

## **Memo relating to subsidy application FDW16048RW - SWIAVI**

### **1. Introduction**

Sugarcane is a hardy plant that thrives even in areas with moderate flooding. Therefore, the floodplains/natural overflow spillways of the Nyabarongo River - which flows in a quarter circle around the capital Kigali in Rwanda - should be suitable for sugarcane cultivation, provided that the annual flooding of these areas during the rainy season remains within reasonable limits, both in terms of duration and water levels.

It is against this backdrop that the project FDOV12RW02 ‘Sugar, make it work’ was implemented along a part of this river around Kigali between 2013 and 2018. In this project, sugar processor KSW (Kabuye Sugar Works), together with engineering consultancy RHDHV (Royal Haskoning DHV), agricultural development NGO CDI and TechForce as project manager, set up drainage works (dams, canals, bridges, combination inlets and outlets) over approx. 2,000 ha, divided into 11 sectors, to properly regulate the water level in the area and contributed their knowledge and experience to optimise the cultivation of sugarcane.

Shortly before the completion of that project, a slightly modified consortium submitted an application for a subsequent project under FDW16, with the aim of making another area of approximately 1,000 ha further downstream along the river suitable for sugarcane cultivation. A positive opinion was issued regarding this proposal and the project was awarded in the summer of 2017 as FDW16048RW - ‘Sustainable Water for Inclusive Akagera Valley Improvement’ - SWIAVI.<sup>1</sup> This is the project that is discussed in this memo.

### **2. Bottlenecks and changes**

In the spring of 2018, while FDOV12RW02 was just being completed, Rwanda experienced the heaviest rains in about 50 years, severely testing the newly constructed drainage works. Along the higher part of the river, these works proved adequate to handle the extra volume of water properly and in time. Further downstream, after the confluence of the Nyabarongo with the Akanyaru in the last three sectors of the project, the extra volume of water led to several dike breaches, damage to civil works and high water levels for so long that the sugarcane planted there did not survive.

Instead of the launch of FDW16048RW, the restoration of the relevant works became the consortium’s top priority. In addition, the extremely high water levels prompted a review of the design of the SWIAVI project and the included drainage works.

In retrospect, this was the first in a series of attempts to keep the project afloat via changes and adjustments. When the rainy season turned out to be more intense than normal in 2019 and 2020 as well, it was eventually concluded that the area originally intended for the project - even with adjusted drainage works - was not or no longer suitable for the cultivation of sugarcane. Subsequently, in consultation with the government, other areas in Rwanda were sought for the cultivation of sugarcane, an idea reinforced by the fact that the city of Kigali was now looking to expand and had set its sights on KSW’s factory sites east of Kigali for this purpose.

Several lesser considerations and other political and economic circumstances also came into play that made the start of the project difficult; these are described in a project modification request dated 22 March 2019 and a status overview dated 16 March 2020.

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<sup>1</sup> Beyond Kigali, the Nyabarongo flows into the Akagera River

Partly in view of the good track record, the Netherlands Enterprise Agency (RVO) has always allowed the consortium the opportunity/time to submit a modified proposal within the defined framework of the scheme in order to ensure a successful project.

This opportunity for modification was withdrawn when it became clear that completion of a modified project within the remaining term of the scheme was no longer realistic. Following this, the consortium submitted a request to withdraw the rest of the project, apart from the start of the inception phase.

### **3. Reporting quality**

Not applicable; there were no reports.

### **4. Results achieved**

Not applicable; no results were achieved.

### **5. Delivered performance**

Not applicable; no works were performed.

### **6. Lessons learned**

The project proposal includes a comprehensive risk assessment.

The first risk mentioned is the probability of the occurrence of extreme weather conditions. This had been estimated as low to moderate. The impact of this possible event was estimated as high. The related risk was classified as external. It indicated that the consortium had little influence in controlling this risk because it involves a natural hazard.

The second risk is the political risk, for which the probability and impact had been classified in the same way as for the extreme weather conditions. This was also considered an external risk. Relations with public partners and governments is mentioned as a mitigation measure.

Approval of the proposal implied acceptance of the defined risks and therefore of the possibility that, due to the occurrence of such events and their impact, the project might not go ahead ultimately, as has happened in practice.

It could be asked whether the probability of the occurrence of - in particular - extreme weather conditions was underestimated by the consortium when preparing the proposal. There are no indications of this. The rainfall in 2018 was the heaviest in about 50 years. The fact that this occurred again in 2019 and 2020 probably points to climate change, in addition to the statistically random nature of such a sequence of events. It would be going too far to expect that the consortium could or should have foreseen, at the time of drafting the proposal, the extent to which these events ultimately occurred.

Therefore, the logical conclusion must be that the project did not get off the ground due to the occurrence of a risk that had been correctly identified and accepted in advance to a reasonable extent.

This is an undesirable and less common, but otherwise regular outcome of the proposed project, from which there are no particular lessons to be learned.