy mechanisms have been initiated in Rwanda with positive impacts on biodiversity, such as the gas subsidy in the energy sector and tax rebates for clean technologies. However, subsidies with potentially harmful impacts have also been initiated, such as financial subsidies for inorganic fertilisers in the agriculture sector. Furthermore, although Rwanda's development policy objective is to diversify the economy away from the predominance of agriculture, it is proving challenging to achieve this in the face of a traditional emphasis on agriculture-based livelihoods, and the tendency to continue farming crops and livestock that have underpinned peoples' diets for decades. The interaction of unsustainable farming practices with high levels of deforestation for energy use continues to undermine biodiversity and landscapes in the country.

Indicative policies and literature for review

The activities listed under Phases 2, 3 and 4 will be based on analysis of key literature and relevant documents. Tables 2, 3 and 4 below outline indicative lists for the following literature categories to be considered:

1. National policy, strategy and technical documents and programmes relating to various sectors in Rwanda (see Table 2)
2. Reports and documents related to BIOFIN Rwanda (see Table 3)

3. International Best Practice examples of impacts of subsidies/incentives on biodiversity (Table 4).

Table 2: Indicative List of Relevant National Policy, Strategy Documents and Programmes

Theme	Title	Reference
Climate Change and the Environment	National Environment and Climate Change Policy	(MOE, 2019)
	Assessment of Climate Change Vulnerability in Rwanda 2018	(REMA, 2019)
	National Strategy for Climate Change and Low Carbon Development	(Government of Rwanda, 2011)
	National Adaptation Programmes of Action to Climate Change — Rwanda	(Ministry of Lands and Forestry (MOLF), 2006)
	Nationally Determined Contribution (NDC)	(Ministry of Environment (MOE), 2021)
	Rwanda Wildlife Policy	(MINICOM, 2013)
	Rwanda's National Biodiversity Strategy and Action Plan (NBSAP II)	(Rwanda Environment Management Authority [REMA], 2016)
	Strategic Plan for Environment and Natural Resources Sector 2018–2024	(Ministry of Environment [MOE], 2017)
	Rwanda Biodiversity Policy	(Ministry of Environment [MOE], 2011)
Agriculture, forestry and fisheries	National Agriculture Policy	(Ministry of Agriculture and Animal Resources (MINAGRI), 2018)
	Forest Investment Program (FIP) for Rwanda	(Ministry of Lands and Forestry [MOLF], 2017)
	Forest Landscape Restoration Opportunity Assessment for Rwanda	(Ministry of Natural Resources, 2014)
	Forest Sector Strategic Plan 2018–2024	(Ministry of Lands and Forestry [MOLF], 2018)
Water	National Policy for Water Resources Management	(Ministry of Natural Resources, 2011)
	National Water Supply Policy Implementation Strategy	(MININFRA, 2016b)
	Rwanda National Water Resources Master Plan	(Ministry of Environment [MOE], 2015)
Sanitation	National Sanitation Policy	(MININFRA, 2016a)
Health	Rwanda Demographic and Health Survey (2019-2020)	(NISR, 2021)

	Health Sector Policy	(Ministry of Health [MOH], 2015)
	Rwanda's Coronavirus Disease 2019 National Preparedness and Response Plan (NPRP)	(Ministry of Health [MoH], 2020)
Energy	Rwanda Energy Policy	(MININFRA, 2015)
	Energy Sector Strategic Plan	(MININFRA, 2018)
Land use	National Land Policy	(Ministry of Environment [MOE], 2019)
	National Land Use and Development Master Plan (NLUDMP)	Government of Rwanda, 2020
Disaster management and recovery	National Disaster Risk Management Plan	(Ministry of Disaster Management and Refugee Affairs [MIDIMAR], 2013)
	National Contingency Matrix Plan	(Ministry of Disaster Management and Refugee Affairs [MIDIMAR], 2016)
Socio-economic Development	7 Years Government Programme: National Strategy for Transformation (NST1) 2017–2024	(Government of Rwanda, 2017)
	Vision 2050	(Government of Rwanda, 2020)

BIOFIN-related documents and reports

Table 3. Indicative list of reports and literature related to the BIOFIN initiative in Rwanda and internationally

