

Document of
The World Bank

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Report No: PAD1254

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON

PROPOSED CREDITS

TO THE

DEMOCRATIC REPUBLIC OF CONGO
IN THE AMOUNT OF SDR 24.4 MILLION
(US\$34 MILLION EQUIVALENT)

REPUBLIC OF RWANDA
IN THE AMOUNT OF SDR 18.7 MILLION
(US\$26 MILLION EQUIVALENT)

REPUBLIC OF UGANDA
IN THE AMOUNT OF SDR 10.1 MILLION
(US\$14 MILLION EQUIVALENT)

A PROPOSED GRANT TO THE
COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA
IN THE AMOUNT OF SDR 3.6 MILLION
(US\$5.00 MILLION EQUIVALENT)

FOR THE

GREAT LAKES TRADE FACILITATION PROJECT

September 2, 2015

Trade and Competitiveness Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective July 31, 2015)

Currency Unit = US

US\$1 = SDR 0.717

FISCAL YEAR

January 1 – December 31 (DRC and COMESA)

July 1- June 30 (Uganda and Rwanda)

ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
AFCRI	Africa Regional Integration
AGL	Aeronautical Ground Lighting
AMHS-P	Aeronautical Message Handling System
AU	African Union
B&F	Budget and Finance
BNR	National Bank of Rwanda
BoU	Bank of Uganda
BP	Bank Policy
CAS	Country Assistance Strategy
CEPGL	<i>Communauté Economique des Pays des Grands Lacs</i> (Economic Community of the Great Lakes Countries)
CGPMP	<i>Cellule de Gestion des Projets et des Marchés Publics</i> (Management Unit for the Projets and Public Procurement)
CI/MITP	Cellule Infrastructure / Ministry of Infrastructure and Public Works
COMESA	Common Market for Eastern and Southern Africa
CRJ	Canadair Regional Jet
CSOs	Civil Society Organizations
DA	Designated Account
DAF	<i>Direction des Affaires Financières</i> (Directorate of Financial Management)
D-AIM	Digital Aeronautical Information Management
DfID	Department for International Development (UK)
DG	Director General
DGDA	<i>Direction Générale des Douanes des Assises</i> (General Directorate of Customs and Excises)
DGM	<i>Direction Générale de la Migration</i> (General Directorate of Immigration)
DRC	Democratic Republic of Congo
EAC	East African Community

ESIA	Environmental and Social Impact Assessments
ESMF	Environmental and Social Management Framework
ESMPs	Environmental and Social Management Plans
FCS	Fragile and Conflict-affected States
FCVG	Fragility, Conflict and Violence Group
FM	Financial Management
FMM	Financial Management Manual
FY	Fiscal Year
GAC	Governance and Anti-Corruption
GBV	Gender Based Violence
GDP	Gross Domestic Product
GLI	Great Lakes Indicators
GLR	Great Lakes Region
GLRCF	Great Lakes Region Conflict Facility
GLTFP	Great Lakes Trade and Facilitation Project
GLTFP-1	Great Lakes Trade Facilitation Project – 1
GNSS	Global Navigation Satellite System
GoU	Government of Uganda
GRS	Grievance Redress Service
HQ	Head Quarter
HRM	Human Resource Management
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
ICBT	Informal Cross Border Trade
ICGLR	International Conference on Great Lakes Region
ICT	Information and Communication Technology
IDA	International Development Association
IEG	Independent Evaluation Group
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management Information System
IFR	Interim unaudited Financial Reports
IFRS	International financial reporting standards
IOM	International Organization for Migration
IPF	Investment Project Financing
IPSAS	International Public Sector Accounting Standards
IRR	Internal Rate Of Return
ISSSS	International Security and Stabilization Support Strategy
IT	Information Technology
JBC	Joint Border Committees
KfW	Kreditanstalt für Wiederaufbau, German Development Bank
KLM	Dutch airline
KME	Kamembe
LODA	Rwanda Local Administrative Entities Development Agency
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Uganda
MIA	Ministry of Internal Affairs, Uganda

