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Investing in rural people

Republic of Rwanda

Kayonza Irrigation and Integrated Watershed
Management Project – Phase I (KIIWP1)

Addendum

Executive Board — 126th Session
Rome, 2-3 May 2019

For: Approval

Kayonza Irrigation and Integrated Watershed Management Project – Phase 1 (KIIWP1)

Addendum

The attention of the Executive Board is drawn to the following addenda and modifications to the President's report on the Kayonza Irrigation and Integrated Watershed Management Project (EB 2019/126/R.22). For ease of reference, the changes to the text of the report are shown in boldface, while underscore indicates deleted text.

Page i, Contents

Project delivery team

Abbreviations and acronyms

Map of the project area

Financing summary

Recommendations for approval

Appendices

I. Negotiated financing agreement _____

Page ii, Abbreviations and acronyms

RAB should read: Rwanda Agriculture and Animal Resources Development Board

Page iv, Financing summary

Total project cost:	US\$24.73__million
Amount of IFAD loan: US\$17.8 million)	SDR__12.85 million (equivalent to US\$17.8 million)
Amount of IFAD climate finance:	US\$8.3 million
Amount of cofinancing:	US\$__0.25 million
Contribution of borrower:	US\$__5.15 million
Contribution of beneficiaries:	US\$1.5 million

Page 5, paragraph 32 should read:

"KIIWP1 total project costs, including physical and price contingencies, are estimated at US\$__24.73 million (RWF__22.2 billion), US\$__23.62 million of which are baseline costs and US\$__1.11 million are allowances for physical and price contingencies. The costs by project component are as follows: (i) strengthening resilience to droughts, US\$__21.32 million (__86.2 per cent); and (ii) institutional development and project coordination, US\$__3.41 million (__13.8 per cent)."

Page 6, a new paragraph should be added after paragraph 32 as below

"Under Component A, Strengthening resilience to droughts, Sub-component A.1, Catchment rehabilitation and protection, is partially counted as climate finance. The total amount of IFAD climate finance for

this project is preliminarily calculated as US\$8,263,396¹, which represents 46.4 per cent of the total project amount."

Page 6, table 1 should be replaced with the one below

Table 1

Project costs by component (and subcomponent) and financier

(Thousands of United States dollars)

<i>Component</i>	<i>Beneficiaries</i>		<i>IFAD loan</i>		<i>Government</i>		<i>DFID*</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
A. Strengthening resilience to droughts										
1. Catchment rehabilitation and protection	1 527.1	14.5	7 044.2	66.9	1 956.4	18.6	-	-	10 527.6	42.6
2. Irrigation development	-	-	6 929.6	70.1	2 708.0	27.4	253.4	2.6	9 891.1	40.0
3. Infrastructure management institutions	-	-	269.3	82.0	59.1	18.0	-	-	328.5	1.3
4. ESMP	-	-	471.5	82.0	103.5	18.0	-	-	575.0	2.3
Subtotal: Strengthening resilience to droughts	1 527.1	7.2	14 714.7	69.0	4 827.0	22.7	253.4	1.2	21 322.1	86.2
B. Institutional development and project coordination										
1. Institutional support	-	-	227.2	82.0	49.9	18.0	-	-	277.1	1.1
2. Project management and coordination	-	-	2 849.2	90.9	285.7	9.1	-	-	3 134.9	12.7
Subtotal: Institutional development and project coordination	-	-	3 076.4	90.2	335.5	9.8	-	-	3 412.0	13.8
Total	1 527.1	6.2	17 791.1	71.9	5 162.5	20.9	253.4	1.0	24 734.1	100.0

* United Kingdom's Department for International Development

Page 6, table 2 should be replaced with the one below

Table 2

Project costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>Beneficiaries</i>		<i>IFAD loan</i>		<i>Government</i>		<i>DFID</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
1. Equipment and materials	-	-	2 501.6	80.0	625.4	20.0	-	-	3 127.0	12.6
2. Works	1 527.1	20.5	4 567.9	61.5	1 337.9	18.0	-	-	7 432.9	30.1
3. Vehicles	-	-	191.0	80.0	47.8	20.0	-	-	238.8	1.0
4. Consultancies and non-consulting services	-	-	7 888.8	71.3	2 918.5	26.4	253.4	-	11 060.8	44.7
5. Training and workshops	-	-	854.6	82.0	187.6	18.0	-	-	1 042.2	4.2
6. Grants and subsidies	-	-	-	-	-	-	-	-	-	-
7. Salaries and allowances	-	-	1 580.6	100.0	0.0	-	-	-	1 580.6	6.4
8. Operating costs	-	-	206.6	82.0	45.3	18.0	-	-	251.9	1.0
Total	1 527.1	6.2	17 791.1	71.9	5 162.5	20.9	253.4	1.0	24 734.1	100.0

¹ As per MDB Methodologies for Tracking Climate Adaptation and Mitigation Finance, and subject to the costing tables included in this document.

