




















































Wetland Restoration, World Bank – Second Rwanda Urban Development Project (RUDP II)

<p>Key results (contribution to):</p> <ul style="list-style-type: none"> - People benefitting from flood risk reduction and wetland rehabilitation interventions in Kigali (220,500 persons). - Rehabilitation of wetlands (491 Ha) - Development of long-term management strategy and business plan for management and maintenance of rehabilitated wetlands - Development and operationalization of greenhouse gas accounting and reporting framework <p>Justification for support:</p> <ul style="list-style-type: none"> - Contribute to Rwanda's efforts to achieve the interventions set out in its Nationally Determined Contribution (NDC), which includes wetlands restoration as well as its National Strategy for Transformation 2017-2024. - Danish support will deliver on the Danish government's ambition to support climate adaptation, promoting the environment and biodiversity, with Denmark's Strategy for Development Cooperation and the long-term Global Climate Action Strategy. - Part of the implementation of the Memorandum of Understanding (MoU) on bilateral cooperation between Denmark and Rwanda from April 2021. <p>Major risks and challenges:</p> <ul style="list-style-type: none"> - Generally, it is low risk as World Bank is a known partner to Denmark with a good record in Rwanda including in delivery of RUDP I. - Limited information about political economy related to wetland restoration and its distributional benefits/costs. - End-users and potential benefitting communities are not ready to adopt a different relationship with the restored wetlands. - Involuntary resettlement including compensation issue may arise, which cause a delay to the wetland restoration. - Difficulties for GoR to maintain resources for the long-term maintenance of restored wetlands in Kigali. 	<p>File No.</p> <p>2022-19399</p>																	
	<p>Country</p> <p>Rwanda</p>																	
	<p>Responsible Unit</p> <p>GDK</p>																	
	<p>Sector</p> <p>Climate adaptation, nature and sustainability</p>																	
	<p>Partner</p> <p>World Bank</p>																	
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	<p>Finance Act code</p> <p>§06.34.01.40</p>																	
	<p>Head of unit</p> <p>Karin Poulsen</p>																	
	<p>Desk officer</p> <p>Maiken Rasmussen</p>																	
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<p>Relevant SDGs</p> <table border="1"> <tbody> <tr> <td> No Poverty</td> <td> No Hunger</td> <td> Good Health, Wellbeing</td> <td> Quality Education</td> <td> Gender Equality</td> <td> Clean Water, Sanitation</td> </tr> <tr> <td> Affordable Clean Energy</td> <td> Decent Jobs, Econ. Growth</td> <td> Industry, Innovation, Infrastructure</td> <td> Reduced Inequalities</td> <td> Sustainable Cities, Communities</td> <td> Responsible Consumption & Production</td> </tr> <tr> <td> Climate Action</td> <td> Life below Water</td> <td> Life on Land</td> <td> Peace & Justice, strong Inst.</td> <td> Partnerships for Goals</td> <td></td> </tr> </tbody> </table>	 No Poverty	 No Hunger	 Good Health, Wellbeing	 Quality Education	 Gender Equality	 Clean Water, Sanitation	 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities	 Responsible Consumption & Production	 Climate Action	 Life below Water	 Life on Land	 Peace & Justice, strong Inst.	 Partnerships for Goals	
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Strategic objectives

The overall development objective of RUDP II is to improve access to basic services, enhance resilience and strengthen integrated urban planning and management. The objective for sub-component 1b is wetland rehabilitation and flood risk reduction.

Environment and climate targeting - Principal objective (100%); Significant objective (50%)

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0, 50% or 100%	100 %	50 %	50 %	100 %
Total green budget (DKK)	19 mill.	9.5 mill.	9.5 mill.	38 mill.

Justification for choice of partner:

The World Bank has a proven record of accomplishment in Rwanda, including through its previous intervention, RUDP I, and provides a good mechanism by which to deliver Danish development priorities within the sector.

Summary:

The sub-component 1b with co-funded by Denmark will support the design, implementation and monitoring of nature-based solutions to reduce flood risks, enhance biodiversity, and strengthen resilience in the City of Kigali, Rwanda. This allows for subsequent scalability within a Secondary Cities programme, by adding a further wetlands component, once scoping and feasibility studies are completed.

Budget (engagement as defined in FMI):

Recipient Executed funds	33. 60 DKK million
World Bank incl. SURGE Trust fund executed funds	4.94 DKK million
Total	38 DKK million

Project Document

Danish Support for

Climate adaptation and enhanced urban resilience in Rwanda

through

World Bank – Second Rwanda Urban Development Project (RUDP II)

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Abbreviations and Acronyms

CoK	City of Kigali
DKK	Danish Krone
DTM	Digital Terrain Model
ESMF	Environmental and Social Management Framework
GBV	Gender-Based Violence
GoR	Government of Rwanda
IRI	Intermediate Results Indicator
JISM	Joint Implementation Support Mission
MFA	Ministry of Foreign Affairs (Danish)
MoE	Ministry of Environment
MoU	Memorandum of Understanding
NbS	Nature-based Solutions
NDC	Nationally Determined Contribution
NDF	Nordic Development Fund
NLA	National Land Authority
NST1	National Strategy for Transformation
PD	Project Document
PDO	Project Development Objective (from WB results chain)
PIU	Programme Implementation Unit
REMA	Rwanda Environment Management Authority
RUDP I	First Rwanda Urban Development Project
RUDP II	Second Rwanda Urban Development Project
RWB	Rwanda Water Resources Board
SDG	Sustainable Development Goal
TF	Trust Fund
ToC	Theory of Change
TTL	Task Team Leader
UNCT	UN Country Team
UNFCCC	United Nation Framework Convention on Climate Change
WB	World Bank

Units

ha	hectare
km	kilometre

1. Introduction

This Project Document (PD) presents the Danish contribution to the second World Bank funded Rwanda Urban Development Project (RUDP II). The Danish support amounts to DKK 38 million and will target combined wetland restoration and storm flood protection activities of the Government of Rwanda (GoR). The funding will be channelled through the World Bank. The Danish contribution follows the remaining World Bank project timeframe and spans from 2022-2025, subject to extension if deemed necessary.

This PD is informed by the Formulation Mission¹ to Kigali, Rwanda, which took place from 30 August to 2 September 2022, during which time the GoR indicated and expressed a clear interest in Danish support for this essential work in Kigali. The Danish support, through the RUDP II, will specifically target wetlands restoration and storm flood protection.

This Danish support will contribute to GoR efforts to achieve the goals inclusive and sustainable development set out in its Nationally Determined Contribution (NDC), the National Strategy for Transformation, and the Rwanda Vision 2050 more broadly. At the same time, the Danish support will be a key deliverable for the ambition of the Danish government to support the promotion of nature-based solutions to climate adaptation as well as environment protection and biodiversity as guided by the Strategy for Development Cooperation of Denmark *“The World We Share”* (2021) and the Danish long-term Global Climate Action Strategy *“A Green and Sustainable World”* (2020).

The Danish contribution will support progress towards the Sustainable Development Goals (SDG), primarily SDG 13 (climate action) and SDG 15 (life on land), but also SDG 3 (good health and wellbeing), SDG 5 (gender equality), SDG 6 (clean water and sanitation), and SDG 11 (sustainable cities and communities). Moreover, this project forms part of the implementation of the Memorandum of Understanding on bilateral cooperation between Denmark and Rwanda (April 2021).

Poorly-managed urbanisation is threatening the state of environment and leading to increased vulnerability to flood risks, land degradation and biodiversity loss. Scarce access to land in and around the City of Kigali (CoK) has resulted in unplanned settlements, many of which are exposed to climate hazards, particularly from flooding. The extensive network of wetlands, in and around CoK, has shrunk from 100 km² in 2013 to 72 km² in 2019 due to encroachment by activities such as industry and urban agriculture.

The Nyabugogo sub-catchment, within which the CoK is largely located, has been severely degraded due to deforestation, unplanned settlements and unsustainable agricultural practices on the hillsides. Loss of wetlands has also led to higher rates of point and non-point source pollution and adversely affected biodiversity, particularly native plant species and a rich diversity of migratory birds. Industrial pollution of wetlands such as Nyabarongo and Gikondo threaten aquatic life in Kigali and further downstream. Reduced water quality also affects downstream water users. Loss of wetlands coupled with inadequate management of solid waste and wastewater lessens the natural ability to reduce flood risks, and contributes to increased levels of surface water, groundwater, soil and land contamination, adversely affecting communities downstream. These, in turn, can damage infrastructure investments such as roads, drains and settlements that are planned. Continued development of the built-up area can further exacerbate flood risk, unless coordinated with an integrated flood risk management approach.

The GoR is committed to placing the principles of sustainability at the heart of its Vision 2050, and the National Urbanisation Policy (2015). Acknowledging that cities and environment are interconnected, a comprehensive approach is needed for managing risks across the natural and built environment. Such an approach responds to the connectivity between land, water and waste in cities, and aims to

¹ Led by the Danish Ministry of Foreign Affairs (MFA)

demonstrate the complementarity and integration of grey infrastructure and nature-based solutions (NbS) or green infrastructure that can be replicated across the country and beyond.

2. Context, Strategic Considerations, Rationale and Justification

2.1 National Context

Inspired by its development progress over the past 25 years, Rwanda now plans to achieve upper-middle-income status country by 2035 and high-income country status by 2050. Its development pathway is set out in long-term development strategy papers, Vision 2020 recently superseded by Vision 2050. These serve as the critical planning and policy blueprints to guide the efforts of all players in Rwanda's development. These strategies are to be realised through a series of seven-year National Strategies for Transformation (NSTs) focused on meeting the UN's Sustainable Development Goals. The first of these (NST1) covers 2017-2024; the final three years of Vision 2020 and the first four years of Vision 2050. A target of NST1 is to accelerate sustainable urbanization from 18.4 pct. (2016/17) to 35 pct. by 2024.

Further, Rwanda recognizes the importance of the culture and values in providing a platform for sustained socioeconomic transformation and prosperity. These values include:

- Self-determination, including self-sufficiency as a Nation (Kwigira)
- Solidarity and Dignity (Agaciro)
- Unity and reconciliation and the Rwandan Identity/culture
- Equity (including gender), and inclusiveness
- Citizen-centred governance

Rwanda has ratified the United Nation Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, and the Paris Agreement. In May 2020, Rwanda became the first African country to submit an updated NDC with stronger climate targets to the UNFCCC. This sets a goal to cut emissions by up to 38 pct. by 2030 and identifies USD 5.7 billion in needs for mitigation measures and USD 5.3 billion to adapt vulnerable sectors to climate impacts. A National Environment and Climate Change Policy was enacted in 2019. The policy's objectives include:

- Greening economic transformation (including green urbanization and settlements)
- Strengthening environment and climate change governance
- Promoting green foreign and domestic direct investment and other capital inflows

Rwanda's adaptation and resilience priorities draw upon its Green Growth and Climate Resilience Strategy. The first item in the prioritized sector adaptation interventions, for adaptation and resilience is *"Develop a National Water Security through water conservation practices, wetlands restoration, water storage and efficient water use"*.

Economic transformation through urbanization and a green economy has been a priority policy in Rwanda since the publication of the Economic Development and Poverty Reduction Strategy (EDPRS) 2 for 2013-2018, which led to the adoption of RUDP I. The long-term strategies identify sustainable urban development as a key component of its growth plans and hence a national priority.

Even with Rwanda's progress, the country is at risk from numerous natural hazards, which include droughts, floods, earthquakes, landslides, storms (windstorms, lightning, rainstorms and thunderstorms), wildfires, diseases, and epidemics. These events have had significant impacts on the lives and livelihoods of the population. Since the early 2000s, the frequency and severity of disasters, particularly caused by floods, landslides and droughts, have significantly increased, with increasing impact of human casualties as well as economic and environmental losses. In Rwanda, the effects of flood hazards have worsened as recent population growth and land scarcity have pushed people to settle in flood-prone areas. Heavy rainfall events have become increasingly common, and they are especially common in northern and

western provinces, and cause flooding, flash flood events and can trigger landslides and mudslides, leading to infrastructure damage and death.

Regular rainfall patterns and minimal consumption have, to date, not necessitated water storage, water monitoring or irrigation infrastructure. However, the challenges of rapid population growth, increased urbanisation and industry expansion, environmental degradation and pollution are leading to accelerated depletion and degradation of available water resources. In addition, under Vision 2050, access to water is expected to be scaled up from 87 pct. to 100 pct. of the population by 2024 with the increasing additional need to support the agriculture sector transformation.

GoR has pledged to restore two million ha of deforested and degraded lands. In support of its wider forestry protection and reforestation efforts, Rwanda has committed to ensuring the use of mixed-species approaches, which contributes to the achievement of both mitigation objectives and adaptation benefits of ecosystem resilience and enhanced biodiversity. Through this strategic action, the country target is to achieve an overall 30 pct. sustained forest cover of the total national land surface by 2030, from 28.8 pct. in 2013. Additionally, by 2030, Rwanda will implement public private partnerships to sustainably manage all forestry plantations through multi-year contracts with forests operators (via cooperatives) who will plant and maintain young plantations until they reach their commercial size.

Despite the overall positive growth and development of the country over the past 25 years, Rwanda is still highly vulnerable to impacts from climate change through its high dependence on rain-fed agriculture, as well as its need to improve the road network, health sector and water resource management. In Rwanda, the high levels of poverty and the low degree of development limits capacity of poor households and communities to manage climate risk, increasing their vulnerability to climate-related shocks. According to analysis from 32 Global Climate Models², temperatures across Rwanda are expected to increase with projections showing a change in annual mean temperature from 1.1°C to 3.9°C by end of the century. There is also the strong likelihood of increased duration of heatwaves by as much as 85 days through to the end of the century; cold spells are also expected to reduce. Increased temperatures are expected across all seasons. The Rwanda Environment Management Authority (REMA) estimates that the rainy seasons will be shorter and more intense. Most parts of Rwanda are projected to experience an increase in average precipitation with more intense rainfalls particularly in the rainy seasons, which will increase the intensity and frequency of floods and landslides.

The topography of Kigali comprises hilltop areas, buffer zones, low-lying wetland areas with many unplanned settlements. Households residing in the unplanned settlements are particularly vulnerable to the impacts of urban flooding, thereby necessitating an integrated approach to urban upgrading and flood risk management.

2.2 Strategic Considerations

The Danish support is directly relevant to Denmark's ambition of supporting the implementation of the Paris Agreement, Danish leadership of SDG 13 (climate), and the desire to use the Danish position as a green pioneer country internationally to drive adaptation and resilience initiatives.

The proposed project intends to reduce the vulnerability of settlements and wetlands to degradation intensified by climate change and is clearly eligible for the climate change adaptation marker applied to development finance flows targeting the objectives of the Rio Conventions (the "Rio markers")³.

² By the German Climate Service Centre

³ "An activity should be classified as climate-change-adaptation related if it intends to reduce the vulnerability of human or natural systems to the current and expected impacts of climate change, including climate variability, by maintaining or increasing resilience, through increased ability to adapt to, or absorb, climate change stresses, shocks and variability and/or by helping reduce exposure to them". An activity is eligible for the climate change adaptation marker if:

a) the climate change adaptation objective is explicitly indicated in the activity documentation; and
b) the activity contains specific measures targeting the definition above.