Title	Citation
Rwanda 6th National Report to the Convention on Biological Diversity	Government of Rwanda, 2020
Rwanda Biodiversity Financial Needs Assessment	BIOFIN, 2018
Policy Brief: Biodiversity Policy and Institutional Review	BIOFIN, 2017
BIOFIN Workbook 2018	BIOFIN, 2018
The Nature of Subsidies	BIOFIN, 2023
Identifying and assessing subsidies and other incentives harmful to biodiversity: A comparative review of existing national-level assessments and insights for good practice	OECD, 2022

Table 4. Indicative list of international best practice examples of similar assignments

Title	Citation
The impact of subsidies and incentives on Botswana Biodiversity	BIOFIN, 2022
Consequences of Agricultural Subsidy on Biodiversity	BIOFIN, 2022
Identification of potential negative impacts to biodiversity and its components by agricultural subsidies	BIOFIN, 2022

This initial scoping and review exercise has highlighted a key gap in the literature:

- There is limited recent academic peer-reviewed literature focused on the nature of subsidies in Rwanda and their impacts on biodiversity.

This is a critical gap in the literature which the project team expects to fill through its own policy and subsidy screening and assessment and through stakeholder engagements.

4 | Stakeholder Engagement and Data Acquisition

Effective stakeholder consultation and participatory analysis are central to this project, enabling a well-researched and informative subsidy/incentive assessment and development of the redesign action plans. It is imperative to streamline and strategically plan stakeholder engagements to ensure effective integration of stakeholder inputs and sufficient coverage of key stakeholders. The support of the Reference Group will be critical in engaging key stakeholders and collecting data on the various subsidies/incentives.

We will use purposive sampling, which will ensure the most relevant stakeholders are engaged in the relatively short timeframe. The exact sample size will be agreed upon in due course. We will use questionnaires to guide the discussion and data collection processes in KIIs and FGDs. We will apply a structured engagement framework to guide both in-country and remote interviews, FGDs and workshops in line with the overall objectives and key research questions of the subsidy assessment, and particularly, to optimise the participatory analysis component of this work. Thus, both stakeholder mapping and consultation planning are critical to the effective delivery of this project.

4.1 | Stakeholder Mapping

Stakeholder mapping is an important starting point for developing stakeholder engagement effectively. Careful stakeholder analysis and mapping can help to ensure that engagement activities promote the documentation of diverse perspectives from a range of participants. This can include participants from groups that may be traditionally marginalised, rather than relying on only the most apparent or biased viewpoints. Selecting stakeholders carefully ensures that relevant issues relating to subsidies harmful to biodiversity are understood, and that the engagement process also raises awareness of these key biodiversity-related issues amongst the diverse stakeholders in Rwanda.

Table 5 below presents an indicative list of potential stakeholders against different stakeholder categories relevant to this project. These stakeholder categories have been ordered according to major stakeholder groups within Rwanda.

We will engage strategic stakeholders across various sectors, including sector-specific Rwandan Ministries, civil society organizations, including relevant women's, youth and Indigenous Peoples organizations, relevant business associations, academia and other national experts and stakeholders within the relevant sectors. We will conduct KIIs (including using Zoom, MS Teams and WhatsApp) with strategic stakeholders and FGDs to elaborate the desktop, document and literature review. Key informant interviews and FGDs will be conducted both virtually and, where possible, in-person by OneWorld’s in-country expert. These in-person consultations will be particularly important for engaging with communities on the ground and ensuring that all relevant stakeholders are reached.

Table 5. Indicative list of stakeholder categories, with examples

Stakeholder Category	Stakeholders may be selected from the following groups
Relevant ministries, public authorities and parastatals/public entities	• Ministry of Environment • Ministry of Natural Resources • Ministry of Finance and Economic Planning • Ministry of Lands and Forestry • Ministry of Infrastructure • Ministry of Agriculture and Animal Resources • Ministry of Trade and Industry • Ministry of Health • Ministry of Local Government • Ministry of Gender and Family Protection • Ministry of Youth and Culture • Ministry of National Unity and Civic Engagement • Ministry in Charge of Emergency Management • Rwanda Environmental Management Authority • National Institute of Statistics of Rwanda • National Green Fund (FONERWA) • National Land Authority • Rwanda Land Management and Use Authority • Rwanda Forest Authority • Rwanda Agriculture and Animal Resources Development Board • Rwanda Water Resources Board • Rwanda Office of Tourism and National Parks • Rwanda Meteorology Agency • Rwanda Development Board • Rwanda Energy Group • Water and Sanitation Corporation • National Council for Persons with Disabilities • National Youth Council