Page 7, table 3 should be replaced by the one below

Table 3
Project costs by component and project year
(Thousands of United States dollars)

Component/ subcomponent	2019		2020		2021		2022		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
A. Strengthening resilience to droughts									
1. Catchment rehabilitation and protection	3 140.0	54.3	5 043.6	46.4	1 719.0	22.5	-	-	9 902.6
2. Irrigation development	1 120.0	19.4	4 210.9	38.7	4 208.0	55.1	-	-	9 538.9
3. Infrastructure management institutions	144.1	2.5	94.6	0.9	77.3	1.0	4.0	0.9	319.9
4. Environment and social management plan	-	-	350.7	3.2	203.4	2.7	-	-	554.1
Subtotal: Strengthening resilience to droughts	4 404.1	76.2	9 699.8	89.2	6 207.7	81.3	4.0	0.9	20 315.5
B. Institutional development and project coordination									
1. Institutional support	48.7	0.8	64.7	0.6	81.0	1.1	71.0	16.2	265.4
2. Project management and coordination	1 166.0	20.2	641.1	5.9	893.7	11.7	333.6	76.2	3 034.5
Subtotal Institutional development and project coordination	1 214.8	21.0	705.9	6.5	974.7	12.8	404.6	92.4	3 299.9
Total baseline costs	5 618.8	97.2	10 405.6	95.7	7 182.4	94.0	408.6	93.3	23 615.5
Physical contingencies	107.0	1.8	151.0	1.4	86.0	1.1	-	-	334.0
Inflation:									
Local	56.8	1.0	334.1	3.1	449.3	5.9	54.9	12.5	895.0
Foreign	30.4	0.5	164.5	1.5	172.1	2.2	7.8	1.8	374.9
Subtotal inflation	87.2	1.5	498.6	4.6	621.4	8.1	62.7	14.3	1 269.9
Devaluation	(29.9)	(0.5)	(179.8)	(1.7)	(252.1)	(3.3)	(33.4)	(7.6)	(495.2)
Subtotal price contingencies	57.3	1.0	318.8	2.9	369.3	4.8	29.3	6.7	774.7
Total project costs	5 783.1	100.0	10 875.4	100.0	7 637.6	100.0	437.9	100.0	24 734.1
Taxes	1 044.0	-	1 906.1	-	1 250.3	-	34.2	-	4 234.9
Foreign exchange	3 072.9	-	5 611.7	-	3 559.5	-	117.0	-	12 361.0

Page 7, paragraph 33

The first two sentences should read:

"The IFAD loan for KIIWP1 is in an amount equivalent to US\$17.8 million (____71.9 per cent). The Government of Rwanda will contribute US\$____5.16 million (____20.9 per cent) in the form of tax exemptions and consultancies for irrigation schemes; beneficiaries for a total of US\$1.53 million (6.2 per cent) in the form of works; and the UK DFID, a total grant of US\$____0.25 million (____1.0 per cent) in the form of consultancies for irrigation schemes."

Page 8, paragraph 35

The second sentence should read:

"This account will be managed by the SPIU under the supervision of the Rwanda Agriculture and Animal Resources Development Board (RAB), in accordance with Government of Rwanda procedures."

Page 8, paragraph 36

The first two sentences should read:

"The economic and financial analysis of KIIWP1 shows that the project would be profitable with an economic internal rate of return of ____15.74 per cent and a net

present value of US\$____1.7 million at a 12 per cent economic discount rate. The sensitivity analysis shows that the economic profitability of KIIWP1 would remain satisfactory even if project costs increased by ____26 per cent, project benefits decreased by ____21 per cent or the benefits lagged behind by two years."

Page 9, paragraph 43 should read:

"The lead project agency will be RAB, under the auspices of MINAGRI. The SPIU, located under RAB, will be responsible for implementation. It will oversee and coordinate project activities that will be implemented at both the central and district levels. A project steering committee (PSC)_ – chaired by the Permanent Secretary of MINAGRI_ or his/her nominee and co-chaired by the RAB Director-General, and composed of the RAB Head of Corporate Services and representatives from ministries and institutions with direct relevancy to the achievement of KIIWP's goal and development objective, including the Ministry of Finance and Economic Planning – will be established to provide project oversight."