Further, the Danish support will contribute to the ambition of supporting people in least developed countries who are increasingly impacted by climate change. Without adaptation, the climate and biodiversity crises will destroy the livelihoods of many people. At the same time, the rapidly growing population in many countries puts a heavy strain on natural resources. Action needs to be taken to protect and restore nature and ecosystems such as forests and wetlands. Danish support for the RUDP II sub-component is in line with the Danish Strategy for Development Cooperation, *The World We Share*, to “invest heavily in climate adaptation and strive to improve nature, the environment and biodiversity”. The proposed support also aligns well with Denmark’s objectives regarding green transition and sustainable development as well as the government’s objective of strengthening Danish green diplomacy from the Danish long-term Global Climate Action Strategy, *A Green and Sustainable World*.

It specifically contributes to following objectives of *The World We Share*:

- Strengthen action to support climate change adaptation, natural resources, the environment and resilience in the poorest and most vulnerable countries;
- Strengthen biodiversity and promote nature-based solutions, partly through support to protecting, preserving and restoring natural resources, such as forests, freshwater systems, coastal and wetland areas, as well as ensuring sustainable management and use of ecosystems.

The above align entirely with the GoR policy ambitions and intentions as described in the NDC, the National Strategy for Transformation, and the Rwanda Vision 2050. Growth and development is to follow a sustainable path in terms of use and management of natural resources while building resilience to cope with climate change impacts. The aspirations for Rwanda are embedded in the Rwanda long term Green Growth and Climate Resilient Strategy whose impact is intended to bring about developmental transformation that is necessary to achieve the desired carbon-neutral and climate resilient economy.

These strategic considerations link to Section 2.1 on ‘National Context’, since the Danish support will respond to the specific challenges presented by the increasing frequency and severity of disasters, particularly caused by floods, landslides and droughts. It is expected that the restored wetlands will contribute to the control of hillside erosion, limit flooding, moderate groundwater levels and base flow, assimilate nutrients, and protect drinking water sources.

2.3 Rationale and Justification

The aim of this project is to inspire and drive adaptation and resilience initiatives through development cooperation. The focus on wetland restoration will be to improve flood control, which is critical to avoid further exposure to climate change effects such as droughts and heavy rains. This will include contributions to, among other aspects, emission reduction, climate change adaptation and biodiversity improvements by reducing degraded habitats. It will also strengthen gender equality by improving the role of women in the governance structure of the project implementation through representation on the community upgrading committees.

Rwanda’s development strategy is laid out in its current seven-year plan, the National Strategy for Transformation for 2017-2024. The document states that “*Additional emphasis will be put on strengthening monitoring and evaluation. High impact areas selected include implementation of: Environmental and social Impact Assessments, biodiversity and ecosystem management, pollution and waste management*”. The Strategy also focuses on key sectors such as agriculture, infrastructure, education, environment and natural resources, as part of a wider disaster management strategy.

The Rwandan Ministry of Environment (MoE) is guided by the Strategic Plan for the Environment and Natural Resources Sector 2018-2024. The mandate for the Environment and Natural Resources Sector is to ensure the protection and conservation of the environment and optimal and rational utilisation of natural resources for sustainable national development.

The MoE is the lead ministry in charge of protection and conservation of the environment and ensure optimal and rational utilisation of water resources, lands, and forests for sustainable national development. The Ministry of Environment is the lead ministry in charge of the sustainable management of lands and forestry resources in Rwanda. MoE provides overall coordination in the preparation and implementation of the sector budgets and plans, as well as sub-sector resource mobilisation. The sector policies and strategies are aligned with an extensive range of national, regional and international policy frameworks including Vision 2050, the SDGs, and the NDC.

2.4 Lessons Learned from RUDP I

The World Bank supported the Rwanda through the Rwanda Urban Development Project (RUDP I) in 2016 -2021. It has benefited about 84,000 people, with asphalt roads and standalone drainage, as well as being on course to generate around 7,000 person days of employment – of which 28 pct. was carried out by women. Infrastructure investments in the secondary cities have provided approximately 2,000 unskilled workers with short-term employment opportunities – of which at least 35 pct. were women.

The following lessons learned have been reflected in the RUDP II Project Design:

- Institutional strengthening and capacity development at the city level require greater focus and more attention if they are to result in substantial improvements in urban management;
- It is important to integrate upgrading with flood risk management and wetland restoration, thus adding the green component to RUDP II;
- Weak technical, contract and safeguards management capacities have resulted in delays in the delivery of infrastructure projects. Further, risks arise from the unfamiliarity of national implementers with the World Bank’s Environmental and Social safeguarding tools. Closer supervision and capacity building has been emphasised in RUDP II;
- In terms of building the results framework, knowledge gained from RUDP I has been used to provide a contemporary baseline against which to measure progress;
- Minimising resettlements under the project will require a flexible approach to the application of infrastructure and construction standards and the implementation of a master plans;
- The availability of budgetary resources to finance payment of compensation to project-affected persons, especially in Kigali, has been a bottleneck in the implementation of works;
- Improved coordination and overall project management is required among implementation agencies at the national level and across various ministries involved in urbanisation and between national and sub-national levels.

The RUDP II sub-component 1b’s objective is to restore wetlands, thus reducing the risk of flooding, including in the unplanned settlements around Kigali. This has direct benefits especially for the poor people who typically live in these areas. Other benefits accrue from the employment, income generation and leisure activities associated with the rehabilitated areas. To address the question on inclusiveness, and based on the experiences from RUDP I, the RUDP II has included measures in addition to the general GoR policy of ensuring equity and inclusiveness: The World Bank social safeguard measures will be in place to try to minimise adverse impacts on poor and marginalised groups. The main safeguarding tools is the Environmental and Social Impact Assessment (ESIA) and Resettlement Action Plans (RAPs) which will assess impacts and propose mitigation measures. There is a possibility that informal users of the current wetlands will be disadvantaged due to project activities. Grievance Redress Committees (GRCs) have been set up and will continue to address conflicts and grievances that arise during implementation of the proposed project. They will comprise Project Affected Household representatives, women representatives, civil society and non-government organizations present in the community.

3. Project Objective

The overall objective of RUDP II is to improve access to basic services (such as urban housing, water and sanitation, solid waste management, and public transport), enhance resilience and strengthen integrated urban planning and management in the CoK and the six secondary cities⁴ of Rwanda. Specific interventions in the RUDP II to mainstream resilience from the upper to the lower catchment and from the top to the bottom of the hills include: (i) wetland rehabilitation; (ii) green and grey infrastructure to mitigate erosion, reduce and manage storm water runoff along settlements, enhance wetland buffer zones and address flood hotspots; and (iii) comprehensive technical support that can improve city-wide flood risk management such as development of a storm water master plan and a solid waste strategy.

These activities will not only contribute to climate change adaptation, storm flood protection and job creation, but also generate long-term benefits attributed to reduced water scarcity and flood damage, higher agricultural productivity and lower carbon emissions.

There are four components to RUDP II, of which the sub-component 1b will be supported by Denmark:

Component 1: Support to the CoK (USD 68.93 million equivalent, of which IDA USD 58.95 million, GEF-7 USD 7.7 million and PPCR USD 2.28 million)

Subcomponent 1a: Integrated urban planning for resilient, inclusive infrastructure delivery (IDA USD 55.05 million)

Sub-Component 1b: Evidence-based, sustainable wetland management, flood risk management and greenhouse gas monitoring (USD\$ 13.88 million, of which IDA USD 3.9 million, GEF-7 USD 7.7 million and PPCR USD 2.28 million)

Component 2: Support to Secondary Cities (IDA USD 80.85 million)

Sub-Component 2a: Infrastructure and service delivery in secondary cities (IDA USD 77.85 million)

Sub-Component 2b: Institutional and capacity development of secondary cities (IDA USD 3 million)

Component 3: Institutional Capacity Development and Project Management (USD 10.67 million equivalent, of which IDA USD 10.2 million, GEF-7 USD 0.37 million and PPCR USD 0.10 million)

Sub-Component 3a: Institutional capacity development at national level (IDA USD 2.95 million)

Sub-Component 3b: Project management (USD 7.72 million, of which IDA USD 7.25 million, GEF-7 USD 0.37 million and PPCR USD 0.10 million)

Component 4: Contingency Emergency Response (USD 0)

The detailed design of RUPD II has been informed by comprehensive studies of the options and relative cost effectiveness of measures to increase the resilience of the degraded urban areas. The study was carried out by a multi-disciplinary team of urban designers and planners, hydraulic engineers, social and environmental experts, NbS experts, and cost-benefit specialists. Options were assessed for cost effectiveness, as well as ease of construction and maintenance⁵. There is good reason therefore to expect that the the chosen interventions, including NbS interventions, will represent good value for money.

⁴ The six secondary cities to be covered under the project are Huye, Muhanga, Musanze, Nyagatare, Rubavu and Rusizi.

⁵ Information obtained from a World Bank funded study "Landscape Analysis and Prefeasibility Study of Urban Nature based Solutions to Reduce Flood Risk and Strengthen Resilience in Kigali, Rwanda".

4. Theory of Change and Key Assumptions

The project theory of change (ToC) reflects the need for: (i) improved processes to integrate ecosystem values into urban planning, strengthened technical capacity, and an enhanced knowledge base; (ii) physical investments in integrated “grey” and “green” infrastructure; (iii) innovative approaches to financing and scaling investments; and (iv) the national (and international) urban agenda to be shaped by sustainable approaches.

RUDP II acknowledges that cities and environment are interconnected, and a comprehensive approach is needed for managing risks across the natural and built environment. To mainstream resilience from the upper to the lower catchment and from the top to the bottom of the hills an integrated approach is needed that includes: (i) wetland rehabilitation; (ii) green and grey investments to mitigate erosion, reduce and manage stormwater runoff along settlements, enhance wetland buffer zones and address flood hotspots; and (iii) comprehensive technical support that can improve citywide flood risk management.

By protecting existing carbon stocks and increasing vegetation cover, the rehabilitated wetlands will also support carbon sequestration and contribute to greenhouse gas emission reductions. Design of the rehabilitation activities will also include some investments in basic recreational infrastructure such as public parks which, together with providing improved aesthetic and amenity values, is expected to stimulate opportunities for private sector investments in areas such as hospitality, eco-tourism and recreation, and accelerate the implementation of urban planning solutions that centre on biodiversity, ecosystem services, and climate adaptation and mitigation. TA will be provided to explore opportunities for partnerships with the private sector and investments in wetlands and wetland buffer zones.

The Danish support addresses the first of these elements (wetland rehabilitation), which is a fully integrated sub-component of the RUDP II design, using the World Bank’s “results chain”. This is a similar conceptual tool to the Theory of Change, with the essential elements of the logical and expected cause-effect relationships among inputs, outputs, intermediate results or outcomes, and impact. The results chain is used to develop a results framework, which is essentially the same as those found in programmes developed following Denmark’s Aid Management Guidelines (AMG).

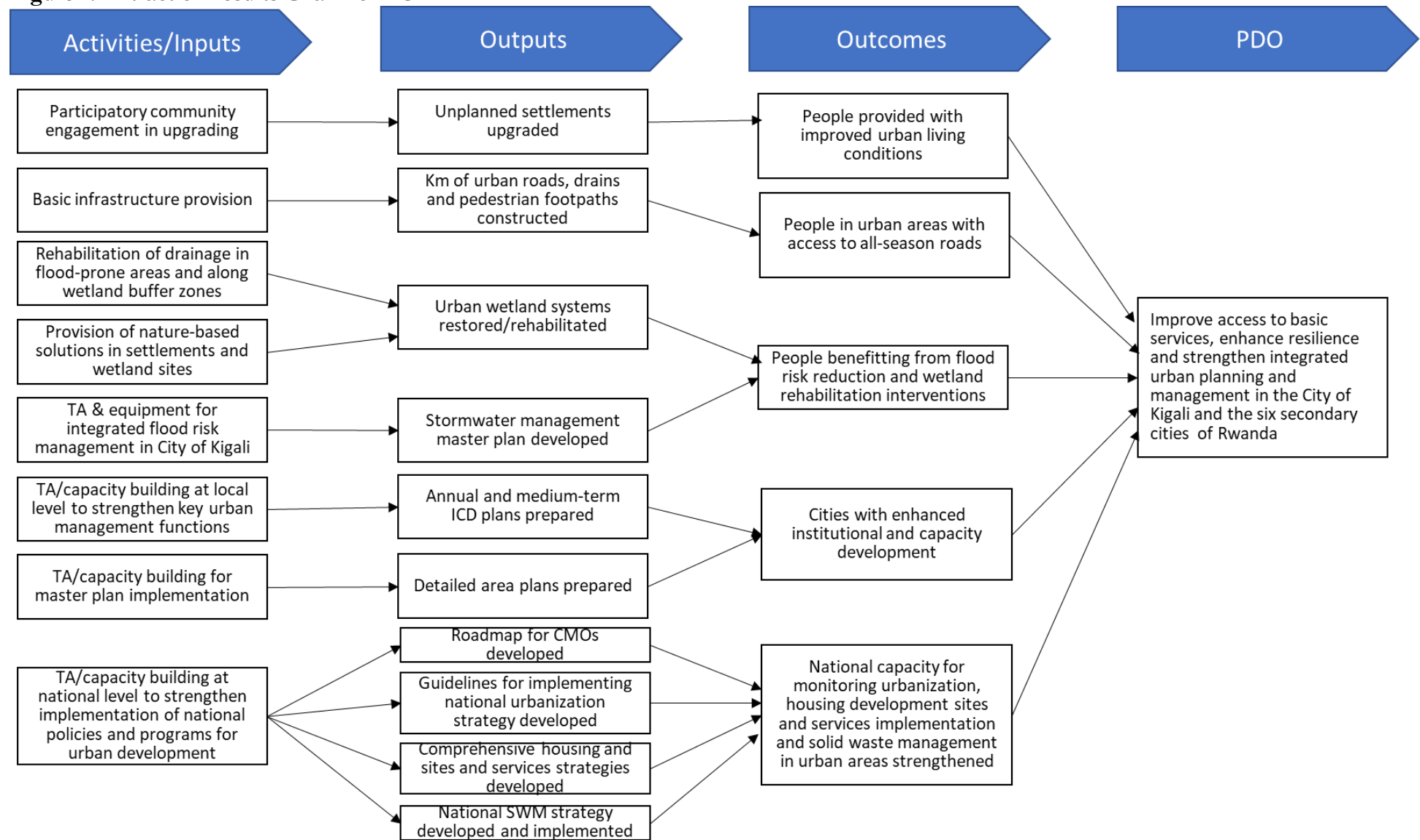
The project components reflect catalytic investments that will yield multiple global environmental benefits. Those of interest to the Danish support are:

- People benefitting from wetland rehabilitation interventions in Kigali;
- Land restored/rehabilitated (hectares)

Based on the objectives of interest to the Danish Support, the following ‘Chain of Results’ is presented for the overall RUDP II (Fig. 1). The highlighted areas focus on outputs and outcomes that are within project control of the result chain below, and are of specific relevance to the Danish support.

