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ANNEX 2

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Rwanda for 2022

Action Document for “Flood prevention and informal settlements upgrading in the City of Kigali”

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, and action plan within the meaning of Article 23(2) of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Flood prevention and informal settlements upgrading in the City of Kigali OPSYS number: ACT - 60947 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)
2. Team Europe Initiative	Yes Team Europe Initiative (TEI): ‘Sustainable Rwandan cities fit for the digital age’ ¹
3. Zone benefiting from the action	The action shall be carried out in Rwanda
4. Programming document	Multiannual Indicative Programme 2021-2027 Rwanda
5. Link with relevant MIP(s) objectives / expected results	Specific Objective 2.3 ‘Support to sustainable urbanisation in Rwanda’ Expected result: Sustainable and integrated human settlements
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority Area 2 – A Green Deal for inclusive development, DAC code 430 ‘Other Multisector’
7. Sustainable Development Goals (SDGs)	Main SDG: 11 (Sustainable cities and communities) Other significant SDGs: 6 (Clean water and sanitation), 7 (Affordable and clean energy), 8 (Decent work and economic growth), 9 (Industry, innovation, and infrastructure), 10 (Reduced inequalities and 12 (Responsible consumption and production)
8 a) DAC code(s)	DAC Code 43030 – Urban development and management
8 b) Main Delivery Channel	Third country government - 13000-

¹ [Rwanda - Sustainable cities | Team Europe Initiative and Joint Programming tracker \(europa.eu\)](https://europa.eu)

9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/

	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): BGUE-B2022-14.020121-C1-INTPA Total estimated cost: EUR 40 000 000 ² Total amount of EU budget contribution EUR 10 000 000 The TEI on “Sustainable Rwandan cities fit for the digital age” will be supported by EU Member States, notably France for an amount of approximately EUR 80 000 000, Germany for an amount of EUR 79 000 000, and Belgium for an amount of EUR 28 000 000. The EIB will also contribute for an amount of EUR 45 000 000 while other EU programmes will contribute for an amount of EUR 21 000 000.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	This contribution to the Regional Blending Platform shall be implemented in indirect management by the entities indicated in the annex to this Action Document, in accordance with the Regional Blending Platform’s award procedure. Budgetary guarantees as set out in section 4.4.2			

1.2 Summary of the Action

Rwanda’s urban population has been growing since 2002 with 18.4 % of the population living in urban areas in 2017. The urban population almost doubled from 1.49 million to 3.46 million between 2002 and 2015. Kigali is the largest urban agglomeration (1,132,686 people in 2012 as per the national census) and is home to a major share of Rwanda’s urban population. The urban poor, a majority of whom live in unplanned settlements within Kigali, are more vulnerable to floods and landslides as they are mostly settled on high and steeply sloping ground and unapproved areas. They are also often serviced by poor infrastructures and housing, and have insufficient access to basic services.

The Rwandan government has a clear recognition that well managed urbanisation is key for the country’s industrialisation. Well-managed urbanization is seen as a key driver to improve socio-economic conditions for all and preserve resources to sustain the lives of present and future residents, as underpinned in its National Urban Policy (2015). The action seeks therefore not only to contribute to this national aspiration, but also aims at contributing to other important policies in place related to urban matters, such as the National Settlement Upgrading Policy (2018), the National Land Use and Development Master Plan 2020-2050 and the recently reviewed Kigali Master Plan. The action would also align to the Urbanisation Strategic Sector Plan 2018-2024, which prioritises housing and flood prevention and provides means for implementation to the ongoing National Urban Unplanned Settlements Upgrading Implementation Program (NUUSIP), adopted in 2021. Upgrading informal settlements, representing more than 60 % of the population in Kigali, has been part of the Government priorities over the last decade.

The action aims make the city of Kigali more inclusive and resilient to climate change. The action will contribute to the "Global Gateway"³ climate investment priority, by strengthening Rwanda's capacity to adapt to climate change and significantly reduce disaster risks. It will seek to upgrade unplanned settlements of the City of Kigali,

² Including an estimated contribution of EUR 30 000 000 from a Lead Finance Institution

³ https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway_en

in an approach combining social, economic and environmental angles, and provide a blueprint for replication at city scale. It will contribute to achieve the following results:

- Improved access to urban infrastructure and basic services
- Enhanced access to affordable and decent housing
- Improved infrastructure for minimizing the risks of floods, erosion, landslides and associated impacts on health and economic damages. It will also contribute to the Multiannual Indicative programme expected results around “Sustainable and integrated human settlements” and “Improved access to basic services”.