Page 10, table 5 should be replaced with the one below

	<i>Action</i>	<i>Responsible party / person</i>	<i>Target date / covenants</i>
1	Finalize the project's AWP/B and Procurement Plan, approval by relevant authorities and IFAD	SPIU/RAB	Prior to disbursement
2	Establish an SPIU headed by a coordinator, with dedicated staff recruited under fixed-term performance-based contracts	Director General/RAB	Within the first six months
3	Update the project implementation manual, which should include a comprehensive FM manual and a project chart of accounts	SPIU/RAB	Within the first six months
4	Establish a PSC headed by the Permanent Secretary of MINAGRI	PS/MINAGRI	Within the first six months
5	Map the account codes and configure the chart field to meet project accounting and reporting requirements	SPIU/RAB/IFMIS team – MINECOFIN	Part of start-up activities and continuous

Page 11, paragraph 61, the Recommendation should read:

"RESOLVED: that the Fund shall provide a loan on highly concessional terms to the Republic of Rwanda in an amount equivalent to ____twelve million eight hundred and fifty thousand special drawing rights (SDR ____12 850 000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein."

Appendix II, Logical framework should be replaced by the one below (next pages)

Logical Framework (all phases with KIIWP 1 highlighted in green)

Results Hierarchy	Indicators			Means of Verification			Assumptions (A) / Risks (R)	
	Name	Baseline	KIIWP 1	KIIWP 1 + KIIWP 2	Source	Frequency		Responsibility
Outreach	Persons receiving services promoted or supported by the project							
	Total number of persons receiving services	0	36,644	225,000				
	Males - Number	0	18,322	112,500				
	Females - Number	0	18,322	112,500				
	Youth - percentage	0	30%	30%				
	Corresponding number of households reached							
	Households - Number	-	8,143	50,000				
Project Goal Contribute to poverty reduction in the drought prone Eastern province of Rwanda	Number of female- and male-headed households that experience an increase in household assets				National statistics, household surveys incl. poverty & gender studies	Baseline and completion	SPIU	Increased income will be used on household improvements
	Households - Number	0	6,217	40,000				
	Number of children 0-5 years suffering from malnutrition				National statistics	Baseline, mid-term, completion	SPIU	Increased income accompanied by nutrition education and behaviour change will lead to greater availability of and access to a diversified diet and nutrient-rich crops/ food items.
	Stunting (children 0-5 years) - Percentage (%)	42.4%		30%				
Development Objective Improve food security and incomes of 50,000 households on a sustainable basis	Households with improved food security and income				National statistics, household surveys incl. poverty & gender studies	Baseline and completion	SPIU	Food security and incomes increase through a combined effect of increased crop and livestock production and improved market access. Government agriculture and SME policies remain in place over the project life (A)
	Total Number Households	0		50,000				
	Males-Number	0		112,500				
	Females - Number	0		112,500				
	Youth - percentage	0		30%				
Outcome A Farmers drought resilience strengthened	Number of persons reporting increase in production (CI 1.2.4)				Impact assessment report, Project reports	Baseline, mid-term, completion	SPIU/RAB /MINAGRI	The combined investments in infrastructure construction, organizational strengthening and support on agricultural practices lead to higher yields for crops and livestock (A).
	Total Number	0		225,000				
	Males - Number	0		112,500				
	Females - Number	0		112,500				
	Youth - percentage	0		30%				
	Number of persons reporting improved access to land, forests, water or water bodies for production purposes (CI 1.2.1)				Service provider report	Quarterly MTR Completion Report	SPIU/RAB	The planned project activities lead to improved access to water or water bodies.(A)
	Total Number	0	11,250	225,000				
	Males - Number	0	5,625	112,500				
Females - Number	0	5,625	112,500					
Youth - percentage	0	30%	30%					

Notes: Average household size in Eastern province is 4,5 - Project goal: an estimated 80% of beneficiaries increase their assets