The long-term goal of the Danish support to RUDP II is to reduce flood risks, enhance biodiversity, and strengthen resilience. If this is to happen, there is a need for an outcome from the project that changes the current situation, where various wetlands have reduced or absent flood attenuation. The project needs to improve attenuation to safeguard, in particular the poorest part of the local population, adjacent to those wetlands. If the project is to achieve this outcome, it requires an output that stimulates co-benefits such as eco-tourism and education as evidenced by the Nyandungu Eco Park. These co-benefits can provide an income stream, which can assist in the long-term funding of the restored wetland.

Figure 1: Extract of Results Chain for RUDP II



The most important of the underlying assumptions for the wetland restoration ToC of RUDP II are:

- Rural and urban dwellers in and around the CoK, including in the poorest households, will over time, prefer and be able to experience the benefits of reduced (or no) flooding;
- Restored wetlands will be low maintenance;
- GoR maintains commitment to protect all restored wetlands from future encroachment;
- Nearby residents will participate in the planning, implementation and monitoring of the restored wetland, and learn from the experience;
- Given the integrated nature of sub-component 1b in the full RUDP II, II the assumptions include that the other components are completed successfully.

Following, as part of the Danish monitoring, progress on the overall project will be followed, while maintaining specific focus on the progress on results of the Danish supported sub-component 1b. Risks related to these assumptions (and others) are addressed in the risk management matrix in Section 9.

4. Summary of Results Framework

Annex 4 includes an extract from the RUDP II Results Framework focused on wetland restoration as agreed by the World Bank Fund, from which Denmark will receive its reporting. A description on how results will be reported as part of the SURGE Umbrella Results framework is provided in Annex 3. A further summary of the results framework is presented in Table 1.

Table 1: Extract from the RUDP II Results Framework for sub-component 1b

Project	Second Rwanda Urban Development Project (P165017)		
Project Objective	To improve access to basic services, enhance resilience and strengthen integrated urban planning and management in the City of Kigali and the six secondary cities of Rwanda		
Impact Indicator	People with improved urban access to basic services		
Baseline	0		
Project Title, sub-component 1b	Evidence-based, sustainable wetland management, flood risk management and greenhouse gas monitoring		
Outcome	People benefiting from flood risk reduction and wetland rehabilitation interventions in the City of Kigali		
Outcome indicator	220,500		
Baseline	Year	0	2020
Target	Year	220,500	2025
Output 1	Wetland area rehabilitated under the project		
Output indicator	No. of hectare (Ha) of wetland restored		
Baseline	Year	2020	0 Ha
Target	Year	2025	426 Ha
Output 2	Long-term management strategy and business plan for the management and maintenance of rehabilitated wetlands developed and approved		
Output indicator	Strategies and plans approved (Yes/No)		
Baseline	Year	2020	No
Target	Year	2025	Yes
Output 3	Greenhouse gas accounting and reporting framework developed and operational		
Output indicator	Accounting and reporting framework operational (Yes/No)		
Baseline	Year	2020	No

Target	Year	2025	Yes
Output 4		Beneficiaries participating in consultations (number, disaggregated by gender)	
Output indicator		No. of participating beneficiaries	
Baseline	Year	2020	0
Target	Year	2025	1,200

5. Inputs and Budget

The wetland restoration component of RUDP II amounts to a total of USD 23.98 million, while NDF is financing the Rwampara wetland restoration directly with a budget of USD 6.1 million. The Rwampara wetland is financed directly by NDF, hence not included in the overall RUDP II results framework. However, the wetland restoration in the two projects are closely linked and coordinated.

The current budget estimates for wetlands rehabilitations works indicate that there will be a budget gap of about USD 10 million. However, the final budget will be finalized after the detailed design stage by May 2023.

The Danish contribution of an additional DKK 38 million will be channelled through the Sustainable Urban and Regional Development multi-donor Umbrella Trust Fund (SURGE TF) to RUDP II. After accounting for the RUDP II administrative cost and the World Bank supervision cost, around DKK 31.5 million will be added to the RUDP II wetland restoration activities increasing the current total wetland restoration budget by approximately 20.8 pct.⁶.

Table 3 below presents the budget details for the Danish contribution to RUDP II through SURGE, including division of the Danish support on World Bank and recipient grant.

Table 2: Budget

	DK Contribution (DKK)	DK Contribution (USD)	Percentage
PMA for SURGE TF	2.28	0.32	6 %
Supervision for RUDP II task team	2.66	0.38	7 %
Total Bank Executed*	4.94	0.70	13 %
Remaining for Recipient Executed	33.06	4.79	87 %
Recipient Executed fee	1.54	0.22	4.8 %
Recipient Executed grant	31.52	4.49	95.2 %
Total	38.00	5.42	100 %

**For any Bank Executed (BE) activities financed through the SURGE Umbrella Anchor MDTF, the cost recovery indirect rate as approved by the WB Board and detailed in the Administration Agreement is 17% on top of all personnel costs. This Indirect Rate is charged at the time of disbursements, and included in the total Bank Executed budget in table 3. This means that 17 pct. of the 13 pct. Total Bank Executed budget will be for personnel costs.*

Next to the overall fee for Recipient-Executed grants (4.8 pct. of the signed Grant Agreement), SURGE has a Program Management and Administration (PMA) budget of 6 pct. Further, 7 pct. will be used for supervision of the Recipient Executed grant by the Bank's RUDP II task team. These budget lines are included in the budget for the Danish contribution in table 3.

The lessons learned from RUDP I in terms of insufficient technical, contract and safeguards management capacities and risks from the unfamiliarity of national implementers with the Bank's Environmental and Social safeguarding tools resulted in a need for closer supervision of the implementing partners. These considerations have led to the RUPD II task team requiring an increase

⁶ 20.8 pct. include the Bank Executed part and the Recipient Executed part of the grant.

in the supervision contribution from trust fund donors 7 pct., which is an increase on the 5.5 pct. charge to NDF for RUDP I. The project supervision budget will be used to establish a core technical team in the region to provide hands-on support to the client, including a Task Team Leader (TTL), co-TTLs and a multidisciplinary task team. The supervision budget is estimated higher than other components, because sub-component 1b is a technically complex subcomponent that requires more technical supervision and more expert support to the government e.g. on technical designs. The World Bank task team have hired two international experts on wetlands rehabilitation and flood management and one local water expert to support REMA's technical team during the design and preparation of the activities under subcomponent 1b.

The Danish support will be disbursed over two tranches in Q2 of 2023 and 2024, depending on the MFA receiving a disbursement request with relevant signatures as well as other required documentation, detailed in section 6. The WB will then transfer the relevant amount to the Recipient Executed grant in accordance with the schedule and conditions as agreed in the Grant Agreement. The World Bank will acknowledge receiving the Danish funds with a confirmation no later than 14 days after the funds have been disbursed.

6. Institutional and Management Arrangement

The World Bank is the managing agency for RUDP II, including sub-component 1b, the subject of the Danish support. The World Bank has three task team leaders for RUDP II, one of them responsible for sub-component 1b.

Denmark's partner for the proposed support is the World Bank (for fund transfer SURGE and for project supervision the RUPD II task team). The choice of partner is based on the consideration that Denmark does not have an embassy in Rwanda, and diplomatic relations are anchored at the Danish Embassy in Uganda. While activities under this support will be overseen by the MFA and the newly opened Danish project office in Kigali, there is limited capacity to implement bilateral programmes directly. In addition, the GoR has indicated that it welcomes the modality of support through the World Bank. Thus, collaborating with the World Bank on this support proves the most efficient and effective options available.

The implementing agency for sub-component 1b, and therefore for the ultimate spending of Danish support, is REMA. REMA is the Ministry of Environment's implementing arm, with a technical mandate with respect to the conservation of the environment, natural resource management and climate change issues. REMA has implemented World Bank-financed projects in the past and has an established a Single Project Implementation Unit. A comprehensive capacity assessment of REMA carried out by the World Bank confirmed their capacity to support the implementation of RUDP II.

REMA's responsibilities of implementing sub-component 1b includes: (i) wetland management, rehabilitation and health monitoring; (ii) technical assistance for a high-resolution Digital Terrain Model (DTM); and (iii) promoting advocacy, knowledge exchange and partnerships, in close coordination with CoK and with technical advisory support from Rwanda Water Resources Board (RWB) and technical support and procurement functions carried out by National Land Authority (NLA) given their technical mandates.

The GoR has established a National Steering Committee for RUDP II. The Committee provides high-level oversight and strategic guidance. It meets on a semi-annual basis each year, or as needed, during project implementation to review implementation progress, discuss emerging challenges, and identify mitigating measures.

More specifically, the Committee is responsible for providing:

- Oversight/strategic guidance and monitors the implementation;
- Advice on solutions regarding the challenges that may arise during the administration;

- Regular reviews and approvals of revised rules and guidelines for subsidy administration;
- Facilitation or coordination between key government agencies and resolving issues.

The Steering Committee is chaired by the Ministry of Infrastructure in charge of the overall coordination of RUDP II, and includes the Ministry of Finance and Economic Planning as an alternate chair (Director General of National Planning at MINECOFIN). The Steering Committee also includes MINALOC, MINEMA and MoE; Director Generals of LOFA, REMA, RWB, the City Manager of CoK, and the Programme Manager.

The World Bank RUDP II task team with the GoR performs joint implementation support missions (JISM) every six months to the progress of the project. As a donor of RUDP II, Denmark will receive all relevant project reporting (ISRs, AMs etc.), and will be welcomed to join all missions, virtually or in person. Further to the dialogue with and reporting from SURGE TF, Denmark will keep contact with the World Bank task team and REMA on progress of the overall project, and specifically on sub-component 1b.

7. Financial Management and Reporting

The Danish support will be channelled through the World Bank Umbrella Trust Fund for Sustainable Urban and Regional Development (SURGE TF). The SURGE TF has the objective to enable cities and regions in developing countries to function as drivers of green, resilient and inclusive economic development, and is therefore aligned with the objective of this project document.

The Danish funding will be allocated to the SURGE anchor multi-donor trust fund. To provide assurance that the funding is allocated for RUDP II, the agreement between SURGE and DK will include preferencing (non-legally binding) language. Further, through the SURGE annual work plans, there will be specific referencing to the RUDP II and support for the wetlands restoration component (1b) and a budget corresponding to the Danish annual allocation. As a donor to SURGE, Denmark will endorse the annual work plan.

Reporting to Denmark on progress of the RUDP II consists of progress/narrative and financial reports, and results of the engagement. There will be two types of reporting related to the Danish contribution: Firstly, the SURGE umbrella reporting and secondly, RUDP II project reporting that will include sub-component 1b and thus also the co-financing contribution provided through the proposed RE grant.

- SURGE will include relevant indicators in the joint trust fund results framework to capture the progress relevant to the Danish support. These indicators include ‘recipient executors work’. SURGE will do annual reporting (by World Bank Fiscal Year, FY) on progress on the results framework, which will be presented to the trust fund donors in October of every year. The annual SURGE reporting on progress will further include a chapter or section on the RUDP II to present the progress and how funding through SURGE has contributed to the results.
- To follow the RUDP II progress more directly, Denmark will in parallel receive general updates on the RUDP II from the RUDP II task team. The Danish Project Office in Kigali will be invited to participate in the Implementation Support Missions together with other donors, and the World Bank task team will share updates on the project every six months, in July and January. Further, coordination discussions at technical level between the RUDP II task team, client counterparts and Denmark will be held annually, in the months ahead of the SURGE Partnership Council meeting, scheduled around early November every year. This timing will allow the technical discussions on RUDP to feed into the SURGE Partnership Council discussions.

Where feasible, the World Bank will coordinate with country-based donor representatives that contribute to the SURGE Umbrella Program to discuss technical aspects of sustainable urban and regional development activities, as appropriate, with a view to promoting an open and collaborative dialogue in

the client countries. The main purpose for country-level coordination is to ensure that country-based donor representatives:

- Participate in coordination efforts on key aspects of country level sustainable urban and regional development activities, including but not limited to, technical workshops, stakeholder consultations, project steering committee meetings, consultative group meetings etc.;
- Are regularly updated on the implementation progress, including sharing grant/activity level reports (i.e. ISRs), and other related project documentation routinely prepared for the operational activities, as part of Bank's standard operational policies and procedures;
- Are invited to participate in relevant monitoring and supervision activities (subject to the consent of the Clients/Recipients);
- Are informed in a timely manner of any issues that may impede implementation progress of country activities or result in modifications or adjustments, to provide them an opportunity to exchange views. These discussions related to activity progress will help inform discussions and decision-making by the Partnership Council. Any decisions that affect the Program's work plans or budgets would be taken up by the Partnership Council, as consistent with the governance arrangements of the SURGE Umbrella Program.

The project reporting for RUDP II is done bi-annually, and as mentioned above, the donor will receive these project reports and other related project documentation. SURGE reporting is done annually, and this reporting will be based on the project reporting.

The financial reports should, where feasible, be submitted together with narrative reports to ensure that progress is monitored consistently across resources, results and activities. The RUDP II financial reports will be in the form of audited annual financial statements and budget monitoring reports. The audited annual financial statements for the RE grant will be included in the RUDP II audited financial statements. There is no separate audited annual financial statement prepared for SURGE, as this is included in the Single Audit for all WB Trust Funds that is prepared annually (as described in the Administration Agreement, Annex 2, section 3.3).

On the SURGE Trust Fund, financial reporting (i.e. budget monitoring reports) will be included in the Annual Reports. In a separate document called the Annual Workplan, SURGE budgets will be detailed to be approved by the Partnership Council (i.e. donor committee).

As part of the regular Danish financial monitoring, Denmark will follow and monitor irregularities and include the topic in the general dialogue with the RUDP task team and the SURGE team.

Further information on this is provided in Annex 5 and in the Administrative Agreement between Denmark and SURGE.

In addition to the reporting, during the implementation period, the RUDP II task team will make the following evaluations:

- A mid-term review of the project;
- A final evaluation (Implementation completion review, ICR) at project close;

The RUDP II team undertakes project evaluation every six months to assess the progress on achieving the Project Development Objectives based on the project timeline.

In addition, SURGE will have general mid-term reviews every 3 to 5 years. Since the RE part of the grant is evaluated as part of the RUDP II project, the SURGE mid-term review will not include an evaluation of the activities under RE grant, but based on the available project evaluation(s) of the RUDP II, the contribution to the overall SURGE objective will be included as input.

After project closure, any unspent balance or any savings of project funds shall be returned to the Danish Ministry of Foreign Affairs. Unspent funds will be based the pro-rata share of the total MDTF balance, when Denmark exits the MDTF

8. Risk Management

The RUDP II risk management is integrated in the overall World Bank Risk Framework. Rating is divided on a four-point scale (high, substantial, moderate, low) depending on the likelihood that risk will materialise and the expected severity of its impact if it does materialise.

The overall risk rating for the RUDP II is Substantial. The RUDP II PD and the RUDP II Environmental and Social Management Framework (ESMF) identifies several risks. They are all rated 'substantial' where World Bank assessment is available. There is no overall risk assessment of the specific components of the project, which means that there is no specific risk assessments of sub-component 1b on wetland restoration. Some specific risks for sub-component 1b are identified in the ESMF (see Annex 4). Under the ESMF, Environmental and Social Impact Assessments (ESIA) and Resettlement Action Plans (RAP) for each of the wetland areas in Kigali is being prepared, the latter as part of the Resettlement Policy Framework (RPF).

