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Climate Finance for MSMEs in Rwanda

A Resource Book for Entrepreneurs

How to grow your business in a climate-compatible way

Capacity Development for the Implementation of Rwanda's Nationally Determined Contributions (NDCs)

The "Capacity Development for the Implementation of Rwanda's Nationally Determined Contributions (NDCs)" project is part of the Rwandan–German Climate and Development Partnership that was signed by the countries in March 2022.

Goal: To strengthen Rwanda's ability to achieve its climate commitments by improving institutional and financial frameworks for both government and private sector actors.

Why it matters: Rwanda faces significant climate change impacts - increased extreme weather events, changing rainfall patterns, and threats to food security that could repeatedly cause the economy to shrink by 5–7% by 2050.

This publication is part of our work to help micro, small and medium-sized enterprises (MSMEs) access climate finance. We focus on providing practical knowledge and tools for Rwandan entrepreneurs who want to contribute to climate action while growing their businesses.

Our work with Rwandan MSMEs:

- Training on climate-friendly business opportunities
- Help developing bankable green project proposals
- Connections to financial institutions offering climate finance
- Special support for women and young entrepreneurs

Contact us:

If you are ready to make your business climate-friendly, join our network of Rwandan MSMEs leading the way to sustainability!

Let us know if you'd like to hear more from us in our regular newsletter and be informed about upcoming events!

Email: climate-rwanda@giz.de

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Glossary

Essential general financial terms:

Blended Finance: Strategic use of public or philanthropic capital to attract private investment for projects that deliver social or environmental impact alongside financial returns; page 12

Bond: Capital market instrument which allows the issuer to collect funding from multiple interested sources; page 12

Concessional Loan: Loans with better terms than market rates; page 12

Debt: Borrowed funds that must be repaid with interest; page 12

Equity: Ownership stake in a business; page 12

Grant: Non-repayable funds for specific projects; page 12

Guarantee: A third party promises to cover part of the loan if the business cannot repay it; page 12

Private equity: Capital invested in a private company by an investor in order to acquire controlling rights and receive dividends as a shareholder.

Profit: The net income after deducting all operating expenses, taxes, and costs. It's a key indicator of business viability.

Return on Investment (ROI): A performance measure used to evaluate the efficiency of an investment, calculated as net profit divided by the cost of the investment; page 29

Revenue: Income generated from business operations before any expenses are deducted.

Venture capital: Money provided by an investor in the launch of a start-up, a company in its infancy stage or one which is expanding into a new field of business activities.

Essential climate finance terms:

Adaptation: Improving the ability of people, businesses or communities to adapt to climate change impacts (like flooding, landslides, or extreme heat), and thereby increase their resilience against these adverse impacts; page 9

Additionality: The principle that climate finance should result in new investments that would not have occurred without the support provided

Carbon Credit: Tradable certificate representing the right to emit greenhouse gases; page 13

Carbon Footprint: The total greenhouse gas emissions caused directly or indirectly by a company or project, typically measured in equivalent tonnes of CO_2; pages 10, 11

Carbon Markets: Projects or activities that reduce or avoid CO_2 emissions can be used to generate carbon credits. Carbon credits are then sold on voluntary or compliance carbon markets; page 13

Mitigation: Reducing greenhouse gas emissions (like carbon dioxide or methane) that cause climate change; page 9

Rwanda Green Taxonomy: A classification system that defines which business activities count as environmentally friendly or “green” in Rwanda; pages 15 and 20–21

Abbreviations

Acronym	Full term
AfDB	African Development Bank
BDF	Business Development Fund
BK	Bank of Kigali
BPR	Banque Populaire du Rwanda
BRD	Rwanda Development Bank
CDM	Clean Development Mechanism
CMA	Capital Market Authority
CO_2	Carbon Dioxide
DNSH	Do No Significant Harm
EIB	European Investment Bank
EU	European Union
EU-ETS	EU Emissions Trading System
GCF	Green Climate Fund
GDP	Gross Domestic Product
GHG	Greenhouse Gas(es)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GGCRS	Green Growth and Climate Resilience Strategy
ICC	Icyaro Coffee Co-operative
ICT	Information And Communication Technology
IFU	Danish Investment Fund for Developing Countries
IRR	Internal Rate of Return
ITMO	Internationally Transferred Mitigation Outcomes
KPIs	Key Performance Indicator(s)
LCA	Life Cycle Assessment
LTD	Limited
MFI	Microfinance Institution(s)
MINECOFIN	Ministry of Finance and Economic Planning
MoE	Ministry of Environment
MRV	Monitoring, Reporting, and Verification
MSMEs	Micro, Small and Medium Enterprise(s)
MSS	Minimum Social Safeguards
NDA	National Designated Authority
NDCs	Nationally Determined Contribution(s)
NST2	Second National Strategy for Transformation
OEF	Organisation Environmental Footprint
OpEx	Operating Expense(s)
PEF	Product Environmental Footprint
PPF	Project Preparation Facility
PSF	Private Sector Federation
R&D	Research and Development
REMA	Rwanda Environment Management Authority
RGF	Rwanda Green Fund
ROI	Return on Investment
RWF	Rwanda Franc
TNC	Third National Communication
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USD	US Dollar
VCS	Verified Carbon Standard

1. A Practical Guide to Climate Finance

Rwanda is experiencing accelerating climate change impacts with measurable consequences for its economy and businesses.

Observations show a clear increasing trend in average temperatures across the country. Rwanda's Third National Communication (TNC) to the United Nations Framework Convention on Climate Change (UNFCCC) reported that from 1970 to 2016, mean annual **temperatures rose significantly in all regions** – in some areas (southwestern and eastern Rwanda) by 1.4°C to 2.6°C over that 46-year period[1]. This rate of warming is higher than the global average. Temperature increases come with **shifts in rainfall and weather patterns, as well as the risk of droughts**. Extreme weather events have increased by 30% in the last decade, with economic losses estimated at 1.5% of Gross Domestic Product (GDP) annually (The Rwanda Meteorology Agency). Floods and landslides have become more frequent in the high-altitude north and west of Rwanda, while the Eastern Province has suffered more frequent droughts[2].

For small businesses, these impacts can be particularly severe. You might be among the many businesses in Rwanda whose operations have been affected by climate-related events, e.g. **lost harvests** due to heavy rain, landslides or drought, **damaged stock** that could not be sold anymore, interruption of operations due to repairs, customers that could not reach your store etc.

These challenges require action, and in the business context, that often means investment. The good news is that **these investment needs also create opportunities for businesses in Rwanda:**

With the right investments, your business can grow and increase your competitiveness while contributing to a sustainable future.

Investments in **climate-resilient infrastructure** can pay back in many ways, for example, as you avoid harvest losses or create additional business activity. This means that climate action is **not just an environmental necessity, but a significant economic opportunity**, and your business can be part of the solution while benefiting from it financially.

Meet the Icyaro Coffee Co-operative

Throughout this handbook, we will follow the story of **Icyaro Coffee Co-operative (ICC)**, a fictitious mid-sized agricultural co-operative in Rwanda's Southern Province that has **successfully navigated the climate finance landscape**. Their experience illustrates the practical steps, challenges, and benefits that MSMEs can expect when pursuing climate finance.

As we progress through this handbook, we will revisit ICC's experience to **illustrate key concepts and practical steps** in accessing climate finance, from identifying appropriate funding sources to preparing successful applications, implementing projects, and measuring impacts.

[1] 3rd National Communications, unfccc.int, 2018
[2] https://climateknowledgeportal.worldbank.org/country/rwanda/vulnerability

Where you can find what you need in this guide

Page 7

Do you need examples of successful climate-financed projects?

Browse the case studies on pages 7 and 8 for inspiration

Page 9

Do you want to understand how climate finance differs from traditional financing?

Go to page 9 for climate finance basics and page 12 for financial mechanisms

Page 17

Are you wondering if your business qualifies for climate finance?

Use the self-assessment tool starting on page 17 and the readiness checklist on page 29

Page 20

Are you not sure how your business connects to Rwanda's climate goals?

See step 4 of the self-assessment on alignment with the Rwanda Green Taxonomy starting on page 20

Page 24

Are you looking for specific funders for your climate project?

Explore the Rwandan climate finance ecosystem, starting on page 24

Page 29

You already have a climate project idea but need funding?

Check section 5 for step-by-step application guidance and proposal development tips, starting on page 29

This handbook...

will help you, as a **micro, small or medium business owner** in Rwanda, understand how to access the money for climate-friendly and climate-resilient business activities and investment.

explains in simple terms

- What climate finance is
- How climate finance can help your business
- Where to find climate finance in Rwanda
- How to apply for climate finance successfully

Rwanda has joined the global fight against climate change

Rwanda is a party to the United Nations Framework Convention on Climate Change (UNFCCC), which is an international treaty where countries agree to work together to fight against climate change. The country therefore seeks to contribute to the worldwide goal of limiting temperature rise below 2°C, ideally 1.5°C.

Climate change poses serious risks to Rwanda's development. Its mountainous terrain is at a high risk of suffering from landslides and soil erosion during heavy rainfall events, which are becoming more frequent and intense with climate change. Most Rwandan farmers rely entirely on seasonal rainfall patterns. As these patterns become increasingly unpredictable – bringing either too much rain causing flooding or too little causing drought – crop harvests suffer. In addition, as about half of the country's electricity needs are covered by hydropower, droughts are a significant threat to many MSMEs' power security.

These are only a few examples of why **adaptation actions that help people and businesses cope with climate impacts** are especially important in Rwanda.

More about **Rwanda's climate goals** in section 3, page 14.
Online at https://www.rema.gov.rw/our-work/climate-change

Why your business matters - The "business case" for climate action

Government financing and the support from international development partners will not be enough to meet the climate resilience actions required, hence the **participation of Rwandan businesses becomes imperative**.

Nearly all businesses produce carbon emissions, although this varies by size and sector. The most common sources of business carbon emissions are from energy use, waste, travel, or transportation of goods.

There are many steps you can take to reduce your corporate emissions and **improve the "carbon footprint" of your business**. Examples range from using energy-efficient lighting (LEDs) and installing solar panels for power generation, to harvesting rainwater and training staff in sustainable practices like carpooling or waste reduction.

In terms of carbon footprint, one can consider **emissions caused directly by daily business operations**, such as from the use of electricity or fuel. But one can also go further and include **emissions that are caused along the value chain of products**, such as for transport of raw materials or parts to where they are assembled.

More about these **carbon footprint concepts** on page 11

Getting climate finance helps your business in many ways. **By making your business more climate-friendly or resilient, you not only help fight climate change, protect Rwanda's environment and economic stability but also create competitive and economic advantages for your company.** Many Rwandan businesses worry that going green costs too much money. But the truth is that responding to challenges caused by climate change can make your business stronger, save you money, open new markets, and help you grow.