MINAGRI	Ministry of Agriculture, Rwanda
MINALOC	Ministry of Local Government, Rwanda
MINECOFIN	Ministry of Finance and Economic Planning, Economy and Finance, Rwanda
MINICOM	Ministry of Trade and Industry
MININFRA	Ministry of Infrastructure, Rwanda
MITP	<i>Ministère des Infrastructures et Travaux Publiques</i> (Ministry of Infrastructure and Public Works)
MoC	Ministry of Commerce, DRC
MOJCA	Ministry of Justice and Constitutional Affairs, Uganda
MONUSCO	<i>Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo</i> (United Nations Organization Stabilization Mission in the Democratic Republic of Congo)
MoWT	Ministry of Works and Transport, Uganda
MTIC	Ministry of Trade, Industry and Cooperatives, Uganda
NCTTCA	Northern Corridor Transit Transport Coordination Authority
NISR	National Institute of Statistics Rwanda
NOTAM	Notices to Airmen
NPV	Net Present Value
OCC	<i>Office Congolaise de Control</i> (Standards Office of DRC)
OHADA	<i>Organisation pour l'Harmonisation en Afrique du Droit des Affaires</i> (Organization for the Harmonization of business Law in Africa)
OP	Operation Policy
OSBP	One Stop Border Post
PAD	Project Appraisal Document
PBM	Performance-Based Management
PCU	Project Coordination Unit
PDA	Personal Digital Assistant
PDO	Project Development Objective
PDU	Procurement and Disposal Unit
PFMRS	Public Financial Management Reform Strategy
PIC	Provincial Implementation Committee
PIM	Project Implementation Manual
PIT	Project Implementation Team
PIU	Project Implementation Unit
PPA	Project Preparation Advance
PPT	Provincial Project Team
PR	Procurement
PSC	Project Steering Committee
PSCF	Peace, Security and Cooperation Framework
PTC	Provincial Technical Committee
RAP	Resettlement Action Plan
RCAA	Rwanda Civil Aviation Authority
RCSC	Regional Coordination Steering Committee
REC	Regional Economic Community
RECs	Regional Economic Communities

RIIP	Regional Integration Implementation Project
RNAV	Area Navigation
RPF	Resettlement Plan Framework
RRA	Rapid Result Approach
RRA	Rwanda Revenue Authority
RTDA	Rwanda Transport Development Agency
RWF	Rwandan Franc
SADC	Southern African Development Community
SG/MC	Secretary General of the Ministry of Commerce
SIDs	Standard Instrument Departures
SOP	Series of Projects
SORT	Systematic Operations Risk- Rating Tool
SPIU	Single Project Implementation Unit
SQAV	Service de Quarantaine Animale et Végétal
STAREC	<i>Le programme de stabilisation et de reconstruction des zones sorties des conflits à l'est de la RDC</i> (Stabilisation and Reconstruction Program of DRC)
STARS	Standard Terminal Arrival Route Charts
STR	Simplified Trade Regime
TA	Technical Assistance
TID	Trade Information Desk
TMEA	Trade Mark East Africa
TOMPRO	Proprietary Project Accounting Software
TSA	Treasury Single Account
TTFSE	Trade and Transport Facilitation in South East Europe
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shilling
UN	United Nations
UNRA	Uganda National Roads Authority
URA	Uganda Revenue Authorities
US\$	United State dollars
VOR/DME	VHF omnidirectional range/distance measuring equipment
WBG	World Bank Group
WGS	Wideband Global Satellite Communication (SATCOM) system
ZMW	Zambia Kwacha

Regional Vice President:	Makhtar Diop
Country Director:	Ahmadou Moustapha Ndiaye
Senior Global Practice Director:	Anabel Gonzalez
Practice Manager:	David Bridgman
Task Team Leaders:	Paul Brenton, Charles Kunaka, Shiho Nagaki