While the project benefits from the institutional arrangements and implementation experience of RUDP I, several challenges were identified during the RUDP I mid-term review in September 2018, notably in relation to: implementation capacities, particularly procurement and contract management; overall project management in terms of effective coordination; and stringent planning and infrastructure design standards resulting in a high incidence of involuntary resettlement, particularly in urban upgrading. Addressing them required concerted efforts especially for new features including storm water drainage and wetlands restoration. The World Bank risk assessment and response is elaborated in Annex 4.

Reducing and managing risk will require the design of realistic activities and interventions that can be implemented within the life span of project and measured using tangible indicators that can be easily monitored. Risks within the framework which are of particular concern to Danish funded activities include the implementation capacity of the national agency responsible (for sub-component 1b this is REMA), and the social and environmental risk associated with wetland rehabilitation. These risks are subject to mitigation measures built into the project and will be monitored and reported as part of overall project management. Table 4 below summarises the main risks of the Danish contribution to RUDP II sub-component 1b and how they will be mitigated.

Table 4: Risks Management Matrix related to the Danish support

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Contextual Risks					
Rapid decline in fiscal space that would impede the delivery of critical infrastructure services in the long run.	Unlikely	Significant	Partly mitigated by GoR's commitment to incurring mostly concessional debt and the pursuit of a sound fiscal policy, supported by an active IMF program. In addition, the proposed WB Development Policy Operation on Human Capital for Inclusive Growth will support maintaining long-term fiscal sustainability and a low level of public and publicly guaranteed	Minor	DK finds the risk management sufficient. DK will monitor this risk through dialogue with the World Bank task team and the GoR.

			external non-concessional debt through strengthening transparency, fiscal risk assessment, and reforms in public investment management. Finally, additional funding for wetland restoration may be provided by other donors.		
COVID-19 pandemic	Unlikely	Major	The GoR has developed an Economic Recovery Plan (ERP) to respond to the COVID-19 pandemic. The ERP provides a blueprint for recovery in the hardest hit sectors, resumption of productive activity, and safeguarding of employment.	Minor	DK finds the risk management sufficient. DK will monitor this risk through dialogue with the GoR.
Programmatic Risks					
Resettlements is to be expected and may risk loss of livelihood and other lifestyle opportunities. Related to this could be land tenure and ownership issues, which require time and process to deal with satisfactorily. Both the tenure/ ownership and resettlement aspects have potential to delay a programme	Likely	Significant	RUDP II draws on lessons learned from RUDP I in terms of project design and upward adjustment of compensation budget. Project design will minimize resettlement wherever possible especially through detailed engineering designs for the planned roads to be upgraded in informal settlements. GoR has prepared a RPF, while ESIA for Kigali will guide the development of site-specific RAPs which will be prepared during project implementation. RAP finalised for one of the four settlements (Mpazi, with the largest population) in Kigali. The RAP is to be implemented in coordination with the civil works in line with World Bank ESMF requirements, the RPF and GoR policies and laws. The RAP for Mpazi states that: “The RAP adopts WB’s definition, and all Project Affected Persons (PAPs) are eligible for compensation. In case of the settlement the people who may have limited rights are those who bought land and have not sub-divided it yet. Or those whose plots are too small to be sub-divided. All these will get compensation. The CoK will assist all parties to get the necessary documentation for compensation”	ESIA and specific RAPs for the remaining three settlements in Kigali (Gatenga, Nyagatovu, Nyabisindu) needed. Further, it is a risk that not all affected people experience sufficient compensation. In response, RUDP II has set up a Grievance Redress Mechanism (GRM) to address the residual risk.	DK finds the risk management for the first of the four settlements in Kigali thorough and satisfactory. The World Bank and GoR must finalise the ESIA and RAP for the other three areas. Given the potentially extensive reputational risk related to resettlement issues, DK will monitor and follow this risk closely, including in dialogue with CoK and REMA, incl. the two project hired E&S specialists at REMA.

Lack of information on the political economy around restoration of the wetlands results in undesirable distribution of benefits and costs.	Likely	Significant	REMA is currently undertaking an ESIA in relation to RUDP II, with support from the WB. Denmark will be able to follow up on the REMA assessment.	Risk depend on ESIA conclusions	Given that DK only recently opened a project office in Kigali, the regular information gathering in relation to projects in specific countries on political economy has been limited. With the Danish project office in Kigali up and running, it will be possible to gather additional information reg. the political economy and potential relevance for RUDP II sub-component 1b.
Potential adverse S&E impacts as part of settlement upgrade, incl. road and drainage construction (land acquisition for road expansion; temporary or permanent removal of access to property (residence, shop, school, market); damage to houses; traffic disruption; noise and dust; slope cuts and soil excavations, accidents and injuries; rainwater accumulation affecting neighbouring properties, construction debris, solid waste generation and sedimentation of streets and streams.	Likely	Major	Risks addressed in the project specific ESMF. The project will ensure early, continuous and inclusive stakeholder consultation throughout the project implementation based on the Stakeholder Engagement Plan (SEP) Further, the project has a project-specific grievance redress and feedback mechanisms (GRM) for people to report concerns or complaints if they feel unfairly treated or are affected by any of the sub-projects.	Minor	Although this risk is for RUDP II as a whole, it may affect the Danish support through association. DK finds the risk management sufficient. DK will monitor this risk through dialogue with the GoR and WB.
Design risk as each wetland is functionally different within a specific landscape,	Unlikely	Significant	The design of interventions are as robust as possible at the project approval stage, and extensive consultations with stakeholders are held as part of	Minor	DK finds the risk management sufficient. DK will monitor this risk through

climate and social context			the project preparation. The project draws on the local implementation experience from other restorations. Further mitigations measures include incorporating flexibility in the design and leaving room for adjustment during the implementation stage. In terms of resettlements, the area specific RAPs will ensure adjustment to the social context.		dialogue with the RUDP II task team.
Nearby residents will be unable to participate in the planning, implementation and monitoring of the restored wetland, and learn from the experience.	Unlikely	Significant	Community engagement from the beginning, through SEP, Community Upgrading Committees and Grievance Redress Committees. Community engagement have started	Minor	DK finds the risk management sufficient. DK will monitor this risk through dialogue with the RUDP II task team.
Institutional Risks					
Institutional capacity for implementation and sustainability including implementing agencies is not sufficient	Likely	Significant	External resources for support, monitoring and capacity building for PIU has been added based on RUDP to support new implementing agencies, incl. REMA.	Minor	DK finds the risk management sufficient. DK will monitor this risk through dialogue with the RUDP II task team and the GoR.
Restored wetlands will not be low maintenance	Likely	Major	To be verified during the feasibility and final design stages	Residual risk will depend on feasibility and final design	DK will follow up with the WB regarding the design for each of the wetlands, incl. plans for maintenance

9. Closure and Sustainability

The closing date for the project is 31 December 2025, subject to any extension. Once the project is closed, the World Bank Project Implementation Unit has four months to complete disbursements of activities that were complete by project closing date. Thereafter, the World Bank will prepare a closing report, which is due six months after project closing date.

Sustainability on the Rwandan government's side will be assured if the following aspects can be demonstrated:

- Institutional stability;
 - REMA is a stable government institution that was established in 2006 under the law N0 16/2006. Its mandate was revised and approved under law N0 63/2012 determining the mission, organisation and functioning of REMA; Presidential order N0 033/01 governing Rwanda Environment Management Authority.
- Continued operation and maintenance of the project outcomes;

- Operation and maintenance of the project outcomes will be continued, as the mission of REMA is to promote and ensure the protection of the environment and sustainable management of natural resources through decentralised structures of governance, and seek national position to emerging global issues with a view to enhance the well-being of the Rwandan people.
- Continual flow of net benefits;
- Maintenance of environmental stability;
 - REMA ensures environmental sustainability under the following responsibilities:
 - To monitor and evaluate development programs and projects to ensure the compliance with laws and regulations on environment in their preparation and implementation phases;
 - To participate in preparation of strategies and action plans and for prevention of disasters and hazards which may degrade environment as well as to propose remedial measures where such risks and catastrophes has occurred.
- Equitable sharing and distribution of project benefits;
 - Article 22 of the Constitution of the Republic of Rwanda of 2003 (revised in 2015) on the right to a clean environment provides the ‘equitable sharing as it states that *“Everyone has the right to live in a clean and healthy environment.”*
- Continued community participation;
 - Article 53 of the Constitution of the Republic of Rwanda of 2003 (revised in 2015) on the protection of the environment as it states that Rwanda *“ensures community participation as it states that everyone has a duty to protect, safeguard and promote the environment.”*
- Ability for the project outcomes to be resilient over time;
 - The goal of Rwanda’s national environment and climate change policy is to have a clean and healthy environment, resilient to climate variability and change that supports a high quality of life for its society.
- Private sector engagement in the management of the wetlands
 - Co-ownership of the rehabilitated wetlands by the local decentralised entities – districts, sectors etc.

10. List of Annexes

- Annex 1: Context Analysis
- Annex 2: Partner Assessment
- Annex 3: Theory of Change, Scenario and Result Framework
- Annex 4: Risk Management
- Annex 5: Budget Details and Monitoring
- Annex 6: List of Supplementary Materials
- Annex 7: Plan for Communication of Results
- Annex 8: Process Action Plan

Annex 1: Context Analysis

<p>1. Overall Development Challenges, Opportunities and Risks</p> <p>In terms of Rwanda’s development, it remains one of the least developed countries in the world and still requires significant infrastructure investments for its socio-economic development. The World Bank notes that Rwanda has been a frontrunner among African economies in the Doing Business indicators, moving from a global rank of 148 in 2008 to 38 in 2020, second in Sub-Saharan Africa after Mauritius. Although Rwanda’s annual gross domestic product (GDP) growth has averaged 7.2% in the last decade, Rwanda remains one of the poorest countries in the world and infrastructure gaps, including drainage remain substantial. Indeed, Rwanda ranks 111 in the world when it comes to infrastructure quality according to the 2019 Global Competitiveness Report.¹</p> <p>Poverty in Rwanda has declined substantially in the past two decades but remains high in rural areas, where access to public services is still low. Poverty has also become less severe, with a shrinking gap between average consumption of the poor and the poverty line. However, despite poverty reduction, poverty reduction stagnated between 2014 and 2017 owing to droughts, a slowing down of the structural transformation and rural to urban transition, and a weakening of the job-creating potential of Rwanda’s recent growth.² Moreover, over 90% of the poor in Rwanda live in rural areas (mainly in the Southern, Western, and Eastern provinces). There is a high correlation between poverty and the lack of access to public services.</p> <p>Rwanda’s development strategy is laid out in the seven-year plan, the National Strategy for Transformation (NST1) for 2017–2024, prioritised by the three pillars of economic transformation, social transformation, and transformational governance. The NST1 aims to lay the foundation for achieving upper-middle-income country status by 2035 and high-income status by 2050.</p> <p>In 2019, Rwanda’s economy expanded by 9.4%, the highest growth rate on the continent and well above Rwanda’s average growth of the past 10 years³. Investments were the main driver of growth, expanding by 23.3% and supported by strong public investments. Private consumption also grew by 9%. The contribution of net exports to growth was negative because the growth had been led by domestic demand. As of December 2019, public and publicly-guaranteed debt reached 58.5% of GDP. Rwanda’s debt remains sustainable, and the risk of debt distress has shifted from low to moderate as a result of the COVID-19 pandemic⁴ which also caused Rwanda’s GDP to fall by 3.4% in 2020, the first recession since 1994.⁵</p> <p>The GoR has taken prompt actions to mitigate the impact of the pandemic, including launching an Economic Recovery Plan (ERP), which provides a blueprint for recovery in the hardest hit sectors, resumption of productive activity, and safeguarding of employment. The ERP takes infrastructure development as a critical sector that could catalyse broader economic recovery through boosting productivity and has the potential to contribute significantly to creation of immediate jobs.⁶</p>
<p>1 EAQIP, PAD, World Bank</p>

- 2 *Ibid*
 3 *Ibid*
 4 *Ibid*
 5 <https://www.worldbank.org/en/country/rwanda/overview#1>
 6 *Ibid*

2. Political Economy and Stakeholder Analysis

Small and landlocked, Rwanda is hilly and fertile with a population of about 12.5 million people (2018). It borders the Democratic Republic of Congo, and East African neighbours, Tanzania, Uganda, and Burundi. Rwanda has generally maintained political stability since the 1994 genocide. Parliamentary elections in September 2018 saw women fill 61% of seats, the Rwandan Patriotic Front maintain an absolute majority and, for the first time, opposition parties, the Democratic Green Party of Rwanda and Social Party Imberakuri, winning two seats each. President Paul Kagame was re-elected to a seven-year term in August 2018, following an amendment to the constitution allowing a third term.⁷

Rwanda now aspires to Middle Income Country status by 2035 and High-Income Country status by 2050 to be achieved through a series of seven-year NST1s, underpinned by sectoral strategies focused on achieving the SDGs.⁸

Wetland restoration is still in its infancy. Therefore, it is important to take an integrated and collaborative approach by working across sectors and tackling an enabling environment to support such development. Overall, there is no dedicated national program with sizable funding to address scale-up of wetland restoration. The current interventions are sporadic and fragmented.

Key stakeholders identified in Stakeholder Engagement Plan and during preparation of the Environmental and Social Management Framework (ESMF) include but are not limited to the following:

- Ministry of Environment (MoE)
- Ministry of Infrastructure (MININFRA)
- Rwanda Environment Management Authority (REMA)
- National Land Authority (NLA)
- Local Governments Administration (Districts and Sectors)
- Project-affected people and local communities

7 <https://www.worldbank.org/en/country/rwanda/overview#1>

8 Rwanda, 7 Years Government Programme: National Strategy for Transformation (NST1) 2017–2024

3. Fragility, Conflict and Resilience

The OECD characterises fragility as the combination of exposure to risk and insufficient coping capacity of the state, systems and/or communities to manage, absorb or mitigate those risks. Fragility can lead to negative outcomes including violence, poverty, inequality, displacement, and environmental and political degradation. Rwanda was included in the 2018 OECD States of Fragility as a fragile state but removed in the 2020 version. The reason for removing the designation of Rwanda as a fragile state was that fragility declined, in descending order of magnitude, in the political and security dimensions while increasing slightly in the economic, environmental and societal dimensions.⁹

Rwanda is ranked 168 in terms of its vulnerability to climate change in the Notre Dame Global Adaptation Index.¹⁰ Temperature rises in recent decades have exceeded the global average. Since 1970, Rwanda's average temperature has gone up by 1.4 degrees Celsius and in some scenarios is projected to increase by 2 degrees Celsius by the 2030s. Rainfall has become more intense increasing the incidence of floods and landslides. Critical watersheds and water catchments have been converted into agricultural land, resulting in the destruction and drying up of streams and a decline in groundwater reserves. Steep topographical gradients and poor farming techniques have led to a soil nutrient balance that is among the most negative in Africa.¹¹

The Republic of Rwanda released its Green Growth and Climate Resilience National Strategy for Climate Change and Low Carbon Development in October 2011 with a vision for Rwanda to be a developed climate-resilient, low-carbon economy by 2050. The Strategy aims to build upon work that is already being done in Rwanda on climate change, focusing the various projects and policies in a holistic national document, which encompasses the long-term direction as well as short-term priority actions. The Strategy is one of the initial steps on a pathway, which leads to a sustainable, secure future where Rwanda is prepared for the risks associated with climate change, population growth and rising oil prices.¹²

9 OECD, States of Fragility 2020

10 Notre Dame Global Adaptation Index, 2019

11 World Bank Country Partnership Framework for Rwanda

12 <https://sustainabledevelopment.un.org/index.php?page=view&type=99&nr=309&menu=1449>

4. Human Rights, Gender, Youth and applying a Human Rights Based Approach

This human rights analysis mainly focuses on human rights aspects relevant for the specific project. While there is no explicit right to a functioning wetland, it is closely linked to several central human rights. Particularly, the rights of women as enshrined in e.g. Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the right to health and to clean water. In this respect, participation, transparency, equality and non-discrimination are key. It is also linked to the enjoyment of a clean, healthy and sustainable environment.

