1. Country and Sector Background

Country Issues:
1. The genocide and the civil war that took place from April to July 1994 inflicted incalculable harm on the social and economic fabric of Rwanda, in particular the economic infrastructure. Direct effects of war and social disruption led to other indirect consequences in terms of loss of staff in utility companies and ministries, including many in senior managerial positions. The resulting loss of institutional memory, including the destruction of records and management systems, has not been fully replaced. Furthermore, the ability of Rwanda’s economic infrastructure to fulfill the country’s needs has been further undermined by lack of ongoing maintenance since 1994, with the result that all the country’s infrastructure has declined in quality in the last few years. The poor state of infrastructure constitutes a major barrier to the country’s economic growth as it reduces competitiveness of exports and discourages investment. With the support of the donor community, some infrastructure has been rehabilitated during the last 10 years but much still remains to be repaired.

2. The Government’s priority is not only to address the particular consequences of genocide and war but also to tackle longer-term structural difficulties already evident in the pre-war economy, particularly due to the pressures of population growth in a relatively small country with an economy primarily dependent on agrarian activity. The progress that Rwanda has made since 1994 has been built primarily through effective partnership between the Government and the international donor community. But as memories of the genocide recede, the generosity that the country has enjoyed in the last decade is giving way to increasing expectations for greater stringency in management and more internal contributions, including from local communities and the private sector.
Sector Issues

3. **High transport costs, an oversized and poor road network:** Being a landlocked country close to 2,000 km from the nearest sea port, Rwanda’s transport costs represent as high as 40% of export and import values. With its mountainous terrain and excessive rain fall erosion is particularly severe on the country’s road network, whose maintenance cost is twice higher than that of most Sub-Saharan countries. The country’s road network of 14,000 km, spread over barely 27,000 square km of national territory, is among the densest in Sub-Sahara Africa, and far exceeds its human and financial capabilities. Recent sector surveys, conducted with the help of the European Union, the World Bank and PPIAF\(^1\), concluded that only 23% of Rwanda’s asphalted network in 2004 was in good condition, while barely 5% and 2% of the secondary and communal networks were in good condition, respectively. 85% of the 1,100 km asphalted network required heavy rehabilitation or periodic maintenance, and most of the secondary and communal roads have not been maintained for over a decade.

4. **An ambitious investment program with limited resources:** The National Investment Strategy projects public investments in transport to rise steadily in volume from RWF 12 billion (US $ 24 million) in 2005 to about RWF 19 billion (US $ 38 million) in 2010\(^2\). In addition, resources required to routinely maintain the country’s 14,000 km road network annually have been estimated at US $ 24 million whereas the road maintenance fund, which is currently the only financing source, can only generate US $ 6 million.

5. **Weak institutions:** Ministerial staff are young and inexperienced, while high staff turnover continues to undermine efforts to build capacity. Poor planning and the lack of proper budgetary practices, aggravated by cumbersome procurement procedures, tend to limit the impact of the little investments directed to the sector. For example, the procurement process involving external donors takes 42 weeks to complete, while the Department of Roads, which drains most of the transport budget, has no financial management system. The department is equally understaffed. With only four qualified engineers, it has exhibited serious shortcomings in the management of road programs and donor dialogue.

6. **Effects of decentralization:** In line with Rwanda’s broader decentralization policy, responsibility maintaining both the unpaved main roads and the unpaved rural road network is now being moved to the provinces and districts, respectively. Since 2004, in an effort to support the new policy, the RMF distributes 50% of its resources to district and city councils in the form of subsidies. This system has further impoverished road maintenance in two ways: First, the classified road network has lost half of its maintenance resources while its maintenance gap doubles. Second, the impact of the resources distributed to city and local governments is limited given the lack of capacity and experience to play this new role, and the absence of proper control mechanisms. The system further duplicates with the Common Development Fund (CDF), which was established in 2002 to support grass root development. Currently, the CDF finances community projects including transport and road infrastructure.