The action will contribute to implement Rwanda’s NDC adaptation actions in relation to (i) high density buildings and informal settlements upgrading, and (ii) storm water management. The action will contribute to SDG 11 (Make cities and human settlements inclusive, safe, resilient and sustainable), SDG: 6 (Clean Water and Sanitation), SDG 8 (Decent Work and Economic growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced inequalities), and SDG 13 (Climate action).

The action constitutes a first building block of the Team Europe Initiative (TEI) on ‘Sustainable Rwandan cities fit for the digital age’. The transformation of Rwanda from an agrarian economy into a knowledge-based society is taking place in the context of two major drivers of change in the 21st century — rapid urbanisation and the increased application of digital technologies in all sectors of society. To meet these challenges, and take advantage of the opportunities of the digital world, Rwandan society is transforming. Citizens are increasingly moving to towns and cities, acquiring new skills and demanding better services. Cities are growing; requiring better planning, governance and new financing mechanisms. The transformational objective of this TEI is to tap in the potential of Rwandan cities to drive innovation and spur the creation of jobs fit for the 21st century.

The TEI will be supported by EU Member States, notably France for an amount of approximately EUR 80 000 000, Germany for an amount of EUR 79 000 000, and Belgium for an amount of EUR 28 000 000. The EIB will also contribute for an amount of EUR 45 000 000 while other EU programmes will contribute for an amount of EUR 21 000 000.

2 RATIONALE

2.1 Context

Rwanda has achieved remarkable progress towards sustainable development over the last 25 years. Economic and developmental success is one of the key factors underpinning the political legitimacy of the Government. However, Rwanda’s developmental gains are uneven, including wide socio-economic disparities and inequalities. Two potential key drivers of poverty reduction and inclusive growth in Rwanda lie in the transformation of the country’s agricultural sector and in sustainable, inclusive urbanisation.

Like other emerging economies in Africa, Rwanda is facing an unprecedented era of increasing urbanisation. The urban population is expected to almost double by 2024, compared to the 18.4 % recorded in 2017⁴. Kigali, the capital, is at the forefront of this rapid urbanisation with an estimated annual growth of around 5 %. It is the largest urban agglomeration, hosting more than 10 % of the country’s population. Seen as the engine of the country’s economy, it is the hub of the majority of formal economic activities, including formal employment. At the same time, part of the city’s economy is still characterised by the informal sector, low income level of the majority of the city’s residents, and an estimated 79 % of households living in inadequate conditions. Scarce access to land in and around Kigali has resulted in unplanned settlements, many of which are exposed to climate hazards, particularly flooding, landslides and associated displacement⁵. The city’s extensive network of wetlands has

⁴ United Nations Population Division. World Urbanization Prospects: 2018 Revision.

⁵ According to the Internal Displacement Monitoring Centre tracker, for Rwanda, 83,867 internal displacements were recorded over the period 2008-2021 as a consequence of flood and storms.

shrunk from 100 square km in 2013 to the current level of 72 square km due to encroachment by activities such as industry and urban agriculture⁶.

The Government of Rwanda recognises the vital role that well-managed urbanisation plays in the industrialisation of the country. In particular its positive impact on the country's economy, improve socio-economic conditions for all, and preserve resources to support the lives of current and future residents are highlighted in a number of documents. This stance is also well articulated in the overall country's development vision for 2050⁷, labeled "The Rwanda We Want", with a strong commitment to sustainable urban development in the hope of diversifying the economy and the social benefits associated with urbanisation. This positioning is clearly demonstrated by two of the five pillars of this vision, the second being "competition and integration" and the fourth being "urbanisation and agglomeration".

