

WATER LEADER

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President of Aqusfed and former Head of Sénégalaise des Eaux, featured in *Remodelling Access* (p.8), shares the dramatic turnaround for water in Senegal.

Remodelling Access

The Water Leaders joined with the World Economic Forum in Athens. Together, we are creating a new model for water access and wastewater management.

Scaling Investment Impact

The largest environmental funder is increasing its investment impact. What are the emerging lessons for water's investibility?

Closing The Loop

Building a circular economy is critical to sustainable global growth: financial and environmental. Water is central to closing the loop - and its role is growing.

Rwanda's Water REVOLUTION

Rwanda's Government has embarked on the country's first ever public-private partnership for bulk water supply in Kigali, helping it to reach 100% access. It is set to become the exemplar project for the country and the region, setting the scene for public and private sector cooperation and driving the water sector's performance further.

100% By 2017

Rwanda is firmly on target to reach its target of 100% potable water access by 2017, with the BOT concession for a bulk water supply project between the Government of Rwanda and Metito signed on 31st March, 2015.

"We have a water crisis in Kigali. Our technologies are old and we needed an experienced company to run the project," says Amandine Umukeshu, Director of Water and Sanitation Development at WASAC (Water and Sanitation Corporation) Ltd – the national water utility.

First Of A Kind

The contract is revolutionary for the utility, the country, and the region. It is the first public-private partnership in Rwanda and, according to the IFC, it is 'one of the few bulk water PPPs in Sub-Saharan Africa outside of South Africa.'

This exemplar project is expected to lay the foundations for future public-private cooperation. "We are confident that this is a very positive project both for the country and for the private sector in terms of setting an example for further projects in Rwanda itself, but in Africa as a whole," says Rami Ghandour, Managing Director of Metito.

"It is a first of a kind and we hope to be doing more projects in the country," he says. "Now that we're there, we're seeing more and more opportunities and there's definitely a huge need for our investment and our services."

Project Scope

The bulk water plant will supply 40% of Kigali's drinking water and will have a capacity of 40,000m³/day. It will take 2 years to build, but there may be scope for partial capacity water supply for local communities in the interim. According to Ghandour, "that's currently part of the designs that we're working on."

Capital expenditure for plant will be US\$75 million and the operating contract is for 27 years. "For a country the size of Rwanda [this] is not an insignificant investment," says Ghandour, "so we are putting our money where our mouth is." >

What About Country Risk?

From an investor perspective, there are several risks to be weighed when considering emerging markets – but also tremendous opportunities for growth.

Ghandour is aware of the value of this project to the country, considering the difficult times it has experienced in recent decades, including the civil war and genocide. "Rwanda, obviously, is a poor country starting from a very, very low base but it's done tremendous leaps... At the end of the day it's an emerging market and even in developed markets, such as the UK or the US or Germany, there are risks," he says. "I have a huge amount of confidence in the country and their judicial system and their way of working... It [has] excellent governance in place."

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REFLECTIONS

The site where Metito will construct and operate the new bulk water supply plant to treat river water extracted from the south bank of the Nyabarongo River. >> Source: Metito

Metito's scope of work in the project includes:

- River water intake (from local wells and the Nyabarongo River)
- Plant construction
- Construction of a transmission line (15 km)
- Construction of three reservoirs
- Surface water technology including flocculation/coagulation, settlement, filtration and disinfection processes.

The plant will primarily provide water to Kagarama, Gahanga, and Bugesera.

The agreement was signed between Metito and Ministry of Infrastructure, WASAC Ltd and the Rwanda Development Board. The off-taker is WASAC Ltd.

The IFC advised the Government of Rwanda with the structuring of the project. Mott MacDonald is providing technical advisory and transactional

advisory services. According to the IFC, its transaction advisory was 'implemented with support from the Infrastructure Development Partnership Fund (DevCo), the Public-Private Infrastructure Advisory Facility (PPIAF) and the governments of Austria, Denmark, Japan, Netherlands, Norway, Sweden, and the United Kingdom.'

The agreement is due to reach financial close within nine months of signing. Metito is hoping to get it finalised a little earlier; ideally before Christmas.