7. **Inadequate transport strategic framework:** In the context of a Bank-supported PRSC, the Government has adopted a transport policy matrix supported by a three year Medium Term


\(^{2}\) Source: The National Investment Strategy (NIS)
Expenditure Program that is basically a shopping list of activities covering the five modes of transport (air, land, rail, river and lake). Its targets far exceed those of the NIS and it does not take into account the human and technical absorption capacities of the Country. In addition, most of the country’s transport legislation dates from the colonial era and needs to be aligned with new and emerging challenges, including the country’s integration with the East African Community.

2. Objectives

**Project Development Objective**
18. The objective of the project is to help the Government preserve part of Rwanda’s paved road network and strengthen capacity in the transport sector.

**Project Key Indicators**
19. Detailed indicators are presented in Annex 3.

The project will provide a basis for harnessing additional support from the donor community and promoting the mobilization of additional government and road user contributions to road maintenance. Current and projected investment financing from the EU, the AfDB and Saudi Development Fund, are well below the minimum threshold established under the NIS. Specifically, 75% of IDA funding to the project will top up EU’s financing for the rehabilitation the Kigali-Ruhengeri-Gisenyi road that links the capital city of Kigali with Goma in DRC.

10. Furthermore, under the HIPC initiative, the Government is required to reduce the debt stock/export ratio from 269% in 2001 to a sustainability threshold of less than 150%. In such circumstances, and given prevailing loan conditions, the Government’s development assistance would be limited to just IDA, AfDB and IFAD4.

11. Fourth, a donor coordination committee established during project preparation has tended to rely on the Bank for intellectual leadership, cognizant of its global experience in dealing with road sector reforms such as those being targeted by the Government of Rwanda.

**High Level Objectives to Which the Project Contributes**
12. The Government’s vision for the development of the country is set out in Vision 2020. A key theme of Vision 2020 is the refurbishment and development of the country’s core economic infrastructure. The PRSP, which is the Government’s medium term framework for achieving the goals of Vision 2020, recognizes that the country’s weak international road links impose high costs on internationally traded goods, and that the poor state of the rural transport network equally inhibits internal trade. It identifies access to trade and markets as a significant priority of the Government, and stresses the importance of sound infrastructure in national integration and poverty alleviation. In this light, the PRSP retains transport infrastructure development as the second top priority of the Government after agricultural development in terms of resource allocation. Particularly, the PRSP reaffirms that the rehabilitation and maintenance of existing roads and bridges must be treated as a high priority, with emphasis on labor-intensive methods. It

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4 National Investment Strategy, September 2002 Update
spells out a medium term priority agenda for the sector, including the maintenance of some 400 km of roads in bad repair and the upgrade of some strategic roads.

14. The National Investment Strategy (NIS) equally places transport investments among the three top medium term priorities of the country, alongside agriculture and education. The NIS establishes a two phase investment growth path, a primary phase from 2002 to 2006 and a consolidation phase from 2007 to 2010. Under this strategy, annual transport investments are expected to increase steadily from RFW 13 billion to RFW 15 billion during the primary phase, and to 19 billion by the end of the consolidation phase.

15. In keeping with the PRSP, the CAS identifies five transport sector objectives, namely to (i) improve international transport connections; (ii) upgrade key road networks to paved standards to facilitate the country’s access and its social and economic reintegration; (iii) ensure better management and financing of the road network in general; (iv) improve road safety; and (v) improve rural feeder roads to lower transport costs for farmers and facilitate the development of market-based agriculture.

16. The project would contribute to all the five CAS objectives with focus on improving the state of road infrastructure, building management and analytical capacity in transport and road institutions, improving the capacity in the road industry, and promoting local employment through road works.

3. Rationale for Bank Involvement

8. First, IDA is responding to a direct request for much needed assistance to a country trailing a huge legacy of a devastating civil war and an unprecedented genocide, both of which have seriously fragilized transport infrastructure and institutions. It is also responding to recommendations by OED and the ICR3 of the previous Bank-supported operation, that future IDA support should focus on rebuilding Rwanda’s depleted institutional and road maintenance capacities.

