

# Rwanda

## 1. Noteworthy practices for project preparation



### PUBLIC SECTOR CAPACITY FOR PROJECT PREPARATION

#### Specialised entity mandated to strengthen and complement local government capacity

The Local Administrative Entities Development Agency (LODA), set up in 2013, supports local governments across various aspects of project preparation including harmonisation of central and local planning, project coordination and appraisal, financing project preparation studies, preparation of guidance documents and in capacity building of local entities. The project screening and appraisal is performed by the Local Government Project Advisory Committee (LGPAC), a high-level committee with representatives from the Ministry of Finance and Economic Planning, the Ministry of Local Government, other line ministries and key ministers from provinces.

#### Establishment of Single Project Implementation Units (SPIU) in line ministries to complement public sector capacity

The Government of Rwanda, through the cabinet resolution of February 2011, facilitates the establishment of project implementation units within the contracting authority, staffed by external experts (mobilised from the private sector) to augment project preparation capacity, quality assurance and marketability during project preparation.



### PROJECT IDENTIFICATION AND CONCEPT DEFINITION

#### Integration of multi-year project pipeline planning with the budgeting process

All contracting authorities (both at the national and local level) prepare and disclose three-year project pipelines, which are integrated with the budgeting process. This builds better ownership and sustainability of the multi-year planning process.

#### A results-based planning framework for effective, continuous and transparent monitoring

The planning framework under the Seven-Year Government Plan provides an equitable focus on governance, justice and economic parameters with clearly defined outcomes, which are monitored continuously and disclosed annually on the government portal.



### PROJECT FEASIBILITY AND STRUCTURING

#### Early-stage tariff validation by the Rwanda Utilities Regulatory Authority (RURA)

The Rwanda Utilities Regulatory Authority (RURA) is consulted at the feasibility stage on user tariffs and the methods underlying their fixation and revision. RURA's recommendations are critical for the approval of feasibility reports.



### PROJECT APPROVALS AND QUALITY ASSURANCE

#### Multi-factor project appraisal at the highest levels of government

Rwanda has established high-level committees for project appraisal and monitoring, especially for PPP projects. The Steering Committee (PPP SC) is the final approval authority of PPP projects and is composed of permanent members, including ministers of the Ministry of Finance and Economic Planning (MINECOFIN) and the Ministry of Infrastructure (MININFRA), the CEO of the Rwanda Development Board (RDB), and the head of the contracting authority as a non-permanent member. Appraisal checks include a suitability check by the RDB, an affordability check by RURA, a fiscal assessment by MINECOFIN and an alignment check (with national priorities) by the Public Investment Committee (PIC).



### PROJECT MARKETING AND STAKEHOLDER ENGAGEMENT

#### Clearly demarcated role of the RDB in project marketing

The RDB is a specialised agency involved in Rwanda's investment promotion through its investment promotion and implementation division. Within the RDB, another division, the Strategic Investment Division, currently functions as the central PPP Unit and assists the contracting authority with project preparation. The RDB's strong brand equity and relationship with private investors helps in improving the marketability of projects. The RDB, being an empowered institution directly reporting to the President of Rwanda, helps in streamlining decision-making for project preparation.

## 2. Snapshot of project preparation activities

**Rwanda has initiated several reforms to strengthen its project preparation landscape and to establish a positive enabling environment to drive infrastructure delivery. Rwanda has consistently updated its legislative and regulatory framework to accelerate the delivery of infrastructure projects. The National Public Investment Policy 2009 was a major reform which helped improve efficiency and efficacy of public investment projects and increased alignment between public and private investment initiatives. Although recent and yet to be fully tested in terms of implementation, Rwanda has also strengthened its regulatory framework for PPP project preparation with the adoption of the PPP Law in May 2016, and PPP Guidelines in June 2016.**

Rwanda has also recently adopted a comprehensive National Investment Policy<sup>1</sup>. The objective of this policy is to achieve the country's strategic development goals by transforming the National Public Investment Policy into a National Investment Policy, which addresses both public and private investment. It is intended to lay the groundwork for balancing new public investment projects and potential divestiture needs with options to strengthen private sector participation. The Government of Rwanda has also prepared standardised documents, tools, and templates for use and reference in the PPP project cycle process, complementing the PPP policies and legislation.