AFRICA
Great Lakes Trade Facilitation Project (P151083)

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PAD DATA SHEET*Africa**Great Lakes Trade Facilitation Project (P151083)***PROJECT APPRAISAL DOCUMENT***AFRICA*

Report No.: PAD1254

Basic Information			
Project ID P151083	EA Category B - Partial Assessment	Team Leader(s) Paul Brenton, Charles Kunaka, Shiho Nagaki	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [X]		
	- Fragile States		- Post-Conflict
	Financial Intermediaries []		
	Series of Projects [X]		
Project Implementation Start Date 25-September-2015	Project Implementation End Date 25-Sep-2020		
Expected Effectiveness Date 21-Dec-2015	Expected Closing Date 31-Dec-2020		
Joint IFC No			
Practice Manager/Manager David Bridgman	Senior Global Practice Director Anabel Gonzalez	Country Director Ahmadou Moustapha Ndiaye	Regional Vice President Makhtar Diop
Recipients: Democratic Republic of Congo; Republic of Rwanda; Republic of Uganda, and Common Market for Eastern and Southern Africa			
Responsible Agency: Rwanda Ministry of Trade and Industry			
Contact: Telephone No.:	Jean Louis Uwitonze 0785491031	Title: DG Planning Email:	Uwitonze.jeanlouis@gmail.com
Responsible Agency: Rwanda Civil Aviation Authority (RCAA)			
Contact: Telephone No.:	Silas Udahemuka 250252585845	Title: Director General Email:	info@caa.gov.rw
Responsible Agency: Rwanda Local Administrative Entities Development Agency (LODA)			
Contact:	Laetitia Nkunda	Title:	Director General

Telephone No.:	250788303315	Email:	info@loda.gov.rw			
Responsible Agency: Rwanda Transport Development Agency (RTDA)						
Contact:	Guy Kalisa	Title:	Director General			
Telephone No.:	25078830966	Email:	info@rtda.gov.rw			
Responsible Agency: DRC Cellule Infrastructure of MITP (CI/MITP)						
Contact:	Billy Tshibambe	Title:	Directeur			
Telephone No.:	243992907453	Email:	tshibambe@celleleinfra.org			
Responsible Agency: DRC Ministry of Commerce (SG/MC)						
Contact:	Marcelin Minaku	Title:	Directeur de Cabinet Adjoint			
Telephone No.:	243998511812	Email:	marcominaku@yahoo.fr			
Responsible Agency: Uganda Ministry of Trade, Industry & Cooperatives (MTIC)						
Contact:	Ambassador Julius Onen	Title:	Permanent Secretary			
Telephone No.:	414314230	Email:	ps@mtic.go.ug			
Responsible Agency: Uganda Ministry of Works and Transport						
Contact:	Alex B. Okello	Title:	Permanent Secretary			
Telephone No.:	2414259139	Email:	ps@works.go.ug			
Responsible Agency: COMESA						
Contact:	Francis Mangeni	Title:	Director of Trade			
Telephone No.:	260211229725	Email:	fmangeni@comesa.int			
Project Financing Data(in US\$ Million)						
<input type="checkbox"/>	Loan	<input checked="" type="checkbox"/>	IDA Grant	<input type="checkbox"/>	Guarantee	
<input checked="" type="checkbox"/>	Credit	<input type="checkbox"/>	Grant	<input type="checkbox"/>	Other	
Total Project Cost:	79.00		Total Bank Financing:	79.00		
Financing Gap:	0.00					
Financing Source						
International Development Association (IDA)					79.00	
Total					79.00	
Expected Disbursements (in US\$ Million)						
Fiscal Year	2016	2017	2018	2019	2020	2021
Annual	3.00	18.00	18.00	25.00	15.00	0.00
Cumulative	3.00	21.00	39.00	64.00	79.00	79.00