The government has adopted a number of policies and strategic plans providing a framework for managing urbanisation in a more sustainable way:

- the National Land Use and Development Master Plan 2020-2050 (revised in 2021): a national spatial planning tool to guide the balanced, integrated and efficient use of land in Rwanda during the implementation of the Vision 2050.
- the National Urbanisation Policy (2015): which sets a goal of promoting well-coordinated urban settlement and development through its four pillars: 1) Coordination, 2) Densification, 3) Conviviality and 4) Economic Growth.
- the National Housing Policy (2015): Which also takes care with aspects related to ensuring access to improved housing, resources efficiency in land use, infrastructure and housing development, capacity building of local construction industry and improved social inclusion. Three policy pillars are: 1) Public Benefit, 2) Resource-Efficient Planning, Green Technology, and Professionalism and 3) Governance and Partnership. The National Housing Policy provides a framework for the facilitation of the private sector to address housing demand.
- the National informal Urban Settlement Upgrading Strategy (2017): through five implementation options for improving informal settlements, the strategy provides direction on the inclusion of existing informal housing stock into the formal housing supply, supporting sustainable settlement, housing affordability, improved living conditions and increased asset value.

The Kigali City Master plan, which promotes densification and mixed land-use, also frames any intervention in the city. Last, the city-wide slum upgrading strategy for Kigali guides the type of interventions to be rolled-out depending on the typology of neighbourhoods.

It is within this firmly established policy framework that the action is anchored and thus seeks to support Rwanda's agenda to improve human settlements management and housing conditions by addressing the challenge of persistent inequalities.

2.2 Problem Analysis

As indicated above, more than 60 % of Rwandans in Kigali live in substandard housing in unplanned and underserved settlements (lacking access roads, water/sanitation, social services, with overcrowding and poor housing building materials), increasingly vulnerable to climate-related disasters, which also lead to frequent internal displacements and involuntary migrations. The starting point of low income settlement proliferation problems comes from land shortage for urbanisation, as a result of the hilly topography of Kigali. These topographical restrictions create a huge rental market in areas well located within the urban fabric, shaping vast territories of informal and or unplanned settlements, where land owners rent small housing units to maximise profits, rather than invest in proper permanent construction buildings. Such trend produces overcrowding and poor tenants living conditions, creating the typical case of congested slums in central urban areas, as well as

⁶ SMEC International 2019. the National Policy on Water Resources

⁷

https://www.minecofin.gov.rw/fileadmin/user_upload/Minecofin/Publications/REPORTS/National_Development_Planning_and_Research/Vision_2050/English-Vision_2050_Abridged_version_WEB_Final.pdf

environmental risky areas (steep slopes), up-hill and down-hill, equally facing isolation and segregation of the urban fabric.

The intervention intends to tackle three main sub-problems:

Settlements remain un-serviced and the sole responsibility of the public sector

Informal settlements faces serious infrastructural shortage, from access roads to water and sanitation, proper street lighting, etc. Access to health and education if they are located in remote areas is also a challenge, making these settlements even more disconnected and under-serviced. The City of Kigali has limited resources to design or implement its master plan, and address those issues, as well as limited funding and capacity available for land readjustment and infrastructure investments to enact plans. Land development implementation guidelines are incomplete and/or ineffective. While some initiatives have started piloting land readjustment processes, looking at densifying housing patterns and lowering the cost of construction, the City is yet to come by a model that would successfully allow land redevelopment measures to finance upgrading works (through land value capture) and generate sufficient interest form private sector in infrastructure provision. There is therefore a need to pilot cost-effective ways to implement the Kigali master plan.

Supply of housing is unable to meet the demand

With regard to housing, a considerable gap between supply and demand for formal housing remains a major concern for the sector. Of the 4029 units planned by the government for 2020/21, only 1884 units equivalent to 46% were delivered in the last fiscal year (2020/21), which clearly shows the difficulty of achieving the 15 000 units planned by 2024 from the 1000 baseline units supplied in 2019/20. The high cost of construction in the current market is one of the main causes of this shortage, partly due to the cost of imported construction materials, such as cement, but also due to the lack of development of the local construction materials industry. Housing finance is equally expensive, with mortgage interest rates in the country at around 17 %, which is considered the highest in the region. The housing supply deficit is further exacerbated by existing legal instruments, housing policy and related financial policies, which are not sufficiently streamlined to enable the private sector to play an effective role. Regulations are restrictive, for example in Kigali, especially prior to the recent master plan update, the high cost of housing is directly attributed to the effects of building setbacks, lot size restrictions, building height restrictions, road widths and the provision and regulation of various housing related services. There is therefore a need to explore as many alternative housing improvement processes as possible in a prospective manner, keeping in mind their financial model and affordability implications.