As per the Global Infrastructure Hub's InfraCompass<sup>2</sup>, total investment in infrastructure in Rwanda stood at US \$2.294 billion in the last five years, with US \$1.386 billion (60% of the investment) contributed by the private sector. 12 PPP projects involving an estimated US \$814 million in investment have reached financial closure since 1990<sup>3</sup>. The HQ Peat-fired Power Plant was the biggest project in Rwanda's history at US \$345 million and reached financial closure in 2017.

### INSTITUTIONAL FRAMEWORK

At the national level, project preparation activities in Rwanda are led by line ministries and their respective contracting authorities (CAs), with CAs being responsible for the planning, structuring and procurement of projects. Although Rwanda does not have a centralised project preparation facility to finance project preparation, an array of national agencies and entities support the various aspects of project preparation, including the Ministry of Finance and Economic Planning (MINECOFIN), the Public Investment Committee (PIC), the PPP Steering Committee (PPP SC), the Rwandan Development Board (RDB), the Regulatory Authority (RA), the Local Administrative Entities Development Agency (LODA), the Local Administrative Entities Development Agency (LGPAC) and the District Council.

A brief overview of the role of each of the stakeholders involved in project preparation is summarised below:

- MINECOFIN was formed in 1997 by the merger of the Ministry of Finance and Ministry of Planning to improve coordination between the functions of finance and planning. MINECOFIN is responsible for preparing the long-term vision documents, medium-term strategies and annual plan. It is also an apex agency playing a critical role in project appraisal and approval, including activities such as (i) fiscal risk assessment and (ii) alignment with national priority plans through the Public Investment Committee (PIC)<sup>4</sup>. During the project preparation cycle, PIC evaluates projects twice; it approves the initiation of the feasibility study and conducts the feasibility report. PIC is chaired by high-level representatives from MINECOFIN and key spending ministries. Each sector ministry has a planning department that works closely with the National Planning, Development and Research Department in MINECOFIN to ensure sector prioritisation. MINECOFIN is assisted by an in-house Single Project Management Unit.

<sup>1</sup> Draft National Investment Policy 2017, prepared by MINECOFIN

<sup>2</sup> [https://infracompass.gihub.org/ind\\_country\\_profile/RWA](https://infracompass.gihub.org/ind_country_profile/RWA)

<sup>3</sup> <http://ppi.worldbank.org/snapshots/country/rwanda>

<sup>4</sup> PIC is housed within MINECOFIN.

### **SINGLE PROJECT MANAGEMENT UNIT – COMPLEMENTING PUBLIC SECTOR CAPACITY IN PROJECT PREPARATION**

The Government of Rwanda, through the cabinet resolution of February 2011, facilitated the establishment of Single Project Management Units (SPIUs) in line ministries and public agencies. SPIUs create capacity for the design and implementation of projects earmarked for fast-track achievement of targets in the national vision and sectoral strategies. The SPIUs, staffed by external experts often from the private sector, seek to augment project preparation capacity, strengthen quality assurance and improve marketability and information dissemination during project preparation.

The SPIUs collaborate with other institutions, development partners and other consultants to prepare proposals, to prepare plans for project implementation, to plan budgets and to negotiate local funds etc. The SPIU staff may be individual consultants or firms, and they help to implement systems and processes to ensure effective project management. SPIUs are required to conduct regular programmatic and financial supervision of the projects to ascertain if project activities are aligned with the approved plan, budget lines and timeframes. The SPIUs are also vested with the role of engaging with external stakeholders (including multilateral development banks (MDBs), financial institutions and private sector players) and engaging in timely information dissemination, including through participation in seminars and consultations.