Institutional Data				
Practice Area (Lead)				
Trade & Competitiveness				
Contributing Practice Areas				
Governance				
Cross Cutting Topics				
[] Climate Change				
[X] Fragile, Conflict & Violence				
[X] Gender				
[] Jobs				
[] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Industry and trade	Other domestic and international trade	40		
Transportation	General transportation sector	35		
Public Administration, Law, and Justice	General public administration sector	15		
Public Administration, Law, and Justice	Public administration-Industry and trade	10		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Trade and integration	Trade facilitation and market access	40		
Trade and integration	Regional integration	25		
Public sector governance	Other public sector governance	20		
Rural development	Rural markets	15		
Total		100		

Proposed Development Objective(s)		
The Development Objective of this project is to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small-scale and women traders, at targeted locations in the borderlands.		
Components		
Component Name	Cost (US\$ Millions)	
Component 1: Improving core trade infrastructure and facilities in the border areas	54.35	
Component 2: Implementation of Policy and Procedural Reforms and Capacity Building to Facilitate Cross-Border Trade in Goods and Services	9.50	
Component 3: Performance Based Management in Cross-Border Administration	4.55	
Component 4: Implementation support, Communication and Monitoring and Evaluation	10.60	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	High	
2. Macroeconomic	Substantial	
3. Sector Strategies and Policies	High	
4. Technical Design of Project or Program	Substantial	
5. Institutional Capacity for Implementation and Sustainability	Substantial	
6. Fiduciary	High	
7. Environment and Social	Substantial	
8. Stakeholders	High	
9. Other		
OVERALL	High	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]

Does the project meet the Regional criteria for readiness for implementation?		Yes [X]	No []
Safeguard Policies Triggered by the Project			
	Yes	No	
Environmental Assessment OP/BP 4.01	X		
Natural Habitats OP/BP 4.04	X		
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12	X		
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	
Legal Covenants			
Name	Recurrent	Due Date	Frequency
DRC: Recruitment of staff for the PCU at the Ministry of Commerce		Within three months after the effectiveness date	
Description of Covenant			
The Recipient shall, by no later than three (3) months after the Effective Date, recruit a technical project management expert, monitoring and evaluation specialist, internal auditor, and procurement consultant for the Project Coordination Unit, in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.			
Name	Recurrent	Due Date	Frequency
DRC: Recruitment of staff for the Cellule Infrastructure		Within three months after the effectiveness date	
Description of Covenant			
The Recipient shall, by no later than three (3) months after the Effective Date, appoint a project leader, an internal auditor, a procurement assistant, an accountant and a secretary for the Cellule Infrastructure, all in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.			
Name	Recurrent	Due Date	Frequency
DRC: Establishment of Provincial Technical Committee and recruitment of staff		Within six months after the effectiveness date	

Description of Covenant			
The Recipient shall, by no later than six (6) months after the Effective Date, and thereafter maintain at all times during the implementation of the Project, a Provincial Technical Committee for each of the provinces of North Kivu and South Kivu, with a composition, mandate and terms of reference satisfactory to the Association.			
Name	Recurrent	Due Date	Frequency
DRC: Establishment of Provincial Project Teams		Within six months after the effectiveness date	
Description of Covenant			
The Recipient shall, by no later than six (6) months after the Effective Date: (a) establish, and thereafter maintain at all times during the implementation of the Project, a Provincial Project Team, within each of the Provincial Ministries of Finance, Economy, Commerce and Industry in the provinces of North Kivu and South Kivu, with a composition, mandate and terms of reference satisfactory to the Association; and (b) to this end shall recruit a provincial Project coordinator, monitoring and evaluation specialist, and accountant for each of the Provincial Project Teams, all in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.			
Name	Recurrent	Due Date	Frequency
DRC: Acquiring accounting software for the Ministry of Commerce		Within three months after the effectiveness date	
Description of Covenant			
The Recipient shall, by no later than three (3) months after the Effective Date, acquire and install in the Ministry of Commerce, and provide training on the use of, accounting software with specifications satisfactory to the Association.			
Name	Recurrent	Due Date	Frequency
Rwanda: Recruitment of staff for the SPIU at MINICOM		Within three months after the effectiveness date	
Description of Covenant			
The Recipient shall, by no later than three (3) months after the Effective Date appoint a procurement specialist, an environmental safeguards specialist, a social development specialist, a monitoring and evaluation specialist, a trade specialist, a finance manager, an accountant, an internal auditor and an administrative assistant for the SPIU, all in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.			
Name	Recurrent	Due Date	Frequency
Rwanda: Recruitment of staff for RCAA		Within three months after the effectiveness date	
Description of Covenant			
The Recipient shall, by no later three (3) months after the Effective Date, appoint a civil engineer for RCAA, in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.			