Insufficient adaptation measures taken to mitigate climate risks

Over the past 30 years the frequency, intensity of extreme events have increased in Rwanda. The main hazards identified across all districts include landslides, flash/surface floods, rainstorms and strong winds. Kigali is seriously affected by these climate-related hazards, in particular flooding and landslides, which informal settlements experience even more due to their geographical locations (on the city's slopes, or further down in wetlands zones). Frequent flooding is also influenced by inadequate drainage and excess impervious surfaces in these settlements, but also in the surrounding areas due to the current unsustainable practice of land developers diverting flood waters to adjacent properties. The government of Rwanda is keen to address the problem and has commissioned , a storm-water master plan for Kigali, with World Bank support. Feasibility studies are also being prepared to provide adaption measures downstream, by rehabilitating the main wetlands of the city, which play a critical role in terms of flood management and urban biodiversity. Means to successfully address those challenges and implement those strategies have however not been fully identified yet.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Ministry of Infrastructure (MININFRA)

The Ministry of Infrastructure is responsible for policy development in the field of urban and housing issues. Through its Directorate, the Ministry assumes responsibility for the co-ordination of activities related to urbanisation, human settlement and housing development. It is also tasked with establishing guidelines for rental housing, property management, etc.

Rwanda Housing Authority (RHA)

The Rwanda Housing Authority (RHA), as the implementing arm of the Ministry of Infrastructure, has the primary mandate to plan and organise neighbourhood upgrading and housing project development. The Authority is responsible, among other things, for rolling out affordable housing programmes, managing districts in identifying high-risk zones, assessing development projects to determine eligibility for infrastructure subsidies, assisting developers in drafting resettlement action plans (RAPs) and relocating communities from strategic sites, and conducting feasibility studies for upgrading unplanned settlements in Kigali.

City of Kigali (CoK)

As regards the urban sector, the city is entrusted with all matters related to infrastructure development and urbanisation, such as the preparation of the Kigali City Master Plan, specific master plans and ensuring their implementation. In terms of concrete projects, CoK currently has various partnerships with key actors such as: UN-Habitat for the completion of the EU-funded city upgrading strategy, a partnership with the World Bank for the four informal settlements upgrading projects in three districts and a partnership with GGGI to conduct a study on flood prone catchments, among others.

These three key entities mentioned above will be closely involved in defining the project's scope, prioritising the neighbourhoods to be supported and ensuring oversight of the project's implementation.

Civil Society Organisations

Civil society organisations such as the Rwandan Initiative for Sustainable Development (RISD) and the Rwandan Women's Network, are very active in Kigali, in areas such as land tenure, shelter construction and rehabilitation, and might also be consulted during implementation.

Other international partners

Several partners are also active in the sustainable urban development area, such as Agence Française de Développement (AFD), KfW and Enabel, World Bank, UN-Habitat, the Global Green Growth Institute (GGGI), the Swiss Agency for Development and Cooperation (SDC), among others.

In addition, residents living in the project area, as rights holders, will have better access to quality, accessible, appropriate and affordable infrastructure and urban services.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to contribute to make Rwandan cities more inclusive, competitive and climate change resilient.

The Specific(s) Objective(s) (Outcomes) of this action is to upgrade informal settlements in the City of Kigali

The Outputs to be delivered by this action contributing to the corresponding Specific Objective (Outcome) are:

- 1.1 Improved access to urban infrastructure and basic services
- 1.2 Enhanced access to affordable and decent housing
- 1.3 Improved infrastructure for minimizing the risks of floods, erosion, landslides and associated impacts on health and economic damages.

3.2 Indicative Activities

Activities relating to Output 1.1

- Support integrated and participatory neighbourhood planning to identify basic infrastructure needs in line with spatial planning tools developed at city level.
- Construct, rehabilitate and or upgrade existing urban infrastructures – including roads, street lightings, public spaces, water supply, sanitation– and socio economic facilities (local markets, recreational centres, early childhood development centres, etc...);
- Set-up “urban fabric initiatives” to test fast, agile, frugal, iterative and collaborative urban planning practices during study and works phases
- Construct and or rehabilitate social and community infrastructure including but not limited to early childhood development centres, recreational spaces, local markets, health centres and municipal facilities;

Activities relating to Output 1.2:

- Design and implement viable models for upgrading housing conditions in selected neighbourhoods
- Pilot regulatory reforms for enabling the operationalisation of the models

Activities relating to Output 1.3:

- Improve drainage systems to reduce flooding and erosion; using nature-based solutions wherever applicable
- Rehabilitate wetlands in the catchment area of the selected neighbourhoods
- Provide technical advice and - where appropriate - trainings to assist on improving compliance with environmental safeguards, as well as on climate vulnerability/risk assessments, to stakeholders involved in the infrastructure planning and delivery in the various services.