During its recent Universal Periodic Review in January 2021, Rwanda received and accepted a recommendation to take measures to increase efficiency, accountability and transparency in public service delivery (recommendation number 134.17) as well as recommendations relating to climate change (recommendations 134.25-26) and many on gender equality (134.110 and 134.112 among others).¹³ In 2019, Sub-Saharan Africa averaged 67/100 on the 2020 Gallup Global Law and Order index gauging people's sense of personal security and their personal experiences with crime and law enforcement. This makes Sub-Saharan Africa the second-lowest scoring region out of 10. However, Rwanda scored 80/100, just below the world index score of 82/100.¹⁴

The UN Rwanda Country Team (UNCT) undertook in 2017 an exercise aimed at exploring the national development context to enable a better common understanding of the country's challenges and development aspiration – which also is relevant for areas addressed under RUDP II. According to the UNCT, despite substantial progress made over the last two decades in the areas of Citizen Participation and Accountability, there are persisting challenges related to quality participation and insufficient capacity of institutions of accountability. The UNCT notes that studies revealed that citizen participation stands at 63.4% in 2017 and the level of citizen satisfaction in their participation in decision making is at 45.5%.⁴² The Rwanda Governance Scorecard indicates that the quality of service delivery – while increasing - is one of the least performing governance indicators in Rwanda rated at 66.21% in 2010, 70.44% in 2012 and 72% in 2014 and 72.9% in 2016.⁴³ Rule of Law was the second least performing indicator of the 2010 Rwanda Governance Scorecard (Rule of Law

scored only 67.71%), the score increased to 79.68% in 2016 and across the different indicators, justice related indicators were among the highest scoring indicators,⁴⁴ according to the UNCT.

The UNCT further notes that important challenges remain to be addressed in governance in reinforcing inclusive participation and strengthening the political processes through addressing the issue of political space, the weaknesses in the capacities of civil society, and the need to accelerate media sector reforms. In the rule of law, there is scope for more judicial reforms that strengthen access to quality justice, ensure reduction in backlog cases, and improve the quality of prosecution¹⁵.

RUDP II will ensure early, continual and inclusive (including vulnerable/disadvantaged groups) stakeholder engagement which is documented in a Stakeholder Engagement Plan. The plan addresses specific risks identified by stakeholders, including the risks to vulnerable persons etc. and will be updated as and when necessary. The objective is to establish a systematic approach for stakeholder engagement, maintain a constructive relationship with them, considering stakeholders' views, promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life-cycle, and ensure that appropriate project information is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner. In addition, the project has developed a project-specific Grievance Redress Mechanism for people to report concerns or complaints if they feel unfairly treated or are affected by any of the sub-projects.

Communities and individuals who believe that they are adversely affected by a World Bank supported project like RUDP II may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service. The Service ensures that complaints received are promptly reviewed in order to address project-related concerns. Project-affected communities and individuals may submit their complaint to the WB's independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond.

In a community selection point or the Administrative District, a Displaying board with project information, timeline, information of the works and contractor, announcements will be placed and box for comments/suggestions will be placed with a lock so only the environmental or social safeguards can open and respond to any messages. Any complaint from a third party can be filed using this method. Regular feedback will enable the duty bearers (i.e. the political decision makers and public authorities) to be mindful of the needs and priorities of end-users and ultimate beneficiaries (the rights holders in human rights terminology).

Gender and youth

Rwanda ratified CEDAW in 1981. During the CEDAW review of Rwanda in 2017, the Committee appreciated the measures taken by the State party to eliminate gender-based violence against women and provide assistance to victims. The Committee also recommended the state party to enhance its efforts to firmly combat all forms of gender-based violence against women, including domestic and sexual violence, paying particular attention to disadvantaged groups¹⁶.

According to the World Bank, the GoR has long been a global leader on the issue of gender equality and has put in place a strong legal and policy framework. These efforts have born impressive fruits over recent years, including gender equality in primary and secondary enrolments, a sharp reduction in fertility, large improvements in maternal health outcomes, women's greater access to land and therefore to finance which requires land as collateral, and the world's highest representation of women in parliament¹⁷.

WB further notes that although Rwanda's commitment to gender equality is widely recognised, serious gaps remain and progress in these areas can be instrumental in helping Rwanda meet its development objectives. Areas where further attention is needed include: stalled progress in reducing fertility after prior impressive reductions; translating gains in human capital into greater quality of women's economic participation, including occupational sex segregation and a large gender-earnings gap; a continuing gender gap in secondary completion and in tertiary education and technical and vocational education and training; the lower representation of women in decision-making positions below the national government level; gender-based violence (GBV); women's greater share of domestic tasks; and smaller but continuing gaps in access to productive assets for agriculture and entrepreneurship. Challenges remain in eliminating GBV and violence against children in spite of the firm government commitment to promote gender equality¹⁸.

According to the WB, Rwanda's strong policy, legal, and institutional framework to promote gender equality and address and prevent violence against women and children could be leveraged for greater results. Priority actions to promote gender equality are strengthening women's participation in tertiary and technical-vocational education; promoting women's economic participation through entrepreneurship, especially access to finance; building up women's participation in subnational democratic bodies; and expanding response and prevention services to address GBV in all districts and sectors and support for awareness and behavioural change¹⁹.

Rwanda ratified the Convention on the Rights of the Child in 1991 and both of its optional protocols in 2002. According to the UN in Rwanda Development Assistance Plan 2018-2023, the Government of Rwanda recognises that the rapid rate at which its population is growing and the consequent high child dependency burden are among the main challenges curtailing the country's socioeconomic progress and attainment of Vision 2020. Rwanda's population is very youthful with 40.1% being under age 15; 20% between 15 and 24, and 68.7 below age 30 in 2015. The high dependency burden poses a challenge to economic growth, due to the high costs to the nation and households of essential needs for children, including education and health services. It also impedes the ability of the nation and households to save – an important factor that would increase investments and provide an impetus to accelerated economic growth.²⁰

13 A/HRC/47/14

14 Global Law and Order, Gallup, 2020

15 https://rwanda.un.org/sites/default/files/2019-04/United%20Nations%20in%20Rwanda%20Development%20Assistance%20Plan%202018-2023%20%28UNDAP%20II%29_0_0.pdf

16 CEDAW/C/RWA/CO/7-9

17 World Bank, Rwanda Country Partnership Framework for the Period of 2021-2026

18 Ibid

19 Ibid

20 EAQIP, PAD, World Bank

5. Inclusive sustainable growth, climate change and environment

According to the World Bank, Rwanda's growth model cannot be successful without prioritising environmental sustainability and building resilience against climate change. A steady depletion of Rwanda's forest and water resources has heightened the country's sensitivity to climate change. Since 1990, there has been a steady decline in total forest cover, and an increase in cropland.²¹

Demand for biomass for energy use is a major driver of deforestation and forest degradation. Rwanda has set targets to increase and sustain forest cover through its NSTI. Critical watersheds and

water catchments have been converted to agricultural land. The resulting reduced vegetation cover has led to increased runoff and river flows, increasing the water yield. Reduced vegetation has caused a decrease in infiltration and groundwater reserves have been depleted. Increased runoff is linked to greater soil erosion, and such soil loss through erosion is a significant problem which threatens food security.²²

According to the World Bank, going forward, key priorities will include the development of climate-compatible, sustainable urban infrastructure; investments in stable and sustainable landscapes; and development of financing instruments for resilience and green growth that address the challenges posed by large upfront costs and uncertain long-run benefits²³.

RUDP II has prepared an Environmental and Social Management Framework (ESMF) in order to guide project planners, implementers and other stakeholders to identify and mitigate environmental and social impacts. The ESMF provides project implementers with an environmental and social screening process that will enable them to identify, assess and mitigate potential environmental and social sub-projects' impacts, in accordance with the GoR, African Development Bank and the World Bank Environmental and Social Framework and guidelines²⁴.

The implementation of the project will have environmental and social impacts that should be mitigated following the ESMF guidelines. Successful implementation of the ESMF will depend to a large extent on the active participation of different key stakeholders (MININFRA, REMA, RDUP PIU, Districts, private operators, academics and researchers, and local communities).

The ESMF states that PIU staff, District Environmentalist, District Environmental Officers and Sector land managers will be trained to implement the screening process, and where required to help develop and to implement appropriate Environmental and Social Management and Monitoring Plans. They should be empowered to adequately administer the ESMF and should be given the necessary support and resources to ensure effective implementation. The ESMF should be regularly updated to respond to changing local and environmental conditions and should go through the national approval processes, reviewed and approved. It should also incorporate lessons learned from implementing various Components of the project activities.

Climate and environment

From the perspective of climate and disaster risks, Rwanda's exposure rating is high for extreme temperature, extreme precipitation and flooding, and drought.

Approximately 52% of the country's total land area is arable and the total cultivated area is equivalent to 66% of the national territory, with more than 93 000 hectares of marshland under cultivation. With considerable small-plot cultivation occurring on hills or mountain areas, vulnerability to climate change impacts has increased through runoff and landslides.

Rwanda's hydrological system is split into two basins which are divided by the Congo-Nile ridge, with water systems to the west of the ridge flowing into the Congo basin and the east flowing into the Nile basin. The hydrological network covers 8% of the national area, equivalent to about 2143 km². The Congo basin drains approximately one-third of the national territory equating to approximately 10% of the available water. Rwanda has abundant lakes (101), rivers, and wetlands, and groundwater is an important water source in rural areas. The wetlands of Rwanda are composed of marshlands, lakes, rivers and streams and represent nearly 15% of the national territory of which 6.3% are marshlands and 8.6% are lakes or streams that are either permanent or seasonal. Total wetlands cover 276,477 ha with 20% of the total wetlands being fully protected.

Rainfall for the country is highly variable and the analysis indicates a likely increase in annual rainfall, with the increase likely to occur during the main rainy season, December to April, with drier tendencies

from July to September. The intensity of heavy rainfall is expected to increase from +3% to +17% and the frequency expected to increase from +9% to +60% by end of the century. An increase in the country's overall water balance is also expected. During periods of increased aridity, long-lasting dry spells are expected to increase by 0 to 8 days by end of the century. Frequent rainfall deficits are expected in parts of the eastern and southern provinces, while increased rainfall is expected in parts of the western, northern and southern provinces. This is expected to significantly impact agriculture, water, energy, forestry, and health sectors, as well as agricultural land and freshwater resources and ecosystems.

Sustainability

The GoR has demonstrated strong commitment and ownership of the project.

21 The Natural Capital Accounts for Land, published by the Government of Rwanda in 2018

22 *Ibid*

23 *Ibid*

24 Ministry of Infrastructure, Final Report, Environmental and Social Management Framework (ESMF)

6. Capacity of public sector, public financial management and corruption

According to the World Bank, a results-oriented approach to service delivery and a zero-tolerance approach to corruption has helped mobilise external assistance in Rwanda²⁵. In 2020, with an average score of 32, Sub-Saharan Africa was the lowest performing region on the Corruption Perceptions Index by Transparency International. However, Rwanda ranked 49 out of 180 countries with a score of 54.²⁶

Rwanda's relative success in battling corruption is reflected in the control of corruption indicator of the Worldwide Governance Indicators, according to which Rwanda ranked at 71 percentile globally in 2018, which was not only significantly ahead of the average ranking for low- and lower middle-income countries but also higher than the average ranking for upper middle-income countries.²⁷

Procurement for the proposed project will be carried out in accordance with the 'World Bank Procurement Regulations for Borrowers under Investment Project Financing', dated July 1, 2016, and updated November 2017 and August 2018, hereafter referred to as 'Procurement Regulations'. The project will be subject to the World Bank's Anticorruption Guidelines, dated July 1, 2016, and beneficiary disclosure requirements.²⁸

25 WB Country Partnership Framework for Rwanda

26 Transparency International, Corruption Perceptions Index, 2022

27 WB Country Partnership Framework for Rwanda

28 EAQIP, PAD, World Bank

7. Matching with Danish strengths and interests, engaging Danish actors and seeking synergies

RUDP II will contribute to Danish priorities regarding, among others, SDG 3 on good health and well-being, SDG 5 on gender equality, SDG 6 on clean water and sanitation, SDG 11 sustainable cities and communities, SDG 13 on climate action and SDG 15 Life on Land. This is in line with the Denmark's new Strategy for Development Cooperation and the Danish long-term Global Climate Action Strategy.

The support is designed to deliver targeted action aligned with these strategy documents. The intervention will support the design, implementation and monitoring of nature-based solutions to reduce flood risks, enhance biodiversity, and strengthen resilience.

The contribution to RUDP II in Rwanda could potentially create synergies with activities under other Danish supported initiatives such as the Green Climate fund (GCF), Global Environment Facility (GEF), Least Developed Countries Fund (LDCF), and the Global Green Growth Institute (GGGI). The Nordic Development Fund (NDF) also supports projects in Rwanda via the Energy and Environment Partnership (EEP). Denmark will explore these options further during project implementation.

SURGE operates with the term ‘preferencing’ which means that a donor country can make a preference to a specific activity within SURGE or to an associated project/trust fund. This opportunity is commonly applied by SURGE donors and respected by SURGE. This opportunity has been established to avoid formal earmarking which requires setting up separate trust fund within the World Bank, which is administrative burdensome for both the donor and the World Bank.

Annex 2: Partner Assessment

In 1946, Denmark became a member of the International Bank for Reconstruction and Development (IBRD) — the World Bank. Today, Denmark is a member of the five institutions that form the World Bank Group. Denmark and the World Bank work with other member governments to finance projects, design policies, and deliver programmes to end poverty in the developing world.

Denmark is a significant financial contributor to the World Bank Group. As such, Denmark contributes 2.3 billion DKK to the latest replenishment of the International Development Association (IDA) and funds the IBRD capital increase 2018 with 370 million DKK.

Denmark is represented on the World Bank Board of Governors, the Bank's senior decision-making body. The Governors meet twice a year. They have the power to admit and suspend members of the World Bank Group, increase or decrease the authorized capital stock, determine the distribution of the net income of the Bank, and decide on the World Bank Group's overall strategic direction. Denmark is currently represented at the World Bank Executive Board by Lene Lind, Executive Director. In this capacity, the Executive Director engages in direct consultations and negotiations with other Executive Directors and World Bank Group Management in setting the institution's strategy and policy priorities.