- The Rwanda Development Board (RDB) was established in 2009 to coordinate and promote national economic development in the country. It is a specialised agency, which serves as a central PPP Unit through its Strategic Investment Division (SID). The RDB's role also includes the preparation of PPP guidelines and undertaking an independent screening (pre-feasibility study) for suitability for delivery as a PPP. In the feasibility stage, it forms a project-specific technical committee to review the feasibility study. It assists the CA throughout the overall project lifecycle by assisting with project preparation, marketing the project, functioning as a lead negotiator in PPP project agreements, and following up on the realisation of investments. Thus, the RDB is the highest investment promotion authority in the country.
- PPP Steering Committee – The PPP Law designates the PPP Steering Committee responsible for the approval and oversight of a PPP project. It is the final approval authority for PPP projects. The Steering Committee is composed of permanent members (Ministers of MINECOFIN and MININFRA, and the CEO of the RDB) and non-permanent members, including the head of the contracting authority.

At the local government level, the Ministry of Local Government (MINALOC) acts as the apex ministry and oversees the functioning of local authorities. Local governments in Rwanda are structured across four tiers: 30 districts (Akarere), 416 sectors (Imerenge), 2,148 cells (Utugari) and 14,837 villages (Imudungu). The districts are responsible for identifying and monitoring projects according to strategic guidelines set by the ministries. The District Council is the key decision-maker for projects in respective districts and the final approval authority for locally-funded projects. While the project preparation and implementation activities are largely driven by the respective local governments, LODA acts as an important intermediary in complementing local government capacity. Further, the Local Administrative Entities Development Agency (LGPAC) advises on the quality and relevance of ongoing and new projects that meet the requirements for implementation at the local level. With regards to PPP projects, LGPAC is involved at the project identification and screening stages. This committee is chaired by the central government entity MINECOFIN.

## LODA – AGENCY TO SUPPORT THE TECHNICAL CAPACITY OF LOCAL GOVERNMENT ENTITIES IN PROJECT PREPARATION

The Local Administrative Entities Development Agency (LODA), set up in 2013, is an agency within MINALOC. It acts as an intermediary to support the preparation and implementation of local government projects. It also serves as a technical secretariat of LGPAC to advise on the quality of infrastructure projects. Among the multitude of roles played by LODA in complementing and strengthening local government capacity, noteworthy practices include:

### **1) Harmonisation of central and local planning –**

LODA organises consultations among central and local governments to coordinate and harmonise districts' capital projects with sector ministries. In addition, new and ongoing development projects are reviewed by LODA and presented to the Local Government Projects Advisory Committee for further guidance. All local projects are reviewed by a joint technical team comprised of MINALOC, LODA, MINECOFIN and LGPAC to ensure quality.

**2) Support in feasibility studies –** LODA publishes simplified feasibility assessment guidelines for smaller local government projects with a value below US \$1 million. It also publishes templates with a standard reporting format for the detailed feasibility study. LODA provides the framework for the Environmental and Social Impact Assessment (ESIA) for local government projects. To assure the

quality of local government projects, LODA also establishes a Validation Committee, or a working group, with staff from local contracting authorities to validate the results of the feasibility study before it is presented for review.

**3) Project preparatory financing assistance –** LODA's funding is largely driven by budgetary grants channelled through MINALOC. It receives grants under specific multilateral programs and provides preparatory financing for national priority projects.

**4) Project coordination and appraisal –** LODA, in collaboration with MINECOFIN, carries out an initial screening of all submitted projects and presents its findings and recommendations to LGPAC and District Councils for final approval. For projects to be funded using the central budget, LODA, in association with MINECOFIN, holds consultations with each district to finalise the budget and arrive at a final allocation for each district. The projects for which financing is approved are presented to LGPAC for quality assurance and then a prioritised list is submitted to the District Council for final approval.

