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# **RWANDA BIOFIN POLICY BRIEF**

## **Biodiversity Expenditure Review**



**December 2017**

## Introduction

In Rwanda, there is a critical need to mobilize additional resources to sustainably manage the biological resources and ecosystem services on which individuals, communities, and the economy depend. Developing a resource mobilization strategy begins with a baseline assessment of how Rwanda is currently investing in biodiversity across the public and private sectors, how these investments are changing over time, and how they are anticipated to change into the future.

The recently completed Biodiversity Expenditure Review examined expenditures on biodiversity conservation and management across the six-year period of 2011-2017 to estimate a baseline of biodiversity expenditures, and to project future biodiversity expenditures to 2025 based on budget forecasts and past trends. \*

For this study, “biodiversity expenditure” was defined as any expenditure with an explicit purpose of achieving one of the Convention on Biological Diversity’s three main objectives: the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of benefits arising out of the use of genetic resources.

## Summary of findings

Rwanda’s economy has been steadily growing, from RWF 4.46 trillion in 2011 to RWF 6.30 trillion in 2016 (constant 2014 prices), reflecting an average annual GDP growth rate of 7.2 percent. The national government budget of Rwanda has likewise continued to grow, from RWF 1.37 trillion in 2011/12 to RWF 1.86 trillion in 2016/17 (2014 prices), reflecting a cumulative annual growth rate of 6.3 percent, only slightly lower than the growth of the economy.

The study revealed that current real (2014 prices) biodiversity expenditures amounted to a low of RWF 7.5 billion (USD 11 million) in 2012/13 to a high of RWF 16.4 billion (USD 24 million) in 2014/15. Government biodiversity expenditures have been increasing over time from RWF 10.17 billion in 2011/12 to RWF 11.5 billion in 2016/17, representing a cumulative growth rate of 2.5 percent annually. In reality, however, expenditures have varied quite significantly from year-to-year, declining by one-quarter from 2011/12 to 2012/13, followed by doubling from 2013/14 to 2014/15, as reflected in Figure 1 below.

***Over this time, biodiversity-related expenditures have accounted for only about 0.5 percent to 0.9 percent of the total central government budget.***

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\* The expenditure review included an assessment of eight budget agencies across and within the Ministry of Agriculture, Ministry of Natural Resources, Rwanda Development Board, Ministry of Trade and Industry, and the University of Rwanda.

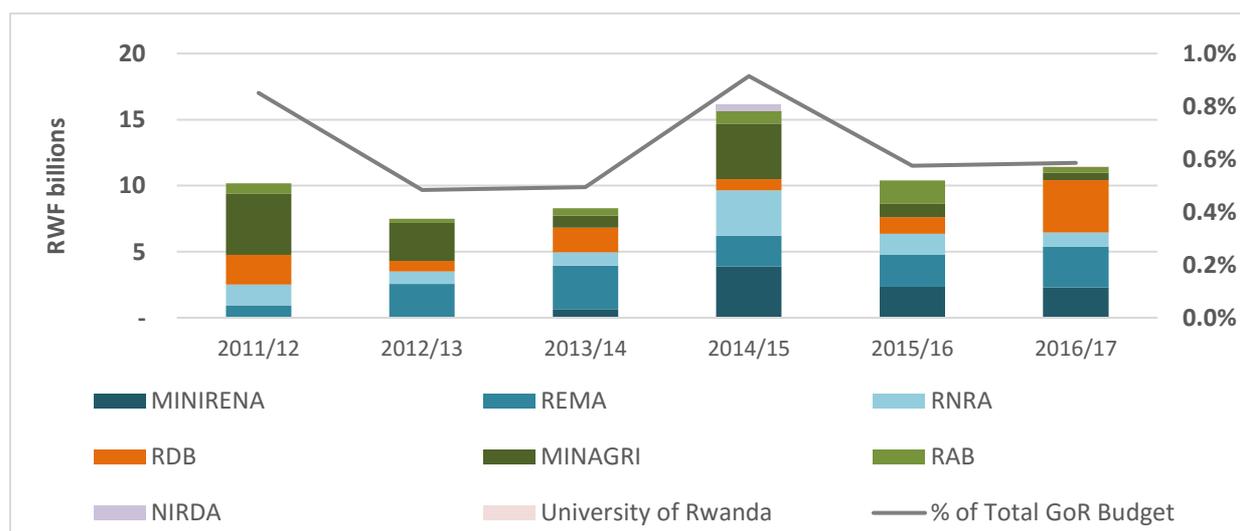
Table 1 Summary of national budgets and biodiversity expenditure findings and trends, 2011/12 – 2016/17 (RWF billion, real 2014 prices)

