1. **Key development issues and rationale for Bank involvement**

Recognizing the need to develop the Nile River in a cooperative and sustainable manner, the Riparian Countries established in 1999 the Nile Basin Initiative (NBI) through their Council of Ministers of Water Affairs (Nile-COM). The NBI started the cooperative development process by developing a Strategic Action Program. It comprises two programs: (i) the Shared Vision Program (SVP) of basin-wide technical assistance projects, and (ii) Subsidiary Action Programs (SAP) of investment programs at the sub-basin level. There are two SAPs: the Eastern Nile Subsidiary Action Program (ENSAP), which includes Ethiopia, Egypt and Sudan and the Nile Equatorial Lakes Subsidiary Action Program (NELSAP), which includes Burundi, DR Congo, Kenya, Rwanda, Tanzania, Uganda, and the downstream riparians Egypt and Sudan.

The water resources of the Nile Equatorial Lakes region are one of the world’s great complexes of lakes, rivers and wetlands. The Kagera river system is the largest of the 23 rivers that flow to the Lake Victoria, the largest of all Equatorial Lakes. The Kagera basin, of a 60,500 km², covers portions of the four countries of Burundi, Rwanda, Tanzania, and Uganda. The Kagera Basin is characterized by the existence of many lakes and swamps. Most of the lakes are very shallow (3-7 m deep), exceptions are the Rwandan Lakes Burera, Ruhondo, and Muhazi with depths of 165, 68, and 14 m, respectively.
The Kagera river basin population is estimated to about 14 million people\(^1\), the majority of whom live in rural areas. 4.1m of these live in Burundi, 6.9 million in Rwanda, 1.4 in Tanzania and 1.2 in Uganda. Burundi, Rwanda, Tanzania and Uganda are ranked in the bottom 25% of countries on the UN Human Development Index and have 58%, 52%, 20% and 35% of their populations living on less than $1 a day, respectively. Settlement patterns within the catchments are characterized by high population density, high levels of in-migration and rampant poverty. Subsistence farming is the main source of income (80%) and increasing poverty and population pressure is prevalent throughout the catchments. High population densities in the catchment have resulted in pressure on agricultural land and extensive clearing of forests resulting in land degradation and loss of soil fertility.

Awareness levels among communities on environmental conservation and environmental protection measures are still low. Within the project area, there are opportunities ranging from agricultural production, agro pastoralism, tourism to hydro electric power generation. Potential investments will be identified during the development of the Kagera river basin management and development strategy.

As a result of the challenges faced in the Kagera river basin, a project was developed using funding from SIDA and NORAD of about 4.4 MUSS and has been implemented since March 2005. This SIDA and NORAD funded project has five components focusing on (i) establishing a sustainable framework for joint management of the river basin, (ii) development of a basin investment strategy, (iii) building capacity at all levels for sustainable management and development of the River Basin, (iv) implementing small-scale investment projects, and (v) project management and supervision.

This Kagera River Basin Management Project (Project) is consistent with the national development strategies that are the Poverty Reduction Strategy Paper (PRSP) in Burundi, Economic Development Poverty Reduction Strategy (EDPRS) in Rwanda, the Poverty Reduction Strategy Paper (PRSP) in Tanzania, and the Poverty Eradication Action Plan (PEAP) in Uganda. These strategies emphasize healthy ecosystems, poverty reduction as well as sustainable economic growth and identify degradation of natural resources as a key constraint to attainment of results. This project will also support the ongoing water sector reforms in countries by strengthening basin level water resource management and capacity building.

**Rationale for Bank Involvement**

The Kagera project is one of the pre-investment projects identified under NELSAP that seeks to establish a sustainable framework for joint management and development in the sub-basin, undertake feasibility studies of viable investment opportunities and promote resource management and development projects to promote trans-boundary cooperation.