Denmark will work with the umbrella trust fund, SURGE

For the proposed Danish contribution to RUDP II will be channelled through the existing multi-donor umbrella program SURGE. This will be done through the signing of an Administration Agreement by the WB and Denmark. The contribution will be part of the SURGE umbrella, and adhere to the SURGE governance structure and arrangements, aligned with the WB's umbrella principles (as described in SURGE's Operations Manual). Given that all funds in a Multi-donor Trust Fund (MDTF) are pooled, the WB cannot earmark Danish funds to a specific project, but SURGE will create a child trust fund equivalent to the Recipient-Executed (RE) grant portion of the Danish contribution. Under this RETF, a grant agreement will be signed between the WB and GoR related to the wetland restoration component 1b of RUDP II. The child trust fund will be managed by the World Bank project team, utilising well-established management and operation systems. Accounting, auditing and reporting will be undertaken in accordance with the administration agreement between Denmark and the WB.

Partners in Rwanda

Public

Wetland restoration is under the mandate of REMA under the MoE.

In addition, the following government entities are involved in management and implementation.

- Ministry of Finance and Economic Planning (MINECOFIN),
- Ministry of Infrastructure (MININFRA)
- Local Administrative Entities Development Agency (LODA)
- City of Kigali (CoK)
- National Land Authority (NLA)
- Rwanda Water and Resources Board (RWB)

Some of the participating government entities will need to develop additional capacity to be able to fulfil their role, including wetland restoration.

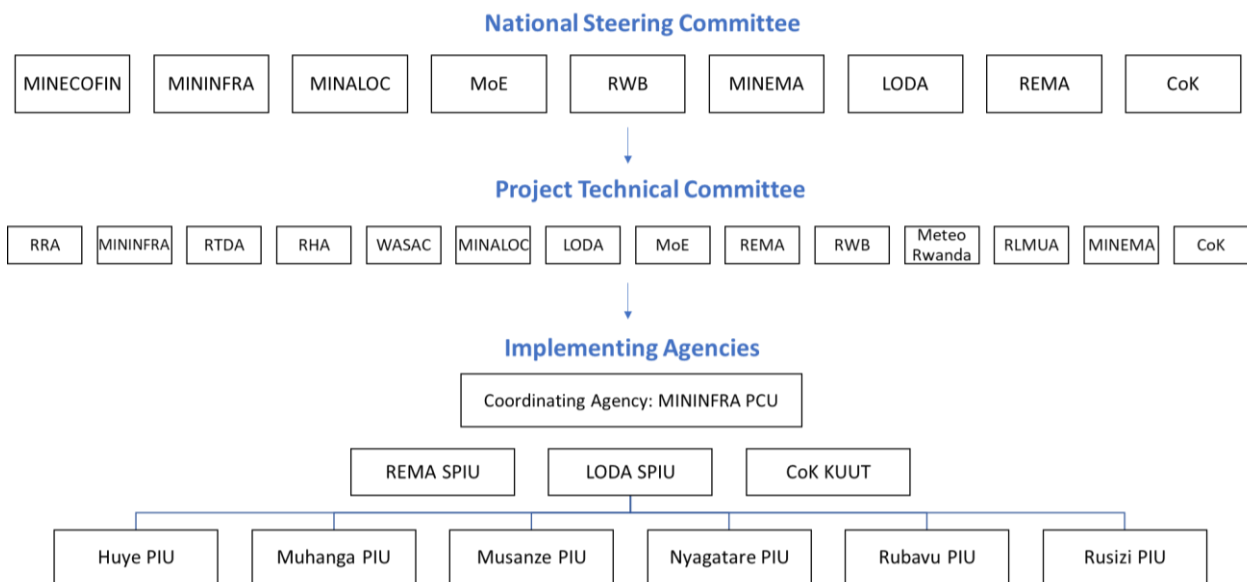
The key partners for component 1b is summarised in table 5 below.

Table 5: Key partners for the Danish support to RUDP II sub-component 1b

Name of Partner	Core business What is the main business, interest and goal of the partner?	Importance How important is the programme for the partner's activity-level (Low, medium high)?	Influence How much influence does the partner have over the programme (low, medium, high)?	Contribution What will be the partner's main contribution?	Capacity What are the main issues emerging from the assessment of the partner's capacity?	Exit strategy What is the strategy for exiting the partnership?
World Bank	Donor	High	High	Significant resources	Capable of upscaling	No special requirements after end of programme
Rwanda Environment Management Authority (REMA)	Government Entity	High	High	Anchor within Government	Full commitment Implementation Partner May need to develop additional capacity to be able to fulfil the role	No special requirements after end of programme

An overview of partners is for the full RUDP II can be found in figure 2 below.

Figure 2: National level roles and responsibilities of RUDP II



Below, the implementing partners for sub-component 1b is elaborated.

In the project's implementation architecture, the MoE and REMA given their technical mandate with respect to the conservation of the environment, natural resource management and climate change issues. MoE will be responsible for coordinating activities with REMA and participating in the National Steering Committee for effective integration of the GEF activities with the rest of the activities under the CoK. REMA, as MoE's implementing arm, will be responsible for implementing Subcomponent 1b, including: (i) wetland management, rehabilitation and health monitoring; (ii) technical assistance for a high-resolution DTM; and

(iii) promoting advocacy, knowledge exchange and partnerships financed under GEF-7, in close coordination with CoK and with technical advisory support from RWB and technical support and procurement functions carried out by NLA given their technical mandates. The SPIU will comprise of seven staff which includes: Project Coordinator, M&E specialist, PFM specialist, Procurement specialist, Hydrology Engineer, Ecology specialist and an E&S specialist. Both NLA and RWB will provide technical support for implementing these activities pursuant to a MOU with REMA. The MOU will define the roles and responsibilities of each party and stipulate that payments will be made by REMA on behalf of RWB and NLA for the procurement of goods and services upon the submission of: (i) proof of successful completion of works or delivery of goods and services, and (ii) invoice from the vendor/service provider. Inclusion of MoE and REMA is critical and enables the GoR to ensure that institutional arrangements include multi-sectoral engagements and implementation approaches that will leverage future investments that promote green and climate resilient urbanization. For example, the national SWM strategy and recreational activities in wetlands present significant potential for private sector investments. Institutional arrangements that target multi-sectoral approaches will facilitate collaboration and integrated planning. GEF financing has demonstrated the comparative advantage and leveraging potential to achieve GEBs.

Annex 3: Theory of Change, Scenario and Results Framework

The WB PAD presents the Theory of Change of the RUDP II and is replicated in Fig 1 in section 5 of this project document. The long-term goal of the Danish support to RUDP II is to reduce flood risks, enhance biodiversity, and strengthen resilience. If this is to happen, there is a need for an outcome from the project that changes the current situation, where various wetlands have reduced or absent flood attenuation. The project needs to improve attenuation to safeguard, in particular the poorest part of the local population, adjacent to those wetlands. If the project is to achieve this outcome, it requires an output that stimulates co-benefits such as eco-tourism and education as evidenced by the Nyandungu Eco-Park⁷. These co-benefits can provide an income stream, which can assist in the long-term funding of the restored wetland.

Annex 1 (Context Analysis) notes that the development strategy of Rwanda is laid out in the seven-year plan, the National Strategy for Transformation (NST1) for 2017–2024, prioritised by the three pillars of economic transformation, social transformation, and transformational governance. The NST1 aims to lay the foundation for achieving upper-middle-income country status by 2035 and high-income status by 2050. There is a high correlation between poverty and the lack of access to public services, of which the latter is a focus of the overall World Bank RUDP II. This overall focus is supported by the Danish contribution to RUDP II, namely, to reduce flood risks, enhance biodiversity, and strengthen resilience.

The broader dynamics and causal interplays that are expected to lead to positive change, local leadership and local context dynamics include confirmed commitment by Government (REMA is the implementing partner), leadership by the Ministry for Ecological Transition and clear positive support by local communities. It is expected that the Danish support will add additional funds to close funding gaps now that feasibility studies have been completed and detailed design is beginning (by World Bank). Evidence for this is the successful Nyandungu Eco-Park established from 2016.

The political, economic, societal and institutional context has been described in Section 7 (Institutional and Management Arrangement) and Annex 1 (Context). The development objective is indicated in Fig. 2 as “People benefitting from flood risk and wetland rehabilitation interventions”. This contributes to solving the development problem identified by the Government (Rwanda National Adaptation Plan, 2019). The Danish support is a relatively small contribution, though adequately ring-fenced, to ensure that the Danish contribution is visible and capable of being monitored.

The main changes that will need to take place for this transformation to happen include early, continual and inclusive (including vulnerable/disadvantaged groups) stakeholder engagement to address specific risks identified by stakeholders, including the risks to vulnerable persons, etc., as well as phasing out any existing agricultural activities.

The World Bank and its implementing partner (REMA) are the primary drivers of this transformation, the Danish contribution is merely a financing element and has no day-to-day project management involvement, other than through periodic reports.

There is a sound basis for expecting the required changes to happen (Nyandungu Eco-Park is an example of such changes, undertaken by the World Bank/REMA). This is merely a scaling up. The detailed design phase is beginning and there is a plan in place to implement the works when appropriate.

The most important of the underlying assumptions for the wetland restoration ToC of RUDP II are:

- Rural and urban dwellers in and around the CoK, including in the poorest households, will over time, prefer and be able to experience the benefits of reduced (or no) flooding;
- Restored wetlands will be low maintenance;

⁷ Though it is branded as an Eco Tourism Park

- GoR maintains commitment to protect all restored wetlands from future encroachment; and
- Nearby residents will participate in the planning, implementation and monitoring of the restored wetland, and learn from the experience.

These assumptions are based on experience gained by World Bank and REMA during the previous phase, RUDP I. The RUDP II PAD and the RUDP II Environmental and Social Management Framework identifies several risks. They are all rated ‘substantial’ where World Bank assessment is available. There is no risk assessment of the specific components of the programme. A specific risk assessment of the wetland restoration component is currently in progress.

The overall risk rating for the RUDP II is Substantial. While the project benefits from the institutional arrangements and implementation experience of RUDP I, several challenges were identified during the RUDP mid-term review in September 2018, notably in relation to: implementation capacities, particularly procurement and contract management; overall project management in terms of effective coordination; and stringent planning and infrastructure design standards resulting in a high incidence of involuntary resettlement, particularly in urban upgrading. Addressing these risks, reducing and managing risk will require the design of realistic activities and interventions that can be implemented within the life span of project and measured using tangible indicators that can be easily monitored.

Scenario

The purpose of scenario planning is to help make better decisions during the formulation and implementation of projects or programmes by anticipating opportunities and threats and consider how to address them. In this particular case, this is not necessary since the Danish support will be contributing to a tried and tested methodology (RUDP I). Likely scenarios in which the programme or project will unfold, assessing whether the context is likely to remain relatively stable or not is already appreciated and being built into the detailed designs for this Phase 2. Specifically, the major stakeholders are known and already engaged. The risks are already known and mitigation strategies in place based on RUDP I. Key uncertainties are already appreciated and will be accounted for in the detailed designs. Potential extremes of the most important driving forces (e.g. the security situation, human rights violations) are understood and are being allowed for in the detailed designs. Based on RUDP I the timeframes are being developed that are realistic and based on previous experience of RUDP I.

The Danish support is a minor contribution and will go into SURGE. As part of the RUDP II, the results of the co-financing amount equivalent to the Danish contribution will be reported as part of the project results for component 1b – see below. Denmark will receive Implementation Status and Results Reports (ISRs) and other project documents describing the progress and results. Progress and results will also be described in the SURGE Annual Report and reported as part of the SURGE Results Framework – through a combination of numerical and qualitative reporting under SURGE pillar 5, aiming to strengthen cities and regions’ resilience to climate change and disasters, as follows:

- The PDO indicator will be included under SURGE Outcome 5, which tracks the number of cities/regions with strengthened resilience to climate change and disasters, as well as under program indicator 1, counting the overall number of cities/regions that have benefitted from SURGE support. While in this SURGE program indicator, the RUDP II component 1b would be counted as one city (Kigali), narrative information can be included on what that means in terms of number of people benefiting from flood risk reduction and wetland rehabilitation interventions in the city of Kigali based on results reported as part of RUDP II.
- Of the intermediate results listed below, the development of the long-term management strategy and business plan can be reported on under intermediate outcome 0.1 (also linking to program indicator 3) and output indicator 0.1.1; the greenhouse gas accounting and reporting framework development will be included under intermediate outcome P.1 and output indicator

P.1.1. Furthermore, beneficiaries participating in consultations will be included in program indicator 2. The indicator for 'wetland area rehabilitated under the project' will not be included in the SURGE results framework, but Denmark will be able to follow progress directly on RUDP II progress reports.

- The other intermediate results of RUDP II component 1b cannot be directly included under SURGE indicators, but these will be included as RUDP II component 1b results in the narrative, for example in a separate box describing and detailing these results.

Further, the SURGE pillar 5 results framework is included in the table below.

In the SURGE report, the different funding sources for sub-component 1b will be clearly specified, indicating the percentage of funding flowing through SURGE accompanied by the statement that SURGE can only claim (contribution to) that same portion of the results.

Results under subcomponent 1b

PDO Indicators by Objectives / Outcomes

People benefitting from flood risk reduction and wetland rehabilitation interventions				
► People benefitting from flood risk reduction and wetland rehabilitation interventions in the City of Kigali (disaggregated by gender) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	220,500.00
Date	31-Dec-2020	15-Oct-2021	06-May-2022	31-Dec-2025
Comments:	The project became effective on February 10, 2021 and physical works have yet to commence.			

Intermediate Results Indicators by Components

► Wetland area rehabilitated under the project (Hectare(Ha), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	426.00
Date	31-Dec-2020	15-Oct-2021	06-May-2022	31-Dec-2025
Comments:	The project became effective on February 10, 2021 and physical works have yet to commence.			
► Long-term management strategy and business plan for the management and maintenance of rehabilitated wetlands developed and approved (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Dec-2020	15-Oct-2021	06-May-2022	31-Dec-2025
► Greenhouse gas accounting and reporting framework developed and operational (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Dec-2020	15-Oct-2021	06-May-2022	31-Dec-2025
Comments:	The project became effective on February 10, 2021, and no activities have begun on the ground yet.			
► Beneficiaries participating in consultations (number, disaggregated by gender) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	1,200.00
Date	31-Dec-2020	15-Oct-2021	06-May-2022	31-Dec-2025
Comments:	The project became effective on February 10, 2021 and physical works have yet to commence.			

The SURGE Results framework for pillar 5 includes the results related to RUDP II, sub-component 1b. RUDP II results will be included under the indicators that include yellow highlighted Rwanda targets. In the overall RF reporting the results will be aggregated at indicator level, in the section about RUDP II the results specific to this project (and more specifically sub-component 1b) will be reported.