Taking climate action through your business brings many benefits:

- **Access special financing:** Certain funds are set aside for business activities which reduce emissions or help the country adapt to the impacts of climate change – and these funds have certain favourable conditions that your business can benefit from. This is what this handbook is all about.
- **Save money in your daily business:** Climate finance can help you reduce your electricity expenses. Imagine installing solar panels on the roof of your workshop. This will reduce your monthly power bill, protect you from electricity price increases, and avoid losses through power outages. Production processes often become more efficient after climate-friendly upgrades. Energy-efficient equipment not only uses less power but frequently works faster and more reliably than older models, potentially increasing your production capacity. You can also lower your water costs by installing water-saving devices or rainwater collection systems.

- **Meet regulations:** Your business can stay ahead of new environmental rules. For example, Rwanda is phasing out single-use plastics. Businesses that switch to paper packaging now will be prepared and avoid possible penalties later.
- **New business opportunities and growth:** Climate finance can help you develop new products and services that solve climate-related challenges. At the same time, you can create jobs in your community, find new customers, and expand. For example, reusable shopping bags made from local materials as an alternative to plastic bags. Making the switch to organic farming methods could allow you to sell your products to premium hotels and restaurants at higher prices than conventional crops. Your business could expand as demand for green solutions increases. A small company that begins installing small solar systems might grow and serve schools, hospitals, or other institutions that want to use renewable energy.
- **Get recognition as a responsible business:** Being recognised as an environmentally responsible business will enhance your reputation. You can reach customers who care about the environment. Climate finance can help you meet international standards that are increasingly demanded. For example, a coffee business can work toward gaining certifications like Rainforest Alliance or Fair Trade, potentially opening doors to premium international buyers.

The Icyaro Coffee Co-operative (ICC) - an illustrative example

Established: 2015
Members: 350 smallholder coffee farmers
Annual production: Approx. 120 tonnes of green coffee beans
Activity: Processing, quality control, and marketing, selling to local processors and international buyers.

ICC has faced mounting **climate-related challenges**:

- **Unpredictable rainfall** patterns affecting flowering and bean development
- Extended **dry periods** requiring additional irrigation
- Intense rainfall causing **soil erosion** on hillside coffee plots
- **Rising temperatures** increasing pest and disease pressure
- High **energy costs** for processing that reduce farmer incomes

These challenges threatened not just the co-operative's profitability but its long-term viability. In 2022, following a particularly difficult season with a 30% drop in yield, ICC's management committee decided to **take action to build climate resilience**.

ICC's management began researching climate finance options in Rwanda. They attended a workshop on the **Rwanda Green Taxonomy** and consulted with the **Rwanda Development Bank** (BRD). Then, they developed their **climate action plan**:

- Phase 1 (2023): Modernise processing facilities with **energy-efficient equipment**
- Phase 2 (2024): Implement **water management solutions** for both excess rainfall and drought periods
- Phase 3 (2025): Introduce **climate-smart agricultural practices** throughout their member farms

For Phase 1, ICC successfully applied for a RWF 25 million loan through **a Rwandan climate finance facility**. The co-operative qualified under the Climate Smart Agriculture focus area and received **financing at 7.45% interest rate** – well below standard market rates. As required, **ICC contributed 30%** of the project cost from their own savings, demonstrating their commitment. The **2-year grace period** allowed them to install solar-powered coffee drying equipment and energy-efficient processing machinery before starting repayments.

Initial Results:

Within the first year of implementing Phase 1, ICC achieved:

- 40% reduction in energy costs for processing
- Improved capacity to withstand power outages, which had previously disrupted operations
- More consistent quality due to better drying control
- Enhanced reputation with buyers interested in sustainable coffee

Case studies: Inside Rwandan Climate Ventures

Explore the journeys of two innovative Rwandan businesses demonstrating the power of local solutions in driving climate action:

Case Study 1: Amazing Insect Ltd: Turning Waste into Wealth

Amazing Insect Ltd, founded in November 2023 by Mujawayezu Josiane, is a Rwandan start-up producing organic fertiliser using earthworms and flies, combined with organic waste. Their aim is to provide a climate-friendly and sustainable alternative to synthetic fertilisers.

Problem: Synthetic fertilisers contribute to greenhouse gas (GHG) emissions, as their production is energy-intensive and their application releases nitrous oxide (N_2O), a potent GHG far stronger than CO_2. Also, they harm ecosystems through runoff, thereby causing health risks for surrounding communities, and are often expensive for local farmers. There is a need for climate- and environmentally-friendly alternatives that improve soil health and increase crop production.

Solution: Amazing Insect Ltd utilises earthworms and flies to decompose organic waste, including coffee scraps, hair, and cartons, creating a nutrient-rich organic fertiliser. This process reduces waste and provides a low-carbon and environmentally-friendly alternative to synthetic fertilisers.

> **Have a clear vision of what you want, have a plan.**
>
> Mujawayezu Josiane, Founder of Amazing Insect LTD.

Climate Finance Journey:
- Won a national award for green carbon in Rwanda in 2023, receiving RWF 1 million as a grant.
- Currently participating in a national competition, competing for a RWF 30 million interest-free loan to expand production.
- Exploring access to carbon credits, potentially generating additional income streams.
- Previous application with Ireme Invest but the company did not meet the experience requirements back then.

Impact:
- Low-carbon and eco-friendly fertiliser: Provides farmers with a sustainable alternative to synthetic fertilisers, improving soil health and reducing environmental impact.
- Sustainable waste management: Utilises organic waste materials, reducing landfill waste and promoting a circular economy.
- Economic benefits: Increases crop production compared to synthetic fertilisers, at prices 30% below synthetic options.

Challenges Faced:
- Standardisation certification: Pursuing certification to access the formal market.
- Low turnover and production: Limited production capacity of 1 tonne of fertiliser per month.
- Need for investment: Requires additional investors to scale up operations.

Lessons Learned:
- Maintain a clear vision of what you want to achieve.
- Importance of strategic planning: Develop a comprehensive business plan.

Case Study 2: Rekezi Design Bureau – Innovative Solar-Powered Irrigation

Rekezi Design Bureau, a small Rwandan company based in Kigali, is making a significant impact on local agriculture. They develop and lease solar-powered irrigation systems that are both climate- and environmentally-friendly and economically viable for smallholder farmers.

Problem: Many Rwandan farmers face challenges in accessing reliable and affordable irrigation. Traditional methods are heavily diesel-based, come with high operating costs, and emit a lot of GHG and other pollutants. Alternative methods are often inefficient, and unsuitable for the hilly terrain common in the region, limiting crop yields and farmer incomes.

Solution: Rekezi has developed an innovative solar-powered irrigation traveller that addresses these challenges. Equipped with a rain gun and battery, the system operates independently of water pressure, making it ideal for irrigating fields on slopes.

Climate Finance Journey:
- Rekezi received valuable early-stage support from organisations like the Imbuto Foundation and the Kepler College Incubation Programme. This funding and support helped them develop and test their initial prototypes.
- Scaling up: The company is currently seeking a larger investment from Ireme Invest to scale up production and integrate automation into their irrigation systems, further enhancing their efficiency and effectiveness.

Impact:
- Climate benefits: Rekezi's solar-powered systems reduce reliance on fossil fuels, lowering greenhouse gas emissions and promoting sustainable agricultural practices.
- Economic empowerment: By providing access to affordable and efficient irrigation, Rekezi helps farmers increase crop yields, improve their incomes, and build more resilient livelihoods.

> **We learned that quantifying our impact is essential. Showing clear, measurable results is key to unlocking climate finance.**
>
> David Muhire, Co-founder* of Rekezi Design Bureau

* Rezeki's other co-founders are Jackson Rekeraho, James Ndekezi and Khaleb Umwizerwa

Challenges Faced:
- Meeting the detailed documentation requirements for climate finance applications can be challenging for small businesses with limited resources.
- Keeping up-to-date with funding opportunities and application deadlines requires time and effort.

Lessons Learned:
- Demonstrating impact: Effectively communicating both the environmental and commercial viability of a project to potential investors is crucial.
- Quantify your impact: Use data to demonstrate the climate-related and economic benefits of your project. Show potential funders the tangible results they can expect.
- Understand funding priorities: Research and understand the specific priorities of each funding organisation. Tailor your application to align with their goals.
- Seek mentorship and support: Do not hesitate to seek guidance from mentors, industry experts, and business support organisations.

2. Understanding Climate Finance

What is climate finance?

For Micro, Small and Medium Enterprises (MSMEs) like yours, **climate finance means funding** from financial institutions, other international or national institutions, philanthropic organisations, or individuals that wish to help climate-friendly businesses succeed. Such funding may take the form of loans with better terms than regular business loans, guarantees, equity investments, or even grants that do not need to be repaid. For larger projects, companies may also resort to Rwanda's awakening green bond market.

The main difference to regular finance products is that the money must be used for activities that either contribute to **mitigation of or adaptation to climate change.**

This is not just an option – it's a requirement. For example: with a regular loan, the bank mainly cares that you pay back the money. With a climate loan, they will also care about the climate impact of the financed activity. **To qualify, your business plan or project proposal must create a clear positive impact, either by reducing emissions or enhancing climate resilience.**

Mitigation means:

reducing or avoiding greenhouse gas (GHG) emissions (like carbon dioxide or methane) to slow down global warming and reduce the impact of climate change.

Adaptation means:

improving the ability of people, businesses, or communities to adapt to climate change impacts that are already happening (like flooding, erosion, or extreme heat), thereby increasing their resilience against these adverse impacts.

Examples are:
- **Reducing energy use** or switching to **renewable energy**, like with the solar-powered irrigation travellers Rekezi Design Bureau is developing (page 8)
- **Cutting the amount of waste** your business activity causes, or **separating and recycling** materials (like setting up a composting system, recycling plastics, or collecting biogas)
- Using **water more efficiently** (like installing drip irrigation or rainwater harvesting systems)
- Protecting **natural resources** (like sustainable forestry or soil conservation practices)
- Building **climate resilience** (like flood protection measures or drought-resistant farming)

The impacts should be measurable.

You will need to track and report on the mitigation and adaptation benefits. For example, if you get a loan for solar panels, you might need to report how much electricity you have generated and how much emissions you have saved compared to using grid electricity.

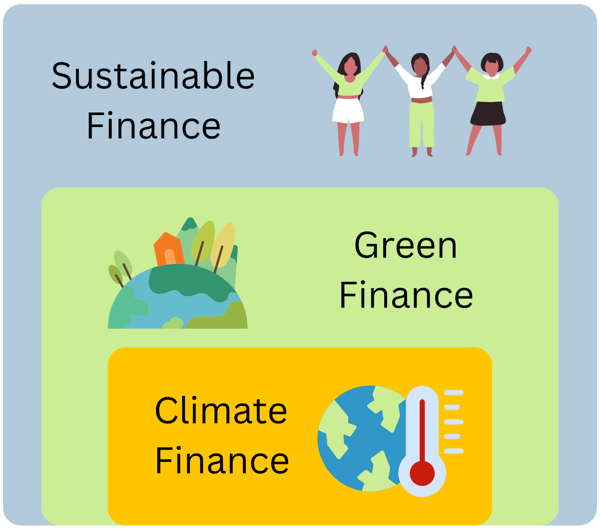
Find out more about **measuring and tracking your impact** on page 30.