9. Description

20. A detailed description of project components is provided in Annex 4. The project is defined as activities co-financed by IDA as part of a transport program supported by other donors. The primary focus of the program is to support the implementation of a new transport policy that was prepared with the financial support of a Japanese PHRD grant. The project will have the following three components:

Component 1: Kigali-Ruhengeri Road Rehabilitation-US$ 44.5 million (by IDA)
The main objectives of this component will be to reduce road investment needs, and promote local employment through road works. It complements other rehabilitation works to be financed separately by ADB and EU. This component will finance rehabilitation works and the supervision of such works on the 83 km Kigali-Ruhengeri section of the road to the DRC borderer.

3 Rwanda Country Assistance Evaluation, 2003; ICR Rwanda Transport Sector Project
Component 2: Road Maintenance (US$ 60 million) (by FER US$49 million, IDA US$ 3 million and EU US$8 million)
The objectives of this component would be to (i) preserve at least 90% of the existing paved network through regular maintenance; (ii) to help build long term local maintenance capacity and (iv) to generate sustainable employment in rural areas. The component will finance routine maintenance works and the supervision of such works on some 1,000 km of asphalted trunk roads chosen from the classified road network. The works and their supervision will be contracted out to local and/or regional companies under five year output-based contracts.

Component 3: Institutional Development Support (US$ 11.8 million):
23. The objectives of this component would be (i) support to the implementation of transport policy and programs (ii) enhanced local private sector capacity in road maintenance and in the rehabilitation of low volume roads; (iii) improved analytical and management capacity in road and transport institutions; and (iv) support to social policy formulation and implementation.

Sub-Component 3.1: Sector Policy Support
This sub-component will provide support to the implementation of a new transport policy with a view to (i) adapting sector orientation to the macroeconomic reform agenda of the Government; and (ii) promoting efficiency and good governance in sector management. This sub-component will finance international and local technical assistance and operational costs as follows:

(a) Road policy Support- US$0.5m (to be funded by the EU)
(i) International technical assistance to support the TSU in the preparation and implementation oversight of a new road maintenance strategy; the creation of a new road agency; the restructuring of the Road Maintenance Fund (RMF) into a second generation road fund; and the preparation of operational procedures for the two agencies (US$0.45m);
(ii) National and provincial workshops to promote the ownership of the new road maintenance strategy at the central level and within local governments (US$0.05m);

(b) Transport policy Support-US$1.3 million (to be funded by IDA)
(i) National workshops and international study tours related to transport policy implementation and regional transport cooperation (US$ 0.3 million)
(ii) International and local short term technical assistance for the conduct of strategic studies in support of transport policy formulation and program preparation (US$ 0.3 million); the design and implementation of a road transport safety action plan based on the SSATP action plan (US$0.5 million); and the preparation and implementation of a transport sector HIV/AIDS prevention strategy (US$ 0.2 million).

(c) Improved Sector Governance-0.8 million (to be funded by IDA)
(i) International and local short term technical assistance for the preparation and implementation oversight of long term performance agreements for the new road agency, the RMF, the vehicle inspection center, and the airport management agency, as tools to promote efficiency and a result culture in the sector (US$ 0.3 million)
(ii) Purchase of two additional weigh bridges for load control on paved trunk roads (US$ 0.5 million)

Sub-Component 3.2: Strengthening Sector Analytical Capacity
This sub-component will aim to strengthen the analytical capacity of sector institutions with a view to establishing greater responsiveness to sector and macroeconomic expectations. It will finance:

(a) Road Management Systems-US$ 0.5m (to be funded by ADB):
(i) International and local short term technical assistance for the establishment of a road programming and monitoring system within the new road agency, including a road data bank and an M&E system, staff training in road data collection and analytical techniques, data collection and analysis for the road data bank and M&E system (as a pilot training program to be financed subsequently by the RMF)
(ii) Purchase of computer hardware and software for the road data bank and road M&E system;

(b) Transport M&E Systems-US$ 0.5 (to be funded by IDA):
(i) International and local technical assistance for the establishment of a transport database and an M&E system within MININFRA’s IPU for monitoring project and program performance; transport costs; accidents; transport industry standards and other transport performance indicators, based on the SSATP guidelines, including related transport data collection and analysis , and staff training
(ii) Purchase of computer hardware and software for the transport M&E system

(c) Masters’Degree Award Program (MAP)-US$2.3 million (to be funded by IDA).
Finance the services of an international university and a local university to provide long term in-country training to some 150 professional staff of the road agencies, local entrepreneurs, and unemployed graduates, through three Masters’degree programs in (i) Road Engineering and Management (REM), (ii) Transport Economics and Planning (TEP), and (iii) Project Management and Planning (PMP).