Name	Recurrent	Due Date	Frequency
Rwanda: Recruitment of staff for LODA		Within three months after the effectiveness date	
Description of Covenant The Recipient shall, by no later than three (3) months after the Effective Date, appoint a civil engineer, a procurement specialist and accountant for LODA, all in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.			
Name	Recurrent	Due Date	Frequency
Rwanda: Preparation of FM manual for LODA		Within three months after the effectiveness date	
Description of Covenant By no later than three (3) months after the Effective Date, the Recipient shall prepare, in accordance with terms of reference acceptable to the Association and furnish to the Association for review, a Financial Management manual.			
Name	Recurrent	Due Date	Frequency
Rwanda: Preparation of a Project Implementation Manual		Within three months after the effectiveness date	
Description of Covenant By no later than three (3) months after the Effective Date, the Recipient shall prepare, in accordance with terms of reference acceptable to the Association and furnish to the Association for review, a Project implementation manual.			
Name	Recurrent	Due Date	Frequency
Rwanda: acquiring accounting software for RCAA		Within three months after the effectiveness date	
Description of Covenant The Recipient shall, not later than three (3) months after the Effective Date, acquire and install in RCAA, and provide training on the use of, accounting software with specifications satisfactory to the Association.			
Name	Recurrent	Due Date	Frequency
Uganda: Recruitment of staff for the PIU in the MTIC		Within three months after the effectiveness date	
Description of Covenant The Recipient shall, by no later than three (3) months after the Effective Date, appoint a Project officer, a safeguards specialist, a procurement specialist, and an administrative assistant for the Project Implementation Unit, all in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.			

Name	Recurrent	Due Date	Frequency
Uganda Designation of a Component Manager for the project at MoWT		Within three months after the effectiveness date	
Description of Covenant The Recipient shall, by no later than three (3) months after the Effective Date designate a Component Manager for Parts 1(a) (iii) and 1(d) (iii) of the Project, with qualifications, experience and terms of reference satisfactory to the Association.			
Name	Recurrent	Due Date	Frequency
Uganda: Preparation of a Project Implementation Manual		Within three months after the effectiveness date	
Description of Covenant By no later than three (3) months after the Effective Date, the Recipient shall prepare, in accordance with terms of reference acceptable to the Association and furnish to the Association for review, a Project implementation manual.			
Name	Recurrent	Due Date	Frequency
COMESA Recruitment of staff for Division of Trade		Within three months after the effectiveness date	
Description of Covenant The Recipient shall, by no later than three (3) months after the Effective Date, appoint a Project officer, a procurement assistant and an accountant, all in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.			
Name	Recurrent	Due Date	Frequency
COMESA Preparation of a Project Implementation Manual		Within three months after effectiveness date	
Description of Covenant The Recipient shall, not later than three (3) months after the Effective Date, prepare in accordance with terms of reference acceptable to the Association and furnish to the Association for review, a Project implementation manual.			
Name	Recurrent	Due Date	Frequency
DRC, Rwanda, Uganda and COMESA: Mid-Term Review		Within thirty months after the effectiveness date	
Description of Covenant The Recipient shall, not later than thirty (30) months after the Effective Date, undertake, in conjunction with all agencies involved in the Project, a comprehensive mid-term review of the Project.			