There are great opportunities in climate finance in Rwanda. The market is growing in Rwanda as banks and other lenders recognise that financing climate-friendly businesses and projects helps meet national environmental goals, increase the economy's resilience in the face of climate change while also supporting economic growth.

Distinguishing Sustainable, Climate, and Green Finance

In similar documents, the terms "climate finance" or "green finance" may be used in the same context. In this handbook, we are referring to finance that supports business activity related to mitigating and adapting to climate change. This is a subset of green finance. We will therefore use the term 'climate finance'.

- **Climate Finance:** Focuses on supporting actions mitigating or adapting to climate change
- **Green Finance:** Addresses broader environmental goals, such as biodiversity; pollution prevention of soil, water and air; and protection of natural resources.
- **Sustainable Finance:** Encompasses financial activities that promote environmental, social and governance-related objectives. You might have heard about the term "ESG" - short for Environmental, Social, Governance. Examples of social and governance objectives are fair labour practices and transparent business conduct.



Distinguishing corporate climate measures from climate business models

When seeking climate finance, it is essential to distinguish between two fundamentally different approaches that MSMEs can take:

Corporate climate measures focus on improving your business's own climate-related performance by reducing its carbon footprint and environmental impact. These are internal operational changes that make your existing business more sustainable, such as installing solar panels to power your factory or switching to more sustainable packaging materials.

Climate-relevant products and services are offerings that your business develops or sells to help others (businesses, communities, or households) reduce their emissions or adapt to climate change. Selling these products or services constitutes your business model or product line, such as selling drought-resistant seeds to farmers or developing climate-smart agricultural tools.

Different climate finance mechanisms may target one or both approaches. When applying for climate finance, it is very important to clearly articulate whether you are seeking support for internal corporate climate measures, climate-relevant products/services, or both. This clarity will help financial institutions match you with the most appropriate financing mechanisms and evaluation criteria.

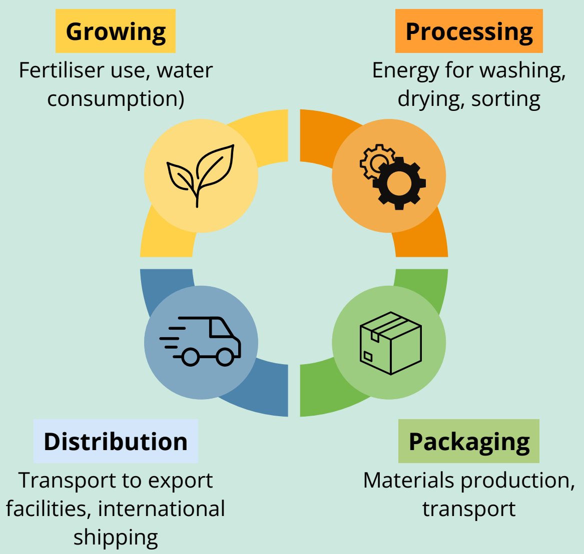
Measuring the Carbon & Environmental Footprint

Understanding and managing your business's environmental impact is a critical first step in accessing climate finance. By quantifying your business's GHG emissions and other environmental impacts through standardised methods, you can identify priority areas for improvement, demonstrate your commitment to climate action, and strengthen your case when applying for climate finance.

Concept: Product vs. Corporate Environmental Footprint
Companies, especially MSMEs, often lack the necessary expertise and tools to quantify and convey their "environmental performance" in a reliable way. This is where the Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF) methods, collectively known as Environmental Footprint Methods, come into play. The Environmental Footprint Methods are based on the concept of Life-Cycle-Assessment (LCA) and provide clear guidance for calculating and reporting the detailed environmental impacts of products and organisations. The **"Product Carbon Footprint"** and the **"Corporate Carbon Footprint"** are subsets of the PEF respectively the OEF.

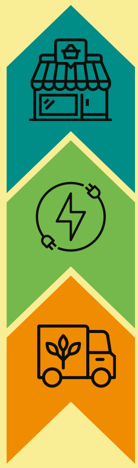
Product Environmental Footprint / Product Carbon Footprint

The **Product Environmental Footprint (PEF)** method provides rules to quantify and communicate environmental impacts of products, including goods and services. PEF focuses on impacts throughout the supply chain of products — from raw material extraction to waste management. It is especially important for understanding the impact of a product on the environment and climate change. It also helps you identify the areas in the life cycle of your products that cause major emissions and where investments can have most impact. The **Product Carbon Footprint** focuses on the measurement of GHG emissions associated with a product's life cycle only.
For example, a Rwandan coffee producer might use this method to assess the impacts of producing their premium coffee during the following life cycle stages:



Organisation Environmental Footprint / Corporate Carbon Footprint

Similarly to the PEF, the **Organisation Environmental Footprint (OEF)** method is used to assess, manage and communicate the environmental impacts of organisations, including both businesses and public entities. The OEF addresses the use of resources, emissions of pollutants and other waste streams associated with the provision of a well-defined portfolio of products or activities of an organisation.
The OEF estimates the impacts of the operations of the organisation, as well as direct and indirect impact contributions from upstream (input production, processing and supply) and downstream (distribution, use, disposal) processes. OEF can be calculated using aggregated data, i.e. without the need to calculate individual PEF results and sum them up. The **Corporate Carbon Footprint** measures the total GHG emissions a company is responsible for over a specific period (usually one year).
To differentiate sources of emissions, the concept of scope 1,2, and 3 emissions is used to classify GHG emissions from companies, based on where they originate:



Scope 1 (direct)
Direct emissions from sources owned or controlled by a company, such as generators or cars

Scope 2 (indirect)
Indirect emissions from the use of purchased energy

Scope 3 (supplemental)
All other indirect emissions in your value chain (i.e. generated by suppliers, distributors or employees commuting)

Climate finance mechanisms

There are several ways to access climate finance that are or can become relevant for MSMEs in Rwanda:

Grants:
- Money that does not need to be repaid, usually earmarked for a special purpose.
- Often require detailed applications.
- Usually for innovative ideas or first-of-kind projects.
- Example: Prior to founding Rekezi Design Bureau (see page 8), the developers received RWF 2 million from Imbuto Foundation to support the development of their prototype irrigation travellers.

Concessional loans:
- Loans with better terms than market rates.
- Lower interest rates, longer repayment periods, and/or longer grace periods.
- Often combined with "technical assistance", i.e. support to the business in project implementation.

Guarantees:
- A guarantee is a promise made by a third party (e.g. a development fund) to cover part of the loan if the business cannot repay it. Guarantees enable enterprises without sufficient collateral to obtain loans.[3]
- This reduces risk for local banks and raises your chances of getting a loan.
- The Business Development Fund (BDF, page 26) or Ireme Invest (page 25) can provide guarantees to MSMEs to support them in obtaining loans. It promises to pay back parts of the loan if the business cannot do so. Under this condition, the bank is more likely to agree.

Equity investments:
- Investors buy a share in your business.
- This investment provides capital to a business that it can use to buy new equipment, pay additional staff, rent a larger place etc. without creating debt.
- Investors share both risk and profit with the business they support. They might also be able to connect the business to new customers and partners.

Blended finance packages:
- Blended finance combines concessional funding (e.g. grants, low-interest loans, guarantees) with commercial investment to make high-impact projects more financially viable and less risky for private investors.
- This is a common way to support larger projects in various phases. The combination of funding sources lowers the financial burden on the MSME and makes the project more attractive to investors.

Bonds:
Bonds are capital market instruments, which allow the bond issuer (governments, municipalities, companies etc.) to collect funding from multiple interested sources, both nationally and/or internationally. Bonds are called green when their purpose features environmental benefits; climate bonds typically feature climate mitigation measures. A recent example for a green bond in Rwanda is the one issued by Kigali's Prime Energy PLC in 2024, totalling RWF 9.5 billion for the construction and rehabilitation of hydropower plant projects[4]. In December 2024, Rwanda's Capital Market Authority (CMA) issued guidelines applicable to the nascent green bonds market[5].

[3] Collateral refers to assets or property that a borrower offers to a lender as security for a loan. If the borrower fails to repay the loan, the lender has the right to take the collateral as a compensation for their losses
[4] https://primeenergyltd.com/green-bond/
[5] https://www.cma.rw/fileadmin/user_upload/Capital_Market_Guidelines_on_Issuance_of_GSS__Bonds.pdf

Carbon markets:

- Carbon markets provide an opportunity for Rwandan MSMEs to generate additional revenue by using climate-friendly practices and technologies.
- Carbon credits are generated from verified GHG reduction or removal projects and are bought and sold voluntarily. In such a market, mostly larger (global) companies looking to offset their emissions to meet net-zero targets could buy carbon credits generated by businesses in Rwanda.
- Project types generating carbon credits relevant for Rwandan MSMEs can include reforestation and afforestation, renewable energy installations, energy efficiency improvements, methane capture, sustainable agricultural practices, and improved cookstoves.
- To ensure credibility and transparency, carbon credits are often certified by independent standard-setting organisations such as the Verified Carbon Standard (VCS), Gold Standard, and the Climate Action Reserve. These organisations verify that the emission reductions or removals are real, additional, measurable, permanent, and independently audited.

In Rwanda, **Rwanda Environment Management Authority** (REMA) is the focal point for all aspects related to carbon markets (see 4.2).

https://climatechange.gov.rw/solutions/carbon-market

Understanding Compliance Carbon Markets vs. Voluntary Carbon Markets

Compliance carbon markets are regulatory systems created by governments to help countries and industries meet legally binding climate targets by putting a price on GHG emissions. Most common schemes are cap-and-trade mechanisms, or "Article 6" under the Paris Agreement:

Cap-and-trade mechanism:

- A government sets a cap on total emissions for specific sectors (e.g. energy, industry, aviation).
- Companies receive or purchase emission allowances (carbon credits), each permitting them to emit one tonne of CO_2.
- If a company emits less than its allowance, it can sell its surplus credits. If it emits more, it must buy extra credits or face penalties.
- To ensure transparency, companies must follow strict monitoring, reporting, and verification (MRV) rules.
- A well-known example is the EU Emissions Trading System (EU ETS), which covers major emitters in Europe.

International carbon trading – Article 6 of the Paris Agreement

The Paris Agreement introduced Article 6, which allows countries to cooperate across borders to achieve their climate targets more efficiently.

- Article 6 enables the transfer of emission reductions between countries.
- Countries can buy Internationally Transferred Mitigation Outcomes (ITMOs) to meet their Nationally Determined Contributions (NDCs).
- The system is designed to avoid double counting and ensure real, measurable, and verifiable climate benefits.
- Two key mechanisms under Article 6:
    - Article 6.2 – Bilateral or multilateral agreements between countries to trade emission reductions.
    - Article 6.4 – A UN-supervised crediting mechanism, similar to the earlier Clean Development Mechanism (CDM), but with stricter environmental integrity standards.