Building on the achievements of the Kagera project funded by SIDA-NORAD and considering the current needs of the project as well as challenges being faced, the Bank is proposing to provide parallel financing through the NBTF for activities identified in the basin investment strategy and related project needs.

\(^1\) Estimated in 2007
The Bank’s involvement in this proposed Project is also justified by its long experience with the NBI ad the Nile Basin countries in general. The NBI has been funded through the Nile Basin Trust Fund administered by the World Bank on behalf of development partners. The Kagera project focuses on economic growth opportunities from cooperative management of the shared water resources and contributes towards the eradication of poverty, and reversal of environmental degradation which are some of the issues that feature prominently in Country Assistance Strategies (CAS’s) for the respective basin countries. In addition, river basin cooperation is a key element of the Bank’s Africa Action Plan (2005) and the Bank’s Regional Integration Strategy (2008). The bank also brings to this project its extensive technical expertise and world wide experience in Integrated water Resources Management (IWRM).

2. Proposed objective(s)

The overall development objective of the SIDA –NORAD funded project is to establish a sustainable framework for the joint management of the water resources of the Kagera catchments, to prepare for sustainable development investments that will improve the living conditions of riparian communities as well as protect the environment.

The project development objective (PDO) of the proposed Project is to advance long term investments and capacity building to leverage investment opportunities in the Kagera catchments.

The key outcomes indicators will include: (i) key small multipurpose storage reservoirs are identified and prioritized; (ii) current and projected use of water for agriculture are estimated and incorporated in the investment strategy and the Kagera Decision Support System (DSS); (iii) the design of critical integrated watershed management programs is finalized and the programs are prioritized; (iv) NELSAP CU developed the capacity to advise on optimizing water uses in the Kagera Basin; and (v) Key studies and findings are dissemination and capacity in integrated water resources management is strengthened in the Kagera Basin.

3. Preliminary description

The proposed Project will be funded through the Nile Basin Trust Fund. Project activities will occur in three areas: (1) Promoting investment opportunities through project preparation studies (total component cost US$ 2,145,200); (2) Capacity building (total component cost US$ 620,000); and (3) Project management and supervision (total cost US$ 604,800).

Component 1: Promoting Investment Opportunities Through Project Preparation Studies

Under this component a number of project preparation studies (including pre-feasibility studies, and feasibility studies) will be undertaken for investment opportunities identified in the Kagera
This proposed project will therefore support the promotion of investment opportunities arising out of the Kagera Basin monograph. Potential investment areas identified in the strategy include: (i) feasibility study for small scale multipurpose storage reservoir (covering aspects development of small hydropower development and water supply and sanitation); (ii) feasibility study for an agriculture development program with a focus on agriculture water aspects involving crop production, fisheries management and livestock development; and (iii) study for an integrated watershed management program with a focus on wetlands management, agro-forestry and water quality management.

The Kagera Basin monograph has been finalized and the contract for conducting the investment strategy for the Basin, including the Decision Support System (DSS) has been signed in June 2009. The Kagera Basin monograph prioritizes list of projects. This prioritization has been agreed following a participatory process that involved consultations at both the national and regional levels in the participating countries. Following the consultations, the above-mentioned potential investment areas were selected for detailed project preparatory work to be undertaken. This selection was agreed upon during the 9th Regional Project Steering Committee (PRSC) meeting, which took place in Kabale, Uganda, in April 02-03, 2009.

This project links with other on-going or under preparation project also implemented by NELSAP-CU such as the Rusumo Falls Project, the water resources management project, and the agriculture development project. Studies that have already been conducted will benefit the studies that are foreseen in this project. In addition, there will be coordination with these projects during the preparation of ToRs for the studies to be conducted under this project to ensure synergies and avoid duplications.

**Component 2: Capacity Building**

This component will focus on implementing the Kagera capacity building plan developed with funding from SIDA-NORAD. Activities to be implemented will include:

(i) Human resource development through training of staff at both national and catchment levels.