	11/12	12/13	13/14	14/15	15/16	16/17	Average
<b>GoR Budget</b>	<b>1,372</b>	<b>1,667</b>	<b>1,705</b>	<b>1,762</b>	<b>1,809</b>	<b>1,861</b>	<b>1,696</b>
<b>GoR Budget (as percent GDP)</b>	<b>30.8 %</b>	<b>34.3 %</b>	<b>33.6 %</b>	<b>32.2 %</b>	<b>30.4 %</b>	<b>29.5 %</b>	<b>32 %</b>
<b>GoR Budget Growth Rate</b>		<b>21 %</b>	<b>2 %</b>	<b>3 %</b>	<b>3 %</b>	<b>3 %</b>	<b>6.3 %</b>
<b>GoR Biodiversity Budget</b>	10.17	7.50	8.56	16.42	10.60	11.53	<b>10.8</b>
<b>GoR Biodiversity Budget (as percent Budget)</b>	0.74 %	0.45 %	0.50 %	0.93 %	0.59 %	0.62 %	<b>0.64 %</b>
<b>GoR Biodiversity Budget Growth Rate</b>		<b>-26 %</b>	<b>14 %</b>	<b>92 %</b>	<b>-35 %</b>	<b>9 %</b>	<b>2.5 %</b>

### Biodiversity spending by ministries and agencies

The below graph reflects biodiversity expenditures by the Government of Rwanda for the time period and budget agencies assessed. These expenditures include both domestic resource allocation as well as external grants and loans to projects partially or wholly-financed by development partners and international finance institutions.

Figure 1 Biodiversity-related expenditures by Government of Rwanda Budget Agency, 2011/12 – 2016/17, 2014 prices



As can be seen, the environment and natural resource sector, represented by MINIRENA, REMA, and RNRA, account for just over one-half of all biodiversity-related expenditures in Rwanda. Biodiversity-related expenditures in the agricultural sector have been variable in both absolute terms (RWF 5.41 billion in 2011/12 to RWF 1.03 billion in 2016/17) and as a proportion of total government biodiversity expenditures (53 percent in 2011/12 to 9 percent in 2016/17), reflecting a lack of consistent mainstreaming of biodiversity objectives across programs.

Agriculture programs within MINAGRI and RAB are largely focused on resource intensification and value chain development, with a small proportion dedicated to conservation and land husbandry. RDB's biodiversity budget has also been variable, reflecting a drop from RWF 2.3 billion in 2011/12 to RWF 0.85 billion RWF in 2014/15. The significant recent (2016/2017) increase in RDB biodiversity expenditures, in comparison with previous years, should be interpreted with caution as these include expenditures from own sources of revenue, not included in the prior years.

### **Biodiversity spending by source of funds**

In order to better understand the sources of biodiversity finance, the below figure reflects annual biodiversity expenditures by the Government of Rwanda allocated through domestic resources and external resources including grants and loans from bilateral and multilateral development partners.

*On average, external sources of funds have accounted for 56 percent of biodiversity expenditures and domestic resource allocations have accounted for the remainder (44 percent).*

Year over year variability is dramatic. Especially large increases in external grants and loans were made in 2014/15, including contributions to the FONERWA fund (RWF 12 billion ) to support operations and funding proposals, as well as a large external grant contribution to MINAGRI's Gishwati Land and Water Management Project (RWF 13.1 billion).