Voluntary carbon markets are optional. Any organisation or individual can choose to buy carbon credits to offset their emissions. For Rwandan MSMEs, this can be an additional option to access financing for activities that reduce emissions or enhance resilience.

3. MSMEs' Role in Rwanda's Climate Action

Rwandan climate objectives

Rwanda's climate objectives are supported by several policy frameworks.

Nationally Determined Contributions (NDC)
Rwanda's NDC serve as the country's action plan for decarbonising the economy and increasing resilience against climate hazards. In September 2025, Rwanda introduced a revised version of its 2020 NDC. In this so-called "NDC 3.0", Rwanda commits to reducing greenhouse gas (GHG) emissions by 53% compared to business-as-usual by 2035. This represents an estimated mitigation of up to 14.86 million tonnes of carbon dioxide (CO_2) equivalent. **MSMEs are called upon to align their initiatives with emerging priorities, particularly in sectors where climate adaptation and mitigation can create co-benefits**. A key tool to measure compliance with the NDC is the Rwandan Green Taxonomy (see next page), a classification system for economic activities as "green" based on their alignment with specific environmental objectives.

Access the 2020 NDC document here:
https://unfccc.int/documents/497872

Please note that the NDC 3.0 was only introduced to the Rwandan public, but not yet submitted to the UNFCCC at the time of publication.

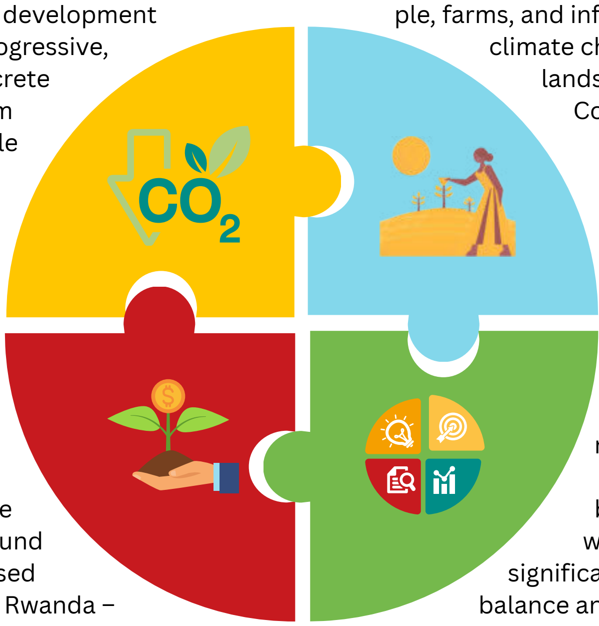
Rwanda's NDC 3.0

Mitigation target

"Mitigation" means reducing GHG emissions like CO_2, methane, nitrous oxide, and others that cause global warming. Rwanda aims to reduce its GHG emissions by 53% by 2035 compared to "business-as-usual" based on the year 2015. "Business-as-usual" is a term that describes what would happen without any additional climate action efforts, and this development trend can be compared to a progressive, climate-friendly pathway. Concrete activities in this area range from energy efficiency and renewable energy measures, low-carbon manufacturing procedures to deployment of electric vehicles.

Adaptation focus

Climate change causes more extreme weather events like extreme heat or heavy and more frequent rainfall. Because of Rwanda's hilly landscape, high population density, and reliance on agriculture, it is vulnerable and therefore the country focuses on adaptation to climate change. This means that the country helps protect people, farms, and infrastructure from the impacts of climate change, like droughts, floods, and landslides which put harvests at risk. Concrete activities in this area are improved irrigation and water management, development of climate-resilient crops, or improved management of degraded soils, ecosystems and forest areas.



Financing needs

The total cost to meet these targets is estimated at around USD 17 billion for the period 2015 to 2035. By the time of the publication of the NDC 3.0, around USD 5 billion have been mobilised for the NDC implementation in Rwanda – which leaves USD 12 billion to be mobilised for the period from 2025 to 2035. Thereof, USD 5 billion shall be used for mitigation actions, and USD 7 billion for adaptation measures.

Long-term vision

According to Rwanda's National Strategy for Transformation, Rwanda aims to become a "carbon-neutral economy" by 2050, which means that it will produce significantly less CO_2 emissions and will balance any remaining CO_2 emissions with actions that remove carbon and other GHG from the atmosphere. Reducing CO_2 emissions and removing carbon can be achieved e.g. by restoring ecosystems like forests and wetlands, or by preventing CO_2 from fossil fuel combustion where it has not yet been replaced by renewable energy.

Rwanda Green Taxonomy

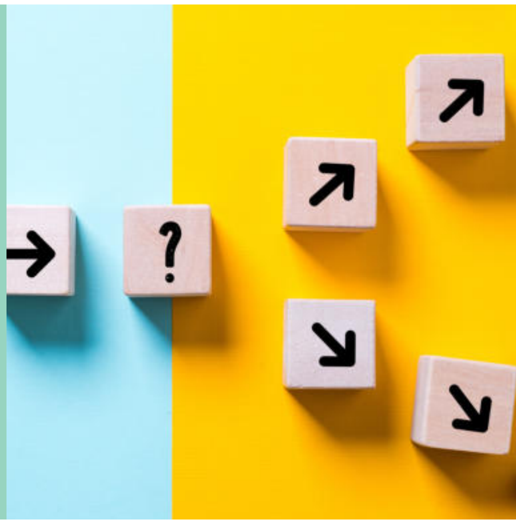
Rwanda Green Taxonomy (2025)
The Rwanda Green Taxonomy is a classification system that defines which business activities count as climate-compatible in Rwanda. As an MSME, you can use the Rwanda Green Taxonomy as a guide to find out how your business can contribute to climate objectives. It is also a guide that helps banks, investors, and government programmes identify truly sustainable businesses for targeted funding.

The Interactive Green Taxonomy Compass

MINECOFIN has published the Interactive Green Taxonomy Compass. This online tool is an easy-to-use interactive guide that helps enterprises to quickly find out how the taxonomy relates to their specific business activities. It shows which activities are considered climate-compatible, the criteria they must meet, and in what ways those activities support Rwanda’s climate and environmental goals.

Scan to try the compass

https://www.minecofin.gov.rw/rwandagreentaxonomy/the-interactive-green-taxonomy-compass



For MSMEs, the taxonomy serves two purposes:

- **Assessment tool for existing operations:** Evaluate how your current business activities align with sustainability criteria.
- **Planning guide for new investments:** Identify green business opportunities and design climate-friendly projects to attract financing.

Simply put, the taxonomy identifies key economic sectors and activities and defines criteria for when the activity can be called climate-compatible. It distinguishes between the contribution of the activity to mitigation as well as adaptation and resilience. You can check the Taxonomy Compass for all the criteria on mitigation, adaptation, or both mitigation and adaptation objectives, and see whether your business covers any of the listed criteria such as renewable energy for electricity production etc.

Besides that, activities need to meet requirements on Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) in order to be classified as climate-compatible.

The taxonomy can be relevant whenever your business can be classified in one of the following sectors:

- **Construction:** Construction of new buildings, renovations, individual measures, acquisition of buildings
- **Energy:** Solar PV, energy efficiency, clean cooking technologies
- **Transportation:** Freight and passenger transport
- **Manufacturing:** Water- and energy-efficient food processing
- **Waste Management:** Recycling, composting, biogas systems
- **Water Management:** Rainwater harvesting installation
- **Information and Communication Technology (ICT)**: Early warning systems for weather events
- **Agriculture:** Climate-smart agriculture, sustainable land management
- **Forestry and Land Use:** Agroforestry, reforestation, sustainable practices

Each of these sectors offers practical entry points for MSMEs to contribute to climate goals while building more climate-friendly, resilient and competitive businesses. More details in step 4 of the self-assessment, page 20-21.

Other relevant policy frameworks are:

Green Growth and Climate Resilience Strategy (GGCRS): This strategy provides the foundation for Rwanda's climate action and low-carbon development approach.

The strategic objectives are:
- To achieve energy security and low-carbon energy supply that supports the development of green industry and services and avoids deforestation.
- To achieve sustainable land use and water resource management that result in food security, appropriate urban development and preservation of biodiversity and ecosystem services.
- To ensure social protection, improved health and disaster risk reduction that reduces vulnerability to climate change impacts.[6]

> **Rwanda's vision is to be a developed, climate-resilient, and low-carbon economy by 2050.**
>
> Vision 2050, Rwanda Green Growth and Climate Resilience Strategy

Find out more about the GGCRS here:
- https://climatechange.gov.rw/solutions/green-growth-strategy
- https://www.rema.gov.rw/fileadmin/user_upload/Rwanda_Green_Growth___Climate_Resilience_Strategy_06102022.pdf

National Climate and Nature Finance Strategy, launched in 2024, is a comprehensive framework designed to accelerate investment in climate action and nature conservation. The strategy aims to position Rwanda as a sustainable development leader, advancing climate resilience and environmental preservation while supporting economic growth and social well-being.

Find out more about the Framework here:
https://www.minecofin.gov.rw/news-detail/rwanda-officially-launches-national-climate-and-nature-finance-strategy-to-drive-sustainable-development

National Environment and Climate Change Policy (2019): Provides the policy basis for Rwanda's climate action, focusing on greening economic transformation and promoting climate change adaptation and mitigation.

Second National Strategy for Transformation (NST2): NST2 is Rwanda's main medium-term development blueprint for the period 2024–2029. It builds on the achievements of the first strategy (NST1) and is designed to accelerate progress toward Rwanda's Vision 2050, which aims for sustainable economic growth, prosperity, and a high quality of life for all citizens.

Law on Environment (Law N°48/2018): This is Rwanda's primary legal framework for addressing climate change. This law outlines the obligations of the state, local communities, and individuals to conserve the environment and prevent the adverse effects of climate change.

[6] https://climatechange.gov.rw/solutions/green-growth-strategy, https://www.rema.gov.rw/fileadmin/user_upload/Rwanda_Green_Growth___Climate_Resilience_Strategy_06102022.pdf

Understanding Climate Commitments: Key Differences

Carbon-Neutral

A carbon-neutral party (e.g. country or organisation) is committed to evaluating the CO_2 emissions it produces. This goes hand-in-hand with reducing those emissions and compensating by cutting emissions elsewhere or removing an equivalent amount of CO_2 from the atmosphere. This practice is also known as carbon offsetting and could involve planting new trees or investing in renewable energy. It is important to note that this approach does not address the full climate impact since it ignores other important GHG like methane or nitrous oxide.

Net-zero

Net-zero means reducing emissions as much as possible, then balancing remaining GHG emissions (all types, not just CO_2) with equivalent removals. This covers CO_2, methane, nitrous oxide, and other GHG, measured in CO_2-equivalent units. Net-zero requires actual emission reductions first — typically 90-95% cuts — with offsetting only for unavoidable emissions from hard-to-abate sectors like aviation or cement production. Many countries and companies target around 2050 in long-term strategies (separate from NDCs).