Activities relating to all Outputs:

- Increase public access to accessible and relevant infrastructure investment information and, notably improve monitoring of infrastructure delivery;
- Enhance the capacity of local authorities to design and implement an area-based resilient project in informal settlements in a participatory process with the communities and in coordination with national institutional stakeholders

The commitment of the EU’s contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member’s meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category B (for which an EIA will be undertaken)

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is at risk (climate risk will be addressed as part of an EIA)

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality is an important objective and a key deliverable of the action, as it aims to reduce gender gaps in the project area. Prior to implementation, a gender perspective will be integrated into the design of urban infrastructure and housing. For example, community spaces will be introduced in the project area for women to meet or for income generation activities such as markets. As part of the planned activities, the safety of pedestrian paths will be enhanced by improving the footpaths and adding street lights, thereby increasing safety of women and girls. The action will contribute to advocacy through targeted communication campaigns, capacity building and legal assistance to inform women's land tenure rights. Finally, the action will actively ensure and support the meaningful participation of women in local decision-making during consultation processes, such as design studies, development of urban plans, as well as housing, and throughout the implementation of key project activities.

Human Rights

A rights-based approach will be applied at all stages to assure no one is left behind and that the action will reach out to the populations living in the most vulnerable situations. The key principles of this approach - non-discrimination, transparency, participation and accountability – will be ensured during the implementation of the action and the infrastructure development.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the core principle of the action mentioned above (no one is left behind) will allow for the protection and guarantee of the full and equal enjoyment of the human rights and fundamental freedoms of all residents including people with disabilities. Although data on people with disabilities in neighbourhoods targeted to be supported are not currently available, the action is based on a clear philosophy: planning for all residents, including marginalised groups (incl. people with disabilities, children, the elderly, women and girls), in order to improve their quality of life. This objective may be achieved through the provision of inclusive basic infrastructure, and also by facilitating mobility and the provision of health care services in the neighbourhoods. In the design and development of such infrastructure, particular attention should be paid to people with disabilities who may, for example, have difficulty using poorly constructed roads, pavements, footpaths, etc.

Democracy

This intervention will introduce “urban fabric initiatives” that will seek to:

- Mobilise all stakeholders in and users of public spaces - public authorities, associations, economic stakeholders, residents, technicians
- Tests fast, agile, frugal, iterative and collaborative urban planning practices during study and works phases
- Fund and support stakeholders conducting micro-actions for developments and facilities – urban furniture, sports grounds, green spaces, playgrounds, areas for relaxation, etc.- or to enhance the public space – sports and cultural events, embellishment of spaces, temporary or lasting actions, or to develop new uses of public spaces being transformed
- Develop shared governance of the space and proposes collective and inclusive reflection on ways to use and make public spaces and the city.

Conflict sensitivity, peace and resilience

N/A

Disaster Risk Reduction

Disaster risk reduction is at the centre of the action, as the effectiveness of natural barriers in mitigating climate change-related events in Kigali's unplanned settlements is quite poor, exposing more and more residents and their property to flooding, erosion and landslides. The action will substantially support climate adaptation measures by financing investments in resilient urban infrastructure and resilient housing. Among other activities envisaged will be climate mitigation measures that reduce greenhouse gas emissions such as energy efficient lamps for street lighting, as well as greening of public spaces. All the works envisaged under the project will be informed by vulnerability assessments and will adopt technical designs and construction standards tailored to specific climate and disaster risk contexts.