Non-government expenditures were also captured including those from bilateral donors, GEF-funded projects, NGOs and the private sector. Incremental expenditures by non-government implementing entities account for RWF 4.6 billion to RWF 5.7 billion annually (2014 prices), reflecting a modest average growth in biodiversity expenditures of 2.4 percent.

*Biodiversity expenditures were estimated to account for, on average, 0.3 percent of the national economy -- ranging from RWF 12.82 billion in 2012/13 to RWF 21.66 billion in 2014/15. Total biodiversity expenditures have grown by 2.4 percent annually, well below the growth of the economy and national budget.*

This may indicate that as the government prioritizes other development objectives, biodiversity is not gaining a correspondingly increasing share of its budget despite the high dependency on agriculture, water, tourism, and fuel wood. In addition, biodiversity budgets appear to fluctuate year-over-year for many budget agencies, perhaps signalling a lack of consistent financial commitment to biodiversity objectives within government budget agencies. However, these fluctuations are partly due to the fact that for many budget agencies, the majority of biodiversity-related activities are embedded within development projects that stop and start over the years, rather than integrated into recurrent programs.

*The combined aid dependency, fluctuations in biodiversity expenditures, and low biodiversity mainstreaming in the natural resource sector create high uncertainty in future biodiversity finance and management.*

*Table 2 Summary of biodiversity expenditure findings and trends, 2011/12 – 2016/17 (RWF billion, real 2014 prices)*

	11/12	12/13	13/14	14/15	15/16	16/17	Average
<b>GDP</b>	<b>4,459</b>	<b>4,852</b>	<b>5,079</b>	<b>5,466</b>	<b>5,951</b>	<b>6,304</b>	<b>5,352</b>
<b>GDP Growth Rate</b>		<b>9 %</b>	<b>5 %</b>	<b>8 %</b>	<b>9 %</b>	<b>6 %</b>	<b>7.2 %</b>
<b>Total Rwanda Biodiversity Expenditures</b>	<b>14.78</b>	<b>12.82</b>	<b>14.33</b>	<b>21.66</b>	<b>16.22</b>	<b>16.60</b>	<b>16.1</b>
<b>Total Biodiversity Expenditure Growth Rate</b>		<b>-13 %</b>	<b>12 %</b>	<b>51 %</b>	<b>-25 %</b>	<b>2 %</b>	<b>2.4 %</b>
<b>Total Biodiversity Expenditure (as percent GDP)</b>	<b>0.32 %</b>	<b>0.26 %</b>	<b>0.28 %</b>	<b>0.40 %</b>	<b>0.27 %</b>	<b>0.26 %</b>	<b>0.30 %</b>

Note: To allow for a side-by-side comparison of national budgets, GDP is reflected by government fiscal year (for example 2011 GDP is considered 2011/12 here, etc.). Average growth rates are based on cumulative annual growth from 2011/12 to 2016/17.

### Future spending projections

The Biodiversity Expenditure Review also made future projections of biodiversity spending using high and low scenario estimates. These projections indicated that, by 2024/25, government expenditures on biodiversity could reach between RWF 13.6 and 28.7 billion, reflecting the large uncertainty in making future projections. As an average 56 percent of government spending on biodiversity comes through the development (project) budget, future spending is almost entirely dependent on government policy and program choices and the flow of external resources -- unless changes are made to increase domestic financing sources for biodiversity management.

### Policy implications

- In order for Rwanda to achieve the targets set forth in its National Biodiversity Strategy and Action Plan, further action needs to be taken to mobilize domestic and international resources and ensure that these resources are secure into the future.
- Although it is important to ensure biodiversity conservation objectives are more effectively integrated into the development agenda, it is equally important to embed biodiversity conservation into recurrent government programs so as to ensure a sustainable flow of resources into the future despite fluctuating donor contributions.
- Better tracking of biodiversity expenditures, particularly in national budgets, would enable the Government of Rwanda to assess trends in biodiversity spending over time in order for Government to ensure it remains on track to meet national biodiversity targets. Through a tagging system, budgeted activities could be screened and assessed by budget agencies for biodiversity-relevance.