Climate-Neutral

Climate-neutral means balancing all climate impacts, including all GHG and other climate effects like land use changes that affect local temperatures. This is the broadest scope — it addresses total climate footprint beyond just emissions. Climate neutrality may include shorter-lived climate forcers like black carbon (soot) and regional climate impacts such as changes in surface reflectivity (albedo). This is the broadest concept and the most complex to measure.

Self-assessment: “How can my business contribute?”

As an MSME, you may wonder how your business can contribute to Rwanda's climate goals: The steps outlined on the following pages can help you identify opportunities for alignment. The structured approach allows MSMEs to comply with national regulations and seize opportunities for innovation and competitive advantage. It is closely connected to the Rwanda Green Taxonomy which helps businesses identify themselves and their activities as “green”.

01 **Step 1** Understand climate-related risks and challenges
Page 18

02 **Step 2** Analyse your day-to-day operations and their climate impact
Page 18

03 **Step 3** Explore the opportunities, and evaluate their business potential
Page 18

04 **Step 4** Align with the Rwanda Green Taxonomy / Quantify the Case
Page 20

05 **Step 5** Review additional overarching criteria
Page 21

06 **Step 6** Assess your resource needs
Page 22

07 **Step 7** Prepare for access to climate finance by ensuring compliance with taxonomy requirements
Page 22

08 **Step 8** Develop a long-term strategy
Page 22

01

Step 1
Understand climate-related risks and challenges

Start by identifying a climate-related problem you want to address. This could include:

- High energy or water use
- Deforestation, loss of ecosystem diversity
- Reliance on fossil fuels
- Vulnerability to climate risks (e.g. floods, droughts, landslides)

Ask:
- What are my company's or my industry's local pain points?
- Which are the activities in my business or value chain that emit the most emissions?
- Are there ways to modify these activities or processes in order to reduce emissions?

Then assess if the problem is within your organisation (improved corporate carbon footprint), or is about developing a green business model for a specific target group.

02

Step 2
Analyse your day-to-day operations and their climate impact

Even small-scale activities can improve your business carbon footprint. Gather quantitative data from monthly utility bills, fuel consumption records, and production reports. Establish a baseline for future improvements.

Ask:
- What resources (energy, water, materials) does your business consume?
- What types of waste does your business generate?
- What are your main sources of greenhouse gas emissions?
- How vulnerable is your business to climate risks (floods, droughts, etc.)?

For existing or new green business cases, do a first assessment:

Ask:
- How does or could my business activity contribute to the reduction of GHG emissions?
- How does or could my business activity contribute to the adaptation to climate change, e.g. by producing a product that enables communities to be more resilient towards climate change?

03

Step 3
Explore the opportunities, and evaluate their business potential

Identify what product, service, or business model offers a climate-compatible solution:
- Solar irrigation, organic farming, clean cooking solutions
- Nature-based solutions (e.g. reforestation, soil regeneration)
- Energy efficiency products (e.g. LED lighting, insulation)
- Plastic alternatives, recycling, upcycling

Now assess how this solution can also create business value, for example:

Environmental Action	**Business Benefit**
Energy efficiency	Lower operating costs
Waste reduction	Lower disposal costs, new revenue streams (e.g. recycling)
Renewable energy	Reduced fuel costs, energy independence
Climate-resilient farming	More stable yields, access to premium markets

Ask:

- What climate benefit does it provide (e.g. GHG reduction, water saving, ecosystem protection)?
- What financial benefit does it provide (e.g. profitability, cost savings, market access, competitive advantage)?

Example: Your corporate carbon footprint can be most easily improved by switching to green energy sources for electricity and heating. If you own a small shop for everyday products using a refrigerator for dairy products and other items, switching to solar energy will significantly lower your carbon footprint! If you can switch to a device with a high energy efficiency, it will not only lower your energy consumption but reduce your carbon footprint in addition.

Besides corporate measures, multiple options exist for making a business out of green products and services. This can range from providing renewable energy solutions such as photovoltaic panels, whole off-grid networks based on solar energy for multiple households or companies, to selling and renting (electric) bikes.

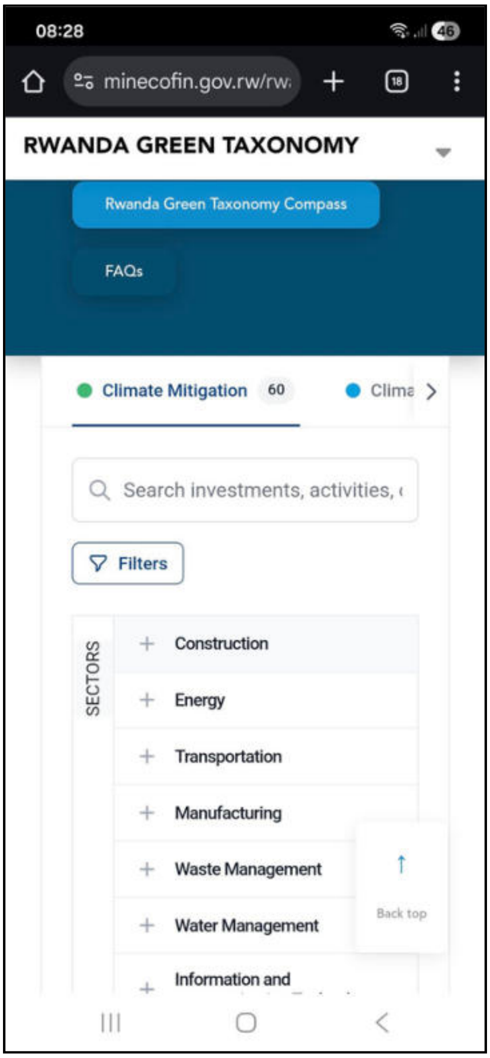
You can also directly contribute to adaptation via your business activities. If you are working in the construction sector or providing materials for roofs, walls etc., you can focus on climate-proof materials where possible. As temperatures are expected to rise and extreme weather events such as storms and rainfall will increase, you can adjust your product range to more durable materials, provide protective wall cover or varnish to keep rain from penetrating the material, or roof material that reflects sun radiation and insulation material that responds to rising temperatures. With increased climate change, some topics such as rainwater harvesting systems to reduce stormwater damage will offer increased demand and business opportunities to be tapped into.

Tip:
If you are not sure what could be suitable or how to establish the impact of certain measures, the next step can help you, as the Rwanda Green Taxonomy includes multiple options for climate action as well.

04

Step 4

Align with the Rwanda Green Taxonomy / Quantify the Case



Find the applicable economic sector.

The Green Taxonomy covers multiple economic sectors. Use the **Taxonomy Compass** to navigate through your target sector, be it in mitigation, adaptation, or both.

The Interactive Green Taxonomy Compass is an easy-to-use guide that helps you explore Rwanda's Green Taxonomy. It shows which economic activities are considered sustainable, the criteria they must meet, and how they support Rwanda's climate and environmental goals.

Access the Interactive Green Taxonomy Compass here:

https://www.minecofin.gov.rw/rwandagreentaxonomy/explore-the-green-taxonomy-using-the-interactive-compass/

Check how your current or future business activities meet the listed criteria.

The taxonomy gives you a description of how your business activities can contribute to climate action. It also includes the 'substantial contribution criteria'. If your business fulfills one or several of them, it means your business already has a positive impact and is contributing to Rwanda's climate goals! If not, you can find a lot of criteria that indicate which measures you can take to "green" your business!

For current operations:
- Review the detailed criteria in the relevant annex
- Determine how your existing activities meet these criteria
- Identify gaps where your operations need improvement

For proposed projects:
- Design your project to meet the specific criteria from the start
- Include these taxonomy-aligned elements in your financing proposal

Tips:
- Make it concrete: How much emissions can be saved by your activities? The more concrete the better it is to sell your idea to possible investors. Only what is measurable, can also be financed!
- If your business does not fully meet all criteria yet, create a step-by-step plan to improve over time. This remediation plan could allow your business to be considered 'partially aligned' while working toward full compliance.
- Your project might fit into more than one section of the taxonomy. This is good! It shows your project has many environmental benefits, which can help you get financing.

Here are examples of specific activities that align with the taxonomy in key sectors and would be well suited to attract climate finance:

Table 3 Specific activities alignment with the Rwanda Green Taxonomy

Sector	Annex I: Climate Change Mitigation	Annex II: Climate Change Adaptation	Annex III: Low-carbon and climate-resilient agriculture & forestry
Agriculture & Food Production	• Solar-powered cold storage for produce • Biogas production from agricultural waste	• Drip irrigation systems that reduce water usage by at least 20% • Drought-resistant crop varieties	• Organic farming practices that eliminate synthetic fertilisers • Agroforestry systems that combine crops with trees • Conservation agriculture techniques
Manufacturing & Processing	• Energy-efficient machinery that reduces consumption by at least 30% • Solar panels for production facilities • Waste-to-resource innovations	• Water recycling systems in manufacturing processes • Flood-resistant facility design	• Sustainable sourcing of agricultural inputs • Forest product certification
Transportation & Logistics	• Electric or hybrid vehicles for delivery services • Efficient route planning systems • Bicycle delivery services • Public transport solutions for staff	• Climate-resilient transport infrastructure • Diversified transport routes to manage disruption	• Sustainable timber transport • Farm-to-market solutions minimising post-harvest losses
Construction & Building Services	• Energy-efficient building designs with proper insulation • Renewable energy installations • Sustainable, locally-sourced building materials	• Rainwater harvesting systems • Flood-resistant construction • Heat-resistant building techniques	• Timber from certified sustainable forestry • Natural building materials from sustainable sources
Waste Management	• Recycling and composting operations • Waste collection and sorting services • Biogas production from organic waste • Upcycling businesses	• Climate-resilient waste management infrastructure • Flood-proof waste facilities	• Agricultural waste composting • Forestry residue management systems

05

Step 5

Review additional overarching criteria

Besides contributing to climate mitigation or adaptation, all activities must also meet the following requirements:

Do No Significant Harm (DNSH)

Make sure your activities do not negatively impact the environment in any way. Key areas are:

- Sustainable use of water resources: Your activity should not lead to an overconsumption of available water resources, considering limited availability in some areas.
- Promotion of circular economy: New installations must be designed for high durability, repairability and, if possible, recycling.
- Prevention and control of pollution: Your activity should not lead to any emission of dangerous substances, noise, light, or heat above acceptable threshold levels.
- Protection of biodiversity and ecosystems: Your activity should not damage ecosystems that are strategic for food security, rich in biodiversity, or serve as habitats for endangered species.

Example: Solar-powered irrigation systems are a valuable tool for a green technical solution to improve agricultural activities. It is worth investing in durable product materials that ensure it can be used for a longer time period. With water being a valuable resource, the product should enable an efficient irrigation and not lead to a waste of water resources.