More Than Access

Currently, Rwanda's urban communities are 79% served by municipal water, and 69% in rural areas. WASAC Ltd's policy for defining water 'access' is 200 metres from the household in urban areas, and 500 metres from rural dwellings. The improvements which are being made to water access over the next two

years will have longer lasting impacts for individuals, the community, and the economy in Rwanda.

Umukeshya is anticipating improved health conditions for the population as water access increases. Also, the time taken to fetch water will be greatly reduced, particularly affecting the lifestyles of women (who will be able to seek paid employment) and children (who will have more time for formal education). The long-term effects for both groups will be impressive for the economy, building a stronger business scape, employment opportunities, and breaking the poverty cycle in the poorer communities.

Metito also has plans to stimulate the local economy with local hiring for the project. The intention is to hire over 50 personnel for this project. "We are investing into

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the country; we're building up capability. We have a vision to be 100% local once the project is fully settled down, and so to develop the local workforce," says Ghandour.

Metito is also looking at how to maximise its corporate social responsibility for the local area, "for example, providing water for free in some of the local communities just around the plant," says Ghandour. "So that's something that we're looking at to see what the best use of our resources are in terms of supporting the community in addition to the project in itself." It is expected that these same communities will be the primary source for the local hiring.

Next Steps

WASAC Ltd still has a long road ahead to meet the 100% comprehensive water access goal. The utility is currently in the process of confirming the key performance indicators for the new phase of high quality

service delivery.

Also, "we will be looking at additional projects," says Umukeshya. For example, WASAC Ltd expects to sign another contract with Culligan® International for an additional plant with 25,000m³/d capacity – if the first contract is successful.

WASAC Ltd is also looking into possibilities on the wastewater side. "This is another priority: to improve access to sanitation," says Umukeshya. This year, planned sanitation projects for Kigali are:

1. Kigali centralised sewage system project
2. Construction of Kigali Septic Tank Sludge Management and Treatment Plant
3. Study, rehabilitation and upgrading of semi-centralised systems in existing estates.

Also, Metito has "had some preliminary discussions [with WASAC Ltd];

they are currently evaluating their plans," according to Ghandour.

In his view, there would need to be a staged approach to managing Rwanda's wastewater: "The bigger investment is not [yet] in the wastewater treatment plant, but is in putting the network in place to collect all the wastewater."

In the coming fiscal year (2015-2016), the potential for projects related to water and sanitation will greatly increase. An additional 738, 000 new customers will be connected to the municipal water supply.

This is being made possible due to the Government's increased water budget, now standing at 31 billion Rwandan Francs (about US\$43 million).

With these projects in place, Umukeshya believes it is realistic to actually reach the hallowed country-wide 100% water access goal by 2017. "Yes, we are working hard to do it," she says.



Michael Opagi, IFC Senior Investment Officer; James Sano, Chief Executive Officer - Water and Sanitation Corporation (WASAC)- Republic of Rwanda; Hon. Francis Gatere, Rwanda Development Board (RDB) CEO; Hon. Germaine Kamayirese, Minister of State in Charge of Energy, Water and Sanitation; Mutaz Ghandour, Metito Chariman and CEO; Rami Ghandour, Metito Managing Director; Kairm Madwar, Managing Director Metito Africa; Walid Madwar, MUL General Manager; Sulaiman Hallal, Metito Corporate Strategy Manager; Umida Adylbekova, Metito Corporate Strategy Analyst; Hans Miu, General Manager Metito Africa; Shilesh Muralidhara, RDB Senior Transaction Advisor; Mohamed Hemeida, Metito Africa Operations Director.

Source: Metito

Many Hands Make Light Work

The announcement of the bulk water supply project came within a month of Culligan® International signing an agreement with WASAC Ltd to design and install a 25,000m³/day plant, with possible expansion to 39,000m³/day. The first phase of the Culligan® plant is due for completion at the end of November 2015. It is all part of the strategy to drive overall performance and service quality during the utility's transition phase: WASAC Ltd formed on 16th August, 2014 after the Government decided to separate the management of water and electricity in the municipal sector. Formerly the organisation was called the Energy, Water and Sanitation Authority (EWSA), but now WASAC Ltd is able to focus purely on water and sanitation. To help with the transition process, 2ML Consulting supports WASAC to develop and implement a high-impact short-term quick-win performance improvement programme (PIP).