Sub-Component 3.3: Strengthening Program Management Capacity
This sub-component would help meet short and long term capacity requirements for ensuring successful management of resources accruing to the transport sector including from this project.

It will finance:

(a) Management Information Systems-US$0.3m (to be funded by the EU)
(i) Local technical assistance for the establishment of management information systems (MIS) in CGPT, the road agency, and the RMF, including related staff training
(ii) Purchase of computer hardware and software for the MIS in CGPT, the road agency and the RMF

(b) Management Support US$1.6m (to be funded by IDA)
(i) Staff salaries in support of program management by CGPT
(ii) International and local technical assistance for program financial and technical audits, including for this project
(v) Office equipment for CGPT, the road agency, the RMF and the IPU, including air conditioners and furniture

(c) Short-term Training-US$3.5 million (to be funded by EU)
(i) a pilot “learning-by-doing” program to train road sector staff, consulting firms and local entrepreneurs in labor-intensive methods relating to the execution and supervision of road rehabilitation and maintenance works;
(ii) in-country seminar-type training of road sector staff, consulting firms and local entrepreneurs in bid preparation, works management and works supervision
(iii) The training of staff involved in program management, including in procurement and contract management, project accounting and financial management, budget preparation and
disbursement; It would also include on-the-job training to staff responsible for safeguard monitoring and road safety, within the road agencies and the Rwandan Environmental Management Agency (REMA)

**Project outcomes and targeted Population**

20. The proposed project would help the government reduce tension on its budget by providing additional resources to help meet one of the country’s pressing challenges, which is how to preserve its road infrastructure. Also, the project would inject additional financial resources to the economy through payments made to local interests for project activities and goods. The reforms to be supported by the project are expected to improve the overall efficiency of the road sector on which the country is highly dependent for national integration and economic growth.

The improved road network would generate time and cost savings to national and international road travelers, as well as additional savings to agricultural producers and local businesses relying on road transport.

21. The training programs are expected to help the government and the road industry to rebuild depleted capacity in the road sector, thus narrowing the human capital gap caused by the Genocide. In addition to generating employment, the road maintenance component of the project is expected to help restore and develop private sector capacity in the national road industry. A registry to be established during the project and updated on an on-going basis, would provide a framework for continued assessment and update of the capacity of the local SMEs in the road and transport sectors. It is also intended to forge a new partnership that transforms road side beneficiaries from destroyers and passive observers to active custodians of the road network.

Labor-intensive works of the dimension targeted by the project would create jobs, especially for the rural population, thus limiting rural exodus. Women will constitute at least 50% of the work force under the road maintenance sub-component.

22. The anti HIV/AIDs campaign to be implemented by the project will benefit road workers and road side communities.

5. Financing

<table>
<thead>
<tr>
<th>Source:</th>
<th>($m.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER/RECIPIENT</td>
<td>15</td>
</tr>
<tr>
<td>INTERNATIONAL DEVELOPMENT ASSOCIATION</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
</tr>
</tbody>
</table>

6. Implementation

28. As indicated in the foregoing paragraph, the project is part of a five year program to be jointly financed on a SWAP basis by the Government (through the RMF), the ADB, IDA, and EU. A Memorandum of Understanding (MOU) confirming the salient aspects of the partnership will be concluded prior to effectiveness. The following table summarizes the financing arrangements for the program.