Minimum Social Safeguards (MSS)
Check that your business activities do not generate negative social impacts. This is achieved via:

- Compliance with key labour rights conventions from the International Labour Convention covering labour rights, forced labour prohibition, child labour elimination, and non-discrimination
- Adherence to international human rights principles, incl. the International Bill of Human Rights conventions
- Compliance with local regulatory frameworks and national policies, particularly regarding working conditions and wages, occupational health and safety standards.

Example: Starting a green business that sells electric bikes will have a significant mitigation effect if it allows people to switch from fossil fuel-based cars or buses to cycling. Make sure, however, that the batteries and other equipment of the electric bikes have been produced in accordance with international labour and human rights, that is without child labour and provides fair wages.

06

Step 6
Assess your resource needs

Determine what you need to implement investment projects with climate impact. Consider the return on investment for any proposed changes, including potential access to climate finance sources and/or subsidies:

- **Financial resources:** What will it cost to change your operations? This often includes higher cost upfront, for instance for purchasing more energy-efficient utilities which pay off over time via reduced energy consumption.
- **Technical capacity:** What knowledge and skills are required? How can those be obtained?
- **Partnerships:** Which organisations could support your efforts?

07

Step 7
Prepare for access to climate finance by ensuring compliance with taxonomy requirements

Create a document that clearly shows **how your business aligns with the taxonomy** requirements. Use and highlight this for any funding application.

Tip:
Prepare a short pitch that you can use in conversations to anyone about your business activity, showing your intentional design of your business as "green" adding additional value to your company or product.

08

Step 8
Develop a long-term strategy

Develop or update your business strategy to incorporate sustainable practices with long-term economic, environmental, and other (e.g. reputational) benefits. Use the readiness checklist in Section 5 to ensure comprehensive planning.

Meet the Icyaro Coffee Co-operative

ICC needed to upgrade their processing equipment to be more energy-efficient while also becoming more resilient to increasingly unreliable rainfall.

How they used the taxonomy:

1. Identified relevant sections of the taxonomy:

- Annex I (Mitigation): Manufacturing sector criteria for energy efficiency
- Annex II (Adaptation): Water management for periods of drought
- Annex III: Sustainable agricultural practices for their supply chain

2. Assessed alignment:

- Their planned solar-powered processing equipment met the energy efficiency criteria by promising a 40% reduction in energy use
- Their rainwater harvesting system aligned with adaptation requirements by reducing dependency on inconsistent municipal water supply
- Their farmer training programme on shade-grown coffee met sustainable agriculture criteria

3. Verified DNSH compliance:

- Demonstrated water conservation through water recycling in the washing process
- Implemented waste management for coffee pulp through composting (circular economy)
- Protected local biodiversity by planting native shade trees rather than clearing new land

4. Prepared documentation:

- Created a detailed technical specification document for the solar system
- Developed monitoring protocols to measure actual energy savings
- Included these taxonomy-aligned elements in their Ireme Invest application

Result: ICC successfully secured their 25 million RWF loan with favourable terms, including the critical 2-year grace period.

Remember:
Financial institutions increasingly use the taxonomy to evaluate funding requests. By demonstrating alignment, you are one step ahead to 1) get special financing and 2) make your business more competitive and ready for the future.

Want to access the full Rwanda Green Taxonomy documents? The complete Rwanda Green Taxonomy with detailed criteria for all sectors is available at:

https://www.minecofin.gov.rw/rwandagreentaxonomy

4. Climate Finance Ecosystem in Rwanda

Rwanda's climate finance landscape is backed by diverse institutions collaborating to mobilise, allocate, and manage resources for climate change mitigation and adaptation. The following key institutions play crucial roles in this ecosystem.

Policy and public sector institutions

Ministry of Environment (MoE):
The MoE oversees national environmental policies and climate change initiatives, setting the strategic direction for climate action in Rwanda and ensuring that national priorities align with climate-compatible and environmentally-friendly development goals. The ministry also collaborates closely with various stakeholders to promote effective climate and environmental governance.

Rwanda Environment Management Authority (REMA):
REMA implements climate and environmental policies and regulations nationwide. By ensuring adherence to climate goals, REMA supports the effective implementation and monitoring of climate action plans and helps uphold the integrity of Rwanda's environmental standards.

REMA serves as focal institution – or "National Designated Authority" (NDA) - for carbon markets and international climate funds like the Green Climate Fund (GCF). In the case of the GCF, this means that any application from Rwanda to the GCF must go through REMA for endorsement and REMA ensures that project concepts align with national climate strategies. GCF proposals are usually large-scale programmes and while GCF might not be the first address for MSMEs to approach directly for funding, it is advisable to stay informed about programmes that can be of relevance.

For guidance on GCF processes in Rwanda, you can contact REMA or visit their Climate Change Portal, including a step-by-step guide to GCF access:

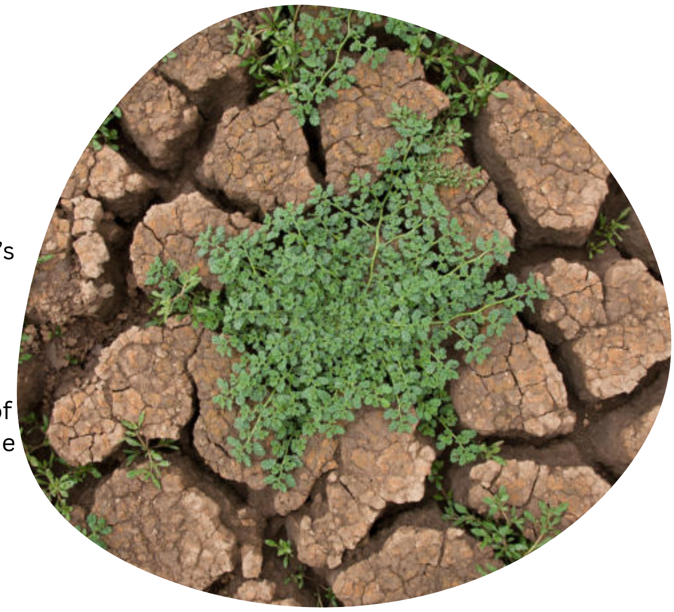
- https://climatechange.gov.rw/solutions/climate-finance
- Rema's Website: www.rema.gov.rw

If you have a project where the reduction in greenhouse gas (GHG) emissions can be quantified and you are interested in selling carbon credits by participating in the voluntary carbon market, you should contact REMA early in your project planning process. REMA can provide guidance and advise on project eligibility. You will have to set up a project design document which must be submitted to REMA. Based on the design document, REMA will establish if the project assists Rwanda in achieving sustainable development. This will determine eligibility of your project. All carbon projects must be registered with REMA, even if you are pursuing validation through an international standard organisation.

Ministry of Finance and Economic Planning (MINECOFIN):
This ministry is crucial in aligning climate finance with Rwanda's national development priorities. It ensures efficient resource allocation across sectors and that financial strategies promote sustainable growth. The ministry's oversight is vital for integrating climate objectives into the country's fiscal and economic planning.

Rwanda Green Fund (RGF, previously FONERWA):
RGF serves as the main institution for mobilising and managing climate finance. It offers a variety of financial products, including grants, concessional loans, guarantees and technical assistance to support mitigation and adaptation projects. RGF emphasises green growth and strengthening the country's climate resilience, making it a key element of Rwanda's climate financing.

In 2022, the Supervisory Board to the RGF established two separate facilities, one for the public sector and one for the private sector: **Intego and Ireme Invest**. Ireme Invest (see next page) is split into two streams of financial instruments: a Project Preparation Facility (PPF) operated and overseen by the RGF, and a Credit Facility operated and overseen by the Development Bank of Rwanda (BRD). While Intego (supported by German Cooperation through KfW) shall mainly provide grants for public sector organisations, the PPF under Ireme Invest offers innovation grants to support research and development (R&D), proof-of-concept, and piloting for private sector actors. The Credit Facility offers credit lines with concessional rates to projects that are commercially viable but not yet bankable.



Development Bank of Rwanda (BRD): BRD plays a key role in financing green projects and is spearheading Ireme Invest, Rwanda's flagship climate finance initiative (see below). It has established dedicated credit lines for Micro, Small, and Medium Enterprises (MSMEs) in green sectors, thereby promoting innovation and investment in renewable energy, energy efficiency, and other sustainable prac-tices. In 2025, BRD became an Accredited Entity of the GCF, un-locking new resources to expand climate funding for the private sector in Rwanda. BRD aims to accelerate investments supporting the transition to a green economy, ensuring financial institutions integrate climate considerations into their portfolios.

Business support

Ireme Invest (Rwanda Green Fund) - "Rwanda's One-Stop Centre for Green Investment"
Ireme Invest provides three **financial instruments** relevant to MSMEs:

- **Grants**: Both recoverable and non-recoverable, usually earmarked for a special purpose. Calls for proposals are published for specific funding windows.
- **Innovation Grant:** For private sector companies, supporting research, development, and demonstration. Up to USD 300,000, with at least 25% match funding required. Usually combined with a technical assistance programme ("Incubator" or "Accelerator"). Calls for proposals are published for specific funding windows.
- **Credit Line:** Ireme Invest provides Rwanda's most affordable credit with a credit line that provides financing well below market rates. Credits are provided via the BRD. An MSME that applies for this must provide 30% match funding.

Application Process:

- Monitor the RGF website for calls for proposals (Grants) or apply on a rolling basis (Credit Line and other instruments).
- Create an account on the Ireme Invest Application Portal.
- Complete and submit the required documentation as per the guidelines.

More information:
https://greenfund.rw/rolling-basis
https://greenfund.rw/how-fund-works

Application portal:
https://www.greenfund.rw/ireme-invest-application/login.php?return=true&

Download the full eligibility criteria
https://greenfund.rw/sites/default/files/2024-06/Ireme_Invest_Eligibility_Criteria.pdf

To apply, your business must:

- be registered in Rwanda with a valid certificate from RDB.
- be operating within or transitioning to the green and sustainable solutions.
- demonstrate scalability and significant economic impact.
- present evidence of environmental and financial viability.
- uphold exemplary corporate governance.

Important:

- Successful applicants must regularly report on project progress and environmental impact (p.30)
- Applications should align with Rwanda's Nationally Determined Contributions (NDC) goals (page 14), with clear references to how your project supports Rwanda's climate objectives.

Example of funded projects:

- **Electrifying Rwanda's Moto Taxis:** developing, testing, and demonstrating an electric motorcycle taxi and solar-powered battery charging in Rwanda.
- **Greening Girinka:** testing climate smart approaches and new technologies for small crop and livestock farmers. This will increase the knowledge and capacity of stakeholders who will adopt these validated smart climate approaches and technologies.

Business Development Fund (BDF):
The BDF is a government-backed institution that helps Rwandan MSMEs secure loans by providing credit guarantees. While BDF is not a climate-specific fund, it is a crucial support mechanism for green entrepreneurs who lack collateral. By de-risking loans, BDF can help your climate-related business to get bank financing. It has dedicated facilities for e.g. women and youth-led and agribusinesses. BDF guarantees are typically accessed through banks. When you apply for a loan at a commercial bank or microfinance institution and do not meet the collateral requirements, you or your bank can request BDF to cover a portion of the risk. Banks in Rwanda are very familiar with BDF – when discussing a loan with your bank's loan officer, mention the BDF guarantee programme. Ideally, they will coordinate with BDF to initiate the process if you qualify.