**5) Undertaking capacity building –** LODA undertakes capacity building for local administrative entities involved in project preparation, in assistance with MDBs, on issues such as the environmental and social framework, land acquisition and resettlement, and other topics relevant for project management.

## PROJECT PREPARATION LANDSCAPE

Project preparation activities are decentralised in Rwanda, with the line ministry and their agencies responsible for project preparation at both the federal and sub-national level. A snapshot of the project preparation landscape is summarised below:

**Project conceptualisation and planning.** Project planning in Rwanda is guided by strategic and vision documents, including the National Vision 2020, the Economic Development and Poverty Reduction Strategy (EDPRS 2), the National Medium-Term Strategy for Development, sector-specific strategic plans, and the government development program (Seven-year Government Program). The projects are identified by the Contracting Authorities (which may be line departments and/or state-owned entities). In the course of the budget planning and approval processes, the CAs submit projects for a three-year horizon, and the project pipeline prepared is integrated into the national-level three-year investment program – the Public Investment Program (PIP). The project pipeline, after the due approval process, is also updated in the Public Investment Management System, which serves as a credible pipeline of projects ready for feasibility or investment funding.

**Project studies and structuring.** The National Investment Policy 2017 provides a unified process of initiation and preparation of project studies. Project requests for studies (pre-feasibility and feasibility) are submitted with a project profile document (PPD), which includes basic project information, and an additional concept note describing the design of the requested project (full-feasibility or investment) to PIC. Projects go through screening and appraisal based on the size of investment, as follows:

- Screening only is undertaken for projects below 750 million Rwandan francs (US \$840,000<sup>5</sup>);
- Full feasibility only is conducted for projects between 15 billion and 750 million Rwandan francs (between US \$17 million and US \$840,000); and
- Both pre-feasibility and feasibility studies are conducted for projects above 15 billion Rwandan francs (above US \$17 million).

The pre-feasibility study is carried out internally by the CA and the screening of the pre-feasibility study is undertaken by PIC at the central level and LGPAC at the local level. In the case of PPP projects, the pre-feasibility studies are submitted to the RDB for a PPP suitability check and then the RDB's recommendation is submitted to PIC for approval to conduct the full feasibility study. The request for the full feasibility report is submitted by the CA according to MINECOFIN's standard planning and budgeting guidelines and the full feasibility report is screened by PIC at the central level and LGPAC at the local level. Project preparation is largely financed through annual budgetary allocations or is supported by specific MDB-led programs (including African Development Bank and World Bank programs).

**Project approvals.** Project approvals follow two distinct steps according to the type of project procurement:

- In the case of public investment projects, the project approvals are integrated as part of the planning and budgeting exercise for central government investment. The projects are assessed twice by PIC or LGPAC during the project preparation lifecycle; first, by conducting a full feasibility study and second, in order to proceed with the tender. For sub-national projects, LODA acts as a technical secretariat to LGPAC and assists in screening projects. The findings of the screening are submitted to LGPAC, which advises on investment priorities to the District Council (which has the authority for final project approval).
- In the case of PPP projects, the projects are submitted to the RDB for evaluation and registration in the PPP database. RDB forms a project-specific Technical Committee (TC) for review of the full feasibility report. The TC comprises representatives from the RDB, a project officer from the CA, representatives from MINECOFIN (to review and provide approvals on fiscal commitment and contingent liabilities), RURA (which advises on tariffs where user tariffs are to be used), and other relevant ministries and agencies, including the Ministry of Justice. Further, the PIC also evaluates the feasibility report from an economic feasibility and strategic investment standpoint. Recommendations from the TC and PIC are submitted to the PPP SC for projects which are to be delivered using the PPP structure. In the case of local level projects, these are assessed by LGPAC twice, both at the pre-feasibility and full feasibility stage.