<table>
<thead>
<tr>
<th>Transport Program 2007-2011: Financing Plan (US$M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sources</td>
</tr>
<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td>BORROWER/RECIPIENT</td>
</tr>
<tr>
<td>INTERNATIONAL DEVELOPMENT ASSOCIATION</td>
</tr>
</tbody>
</table>
### Project Cost by Components and by Financing Source (US$M)

<table>
<thead>
<tr>
<th>Component</th>
<th>Co-Financier/Activity</th>
<th>Government (RMF)</th>
<th>ADB</th>
<th>EU</th>
<th>IDA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kigali-Ruhengeri</td>
<td></td>
<td>38.5</td>
<td>38.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road Maintenance</td>
<td>46.6</td>
<td>7.4</td>
<td>3</td>
<td>60.0</td>
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<tr>
<td>Institutional Development</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sector Policy</td>
<td>0.5</td>
<td>2.1</td>
<td>2.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analytical Capacity</td>
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<td>2.8</td>
<td>3.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program management</td>
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<td>5.4</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Project</strong></td>
<td><strong>Base Cost</strong></td>
<td><strong>46.7</strong></td>
<td><strong>0.5</strong></td>
<td><strong>11.7</strong></td>
<td><strong>48</strong></td>
<td><strong>106.8</strong></td>
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<td>Price Contingency</td>
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<td>Physical Contingency(^1)</td>
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<td>3.9</td>
</tr>
<tr>
<td><strong>Project</strong></td>
<td><strong>Total Cost</strong></td>
<td><strong>49</strong></td>
<td><strong>0.5</strong></td>
<td><strong>12.3</strong></td>
<td><strong>54.3</strong></td>
<td><strong>116.0</strong></td>
</tr>
</tbody>
</table>

29. In addition, the EU has financed some of the analytical work used for project preparation, as well as the design studies and bidding documents for the Kigali-Ruhengeri. Other project preparation activities were financed through a bank-administered PHRD grant of US$ 904,050. A good part of the sector background material derives from the Country Framework study funded through a PPIAF facility.

1. (See Annexes 6, 7 and 8)

### Institutional Arrangements

30. The overall responsibility for road policy is dedicated to the Infrastructure Planning Unit within the Ministry of Infrastructure. Until January 2006 the Public Works Unit of the same ministry was responsible for the development and maintenance oversight of all main paved and unpaved roads of the country. The recent reorganization abolishes the Public Works Unit and the Transport Unit, and allows for the creation of an autonomous road agency. Until the agency is created, the responsibility of the former Publics Works Unit will be exercised by the

\(^1\) Applied on the rehabilitation contract only
Infrastructure Planning Unit, which has also absorbed the mandate and staff of the former Transport Unit. In this light, the staff of the Public Works and Transport Units has been assigned to the Planning Unit. In addition, the Government has agreed with donors to transform the existing Infrastructure Special Unit into a Technical Support Unit (TSU) comprising externally recruited consultants. The TSU’s main mandate will be to help the ministry in the implementation of the ongoing institutional reforms, including the preparation of sector strategies, the establishment of the road agency, the validation of sector analytical work carried out by external consultants. In doing so, the unit would also help train technical staff of the ministry and other sector agencies in M&E, planning and analytical techniques. The TSU is expected to gradually phase out as the ministry’s capacity increases.

31. A Transport Project Management Unit (CGPT) was formed in 2005 to support the project management function of MININFRA. Like the TSU, the unit reports directly to the Secretary General of the ministry of infrastructure. In addition to supporting the project, the unit is responsible for coordinating the work of the inter-ministerial committee created to implement the Rwandan component of the Trade and Transport Facilitation Project. The cost associated with the staffing and operation of the unit will be shared between the projects that it manages.

32. A project implementation manual will define the operational procedures to govern inter-unit relationships and project implementation. The manual is expected to have been adopted prior to project effectiveness.

33. In accordance with the new decentralization policy of the government, districts will henceforth be responsible for the development and maintenance of the unpaved communal road network. Maintenance of paved roads is carried out by the private sector under national competitive tender arrangements cleared with or administered by the National Tender Board. Local communities carry out simple maintenance activities of paved roads supervised by ministerial or district staff, depending on whether the roads being maintained are national or district.