Visit BDF's website for information on the guarantee scheme and other MSME support products: www.bdf.rw

Private Sector Federation (PSF):
The PSF advocates for a favourable business environment and facilitates access to finance for MSMEs. Supporting policy dialogue and capacity-building initiatives helps MSMEs navigate the complexities of climate finance. PSF maintains a dedicated MSME Financing Gateway, listing financing instruments and providers of business development services.

Contact PSF: https://psf.org.rw/contact

Visit the Financing Gateway site at:
https://rwanda.financinggateway.org/en. (You need to register to use the full page)

Bank of Kigali (BK):
The Bank of Kigali Group, jointly with the GIZ Rwanda, have set up the "Urumuri on Climate Action and Circular Economy", a revolving fund targeting climate- and environmentally ambitious entrepreneurs. Once a year, there is a call for proposals for innovative climate-compatible and environmentally-friendly business ideas. Successful entrepreneurs benefit from a tailored Accelerator Programme, and get the chance to access a zero-interest loan for project implementation. Keep your eyes open for the next Call!

International partners

Bilateral development partners (e.g. the German government through GIZ and KfW, Sweden, UK, Denmark, France, among others, and multilateral institutions like the World Bank, UN, and the African Development Bank (AfDB) fund Rwanda's climate projects, providing financial assistance and capacity-building support. Their involvement brings best practices and resources to climate finance initiatives. Collaboration among ministries, financial institutions, and international partners equips Rwanda to meet climate targets and promote sustainable economic growth. These institutions aid policy formulation, resource mobilisation, financial support, or regulatory oversight, strengthening the country's climate agenda.

We are here to help you

GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit (German Development Cooperation) through the Climate, Energy and Sustainable Urbanisation Cluster lead capacity-building, policy advice and business incubation programmes. Some of these initiatives provide non-financial support to climate-friendly startups and MSMEs, helping them refine their business models and access finance more effectively.

Office of GIZ's Climate, Energy and Sustainable Urbanisation Cluster in Rwanda:
KG 546 Street 1 (Kacyiru) Golden Plaza, 2nd floor, Kigali
Contact us at: giz-ruanda@giz.de

Regional Support Organisations & Funds

- **Acumen** is a philanthropic investment fund providing capital to innovative high-impact enterprises. While the fund operates globally, its East Africa portfolio is operated from its Nairobi office and makes up about one quarter of total business volume. Focus areas include promotion of climate-resilient agriculture and clean energy.
- In early 2025, **Mastercard Foundation** has announced the Climate Impact Fund, accessible to Small and Medium Enterprises (SMEs) involved in climate impact in 20 African countries including Rwanda. Funding ranges from USD 500,000 to USD 2.5 million with a requirement for the receiving company to provide 30% of the total project cost. Applications from interested companies will be assessed in two rounds stretching over four months each.
- The **Climate Resilient Africa Fund** backs start-ups across Africa that work on adapting Africa's food systems to climate change and develop solutions to the climate crisis.

Check the following link for enterprises that have received funds: www.acumen.org/investment-portfolio**.**

Details on the application timelines are provided here: www.frp.org/challenge-fund/climate-fund**.**

An overview of the funding portfolio and application process is provided under the following link: www.cra.fund**.**

Banks

Most Rwandan banks are involved in MSME financing in one way or another. While Micro-finance institutions (MFI) are specifically involved with micro-enterprises, with a notable focus on the agriculture sector, commercial banks provide the bulk of SME finance in the country. Some banks have started to offer dedicated products for climate or green finance projects and have also set up internal structures able to deal with the specific needs and requirements of investments with climate impact. This is a process that has currently picked up speed. The degree to which such transformation of the financial institutions has already matured, however, varies across the financial sector.
This handbook features some of the more advanced banks but explicitly also encourages enterprises to interact with financial institutions which have not yet labelled their products as climate finance or green finance products. These may also be quite capable of funding respective projects – in particular if previous business relations or track records exist with these institutions.

Key development and commercial financial institutions active in the MSME finance sector are listed on the next page (non-exhaustive).

Table 4 Involvement of key banks in MSME finance[8]

Institution	Type of products provided	Companies supported	Links to more details
Development Bank of Rwanda (BRD)	Short-term credits, trade finance related products, investment loans – but at conditions that are below market-rates	MSMEs	https://www.brd.rw/
Ecobank Rwanda	Business loans, letters of credit, agricultural loans, capacity building	SMEs	https://www.ecobank.com/rw/commercial-banking
Amasezerano Community Banking	Agricultural loans, loans for women entrepreneurs, small business loans, money transfers, and deposits, insurance, savings, and training	Micro-enterprises	https://www.acb.rw/
Bank of Kigali	Term loans, cash credit lines/overdrafts, bank guarantees, discount on invoices, investment or equipment loans, letters of credit	SMEs 16,000 SMEs	https://bk.rw/business/sme-loans
Bank of Africa Rwanda	Working capital (credit cash) and investment loan (credit line)	Micro-enterprises	https://www.boarwanda.com/sme/
GTBank	Business loans, and overdraft	MSMEs	https://www.gtbank.co.rw/
Equity Bank[9]	Short and medium term loans, equipment investment loans, overdrafts, micro-business loans, letters of credit, bank guarantees, invoice discounts and other trade finance instruments	MSMEs (It acquired a majority stake in Cogebanque in 2023, increasing its SMEs support)	https://rw.equitybankgroup.com/
Access Bank	Trade finance instruments, advisory services, off-shore guarantees, and business loans	MSMEs	https://rwanda.accessbankplc.com/
BPR Bank	Agricultural loans, SME loans, credit lines, equipment finance, invoice discounts, business loans (syndicated loans and overdrafts), letters of credit	MSMEs	https://bpr.rw/
I&M Bank Rwanda	Investment loans, letters of credit, invoice discounting, equipment or business vehicle loans, overdrafts	MSMEs	https://www.imbankgroup.com/rw/

[8] adapted from BRD. https://kamagram.com/projects/ignite/sme_business.pdf
[9] Equity Group Holdings completed the acquisition of a majority stake in Cogebanque Rwanda in December 2023. This merger effectively integrated Cogebanque's operations into Equity Bank Rwanda Plc.

5. Accessing Climate Finance

Accessing climate finance is manageable, even if you are new to the topic. It is a complex process that demands thorough preparation, clear analysis of financial and climate-related impacts, and the skill to present a compelling project narrative or business case. This section aims to guide you through each stage of this journey, from grasping key terms and evaluating readiness to crafting a successful proposal and tackling common challenges. By following structured steps and leveraging the available tools, Micro, Small and Medium Enterprises (MSMEs) in Rwanda can confidently navigate the complexities of climate finance, secure essential funding, and effectively contribute to the nation's climate resilience and sustainability objectives.

Tip: Check out the glossary at the beginning for definitions of essential terms.

Readiness assessment checklist: Is your business prepared?

Before starting the application process, assess whether your business is "investment-ready." This checklist helps confirm that you have the documentation, procedures, and foundational knowledge for a successful application.

Table 5 "Investment-ready" checklist

		Yes (completed)	Yes (not yet completed)	No
Basic prerequisites	Business is legally registered			
	Business has a bank account			
	Business complies with Rwandan tax and regulatory requirements			
	Tax accounts and audited financial statements available			
	Updated business plan			
Climate impact understanding	Energy consumption recorded			
	Water consumption recorded			
	Waste generation recorded			
	Areas for improvement of carbon footprint identified			
Capacities and responsibilities	Responsibility for financial planning assigned; role defined			
	Responsibility for project concept development assigned; role defined			
	Responsibility for project and environmental management assigned; role defined			
	Access to templates and tools (e.g., to plan and monitor implementation of projects)			
Documentation	Project concept note			
	Cost-benefit analysis (see page 31)			

Common requirements and documentation needed

Successful climate finance applications require meticulous preparation of supporting documents. Make sure to compile and organise the following:

Essential documentation:
- **Business registration and legal documents:** Proof of business incorporation, tax registration, and compliance certificates.
- **Financial statements and projections:** Audited recent and, where possible, historical balance sheets, profit & loss statements as well as cash flow forecasts, and detailed budgets for the proposed project.
- **Environmental and climate impact assessments:** Baseline studies and projected impact reports demonstrating your project's contribution to Rwanda's climate goals.
- **Project concept documentation / Detailed business case:** Detailed concept notes, proposal narratives, and technical specifications outlining the project's scope and benefits. If you want to apply for funding for not only single measures but also for a total business concept, your documents should clearly describe the business case incl. a detailed market assessment, cost-benefit analysis and risk assessment to prove its feasibility.
- **Letters of support and partnership agreements:** Endorsements from local government agencies, community organisations, or strategic partners.
- **Risk management plans:** Documentation outlining risk identification and mitigation strategies.
- **Monitoring and evaluation frameworks:** Detailed plans for tracking progress, measuring outcomes, and ensuring accountability throughout the project life cycle.

Practical tips:
- **Document checklist:** Maintain a master checklist to ensure no document is missed during submission.
- **Regular updates:** Update your documentation as the project develops. Funders appreciate timely revisions that reflect evolving insights and updated data.
- **Professional formatting:** Ensure all documents are professionally formatted and clearly labelled. Consider having a third party review the documentation for errors or omissions.

Measuring and tracking your climate impact

Greenhouse Gas (GHG) emissions tracking is an indispensable ingredient of any climate finance transaction. Knowing the difference between an economic activity before and after a certain investment has been made allows to measure the impact of that investment (and the respective funding supporting it) on the emissions per unit.

Typically, funders will require:
- an emissions baseline (before the project)
- emissions-related key performance indicators (KPIs). These are later used to decide whether the intended impact of a project is actually materialising or not.

These two elements have to be established before project implementation. You will not have to reinvent the wheel, as there is a wide array of tools available (commonly called GHG or carbon tracking tools) supporting such measurement. The range is from tools designed for specific industries or activities, certain countries or regions, to more universally applicable ones (i.e. non-sector specific). You may also obtain rather simple calculators accessible online or proprietary software solutions offering auditable calculations. Which solution will be the best for your case depends on the complexity of your project and the requirements determined by your preferred funding source.

Getting Started: For a simple, accessible solution, try the Small Business Carbon Calculator:
https://smeclimatehub.org/start-measuring/#block-small-business-carbon-calculator

Cost-benefit analysis

A cost-benefit analysis is crucial for demonstrating the financial viability and impact of your climate-related project. It involves identifying and quantifying all the costs and benefits associated with the project, including both direct and indirect factors. **Direct costs** might include the upfront expense of purchasing solar panels or energy-efficient equipment, while **indirect costs** could involve staff training or maintenance. **Direct benefits** include reduced energy bills or increased crop yields, while **indirect benefits** could be generated by enhanced brand reputation or community well-being.