Other considerations if relevant

N/A

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1 - External environment	Risk 1 – Upgrading of settlements lead to increase in rents that would evict the target population	H	H	Studies (to be undertaken) on affordable housing will examine how to define and implement financial models that are sufficiently profitable for investors (whether developers or landowners) and that do not lead to a disproportionate increase in rents. It will also provide proposals on rent-capping instruments.
2 – Planning, processes and systems	Risk 2 - Inability of various stakeholders to design a sustainable model for informal settlements upgrading at city wide scale	M	M	Intervention to pilot different models in the neighbourhoods selected.
3 - People and the organisation	Risk 3 – Insufficient capacity and resources from main institutional stakeholders to conduct upgrading interventions	L	M	Technical assistance to be provided to the main institutional stakeholders.
4 - Legality and regularity aspects	Risk 4 - Legal and policy instruments do not allow in-situ and pro-poor informal	M	H	Land development implementation guidelines reviewed to allow land pooling, or land consolidation. Zoning regulations to be market responsive and not restrictive.

	settlements upgrading			
5 - Communication and information	Risk 5 – Informal settlements residents perceive the intervention as an eviction threat	L	H	Awareness raising campaigns to be launched jointly with the City of Kigali at inception stage, Participatory process to be followed for elaboration of all plans. Urban fabric initiatives to be a core part of the intervention.

Lessons Learnt:

This action draws on lessons learned from various ongoing initiatives that aim to address the problem of informal settlements. These include the World Bank-funded Rwanda Urban Development Project (RUDP) and other initiatives related to improving climate resilience and the promotion of green cities and infrastructure development led by partners such as UN-Habitat, KfW, GGGI, and based on consultations and preparatory analytical work undertaken in the course of programming, the findings revealed that:

- Assessing institutional and human capacity is essential to ensure that sufficient resources are available for effective coordination and implementation and to identify gaps that need to be filled to ensure effective delivery of projects;
- The piloting projects listed above have shown the importance of using innovative or alternative technologies in the upgrading of housing. Although the preliminary results are encouraging, more in-depth and comprehensive studies need to be carried out to determine the accurate implications on the overall project costs, along with the cost of compensation in case of expropriation;
- With regard to land readjustment, a participatory approach that allows for meaningful collaboration with key stakeholders from all relevant sectors that will support or be affected by the action is essential for continued engagement, buy-in, increased ownership and facilitating the determination of in-kind compensation for owners (and tenants);
- Project beneficiaries (households targeted for improved access to basic infrastructure services) need to be accompanied through the legal processes related to land consolidation;
- Flexible standards (infrastructure, building code) could facilitate owner-driven self-financed transformation (auto-construction) of informal settlements;
- Cultural expectations and national standards for house retrofits need to be reconsidered;
- Encouraging tenants to participate in the upgrading process is key, as the failure to protect tenants can lead to gentrification.

The action therefore pays particular attention to these relevant lessons learned, which are being further considered in the feasibility studies underway.

3.5 The Intervention Logic

The underlying intervention logic for this action is that to make the City of Kigali more inclusive and resilient to climate change, upgrading informal settlements should be targeted as a priority in a pilot approach combining social, economic and environmental angles, providing a blueprint for replication at city scale.

If a participatory approach to neighbourhood planning is adopted, informal settlements residents are engaged in identifying infrastructure needs and corresponding investments are made in the targeted neighbourhoods, then, provided there is sufficient commitment for community and sufficient capacities at the City of Kigali to drive the process, the access to urban infrastructure and basic services for targeted neighborhoods will be improved (Output 1).

If viable operational and financial models are identified and regulatory reforms are piloted to enable the implementation of these models then, provided these models are sufficiently profitable for investors (whether developers or landowners), then access to affordable and decent housing in the selected neighbourhoods will be enhanced (Output 2).

If drainage systems to reduce flooding and erosion; using nature-based solutions wherever applicable, are improved, wetlands rehabilitated and if capacity building activities take place to improve compliance with environmental safeguards, as well as on climate vulnerability/risk assessments, then, provided there is effective cross-sectoral collaboration and complementarity with upstream and downstream disaster risk reduction initiatives, infrastructure for minimizing the risks of floods, erosion, landslides and associated impacts on health and economic damages will be improved (Output 3).

These three outputs will also be fed by activities seeking to increase public access to accessible and relevant infrastructure investment information and, notably improve monitoring of infrastructure delivery; and to enhance the capacity of local authorities.