34. Rwanda’s entire road network is state-owned. Funding for road maintenance is provided through the Road Maintenance Fund (RMF), which was established as a road fund in the early 1990’s and transformed into an independent body through the legal notice No. 14 bis/98 amending the legal notice No. 20/89 of 11/09/1989. Income of the fund is derived variously from a levy on fuel, a toll on foreign registered vehicles per border crossing (USD 76-152 depending on the size of the vehicle), an axle-load charge and penalties for overloaded vehicles (currently only sporadically enforced), road damage compensation and government contributions.

35. Budgetary allocations to the transport sector are decided following a yearly cycle under the coordination of the Ministry of Finance and Economic Planning.

**Implementation Arrangements**

36. The Ministry of Infrastructure (MININFRA) would have the overall responsibility for project implementation, through its Infrastructure Planning Unit (IPU) and the Transport Project Management Unit (CGPT).
37. The IPU would be responsible for the technical implementation of the road rehabilitation and road maintenance components (Components 1 and 2), and sub-components 3.1, 3.2 (a) and 3.2 (b). The director of the unit would oversee the implementation of the components with the support of a resident road planning expert based within the TSU, and visiting consultants recruited internationally and equally assigned to the TSU. Terms of reference for the expert and consultants will be finalized during project appraisal. The IPU would contract out (i) rehabilitation works and their supervision through international bidding; (ii) mechanized and labor-intensive routine maintenance through five year output-based contracts concluded following national and/or international tendering.

38. The CGPT would be responsible for the implementation of sub-components 3.2 (c) and 3.3, in addition to its project management functions as described below. The coordinator for the unit has led most of the preparation of the project. He is supported by the following key staff, who have also been recruited: a procurement specialist, also responsible for program M&E, a financial management specialist, an accountant and an administrative assistant. The team will be completed with an environmental specialist to be recruited and trained prior to project effectiveness.

39. Financial Management, Disbursement and Procurement (details in Annexes 7 and 8). CGPT would be responsible for the financial management and disbursement arrangements under components 1 and 3 of the project. Those of component 2 would be managed by the Road Maintenance Fund (RMF).

40. Procurement and Disbursement arrangements for the project would be conducted in a SWAP disposition involving the Government, the African development Bank, the European Union and IDA.

41. Normal IDA procedures for investment operations would apply for Component 1, which includes a single works contract and a single TA contract for works supervision: Both contracts would be financed entirely by IDA and disbursed through direct payments claimed by the CGPT from IDA.

42. For components 2, IDA, EU and Government funds would be disbursed into a pooled account managed by RMF for the financing of the five year performance-based road maintenance and supervision contracts. In order to avoid split financing and procedure conflicts among the three financiers, procurement would be carried out (i) following national or specific procedures to be defined in a procedure manual, and (ii) using bidding documents adapted from the Bank’s model for output-based road maintenance. The two co-financiers would clear the bidding documents upfront, but the Government would be the sole signatory of the road maintenance and supervision contracts. IDA and EU would not sign the contracts.

43. Component 3 would also be the subject of a pooled account. The same arrangements described above for component 2 would apply for Component 3, except that (i) the second pooled account would be managed by the CGPT; (ii) the three co-financiers would be IDA, ADB and EU (without the government), and (iii) the pooled resources would finance varied activities,
including operating costs, training, consultant costs, seminars and international travel, as defined in the project and legal documents, and/or the project implementation manual.

47. Project procurement documents have been prepared mainly by international consultants as part of ongoing design studies. In order to reduce procurement delays which currently stand at more than 52 weeks for consultants and works, the Government has agreed that a special procurement delegation will be granted to the ministry of infrastructure in the context of the ongoing decentralization, provided that there is proven capacity within the ministry.

48. The establishment of legal instruments, acceptable to IDA, confirming the above implementation arrangements and responsibilities would be a condition of negotiations. The director of the CGPT has been recruited and key staff has been selected. Meeting these requirements further confirms the government’s commitment to the project. Based on the quality of dialogue and actions taken so far by the government during project preparation, and given the additional reinforcements with the CGPT and the special procurement commission as proposed, both the Borrower and CGPT should have adequate technical capacity to carry out the project.