Results Hierarchy	Indicators				Means of Verification			Assumptions (A) / Risks (R)	
	Name	Baseline	KIIWP 1	KIIWP 1 + KIIWP 2	Source	Frequency	Responsibility		
Output A.1 Catchment rehabilitation and protection	Number of hectares of land brought under climate resilient management (CI 3.1.4)				Service provider report	Quarterly MTR Completion Report	SPIU/RAB	Climate-resilient management, including terracing and agro/forestry will be complemented by reforestation programmes under RWFA (A).	
	Hectares (ha)	0	1,693	5,350					
	Number of valley tanks and boreholes constructed				Service provider report	MTR & Completion Report	SPIU/RAB		Assessment studies will find adequate sites suitable for borehole drilling
	Infrastructure - Number		35						
Output A.2 Irrigation development	Gross area of land covered by feasibility studies and ESIA's				Feasibility studies and ESIA's	MTR	SPIU/RAB	Assessment studies are implemented on time	
	Hectares (ha)	0	7275						
	Number of hectares of farmland under water-related infrastructure constructed/rehabilitated (CI 1.1.2)				Service provider report	Quarterly MTR Completion Report	SPIU/RAB		Assessment studies will find adequate sites suitable for rainwater harvesting
	Hectares (ha)	0	0	2,275					
Output A.3 Infrastructure management institutions	Number of groups supported to sustainably manage natural resources and climate-related risks (CI 3.1.1)				SPIU	Quarterly	SPIU/RAB	Local leadership is supportive, and all needs from different water users can be reconciled (A).	
	Total number Groups	0	49	55					
	Males -Percentage	0	60%	60%					
	Female - percentage	0	40%	40%					
	Youth - percentage	0	25%	30%					
Output A.4 Enhanced CSA and AH practices and technologies	Number of rural producers trained in production practices and/or technologies (CI 1.1.4)				Service provider report	Quarterly	SPIU/RAB	FFS training is provided to 800 groups under close supervision by RAB and District/Sector Agronomists (A)	
	Total Number	0		20,000					
	Males - Number	0		10,000					
	Female number	0		10,000					
	Youth - percentage			30%					
	Number of persons provided with targeted support to improve their nutrition (CI 1.1.8)				Service provider report	Quarterly	SPIU/RAB	Increased production combined with targeted capacity building will lead to improved domestic diets and consequently nutrition	
	Total Number	0		25,000					
	Males-Number	0		12,500					
	Females – Number	0		12,500					
	Youth – percentage			30%					
	Total Number	0		20					

Results Hierarchy	Indicators				Means of Verification			Assumptions (A) / Risks (R)
	Name	Baseline	KIIWP 1	KIIWP 1 + KIIWP 2	Source	Frequency	Responsibility	
Outcome B Farm business development; Increased, sales and linkage of producers to services and markets	Number of rural producers' organizations reporting an increase in sales (CI 2.2.5)				Service provider report	Quarterly	SPIU/RAB	Cooperatives remain the focus for GoR support to development of SMEs and agricultural value addition (A) Favourable economic environment with attractive domestic//export prices (A)
	Total Number Groups			20				
	Males - Number			Tbd				
	Female number			Tbd				
	Youth - percentage			30%				
	Number of rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities (CI 2.2.3)				Service provider report	Quarterly	SPIU/RAB	
	Total Number groups			20				
	Males - Number			Tbd				
Female number			Tbd					
Youth - percentage			30%					
Output B.1 Development Farming as a Business Skills	Number of persons trained in Farming as a Business skills				Service provider report	Quarterly	SPIU/RAB	Farmers are interested in developing their operational and business development skills (A)
	Total Number	0		20,000				
	Males-Number	0		10,000				
	Females - Number	0		10,000				
	Youth - percentage	0		30%				
Output B.2 Promotion of mechanization, PH storage and irrigation technologies adapted to smallholder agriculture	Number of persons provided with climate information services (CI 3.1.2)				Service provider report	Quarterly	SPIU/RAB	Detailed local climate information is accurate and available.
	Total Number	0		Tbd				
	Males-Number	0		Tbd				
	Females - Number	0		Tbd				
	Youth - percentage			30%				
Output B.3 Supporting backward and forward market linkages	Number of target households reporting using rural financial services				Service provider report	Quarterly	SPIU/RAB	System of subsidies does not distort the financial services market (R)
	Total Number	0		25,000				
	Female-headed - percentage	0		30%				
	Youth-headed - percentage	0		30%				
	Number of financial service providers supported in delivering outreach strategies, financial products and services to rural areas (CI 1.1.6)				Service provider report	Quarterly	SPIU/RAB	
	Total Number			30				
	Number of formal supply contracts signed between cooperatives and traders/processors							
Total Number	0		20					
Outcome C Policy dialogue and institutional environment	Number of national policies operationalized at local level				Rwanda Standards Board records	Bi-annually	SPIU	Budget for policy implementation is availed by GOR and capacity exists for operationalization at local level (A).
	Total Number	0	2	6				