Pillar 5: Urban & Regional Resilience					
Objective: Strengthen cities and regions' resilience to climate change and disasters					
Outcome Indicator 5: Cities/regions with strengthened resilience to climate change and disasters (# cities/regions)					
Total [target: TBD]	Bolivia [target: 2]	Indonesia [target: TBD]	Serbia [target: 5]	Rwanda (target: 1)	
Intermediate Outcome Indicators			Output Indicators		
Intermediate Outcome O: Improved / New regulations, policies or planning instruments that contribute to cities' resilience to climate change and disasters					
O.1 New / Improved regulations, policies or planning instruments that contribute to cities' resilience to climate change and disasters (# of regulations, policies or planning instruments)			O.1.1 Knowledge and planning products delivered that strengthen cities' focus on climate resilience in regulations, policies or planning instruments (# of products, of which include a focus on gender)		
			Total [target: 33]	Bolivia [target: 19]	Indonesia [target: 8]
O.1.2 Training and knowledge sharing events that help participants improve/introduce regulations, policies or planning instruments that contribute to cities' resilience (# of events)			O.1.1 Knowledge and planning products delivered that strengthen cities' focus on climate resilience in regulations, policies or planning instruments (# of products, of which include a focus on gender)		
			Total [target: 15]	Bolivia [target: 4]	Indonesia [target: 5]
P.1 Government entities with enhanced capability to plan / finance / manage resilient urban infrastructure (# of government entities)			O.1.2 Training and knowledge sharing events that help participants improve/introduce regulations, policies or planning instruments that contribute to cities' resilience (# of events)		
			Total [target: 10]	Bolivia [target: 5]	Serbia [target: 5]
Intermediate Outcome P: Cities/regions enhanced their capability to plan/finance/manage resilient infrastructure					
P.1 Government entities with enhanced capability to plan / finance / manage resilient urban infrastructure (# of government entities)			P.1.1 Knowledge and planning products that help strengthen cities' capabilities to plan / finance / manage resilient infrastructure (# of products)		
			Total [target: 10]	Bolivia [target: 3]	Indonesia [target: 3]
P.1.2 Training and knowledge sharing events that strengthen cities' capacity to plan / finance / manage resilient infrastructure (# of events)			P.1.1 Knowledge and planning products that help strengthen cities' capabilities to plan / finance / manage resilient infrastructure (# of products)		
			Total [target: 11]	Bolivia [target: 3]	Indonesia [target: 5]
P.1.2 Training and knowledge sharing events that strengthen cities' capacity to plan / finance / manage resilient infrastructure (# of events)			P.1.2 Training and knowledge sharing events that strengthen cities' capacity to plan / finance / manage resilient infrastructure (# of events)		
			Total [target: 4]	Bolivia [target: 1]	Serbia [target: 3]

Annex 4: Risk Management

The World Bank rates the overall risk for the project as Substantial. While the project benefits from the institutional arrangements and implementation experience of RUDP I, several challenges were identified during the RUDP mid-term review in September 2018, notably in relation to: implementation capacities, particularly procurement and contract management; overall project management in terms of effective coordination; and stringent planning and infrastructure design standards resulting in a high incidence of involuntary resettlement, particularly in urban upgrading. Addressing them will require concerted efforts. New features are also being considered for the project and may generate additional risks, including those related to scaling up of upgrading in CoK, and an expanded menu of investments including storm water drainage and wetlands restoration.

The World Bank identifies the following key risks for the overall RUDP II, which are identified in the project preparation phase as well as the lessons learned from RUDP I, including the RUDP mid-term review in 2018.

Macroeconomic risk (Substantial). A rapid decline in fiscal space could impede the delivery of critical infrastructure and services in the long run. The end year estimate of the fiscal deficit for the FY2021/22 was revised down from 8.7 compared to 9.1 percent of GDP, as a result of gain in taxes and grants, which was not spend to avail room for private sector borrowing. Public and publicly guaranteed debt is projected to reach 68 pct. of GDP in 2020. The risk rating for debt distress has been raised from “low” to “moderate” based on the Debt Sustainability Analysis of June 2020. The deterioration in the prospects for Rwanda’s output and export growth and increase in borrowing needs due to the pandemic led to a change in the risk rating. The current account deficit and exchange rate could come under pressure if the COVID-19 crisis is prolonged, which would continue to depress not only traditional exports distress, but also the key strategic sectors of travel and tourism receipts (about 20 pct. of export receipts in 2019). The reduced fiscal space, as well as the increased exchange rate risk, could affect specific urbanization programs supported by this project. The macroeconomic risk is mitigated to some extent by Rwanda’s commitment to incurring mostly concessional debt and the pursuit of a sound fiscal policy, supported by an active International Monetary Fund (IMF) program. In accordance with the Policy Coordination Instrument program with IMF, the Government intends to reduce the fiscal deficit to 6.6 pct. of GDP by 2022. Furthermore, the proposed WB Development Policy Operation on Human Capital for Inclusive Growth (P171554) will support maintaining long-term fiscal sustainability and a low level of public and publicly guaranteed external non-concessional debt through strengthening transparency, fiscal risk assessment, and reforms in public investment management.

Downside risks include the possibility of subdued external demand and fears of repeated waves of COVID-19 variants, which could undermine consumer and investor confidence, as well as the Russia–Ukraine conflict, which might cause supply disruptions: Rwanda relies heavily on Russia for wheat and fertilizer, with 64 pct. of its wheat coming from Russia. The country plans to spend additional USD 50 million in fiscal stimulus in 2022 while seeking alternative sources of wheat and other disrupted supplies.

Technical Design of Project (Substantial). RUDP II incorporates GEF-7 grant financing for sustainable urban planning and climate-compatible investments, which will be executed by REMA and CoK. Further to this, the NDF will provide EUR 6 million, a mix of concessional loan and grant, to the GoR through the MoE to complement IDA and GEF financing. This will create significant synergies between NBS for flood risk mitigation and planned hard investments in storm water drainage. However, introducing a new agency with various funding streams and additional activities to the project increases the technical design risks in the project. Mitigating this risk requires improved coordination, diligent project-level financial management and proper monitoring.

Institutional Capacity for Implementation and Sustainability (Substantial). Under RUDP, LODA channels funds to districts and supports their implementation. Districts’ capacity needs to be improved to ensure more effective and timely guidance in solving procurement and contract management issues

and stronger communication and information exchange with both MININFRA and WB. In RUDP II, LODA's role in project implementation has been carefully defined and stronger communications and coordination mechanisms will be established to ensure effective and efficient project management at the level of the national government. Further, there is room for improvement in project management by minimizing overlap between the various implementation agencies in MININFRA and LODA and establishing clear (and discrete) management responsibilities assigned to each national-level stakeholder. This can be addressed through clear ToRs for key project staff across the various agencies in the PIM. Further, a PTC will be set up under RUDP II to provide a platform for regular coordination and decision making among the national agencies.

Fiduciary Risks (Substantial). The complex institutional arrangements in the project also increase the financial management and procurement risks in the project. Procurement will be undertaken across multiple agencies at the national level – LODA, MININFRA, REMA as well as through agencies at the sub-national level – districts and CoK. Procurement capacities across these institutions vary. Similarly, financial management is made complex by the various institutions responsible for financial monitoring. These risks will be mitigated in RUDP II by recruiting dedicated Procurement and FM Specialists in LODA, MININFRA, CoK and REMA with clearly distinguished roles and responsibilities in each agency. The project will support the districts and CoK in key procurement and FM aspects through TA and oversight provided by LODA. Moreover, REMA which serves as a focal point for GEF-7 funds has the responsibility to ensure monitoring and delivery of GEF interventions. REMA and RWB will provide technical support to the CoK to ensure integration of flood risk and wetland management. Thus, a Memorandum of Understanding (MoU) among the agencies that establishes and subsequently guides the procurement, financial management and monitoring aspects of GEF-7 resources will ensure risks are mitigated in the implementation of GEF-7 activities.

Environmental and Social (Substantial). Implementing agencies will use the ESF instruments for the first time thereby requiring time to adjust to new procedures for supervision and subproject preparation (including ESIA, ESMP and procurement of works). Potential social risks from civil works, if poorly managed, may result in land resettlement issues as observed in the first RUDP. Environmental, health and safety risks of the project are related to civil works and interventions in urban areas where households will be exposed to construction risks and hazards including excavations, slope conformations, debris, noise, machinery operation in narrow roads, blocking of access to roads and houses and gas emissions, among others. Wetland interventions, on the other hand, will largely be positive since the project will support remediation and restoration works which will help recover the structure or quality (vegetation, flow, soil contamination) and functions (infiltration, biodiversity, among others) of several wetlands in CoK. Nevertheless, coordination between cities and central agencies will need to be strengthened to cope with several large works that will be delivered at different times, manage ESS requirements and supervise different contractors and district PIUs.

The Project is classified according to the World Bank Environmental and Social Standards as Substantial risk based on the activities' type, location, sensitivity, scale, and nature, magnitude of potential risks and capacity of the implementing entity and commitment of the Government of Rwanda. All proposed project activities to be financed will meet the requirements of relevant Environmental and Social Standards (ESSs) of the World Bank.

For the implementation of RUDP II, the following ESS are relevant:

- ESS1: Assessment and Management of Environmental and Social Risks and Impacts,
- ESS2: Labor and Working Conditions,
- ESS3: Resource Efficiency and Pollution Prevention and Management,
- ESS4: Community Health and Safety, ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement,
- ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources,

- ESS8: Cultural Heritage and
- ESS10: Stakeholder Engagement and Information Disclosure.

Based on the requirements of these ESSs the following ESF documents were prepared, consulted and disclosed:

- ESMF: Environmental and Social Framework
- LMP: Labor Management Procedures
- SEP: Stakeholders Engagement Plan
- RF: Resettlement Framework
- Environmental and Social Commitment Plan (ESCP)

Based on due diligence as required by the Environmental and Social Framework and ESS1, the project E&S risk rating is Substantial, mainly due to the potential adverse social and environmental impacts, large number of agencies involved in implementing the project and lack of experience in the application of the ESS, as well as the cumulative impacts that some of the works will have on the safety and wellbeing of residents in urban communities and informal settlements. The potential E&S risks and impacts from the urban civil works are expected to be typical to road and drainage construction. They may include acquisition of land for road expansion; temporary removal of access to properties (residences, shops, schools, markets, etc.); damages to house entrances, cracking of houses due to vibrations from operating heavy equipment; traffic disruption; noise and dust; slope cuts and soil excavations, accidents and injuries; rainwater accumulation affecting neighboring properties, construction debris, solid waste generation and sedimentation of streets and streams, among others.

All participating agencies in the project are responsible for the application and compliance with the ESF and ESS. The five abovementioned ESF documents were consulted and disclosed in the government websites. Furthermore, these ESF instruments will be included in the Project Implementation Manual (PIM). The PIM will refer to the five ESF instruments prepared and disclosed by the World Bank on August 28, 2020, and the two additional plans that will be prepared during implementation: i) COVID-19 plan and ii) CERC addendum protocol. Preparation of Phase 3 designs in secondary cities will incorporate measures and budgets in the findings from the ESIA and RAP. Preparation of subproject ESF instruments including ESIA, ESMP and RFP, among others, for Phase 4 investments will commence once the subprojects are agreed upon and coordinated with the preparation of the engineering studies.

The project will prepare: i) a COVID-19 Prevention and Risk Management Plan two months after effectiveness; and (ii) a CERC addendum protocol to be included in the PIM will be ready by effectiveness as the PIM serves as a condition for effectiveness. The COVID-19 plan will be installed at the PIU, all agencies, supervisors and contractors, and will be prepared in coordination with health authorities and local governments. The plan will define the actions and responsibilities of all PIUs, contractors and subcontractors.

The project will conduct annual audits to review: (i) the application of all five ESF instruments, (ii) specific HR processes and contracting practices for the project, (iii) environmental impact and health and safety management, (iv) provisions and application of the grievance mechanisms, and (v) occupational health and safety practices, to ensure compliance with the requirements of the ESS2 and other relevant ESS. Tender documents and contracts will require contractors to comply with the agreed LMP, national regulations, labor and working conditions, occupational health and safety plans and procedures. Contractors will also be requested to prepare Construction-Occupational Health and Safety Plans (COHSP) based on the measures described in the LMP, ESMF, ESIA/ESMP and the requirements of ESS2. The project and its contractors and subcontractors will ensure application of the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines), Health and Safety Good industry

practices (GIIP, such as OSHA) to minimize or reduce adverse impacts on human health and the environment.

Other Key Risks (Substantial). The COVID-19 pandemic may result in potential delays in counterpart funding due to diversion of resources to other Government priorities, hence delaying the commencement of civil works. Based on the current situation, the negative effects of COVID-19 have been dealt with by putting in place counteractions measures such as economic recovery fund that can contribute in the reduction of risks. The Economic recovery fund has on substantial scale reduced the negative effects that were envisioned in GDP growth rate, exports, and revenues through businesses revival. However, the probability of COVID-19 occurrence is not zero thus creating a reason of holding the pandemic a substantial risk.

For RUDP II sub-component 1b. In the World Bank Environmental and Social Management Framework, the following risks for sub-component 1b is identified:

SUBPROJECTS	Potential impacts	POTENTIAL RISKS	ESF Instruments to be prepared by each implementing agency	Technical Instruments to be prepared and review by the ESMU RUDP II team and the World Bank	Implementing Agencies
Wetland rehabilitation of Gikondo and Nyabugogo or other wetlands might include: -clean up and extraction of hazardous waste (metal, machinery debris, contaminated soil, etc); excavations earthworks to re-shape profile of wetland and adjacent buffer zones; -Construction of flow-control structures to direct flows; reduce erosion; restoration of vegetation and habitat for biodiversity	Temporary impact on air, water Temporary impact on biodiversity Temporary economic displacement Impact on livelihoods Health and safety of the workers and communities Impact on health center	MODERATE	One ESIA and its ESMP for each wetland because these are very different. Gikondo is a legacy site where cleanup operations are needed. Nyabugogo is an urban wetland with agriculture and remnants of wetlands and vegetation. The ESIA-ESMP will include a section on the SEP, LMP as appropriate. - Biodiversity Action Plan (BAP)	TORs for ESIA/ESMP, RAP and BAP preparation TORs for planning, and engineering design TORs for supervision firm	REMA SPIU (MoU with RWB)
LiDAR survey	NO EXPECTED	None	NA	TORs for procurement services	
GHG accounting and reporting framework for CoK	NO EXPECTED	None	NA	TORs for procurement services	

				we recommend including a training for the ESMU team	
Advocacy, knowledge exchange and partnerships	NO EXPECTED	None	Training and exchange events have been considered in this ESMF and budget allocated	TORs for procurement services	

Danish risk management. The Danish risk management builds on top of the World Bank risks presented above. The identified risks for the Danish support are presented in Table 4 in Section 8, within three overall categories: Contextual risks, Programmatic risks and Institutional risks in relation to the interest of Denmark and its partners. The risk responses takes the World Bank risk response as point of departure and elaborates where this is found necessary. Risk management of the risks identifies in section 8 will be a key point for Danish monitoring of the project implementation, and will be brought up in dialogue with the Bank and implementing partners.

A focus area for the Danish support is that potential (involuntary) resettlement is to be expected and may involve loss of livelihood and other lifestyle opportunities. Related to this could be land tenure and ownership issues, which will require time and process to deal with satisfactorily. Both the tenure/ownership and resettlement aspects have potential to delay a programme. This will require adherence to World Bank and IFC guidelines and managed through a Resettlement Action Plan and Livelihood & Compensation Programme.

Another issue are the several potential adverse social and environmental impacts, compounded by a large number of agencies involved in implementing the project, as well as the cumulative impacts that some of the works. Potential impacts could include those related to road and drainage construction (e.g., acquisition of land for road expansion; temporary removal of access to properties (residences, shops, schools, markets, etc.); damage to house entrances, cracking of houses due to vibrations from operating heavy equipment; traffic disruption; noise and dust; slope cuts and soil excavations, accidents and injuries; rainwater accumulation affecting neighbouring properties, construction debris, solid waste generation and sedimentation of streets and streams, among others. To mitigate this, RUDP II has made an Environmental and Social Management Plan (ESMP) as defined by the overall RUDP II ESMF. Although this risk is for RUDP II as a whole, it might affect the Danish support through association.