Development Partner Programmes of Relevance	• United Nations Development Programme (UNDP) • United Nations Environment Programme (UNEP) off-site • World Wildlife Fund (WWF) • World Food Programme (WFP) • Food and Agriculture Organisation of the United Nations (FAO) • International Fund for Agricultural Development (IFAD) • Global Water Partnership (GWP) • The New Partnership for Africa's Development • African Development Bank (AfDB) • Agence Française de Développement (ADF) • Belgium Development Agency (Enabel) • Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) • European Union • German Development Bank (KfW) • German Embassy • Government of Spain • Japan International Cooperation Agency (JICA) • Konrad Adenauer Stiftung (KAS) • Korean International Cooperation Agency • Norwegian Embassy • Norwegian People's Aid • Rwanda UK Goodwill Organisation (RUGO) • Swedish International Development Cooperation Agency (SIDA) • U.S. Agency for International Development's (USAID); • USAID Southern Africa Trade and Investment Hub (USAID TradeHub) • United Kingdom Foreign, Commonwealth and Development Office (UK Aid) • World Bank Group; International Finance Corporation (IFC) • United Nations Entity for Gender Equality and Empowerment of Women (UN Women)

Research Institutions (National)	• Freshwater Research Centre • AIMS Rwanda • Centre of Excellence in Biodiversity and Natural Resources Management (COEB) • Cleaner Production and Climate Innovation Centre • The Climate Change Observatory • The Karisoke Research Centre • University of Lay Adventists of Kigali • University of Rwanda
Research Institutions (International)	• Biodiversity Research Institute • Global Biodiversity Information Facility • Africa Environmental Information Network • International Centre for Research in Agroforestry • CHR. Michelsen Institute • African Research Institute • Accelerating Impacts of CGIAR Climate Research for Africa (AICCRA) • Consultative Group on International Agricultural Research (CGIAR)
Private Sector	• TRAIDE Rwanda • Private Sector Federation (PSF) • Business Owners Association • East African Business Council (EABC) • Rwanda Tours & Travel Association • African Potato Association • Energy Private Developer's association • East Africa Renewable Energy Federation • International Food Policy Research Institute
Civil Society Organisations/ Non-Profit Organisations	• International Union for Conservation of Nature (IUCN) – Rwanda • Albertine Rift Conservation Society (ARCOS) • Global Green Growth Institute (GGGI) - Rwanda

	• International Institute for Sustainable Development • Association pour la Conservation de la Nature au Rwanda (ACNR) • Rwanda Environmental NGOs Forum • Rwandese Association of Ecologists (ARECO) • Water Aid • Water for People • MenCare • MenEngage Africa • Promundo • Profemmes-twesehamwe • Sonke Gender Justice • Compassion International • VSO International • Rwandan Youth Development and Voluntary Organisation • The International Work Group for Indigenous Affairs

Table 6 below is an indicative list of organisation representative to be included in the Reference Group (RG) for this project. These organisations represent the different social groups/sectors which are pertinent to this assignment. It is expected that the organisations included in the RG will be adapted iteratively throughout this assignment as more information is garnered from the in-depth review and stakeholder consultations. Actual individuals from the representative organisations will be approached following an initial round of stakeholder engagements.