Should these 3 outputs be achieved, and the political will, collaboration and active engagement of neighbourhood dwellers, local authorities and other key actors be ensured over the course of the action, targeted informal settlements in Kigali will be upgraded (Outcome 1)

Achieving success in some areas of Kigali with regards to all dimensions mentioned above would lead to provide blueprint for a more systemic city-wide strategy and, ultimately, to replicate the approach to other cities in Rwanda facing the same issues (Overall Objective). A key principle is that the action will implement an urban upgrading strategy that will not expel the existing population, predominantly low-income people (e.g. tenants). Buy-in from the City to uphold this vision in the mid to long term is therefore a critical assumption for the success of the intervention.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To contribute to make Rwandan cities more inclusive, competitive and climate change resilient.	1. % of urban population living in informal settlements	2019/20: 58%	2023/24: 52%	MININFRA reports - Sector strategic plan for 2018-2024 - Urbanization and Rural Settlement (EICV,4)	<i>Not applicable</i>
Outcome 1	Upgraded informal settlements in the City of Kigali	1.1 Proportion of population living in households with access to basic services 1.2 GERF 2.5 Number of countries and cities with climate change and/or disaster risk reduction strategies: (a) developed with EU support 1.3 GERF 2.5 Number of countries and cities with climate change and/or disaster risk reduction strategies: ž, (b) under implementation with EU support	1.1 tbd 1.2: 0 1.3: 0	1.1 tbd 1.2: 1 1.3: 1	1.1 Integrated Households Living Conditions survey 1.2 Progress reports for the EU-funded intervention 1.3 Progress reports for the EU-funded intervention	Political will, collaboration and active engagement of neighbourhood dwellers, local authorities and other key actors.
Output 1 relating to Outcome 1	1.1 Improved access to urban infrastructure and basic services	1.1.1 Length of roads/pathways rehabilitated or constructed (Km) with support of the EU-funded intervention 1.1.2 Length of streetlighting expanded and or newly constructed (Km) with support of the EU-funded intervention 1.1.3 Number of social infrastructure centres rehabilitated (these will include, but not be limited to: early childhood development centres, schools, health centres, recreational spaces, etc.) with support of the EU-funded intervention	1.1.1: 0 1.1.2: 0 1.1.3: 0	1.1.1: tbd (completion of feasibility studies) 1.1.2: tbd (completion of feasibility studies) 1.1.3: tbd (completion of feasibility studies)	1.1.1, 1.1.2 & 1.1.3 Reports from the subcontractors, infrastructure/equipment handover and inspection documents Progress reports for the EU-funded intervention	Required capacities available within the implementing entity to support and allow successful execution of the activities Effective participation of end beneficiaries, including tenants and

						vulnerable groups, in planning to identify social and community infrastructure need
Output 2 relating to Outcome 1	1.3 Enhanced access to affordable and decent housing	1.3.1 Number of affordable housing units developed/upgraded in neighbourhoods with support of the EU-funded intervention	1.3.1: 0	1.3.1: tbd (completion of feasibility studies)	Progress and or final reports on action implementation & Backward and forward joint sector review reports for Urbanization and Rural Settlement	Studies underway on affordable housing will be sufficiently robust and deliver financial models that are sufficiently profitable for investors (whether developers or landowners)
Output 3 relating to Outcome 1	1.4 Improved infrastructure for minimizing the risks of floods, erosion, landslides and associated impacts on health and economic damages	1.4.1 Length of drainage and erosions control systems rehabilitated and or constructed (km) with support of the EU-funded intervention 1.4.2: Number of wetlands rehabilitated with support of the EU-funded intervention 1.4.3 Number of government of Rwanda staff trained by the EU-funded intervention with increased knowledge and/or skills in minimizing the risks of floods, erosion, landslides and associated impacts on health and economic damages, disaggregated by sex	1.4.1: 0 1.4.2: 0 1.4.3: 0	1.4.1: tbd (completion of feasibility studies) 1.4.2: 2 1.4.3: 10	1.4.1 & 1.4.2 Progress and or final reports on action implementation & Backward and forward joint sector review reports for Urbanization and Rural Settlement 1.4.3: Progress reports for the EU-funded intervention	Project implementation not significantly affected and or delayed by disasters (heavy rains, floods, landslides, etc) Effective cross-sectoral collaboration and complementarity with upstream and downstream disaster risk reduction initiatives

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

N/A

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁸.