<sup>5</sup> Exchange rate: RWF 1 / US \$0.0011 as of 7 December 2018

### 3. Guidance for project preparation

Guidance	PPP GUIDELINES
Owner	Rwandan Development Board (RDB)
Project development stage	Project preparation and approval
Details	<p>The PPP manual provides an overview of the procedures to be followed and approvals required for implementation of a PPP project. It serves as a guide to the public and private sector stakeholders on the institutions involved in the project preparation process and their roles, and also the key steps within the project documentation that must be followed by each entity.</p> <p>To ensure quality in project preparation and the standardisation of project documents, it also provides i) the template for the pre-feasibility report, ii) a detailed methodology of the PPP project screening tool used by the RDB to assess PPP suitability, iii) a template for the feasibility report, iv) a checklist for the feasibility study, v) a model template for testing the impact of Fiscal Commitment and Contingent Liability (including the format for comparison between PPP and traditional procurement provision), and vi) a long-term fiscal planning tool.</p> <p><b>Link for further details:</b> <a href="http://rdb.rw/wp-content/uploads/2018/08/PPP-Guidelines.pdf">http://rdb.rw/wp-content/uploads/2018/08/PPP-Guidelines.pdf</a></p>

Guidance	GUIDELINES FOR COMMISSIONING AND MANAGING FEASIBILITY STUDIES
Owner	Local Administrative Entities Development Agency (LODA)
Project development stage	Project preparation and approval for local government projects
Details	<p>The guideline is published for local government entities involved in the preparation of feasibility studies. The documents primarily enhance the quality of local development projects at the district level. The guideline details (i) the concept of feasibility studies, (ii) the detailed appraisal dimension for feasibility studies, (iii) guidance on the scope and content of a feasibility study, and (iv) practical example(s) of conducting a simplified feasibility assessment aiming at basic services provision, and a more comprehensive feasibility study for a revenue generating project.</p> <p><b>Link for further details:</b> <a href="http://loda.gov.rw/fileadmin/user_upload/documents/2014_PRO/Documents/1_LODA_FS_Guidelines_2015.pdf">http://loda.gov.rw/fileadmin/user_upload/documents/2014_PRO/Documents/1_LODA_FS_Guidelines_2015.pdf</a></p>

## 4. Project case example: Kigali Bulk Water Supply Project

### PROJECT BRIEF

The Kigali Bulk Water Supply project is one of sub-Saharan Africa's first water PPPs.

The project aims to deliver around 40 million litres of treated groundwater per day (40% of Kigali's daily water demand) extracted from the Nyabarongo River to Kigali city. The PPP project company (the SPV) shall sell water to the national water utility, the Water and Sanitation Corporation (WASAC), which will distribute water to end-users. The project is aligned with the Government of Rwanda's *"Economic Development and Poverty Reduction Strategy"* with a commitment to achieve universal access to water by 2020.

In September 2010, the Government of Rwanda (GoR) retained the International Finance Corporation (IFC) as lead advisor to develop and structure the project, and to handle the competitive tendering of the project. Subsequently in 2011, the Public-Private Infrastructure Advisory Facility (PPIAF) provided institutional strengthening and capacity building around the transaction, to ensure GoR's ability to manage the project over the long-term. Although the project was successfully bid out in October 2014, financial closure took time and was completed only in November 2017. As the first of its kind in Rwanda, there was little precedent in terms of templates and benchmarks etc., resulting in this long cycle time between award and financial closure.

The project is a tripartite contract involving the stakeholders WASAC, Ministry of Infrastructure (MININFRA) and the SPV Kigali Water Limited (incorporated by Metito Utilities Limited). The project is structured as a 27-year PPP Build-Operate-Transfer (BOT) contract with a 2.5-year construction period. The SPV Kigali Water Limited will be responsible for the design, construction, operation and maintenance of the new treatment plant. It will also develop the water transmission infrastructure. However, the responsibility to maintain and operate the water distribution network and the sale of water to end-users will remain with WASAC, which is the sole off-taker of water from this project.