Table 6. Indicative list of representatives to be included in the Reference Group

Stakeholder Category	Stakeholders may be selected from the following groups
Relevant ministries, public authorities and parastatals/public entities	• Ministry of Environment • Ministry of Finance and Economic Planning • Ministry of Lands and Forestry • Ministry of Infrastructure • Ministry of Agriculture and Animal Resources • Ministry of Gender and Family Protection

	• Ministry of Youth and Culture
Development Partner Programmes of Relevance	• United Nations Environment Programme (UNEP) off-site • World Wildlife Fund (WWF • The New Partnership for Africa's Development
Research Institutions (National)	• Centre of Excellence in Biodiversity and Natural Resources Management (COEB)
Research Institutions (International)	• Africa Environmental Information Network
Private Sector	• Private Sector Federation (PSF)
Civil Society Organisations/ Non-Profit Organisations	• Rwanda Environmental NGOs Forum • Sonke Gender Justice • Rwandan Youth Development and Voluntary Organisation • The International Work Group for Indigenous Affairs

4.2 | Indicative Stakeholder Consultation Plan

Based on the stakeholder mapping exercise, we will implement a targeted but comprehensive stakeholder consultation strategy. Fair representation of key stakeholders is prioritised together with a focus on the use of participatory analysis workshops to maximise the use of time and resources.

Table 7 shows the indicative schedule for the proposed stakeholder consultation process.

Table 7. Indicative Stakeholder Engagement and Consultation Schedule

Engagement and Consultation	Indicative Timeline	Target Stakeholders
Inception Meeting	November 2023	OneWorld Team, UNDP Rwanda and REMA
KIIs and FGDs	January 2024	All key stakeholders
Validation Meeting	February 2024	Reference Group and PMT
Validation Workshop	February 2024	All key stakeholders
KIIs and FGDs	March-April 2024	All key stakeholders

Validation Meeting	May 2024	Reference Group and PMT
KIIs and FGDs	July 2024	Key stakeholders
Final Validation Workshop	August 2024	Key stakeholders
Close-out Meeting	September 2024	Reference Group and PMT

4.3 | Indicative Data Acquisition Plan

The involvement of key stakeholders and the use of existing stakeholder databases will be central to effective and efficient data acquisition to inform the technical analyses in this project.

Table 8 shows the indicative list of key data sources and proposed modalities of stakeholder engagement and/or data acquisition, with embedded links to the databases, where relevant.

Table 8. Indicative List of Key Data Sources and Modalities of Engagement / Acquisition

Categories	Key Data Source	Online Availability of Data	Means of Data Acquisition
Country data	National Institute of Statistics	Some available online	
Government plans and policies	Government of Rwanda website	Some available online	
UN Datasets	UN Data	Some available online	
	UNFPA	Available online	
	FAO	Some available online	
Biodiversity and Environment	Rwanda Biodiversity Information System (RBIS)	N/A	Requires support from UNDP BIOFIN in accessing this data
	Global Biodiversity Information Facility	Available online	

Water	National Institute of Water Resources (INRH)	Available online	Requires support from UNDP BIOFIN in accessing this data
	UNDRR Data Catalogue	Available online	
Socio-economic data	Word Bank Data Catalogue	Available online	
Rwanda Data-at-a-glance	Open Data for Africa	Available online	
SDGs	Atlas of Sustainable Development Goals 2020	Available online	
Climate change and meteorological data	World Meteorological Organisation	Available online	
	WorldBank Climate Change Knowledge Portal	Available online	
USAID	USAID Rwanda Country Dashboard	Available online	

5 | Concluding remarks

The forthcoming Inception Meeting is critical to set this project on the right track from the outset. Importantly, this meeting will bring key stakeholders together to agree on a common way forward to realise the objectives of the project and locate this work within the broader UNDP BIOFIN Initiative in Rwanda, to strengthen biodiversity resource mobilisation for achieving the biodiversity targets set forth in the NBSAP II. The identification, assessment and proposed redesign action plans for subsidies harmful to biodiversity are critical for bridging the financial needs gap for effective biodiversity protection in Rwanda.

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Annex

Annex 1 | Review Questions

The following are the review questions presented as Annex 1 in the ToR (p.13) and are adapted from the BIOFIN Workbook 2018 and The Economics of Ecosystems and Biodiversity.

GENERAL

Which subsidies can be categorised as harmful to biodiversity?

1. What are the most prominent subsidies in prioritized sectors known to have an impact on biodiversity? In which areas?
2. What is the available evidence of harm to nature, biodiversity, ecosystems, ecosystem services, endangered species caused by the specific subsidy?

What additional information do we need to gather for the harmful subsidies?