(ii) A study tour to one of the trans-boundary basins in Africa as a learning experience.

(iii) Augmenting the monitoring network (hydrometerological) stations to ensure uninterrupted collection of basic surface water data.

The type of hydrological monitoring stations include: (i) hydrometric stations, (ii) groundwater stations, and (iii) climatological stations. It is expected to install about 8 to 10 stations in the entire Kagera Basin. The type and location of these additional stations involves the following offices: (i) Ministry of Water, Environment, Land Management in Burundi; (ii) Ministry of Natural Resources in Rwanda; (iii) Kagera Sub Basin Office in Tanzania; and (iv) Ministry of Water and Environment in Uganda. These stations will be part of the national respective institutions and will be maintained as part of the respective national networks.

Also, the installation of the Hydrometric Stations will be undertaken to ensure that: 1) Stations are not located within important natural habitats such as wetlands and known breeding grounds
or fish spawning areas; 2) Disturbance of river banks and riparian vegetation is minimized in time and space, and any such disturbances are rehabilitated and stabilized as soon as possible; 3) The duration of in-stream work is minimized to avoid changing the physical and chemical properties of the water; 4) Solid and liquid wastes during construction are minimized, and are otherwise controlled and collected for disposal off-site at an approved location; 5) Station sites do not displace any existing land owners or users; and 6) Construction sites are fully restored to provide good drainage, ensure stability of the entire site, and prevent erosion.

**Component 3: Project Management and Coordination**

This component will provide support to the project management unit (PMU), established by the SIDA-NORAD funded project, for the supervision of the activity of the proposed Project. The Rwandan Ministry of Water and Land (renamed Ministry of Natural Resources) provided the office space as part of the national contribution. The proposed project will require the supervision of new activities (studies under component 1 and intensive capacity building program under component 2).

The PMU will be responsible for implementing the project activities. Project implementation will be guided by the Regional Project Steering Committee (RPSC), which includes three experts of each of the Kagera Basin countries. National Liaison Officers were appointed and will support Project activities at the national level. The NELSAP-CU will coordinate the activities of this proposed Project with other NBI bodies, including the Nile-secretariat, NEL Technical Advisory Committee, and NEL Council of ministers for Water Affairs (See figure 1 summary of the institutional arrangements).

![Institutional arrangements of the Project.](image)

### Figure 1: Institutional arrangements of the Project.

1. **Funding.** Component Financing Summary

<table>
<thead>
<tr>
<th>Component</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Total (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultant Services</td>
<td>1,043,400</td>
<td>1,183,400</td>
<td>2,226,800</td>
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<td>capacity building</td>
<td>310,000</td>
<td>310,000</td>
<td>620,000</td>
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<tr>
<td>Project Management</td>
<td>244,000</td>
<td>224,000</td>
<td>468,000</td>
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<tr>
<td>sub-total</td>
<td>1,597,400</td>
<td>1,717,400</td>
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<td>Contingency</td>
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<tr>
<td>Total NBTF Contribution</td>
<td>1,614,048</td>
<td>1,755,952</td>
<td>3,370,000</td>
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</table>
4. Safeguard policies that might apply

The environmental category of the project is Category B and the safeguard policies triggered are listed in the table below.

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered (please explain why)</th>
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<th>No</th>
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<tbody>
<tr>
<td>Environmental Assessment (OP/BP 4.01)</td>
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<td>Natural Habitats (OP/BP 4.04)</td>
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<td>Safety of Dams (OP/BP 4.37)</td>
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<td>Projects on International Waterways (OP/BP 7.50)</td>
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<tr>
<td>Projects in Disputed Areas (OP/BP 7.60)</td>
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<td></td>
<td>X</td>
</tr>
</tbody>
</table>

5. Tentative financing

Source: ($m.)
Borrower 0
Nile Basin Initiative Trust Fund 3.37
Total 3.37

6. Contact point

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