### QUICK FACTS



VALUE (IN US \$ MILLION)

60\*



STATUS

**Under construction**



PROJECT OWNERSHIP

**Ministry of Infrastructure**



SOURCE OF PROJECT  
PREPARATORY FINANCING

**IFC (project studies), PPIAF  
(capacity building)**



SUPPORT AGENCIES

**WASAC/EWSA, IFC, external  
advisors (Mott MacDonald,  
Green Clean)**

\* Source: Private Participation in Infrastructure Database, the World Bank

## PROJECT TIMELINE

2008	Economic Development & Poverty Reduction Strategy 2008 envisaged 100% water supply to all by 2020
Sep-10	IFC was hired as transaction advisor to assist the CA in project preparation
Jan-11	Technical team appointed to undertake project studies
2011	PPIAF was engaged to undertake institutional capacity building of the Energy, Water and Sanitation Authority (EWSA) ahead of project procurement
Oct-13	Decision to split (EWSA) into two public companies: Rwanda Energy Group Ltd (REG) and the Water and Sanitation Corporation Ltd (WASAC)
Dec-13	RFQ stage undertaken
Aug-14	WASAC was established under Law N° 87/03 dated August 2014 to manage water and sanitation services in Rwanda
Oct-14	RFP undertaken and preferred bidder selected
Mar-15	Concession agreement signed
Nov-17	Financial closure achieved
Jan-18	Construction commenced
Jan-20	Scheduled commercial operation of the project

## LEARNINGS FOR PROJECT PREPARATION

## 1. Dedicated source of funds and transaction advisor to support project preparation

In September 2010, the GoR retained IFC as transaction advisor to assist in the preparation, design, and implementation of private sector participation in the project. IFC's transaction advisory was supplemented with support from the Infrastructure Development Partnership Fund (DevCo), and the Public-Private Infrastructure Advisory Facility (PPIAF). IFC hired Mott MacDonald Ltd. as the technical consultant for the assignment. The technical team brought in a pool of experts across multiple domains including a water supply engineer, a hydrologist, a hydrogeologist, a water treatment specialist, an environmental expert, a sociologist, a PPP support expert, a PPP reviewer and a legal and regulatory specialist. The external experts were also supported by a liaison officer and local support team manager based out of Rwanda. The IFC, along with the consultants, carried out the assignment in two phases:

- **Phase 1:** Detailed due diligence to assess the feasibility of the project and inform the preparation of a Strategic Options Report (SOR) in Phase 2. This stage also included the identification of the most appropriate location for the project components, as well as a demand assessment to determine the size of the plant. During the due diligence stage, the detailed legal, financial, technical and environmental assessments of the project were conducted to assess the feasibility of the proposed project and to inform the preparation of a Strategic Options Report (SOR). The SOR included an assessment of water supply and demand to ensure that an optimal solution for the long-term needs of Kigali was identified, and recommended a PPP BOT structure, which best suited the development objectives of the government, while ensuring the bankability of the transaction.
- **Phase 2:** Detailed project structuring and the competitive selection of investors to implement the PPP. This involved consultations with prequalified bidders, preparing tender documents, preparing responses to bidders' queries and issuing bid bulletins.



## 2. Institutional reforms and capacity building to ensure project sustainability

The preparation of the Kigali Bulk Water Supply project also reflects the need to streamline public sector institutional design, not just to meet the project objectives but also from a strategic perspective to meet the National Vision. Undertaking the complex task of revamping the water supply network in a major urban centre required clear accountability and operational flexibility from the CAs. The structure of EWSA was found to be unviable to undertake a complex PPP project of this scale. To increase the transparency and quality of operations, GoR decided to split EWSA into two separate utilities – the Rwanda Energy Group Ltd. (REG) and the Water and Sanitation Corporation Ltd. (WASAC), with WASAC tasked with the management of the project.