4.4.1 Contribution to the Africa Investment Platform

This contribution may be implemented under indirect management with the entities, called Lead Finance Institutions, identified in the appendix to this Action Document.

4.4.2 EFSD+ operations covered by budgetary guarantees

A part of this action may be implemented through budgetary guarantees under indirect management. The budgetary guarantees would fall within the following priority areas: "A Green Deal for inclusive development"

This section 4.4.2 is included for information purposes only. A comprehensive action plan covering all EFSD+ budgetary guarantees and the financing decision for the entire annual commitment under the EFSD+ budget line are adopted separately.

4.4.3 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances

In case implementation through a contribution to the Africa Investment Platform done in indirect management with an entity to be selected cannot take place, due to circumstances outside of the Commission's control, the Commission keeps the right to implement the action under the direct management modality through procurement and/or grants.

In the case of grants the following criteria would be used: (i) previous substantial experience in the urbanisation sector; (ii) demonstrated capacity of working with multiple government beneficiaries and CSOs; (iii) strong procurement capacity (iv) experience with EU regulations and (v) proven experience in the implementation of similar projects in the country/region. Applicants would be international CSOs or Rwandan government agencies.

⁸ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution (amount in EUR)
Implementation modalities – cf. section 4.4		
Contribution to the Africa Investment Platform - c.f. 4.4.1	10 000 000	
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another Decision	N.A.
Totals	10 000 000	

4.7 Organisational Set-up and Responsibilities

A Steering Committee (SC) shall be established to oversee the implementation and provide strategic guidance to the action. The SC is expected to meet twice a year (physically and/or virtually), but it may also meet at any time when a high-level decision is needed regarding the implementation of the action. Indicative members of the SC will be: City of Kigali, Ministry of Infrastructure, Rwanda Housing Authority, EU Delegation in Rwanda, and the lead IFI selected for the implementation of the action. The SC will also look at ensuring adequate representation from other government ministries/ agencies, development partners, or civil society and or the private sector on a case by case basis. The main responsibilities of the SC will be to review and validate work plans, budgets, ensure overall project performance against planned objectives; ensure overall coherence amongst the different activities; inform on the relevant and complementary activities implemented in the framework of other initiatives funded by development partners or government of Rwanda. The creation of a project implementation unit is also envisaged within the City of Kigali.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

Monitoring and reporting on indicators of the logframe matrix, including data collection (baselines, targets) will be under the responsibility of the Lead Finance Institution selected, in collaboration with the City of Kigali and other main stakeholders to the project.

Monitoring of progress made on the Team Europe Initiative on Sustainable Rwandan cities fit for the digital age will be under the responsibility of each EU partner involved, with an overall intervention logic agreed upon between concerned EU partners.

5.2 Evaluation

Having regard to the importance of the action, a mid-term and final evaluations may be carried out for this action or its components via an implementing partner or via independent consultants contracted by the Commission.

The mid-term evaluation may be carried out for problem solving and learning purposes, in particular with respect to lessons learnt around informal settlements upgrading mechanisms and housing delivery modalities

The final evaluation may be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that pilot housing mechanisms will be tested through the action.

If the evaluation is conducted via independent consultants contracted by the Commission, the latter shall inform the implementing partner at least 30 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

As the action is part of a wider TEI, both mid-term and final evaluations may be carried jointly with contributing Member States and EDFIs to provide an overview of the action within the larger impact of the TEI.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as:

Action level		
<input checked="" type="checkbox"/>	Single action	Present action (and all contracts to be concluded as part of the present action) constitutes a blending operation to be implemented through a contribution to the Africa Investment Platform done in indirect management, for a total estimated cost of EUR 40 000 000, of which EUR 30 000 000 is blending with a lead financial institution (to be selected) and EUR 10 000 000 is a grant from EU contribution.
Group of actions level		
<input type="checkbox"/>	Group of actions	
Contract level		
<input type="checkbox"/>	Single Contract 1	
<input type="checkbox"/>	Single Contract 2	
	(...)	
<input type="checkbox"/>	Group of contracts 1	

Appendix 2 LIST OF LEAD FINANCE INSTITUTIONS

Kreditanstalt für Wiederaufbau – KfW

European Investment Bank – EIB

Agence Française de Développement - AFD