**Reporting and audits**

49. The Director of CGPT, supported by the Secretary General, would coordinate, produce and ensure timely delivery of project activities, activity reports, financial monitoring reports, financial and technical audit reports, as well as the fulfillment of legal covenants. In this regard, he would ensure that project financial audits are conducted and submitted in a timely fashion, and that appropriate internal control dispositions are carried out with the support of external consultants, if necessary.

**Supervision**

50. Given the weak capacity on the ground, a Bank implementation support mission will be carried out once every four months during the two first years of project activities and thereafter once every six months provided the project performance permits. During these missions a selective post review of contracts awarded below the threshold will be conducted on at least one in ten contracts. The procurement specialist will review the implementation of the measures agreed regarding the strengthening of procurement capacity within MININFRA.

7. Sustainability

52. Project sustainability is likely. The remunerative character of rural community involvement in road maintenance as part of daily activities is expected to reduce farmer encroachment on roads, thereby sustaining the maintained network. The project design includes a disposition for reliable and continued payment of maintenance by the fuel levy, which is expected to become a permanent national source of road maintenance financing. The projected increases to RMF financing would largely cover road maintenance needs if the Government's road investment program was kept under control. The latter will be the subject of permanent dialogue with donors. Most capacity building initiatives under the project will take place in the country and will generate a critical mass of expertise available to both the public sector and the private sector beyond the life of the project. The SWAP concept and the pooled resource management to be experimented for the first time in Rwanda is expected to further strengthen national systems.
8. Lessons Learned from Past Operations in the Country/Sector

23. The proposed Grant draws from recommendations by OED and the ICR of the previous Bank-supported operation, both of which emphasized the need for future IDA support to rebuilding Rwanda’s depleted institutional and road maintenance capacities\(^2\). Both assessments rated past IDA operations to the transport sector satisfactory, but concluded that they had been complex and had not accommodated the Government’s financial and human absorption capacity. On the specific area of road works and maintenance, the ICR suggested continued involvement of external donors in helping the Government reduce the backlog of maintenance and rehabilitation. It also recommended increased labor-based construction methods as a means of promoting employment, particularly in the rural areas. It emphasized the need to build partnerships with village communities so as to guarantee the sustainability of road maintenance by integrating it in agricultural activities. The ICR also recommended that mineralogical assessments be systematically included in all design studies for road works, in order to mitigate previous chemical reactions attributed to the quality of rock material used in previous road works. The design of the proposed project takes into account these lessons.

24. The project design is also influenced by the growing focus on public-private partnerships in infrastructure maintenance and development. It includes a disposition to outsource road maintenance to the private sector and road side communities, based on experiences in Rwanda’s immediate neighbors—Burundi and Uganda. It equally draws from recent best practices for new generation Road Funds and successful privatizations of road maintenance works in a good number of countries in Sub-Saharan Africa. It marks a departure from the former inefficient force account practices, and integrates long term output-based road maintenance contracts. The program approach supported by the project takes into account recent developments, notably the Africa Action Plan adopted by the Bank in 2005 and the Paris Declaration on Aid Effectiveness, both of which lay greater emphasis on partnerships and the strengthening of national systems through the delivery of development assistance.

List of Factual Technical Documents

1. Transport Sector Policy Study, 2005 by CIMA international
2. Road Network Classification Study, 2005
3. Kigali-Ruhengeri-Gisenyi Road Rehabilitation design Study, 2005
   (in technical, economic and environmental volumes)
4. Kigali-Gatuna road rehabilitation study, 2005
   (in technical, economic and environmental volumes)
5. Kayonza-Rusumo road rehabilitation study, 2005
   (in technical, economic and environmental volumes)
6. Rwanda Diagnostic Trade integration Study, 2005
7. Road Maintenance institutional and operational diagnostic study, 2005
8. Rwanda Framework Study, 2004

9. Contact point

\(^2\) ICR, Rwanda Transport Sector Project, October 2002
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