The IFC team also mobilised funding from PPIAF to support capacity building for the water utility and the water sector reform process. PPIAF has provided two phases of support to help establish and strengthen a credible off-taker for the Kigali Water Supply Project:

- **Phase 1:** Institutional support to the Energy, Water, and Sanitation Authority (EWSA) to strengthen its ability to oversee and implement the Kigali Bulk Water Supply project. This included i) recommending an organisational structure that would allow EWSA to improve its financial, technical, operational and commercial performance; ii) technical support to EWSA to develop a more comprehensive understanding of the distribution network and its operational performance, in order to provide strategic recommendations to improve network monitoring and reduce the non-revenue water rate; and iii) capacity building for government officials to improve their understanding of PPPs.

- **Phase 2:** GoR also introduced several initiatives to empower the newly formed institution under the PPIAF program, including the development of a strategic business plan and an investment plan. This enabled the successful tendering of the Kigali Bulk Water Supply project, providing comfort to potential bidders that the GoR was committed to the sustainable provision of water and sanitation services, and that WASAC would be able to serve as an effective off-taker and counterparty to the project. PPIAF's institutional strengthening and capacity building support helped create a conducive environment for the development and tendering of the Kigali Bulk Water Supply project.

## 3. Alignment with the national vision helps to drive project ownership at the highest level

The national vision and strategic plan – Vision 2020 and the Economic Development and Poverty Reduction Strategy 2008 (EDPRS) - clearly identify inadequate access to safe drinking water as one of the key reasons for poverty in Rwanda and outline the objective for targeting universal access to water and sanitation. The Kigali Bulk Water Supply project is aligned to the national vision. The project is also one of the first PPP projects in bulk surface water supply in sub-Saharan Africa. The uniqueness of the project and its alignment with the national vision has ensured project ownership at the highest levels of government, which was a critical success factor in project preparation. The RDB and WASAC, along with IFC, were able to create an environment of close coordination between the government, lenders, private partners and other stakeholders, which was essential in determining the project's scope, alignment with broader water access goals, and ascertaining water affordability implications.

#### 4. Flexibility in project structure and risk transfer

The project financing structure continuously evolved during the project development stage to accommodate changes in the project and cost structure. Some of the key challenges have been summarised below:

- **Managing the credit risk of WASAC** – One of the key challenges faced was to manage the credit risk of the newly reorganised entity WASAC as an off-taker, which had implications for its credit standing. WASAC's credit risk was mitigated by structuring multiple layers of cash reserves to improve the credit profile of the project.
- **Managing the tariff impact on end-users** – The involvement of DevCo, the specialist PPP advisory facility operating through the Private Infrastructure Development Group (PIDG), and implemented by the IFC, provided funding to help structure the transaction and its competitive tender. The Emerging Africa Infrastructure Fund (EAIF) worked with Metito Utilities Ltd. (Metito) to refine the financing model, and they identified a need for subsidies to make the project viable for all parties – EAIF and the African Development Bank (AfDB) as commercial lenders, Metito as equity investor, and the off-taker with its tariff affordability objectives. As a result, the PIDG Technical Assistance Facility provided crucial viability gap funding to reduce upfront costs and allow the government to expand the number of people connected to a reliable water supply without raising tariffs. This combined support gave the developer, Metito, and the Rwandan Government the necessary assurance and security to proceed with an innovative plan that was affordable for all parties, including end-users.
- **Mitigating the fiscal risk of the project** – The original scope of the project included production and distribution infrastructure such as pumping stations, reservoirs and piping, and other infrastructure to deliver clean water to the local population. In a bid to reduce the fiscal impact of the high infrastructure construction cost, the project structure was revised, with the concessionaire responsible for bulk water supply and transmission, and WASAC responsible for distribution infrastructure (with a separate concessional loan from the AfDB).