Resources like the following can help you **structure your analysis, identify relevant parameters, and present your findings** in a clear and compelling manner to potential funders:

- https://www.greenclimate.fund/sites/default/files/document/gcf-appraisal-guidance-annex-6-v4.pdf
- https://unfccc.int/resource/docs/publications/pub_nwp_costs_benefits_adaptation.pdf

Typical key steps in the funding application process

01

Pre-application preparation:
- **Idea generation:** Identify climate-related opportunities for your business that are aligned with Rwanda's climate goals. As described earlier, this can range from single measures (corporate opportunities) such as switching to renewable energies for your shop or production utilities to an entire business case based on green products or services.
- **Research funding opportunities:** Identify which funds or institutions (e.g., Rwanda Green Fund, Development Bank of Rwanda; see pages 24, 25) align with your project.
- **Pre-qualification:** Check eligibility criteria and complete any initial online pre-assessment forms.

02

Proposal development:
- **Viability check:** Assess the technical and financial viability of your project. Conduct a cost-benefit analysis.
- **Concept note preparation / Detailed business case:** Prepare a concise project description, including objectives, expected outcomes, implementation methodology, and preliminary financial requirements (budget). Remember that a few core facts or numbers are more important than a long text! If you decide for an entire business case, prepare a comprehensive business case that contains a problem statement, market assessment, cost-benefit analysis, risk assessment and implementation plan.
- **Stakeholder consultation:** To refine your project concept, engage with key stakeholders, including government bodies and local partners.

03

Application submission:
- **Documentation compilation:** Collect all supporting documents (financial statements, environmental assessments, business plans, etc.).
- **Submission portal:** Follow instructions provided by the funding source. Many agencies provide an online portal where you can track progress. Therefore, apply through appropriate channels.

04

Evaluation Phase:
- **Review and feedback:** Expect to receive feedback or requests for additional documentation during the evaluation.
- **Interviews/presentations:** Be prepared to pitch your idea, or to be interviewed by a review panel.

05

Funding decision and disbursement:
- **Notification:** Once approved, you will receive details on funding terms, disbursement schedules, and reporting requirements.
- **Project commencement:** Begin the project following the disbursement of funds, adhering closely to the proposed timeline.

Tips for developing a strong climate finance proposal

Key ingredients for success:

- **Show alignment:** Articulate how your project supports Rwanda's climate goals and national priorities. Where possible, reference specific Nationally Determined Contributions (NDC) targets or matches the Rwanda Green Taxonomy.
- **Speak the language of the financing partner you are addressing:** Ensure alignment with their priorities, give them the feeling that your project is **the perfect match for their programme.**
- **Demonstrate clear objectives and feasibility:** Demonstrate your project's climate-related impact and financial viability. Explain how your initiatives can positively affect the climate and how this contribution can be measured. Be as specific as possible. Use data and case studies to support your claims.
- **Highlight innovative approaches and co-benefits:** Highlight technological innovation, process improvements, or community engagement. Explain how your project creates transformative impacts. Include co-benefits (e.g., job creation, gender).
- **Include risk management:** Include a risk analysis section identifying potential challenges and outlining strategies for to prevent the challenges.

Proposal outline sample:

- **Title and executive summary:** Provide a brief overview of the project, objectives, methodology, and expected outcomes.
- **Project description:** Detailed narrative on project design, scope, and alignment with climate priorities. Provide all information that is relevant, do not provide any unnecessary information.
- **Market and environmental analysis:** Data-driven analysis of current environmental impacts and market conditions.
- **Financial plan:** Detailed budget, financial plan, funding request, cost-benefit analysis, and Return on Investment (ROI) ratio.
- **Implementation timeline:** Clear milestones, deliverables, and deadlines.
- **Monitoring and evaluation:** Proposed methods for tracking progress and assessing impact.
- **Risk assessment:** Identification of risks and corresponding management strategies.
- **Conclusion**
- **Annex with supporting documents:** Appendices containing technical reports, letters of support, and relevant certifications.

Tip: Customise this outline to the specific requirements of each funding institution and seek feedback from mentors or financial advisors before final submission.

Typical challenges encountered in pitching good ideas to banks and investors

Table 6 Challenges and action steps for presenting ideas

Challenge	Action steps
Unclear proposal	1. Develop a convincing narrative integrating climate-related and financial outcomes. 2. Align with the goals of the specific funder you are dealing with. 3. Refer to Rwanda Green Taxonomy criteria to strengthen your case (pages 20-21)
Lack of collateral	1. Contact Business Development Fund (BDF) for guarantee options 2. Look for green collateral providers from government, private sector, and non-governmental organisations (NGO) 3. Consider group-based lending where multiple businesses provide guarantees to each other
Insufficient documentation	1. Use the readiness checklist on page 29 to identify necessary documents 2. Keep financial records updated (6-12 months of transactions) 3. Document your climate impact (emissions reduced, water saved, etc.)
Underdeveloped business case	1. Convincingly link climate action with business growth, show how mitigation or resilience benefits create business value 2. Include financial projections demonstrating return on investment 3. Highlight co-benefits like job creation or community impact
Communication gaps	1. Develop a simple 1-page summary with visual graphics 2. Translate climate benefits into monetary values, link them clearly to financial returns 3. Practise your pitch with non-technical people to check clarity
Perceived risks	1. Show examples of similar successful projects in similar markets 2. Include detailed risk analysis and strategies to avoid or deal with the identified risks 3. Start with a small pilot project to demonstrate proof of concept
Regulatory or market uncertainty	1. Research current policies and Rwanda's climate commitments 2. Include contingency plans for different scenarios 3. Align with Rwanda's long-term climate goals

Tip: Prepare for these challenges before your pitch meeting! Having solutions ready shows investors you have thought through potential obstacles. Practise your presentation!

Explore the Icyaro Coffee Co-operative's winning proposal elements:
When preparing their climate finance application, Icyaro Coffee Co-operative included these key elements that made their proposal compelling to the evaluators:

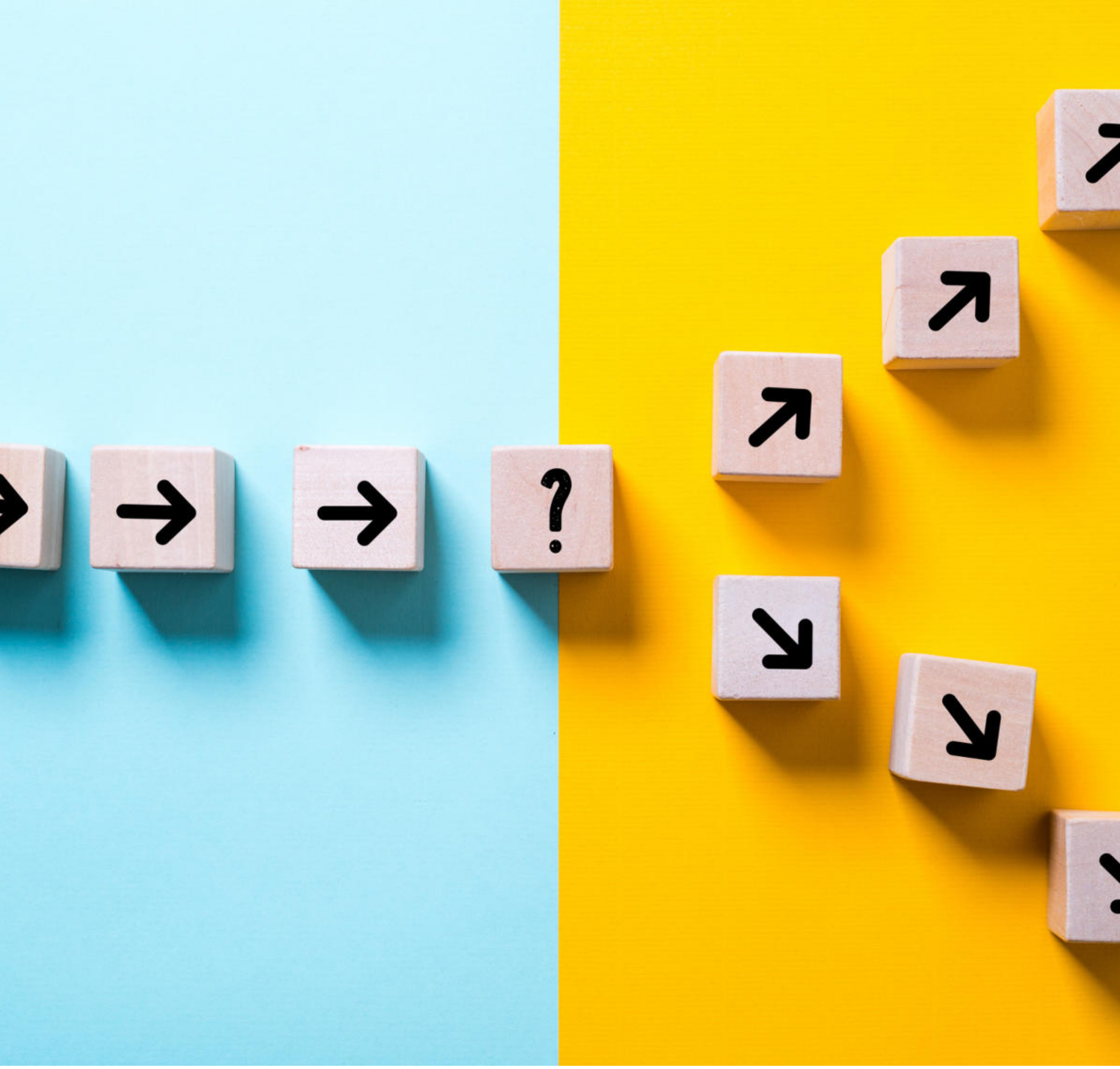
Clear Problem-Solution Statement:
"Coffee processing in Rwanda's Southern Province is energy-intensive and vulnerable to climate variability. Our solar-powered processing facility will reduce energy costs by 40% while improving resilience to power outages and rainfall variability."

Quantifiable Climate Benefits: ICC included calculations showing:
- 12,800 kWh annual electricity savings
- 6.4 tonnes CO_2 emissions reduced annually
- 450,000 litres of water conserved through rainwater harvesting

Strong Financial Case:
- Implementation cost: RWF 25 million (loan) + RWF 11 million (ICC contribution)
- Annual energy cost savings: RWF 3.2 million
- Payback period: 4.2 years (factoring in the grace period)
- Expected increase in farmer income: 15% through premium pricing for sustainable coffee

Implementation Plan: ICC included a clear timeline showing:
- Equipment procurement (3 months)
- Installation during off-season (2 months)
- Staff training (1 month)
- Monitoring system implementation (ongoing)

Risk Management: ICC identified potential challenges (equipment failure, lower-than-expected energy generation) and included strategies to address these risks (maintenance contracts, conservative energy estimates).



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