3. Is the overall subsidy causing the impact or only a specific part? Why? Where? GIS data can be used, when available, to support this evidence.
4. What are the annual average costs for government and beneficiaries?
5. What are the primary, secondary or other beneficiaries? What are the annual average financial benefits for beneficiaries?
6. How does the subsidy work, what is the transfer mechanism?
7. What is the source of funding to pay the subsidy if different than general treasury?

What are overall considerations to assess the need for redesigning the subsidy?

8. Does the subsidy fulfil its objectives (social/economic/environmental)? If not, it needs to be redesigned.
9. Does the subsidy lack an in-built review process and has it been in place for a long time? If so, it is likely to need improvement (i.e. it has already locked in inefficient practices).
10. Are there public calls for change or removal or calls to use the funds for other purposes? This is often an indicator for Points 8 and 9.
11. How does the subsidy distribute social welfare? If there are equity issues, it might be worth redesigning it.
12. Do any of the subsidy impacts lead to social or other economic losses? e.g. tourism loss following over-fishing, e.g. impact on household expenditures.
13. Are there alternative less damaging technologies available which are hindered by the subsidy's existence? If so, the subsidy might be slowing innovation and creating technological 'lock in'; redesigning it could bring benefits.

14. Does it offer value for money? Where there is still a valid rationale for the subsidy, could the same or less money be used to achieve the same objectives with less harmful impacts

FOR SELECTED SUBSIDIES

What are the most optimal redesign scenarios?

1. Would the redesign scenario be understandable for policy makers and the public?
2. Who are the 'winners and losers'?
3. Consider what the redesign scenario would entail (measure changed and compensatory measures). It is rarely a simple case of 'getting rid of the subsidy altogether. Three scenarios to consider are (1) eliminating the subsidy (2) reducing the investment into the subsidy (3) greening a subsidy – adapting only a part that is harmful.

Assess the costs and benefits of potential change in more detail:

4. Potential environmental benefits: include thinking on benefits in other countries and secondary effects, which can be perverse;
5. Potential economic costs: e.g. national (tax, GDP, etc.), sector-wide, for winners and losers within the sector (including new entrants/future industry), for consumers/citizens (affordability);
6. Potential social impacts: e.g. jobs, skills, availability of goods/services, health;
7. Potential competitiveness and innovation benefits
8. Potential ethical benefits e.g. as regard fairness of income, appropriateness of support, links to future generations;
9. Is the redesign scenario practical and enforceable? To identify the likelihood of success and whether it is worthwhile using political capital for re-form, the following questions can be useful to set priorities for the road map.

Is there a policy/political opportunity for action?

10. Is there a window of opportunity? e.g. policy review process, evaluation, public demand?
11. Is there a potential policy champion?
12. Will there be sufficient political capital for success?
13. What is the most optimal communication/advocacy strategy with key messaging to target the different groups of critical beneficiaries?

Annex 2 | Template of Subsidy Inventory

The following are the review questions presented as Annex 2 in the ToR (p.18).

TEMPLATE FOR ENTRIES INTO THE INVENTORY OF HARMFUL SUBSIDIES (FROM THE 2018 BIOFIN WORKBOOK)

Heading	Description
Existing subsidy	Name of the subsidy analysed
Responsible stakeholder/ organization/agency	Stakeholders/organization and agency involved or related to the subsidy
Sector	Relevant sector(s)
Drivers	Describe the motivations explaining the introduction and continuation of the subsidy
Direct or indirect	Is it a direct or indirect subsidy?
Financial value	Financial value of the subsidy (if this information is already available)
Description - intended objective and beneficiaries	Describe the main objectives of the subsidy and the intended beneficiaries
Benefits (Social, environmental, economic)	Describe the different benefits that the subsidy has and will have on social, environmental, and economic aspects. Example: Agriculture subsidy to support rural employment
Biodiversity benefits	How does the subsidy benefit biodiversity?
Biodiversity-harmful impacts	What harmful impacts on biodiversity, ecosystems, ecosystem services or endangered species can be expected or are known?
Is this potentially a harmful “subsidy?	See definition above
Describe related legislation	Describe the main laws and regulation defining he subsidy

Additional notes	Additional notes
Links to related studies/resources	List the different sources of analysis related to the subsidy (e.g. any economic justification)