Finally, early, continual and inclusive (including vulnerable/disadvantaged groups) stakeholder engagement will be needed to address specific risks identified by stakeholders, including the risks to vulnerable persons, etc., as well as phasing out any existing agricultural activities. The Stakeholder Engagement Plan (SEP) for RUDP II is in place, and will guide the grievance redress mechanism. Through the mechanism, people are able to report concerns or complaints if they feel unfairly treated or are affected by any of the project activities.

In our risk monitoring, Denmark will pay attention to the quarterly monitoring reports on compliance with the Environmental and Social Management Plan, to be sent from the PIU (at LODA, REMA and CoK) to the World Bank. Further, Denmark will follow the project related annually conducted audits to review the application of all five ESF instruments.

Denmark maintains a strict policy of zero tolerance towards corruption in all its forms. Denmark requires maximum openness. Transparency is essential when fighting corruption, and information concerning the public sector is generally accessible to the general public in accordance with the Danish Public Administration Act and the Danish Act on Access to Public Administration Files. Therefore, any

reports on corruption will be made publicly available by the MFA. The Danish MFA has a zero tolerance for inaction in tackling sexual exploitation, abuse and harassment as well for child labour and any associated link to support terrorism. Any violation can be ground for immediate termination of the Agreement.

The Danish MFA reserves the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the project. After termination of the project support, Denmark reserves the right to carry out evaluation.

Annex 5: Budget Details and Monitoring

The purpose of the budget monitoring reports is to monitor and report on progress against agreed plan and budget for a specific period of time. As such, the budget monitoring reports are the primary tool to keep track of resources and compare expenditures to results.

The budget monitoring reports should be drawn up to the same level of detail as the detailed output-based budget and include budget figures, actual expenditures and variance for both the accounting period in question and accumulated for the entire engagement period.

The information presented in the budget monitoring reports should be:

- Funds received during the period and accumulated, including funds received in previous years;
- Budget for the period and accumulated;
- Actual expenditure for the period and accumulated;
- Variance between budget and expenditures, including a balance/carried forwards i.e. the amount from the previous years, which have not been fully used; and
- Explanation of significant deviations between budget and expenditure and description of mitigating measures.

Partners can use own formats, provided the minimum required information as stated above is included. The budget monitoring report must be endorsed by management and presented to the MFA, as well as other relevant authorities, such as the steering committee, other donors etc.

The SURGE TF will be managed by the World Bank and will operate in accordance with the WB's procurement and operational policies. The co-financing RE grant will be implemented by the GoR and supervised by the WB using the existing RUDP II governance structure, management and operation systems. Accounting, auditing and reporting will be undertaken in accordance with the administration agreement between Denmark and the World Bank and in the Grant Agreement between the WB and GOR related to RUDP II component 1b. The Bank will provide, via the [Development Partner Center \(DPC\) website](#), access to current financial information relating to the trust fund, in the holding currency of the trust fund, and an annual single audit report within six months following the end of each Bank fiscal year.

The single Trust Fund audit report (covering all World Bank administered Trust Funds) should comprise (i) a management report together with an audit opinion from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (ii) a combined financial statement for all cash-based trust funds together with the Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank. The Bank will make available copies of all financial statements and auditors' reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined in the administration agreement) in accordance with the Bank's Access to Information Policy.

Specific reporting requirements for the engagement including annual progress reports and reporting on irregularities will be specified and confirmed in the project document at hand and in the Administrative Agreement between SURGE and the Danish MFA. In addition, the RUDP II produces an annual narrative and financial report demonstrating progress of the results framework indicators and targets.

The Programme Implementation Unit (PIU) is responsible for collecting, verifying, and collating information, integrating the M&E reports, and submitting to the World Bank both the quarterly and annual progress reports. The PIU establishes a database for each component of the project to periodically monitor the evolution of implementation, outputs, and results, with systems for regular data gathering and processing of information required to monitor the main performance indicators and intermediary indicators as defined in the Results Framework.

Annex 6: List of Supplementary Materials

#	Document / Material	Source
1	A Green and Sustainable World	MFA
2	Danida Guidelines for Country Strategic Frameworks Programmes and Projects 2020 and Annexes 1-9	MFA
3	Denmark's Strategy for Development Cooperation	MFA
4	Financial Management Guidelines October 2019	MFA
5	Guideline to Risk Management Aug 2013 updated May 2022	MFA
6	Note Verbale Rwanda Formulation Mission 29 Aug-2 Sept 2022	MFA
7	Priorities for Danish Development Cooperation 2021	MFA
8	Update 2022 Guidelines for Country Strategic Frameworks Programmes and Projects November 2020	MFA
9	FONERWA Annual Review 2013	FCDO
10	FONERWA Annual Review 2015	FCDO
11	FONERWA Business Case	FCDO
12	FONERWA Logframe 2015	FCDO
13	FONERWA Project Completion Review Oct 2020	FCDO
14	Taskforce Pioneers Anchors SoP	FCDO
15	ESMA for RGIF	FONERWA
16	Green Guarantees Facility Operations Manual	FONERWA
17	RGIF Operational Manual	FONERWA
18	FONERWA Design Document	FONERWA
19	FONERWA ESMF & RPF Vol 2	FONERWA
20	FONERWA ESMF & RPF Vol 4	FONERWA
21	FONERWA Investment Project Profile	FONERWA
22	METADATA	FONERWA
23	ToC Results Framework	FONERWA
24	RGIF Pitch Deck	FONERWA
25	RGIF Training	FONERWA
26	FONERWA Operational Manual	FONERWA
27	ENR Sector Strategic Plan 2018 - 2024	Government
28	Project concept note for the IFE Climate proofing rural settlement	Government
29	Rwanda National Adaptation Plan 2019	Government
30	Rwanda National strategy for Transformation	Government
31	Rwanda NDC 2020	Government
32	Rwanda NDC Implementation Plan	Government
33	Rwanda National Gender Policy 2021	Government
34	Rwanda Vision 2050	Government
35	Rwanda Wetlands Ecological Integrity Rapid Assessment Report	Government
36	Strategic Programme for Climate Resilience 2017	Government
37	Concept Note NBS CoK May 2021	KfW
38	Rwanda Country Profile	World Bank
39	FONERWA Clearance Letter for RGIF	World Bank
40	Draft City & NBS Scans for Secondary Cities: Huye, Muhanga, Musanze, Nyagatare, Rubavu, Rusizi	World Bank
41	2 nd Rwanda Urban Development Projects PAD	World Bank
42	Rwanda Energy Access & Qual Improvement Project PAD P172594	World Bank
43	Project Paper - Additional Financing for Energy Access & Qual Improvement Project - P176707	World Bank

Annex 7: Plan for Communication of Results

A Communication and Visibility Plan (CVP) has been developed for the SURGE Umbrella Program in consultation with participating development partners. It defines the objectives of communications related to the program, the target audience(s), communication activities that will be implemented, how communication success will be measured, and the resources that will be dedicated to communication and visibility. The CVP provides guidance on communication and visibility at the Umbrella Program level, for associated trustees, and at the activity level (including country activities). For trustee accounts associated to the Umbrella, the donor will receive acknowledgement for those activities funded by the Associated TF. It will also be acknowledged that the activities are part of the broader SURGE Umbrella Program. In country settings, communication and visibility will be based on local context, including how programs and donors are represented on outputs (e.g. reports, posters), at events (e.g. press conferences, workshops), on program assets (e.g. vehicles, building signage). Visibility guidance for in-country activities may need to accommodate multiple interests, including those at the Umbrella Program level, local representatives of donors participating in the Umbrella, other bi-lateral donors supporting the activity, government sponsors and the implementing entity itself.

The Umbrella Program's communication and visibility strategy will include its core message. This messaging will shape all communications efforts and vehicles, including in stakeholder engagement, the Umbrella's online and digital strategy, creative development, and media engagement.

Project teams will report to World Bank through project progress reports following which World Bank will liaise with MFA. The results will be communicated through the World Bank communications strategy and approach. The approach supports relevant thematic and focal areas with the two-fold objective of: (a) strengthening outreach for knowledge products to external and internal audiences; and (b) increasing awareness about project success in improving the wetland restoration.

Communications activities are implemented by World Bank communications staff. The MFA logo and standard acknowledgments (that include references to World Bank) is included, appearing in all external materials such as publications, news stories, press releases, videos, presentations, banners, etc. Given that SURGE is a multi-donor program, and contributions through the Anchor MDTF cannot be earmarked, all external materials will include reference to SURGE as MDTF with mention of all SURGE donors.

The project content is disseminated through various channels such as web platforms, social media, e-newsletters, and events. The World Bank country website is the primary platform for knowledge products, programmes, progress, and results. Content is also cross-promoted on other World Bank sites and partner sites, when appropriate.

The project content is also disseminated online to internal and external audiences through publication announcements. Hard copies of publications are distributed to WB staff, MFA and partners. Major initiatives, events and knowledge products are covered through news stories published on the website, or blog posts. These stories and blogs, as well as the publications themselves, are then promoted through World Bank social media channels. When feasible, World Bank coordinates social media strategies with its donors and other partners to strengthen the impact of virtual conversations on global energy issues.

It is expected that the results will be communicated through the annual reporting from World Bank, which will be part of the project annual report. Furthermore, there will be a dedicated session during relevant meetings, where Denmark participates, to discuss the RUDP II project in Rwanda.

Annex 8: Process Action Plan

Action/product	Deadlines	Responsible/involved Person and unit	Comment/status
Identification			
Establishing a Task Force	Primo June	GDK	Task Force with GDK, APD, Kampala, ELK?
Scoping meetings	June-July	GDK in consultation with Task Force, Rwandan ministry for Environment, potential partners and other bilateral donors	
Recruitment process for consultant for identification and formulation initiated	Mid-July	GDK	Below EU threshold
Drafting of Identification Note	July	Consultant in consultation potential partner(s), and GDK	Analyses encompassing problem analysis, donor mapping, input from relevant partner strategies and lessons learnt.
Identification Note for review	Primo August	Review by Task Force and Rwandan authorities	
Final Identification Note	Medio August	Consultant	
Formulation			
Mission preparation note	Medio August	Consultant	Based on final identification note
Formulation mission to Kigali, Rwanda	August tbc. 29.8-2.9 (tbc.)	GDK, Kampala and potentially APD	Meetings w. Rwandan ministry for environment, potential local partners. Visit projects.
Formulation of project documents	August-September (by 30 September)	Consultant in consultation with GDK and Task Force	Evt. CFO/PFM (Public Financial Management) kapacitet med på formuleringsmissionen
Recruitment of consultant for external appraisal	Medio September		Internal or external appraisal to be determined in consultation with ELK.
Agreement with Rwandan partners on project documents	Primo October	GDK	
Quality Assurance: External appraisal	During October	External consultant	Alternatively a real-time appraisal will be conducted (TBD in consultation with ELK).
Final appraisal report integrating comments from the responsible unit and partner(s)	Ultimo October	Responsible unit	
Quality Assurance Checklist (Annex 9): documentation of the appraisal process	June	GDK	Signed by GDK desk officer and the Head of unit and attached to the project/programme documents
Checklist for approval by the Under-secretary for development policy	June	GDK	The filled-in checklist to be attached to the project/programme document, appropriation cover note and Annex 9

All documentation are sent in F2 for the Under-secretary's endorsement via the Head of unit and ELK (Modtagelse i bevillingssekretariatet)	June	Responsible unit	Required documentation: Appropriation cover note Final Project Document, including annexes Quality Assurance Checklist (Annex 9) Checklist for approval by the Under-secretary for development policy
Project documents for approval by the Under-secretary for Development Policy	June	GDK	
Implementation			
ELQ facilitates that grant proposals are published on Danida Transparency after approval	August	ELK	
Signing agreement	August	GDK	
Register commitments in FMI	August	GDK	
1 st disbursement of funds to implementing partners	September	GDK	
1 st status meeting on implementation with partners	September	GDK	Meeting with implementing partners

ANNEX 9: QUALITY ASSURANCE CHECKLIST

File number/F2 reference: 2022-19399

Programme/Project name: Wetland Restoration, World Bank – Second Rwanda Urban Development Project (RUDP II)

Programme/Project period: August 2023-December 2025

Budget: DKK 38 mill.

Presentation of quality assurance process:

The Danish support for Wetlands Restoration, World Bank – Second Rwanda Urban Development Project (RUDP II) was appraised during the period September-October 2022. The outcome of the appraisal was: *“The project is recommended for approval with minor adjustments.”*

Following the appraisal, the project document was revised accordingly, where especially the risk management and the risk management matrix was revisited.

- ❑ The design of the project has been appraised/appraisal checklist filled out, by someone independent who has not been involved in the development of the project.
- ❑ The recommendations of the appraisal/comments in the appraisal checklist have been reflected upon in the final design of the project.
- ❑ The project complies with Danida policies and Aid Management Guidelines, including the fundamental principles of Doing Development Differently.
- ❑ The project addresses relevant challenges and provides adequate responses.
- ❑ Issues related to HRBA, LNOB, Gender, Youth, Climate Change, Green Growth and Environment have been addressed sufficiently in relation to content of the project.
- ❑ Comments from the Danida Programme Committee (if applicable) have been addressed
Comments: Project has not been presented to the Danida Programme Committee
- ❑ The project outcome(s) are found to be sustainable and in line with the partner’s development policies and strategies. Implementation modalities are well described and justified.
- ❑ The theory of change (if applicable), results framework, indicators and monitoring framework of the project provide an adequate basis for monitoring results and outcome.
- ❑ The project is found sound budget-wise.

- The agreed budget and financial reporting procedures provide an adequate basis for financial monitoring of funds.

Comments:

- The project is found realistic in its time-schedule.

Comments: The Danish support for the project has been delayed due to Parliamentary elections and longer process on the parliamentary approval of the Danish Finance Act 2023.

- Other donors involved in the same project have been consulted, and possible harmonised common procedures for funding and monitoring have been explored.

Comments: As co-funder, the World Bank has been consulted extensively. Further the Nordic-Development Fund (NDF), who funds one specific wetland, has been consulted lightly.

- Key project stakeholders have been identified, the choice of partner has been justified and criteria for selection have been documented.

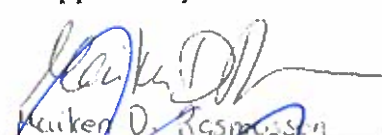
- The implementing partner(s) is/are found to have the capacity to properly manage, implement and report on the funds for the project and lines of management responsibility are clear.

Comments: World Bank partners with national authorities on project implementation, including on capacity building of national authorities.

- Implementing partner(s) has/have been informed about Denmark's zero-tolerance policies towards (i) Anti-corruption; (ii) Child labour; (iii) Sexual exploitation, abuse and harassment (SEAH); and, (iv) Anti-terrorism.

- Risks involved have been considered and risk management integrated in the project document.

In conclusion, the project can be recommended for approval: yes

Date and signature of Desk Officer: 28-6-23  Karsten D. Rasmussen

Date and signature of Management: 29/6-23 

KARIN POULSEN