Conditions		
Source Of Fund	Name	Type
PPA	DRC Establishment of Project Coordination Unit at the Ministry of Commerce	Effectiveness Condition
Description of Condition The Recipient has: (i) established a functional Project Coordination Unit, in accordance with the provisions of Section I.A.1(b)(i) of Schedule 2 to the Financing Agreement; and (ii) appointed a Project coordinator, a procurement specialist, a finance and administration manager, and an accountant for the Project Coordination Unit, all in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.		
Source Of Fund	Name	Type
None	DRC Establishment of Project Steering Committee	Effectiveness Condition
Description of Condition The Recipient has established the Project Steering Committee, in accordance with the provisions of Section I.A.2 of Schedule 2 to the Financing Agreement.		
Source Of Fund	Name	Type
PPA	DRC Hiring of Social Development Specialist and Resettlement Specialist for the Cellule Infrastructure	Effectiveness Condition
Description of Condition The Recipient has appointed a Social Development Specialist and a Resettlement Specialist for the Cellule Infrastructure, all in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.		
Source Of Fund	Name	Type
PPA	DRC Adoption of the Project Implementation Manual	Effectiveness Condition
Description of Condition The Recipient has adopted the Project Implementation Manual in accordance with the provisions of Section I.B.1 of Schedule 2 to the Financing Agreement.		
Source Of Fund	Name	Type
None	DRC Identification of sites and investments for Sub-components 1.1 and 1.2	Effectiveness Condition
Description of Condition The Recipient has identified the specific Subprojects under Parts 1(a) (i) and 1(b) (i) of the Project, in a manner satisfactory to the Association.		
Source Of Fund	Name	Type
None	Rwanda Signing the Subsidiary Agreements	Effectiveness Condition
Description of Condition Subsidiary Agreements have been executed on behalf of the Recipient and each of the Project Implementing Entities (RCAA, LODA and RTDA).		

Source Of Fund	Name	Type
None	Rwanda Establishment of Project Steering Committee	Effectiveness Condition
Description of Condition		
The Recipient has established the Project Steering Committee, in accordance with the provisions of Section I.A.2 of Schedule 2 to the Financing Agreement		
Source Of Fund	Name	Type
None	Uganda Establishment of Project Steering Committee	Effectiveness Condition
Description of Condition		
The Recipient has established the Project Steering Committee, in accordance with the provisions of Section I.A.3 of Schedule 2 to the Financing Agreement.		

Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Paul Brenton	Lead Economist	Team Leader (ADM Responsible)	GTCDR
Charles Kunaka	Senior Trade Specialist	Team Leader	GTCDR
Shiho Nagaki	Senior Public Sector Specialist	Team Leader	GGODR
Xiaoping Li	Senior Procurement Specialist	Procurement Specialist	GGODR
Patrick Piker Umah Tete	Sr. Financial Management Specialist	Financial Management Specialist	GGODR
Agnes Kaye	Program Assistant	Team Member	AFMUG
Angelo Donou	Financial Management Specialist	Team Member	GGODR
Boutheina Guerhazi	Lead Operations Officer	Team Member	AFCRI
Ashani Alles	Operations Officer	Team Member	GTCDR
Carmine Soprano	E T Consultant	Team Member	GTCDR
Christine Makori	Senior Counsel	Counsel	LEGAM
Christiaan Johannes Nieuwoudt	Finance Officer	Finance Officer	WFALA
Grace Nakuya Musoke Munanura	Senior Procurement Specialist	Team Member	GGODR
Irene Marguerite Nnomo Ayinda-Mah	Program Assistant	Team Member	GTCDR
Jennifer Ngenyi Wabidia	E T Temporary	Team Member	AFCC2
John C. Keyser	E T Consultant	Team Member	GTCDR
Lanssina Traore	Procurement Specialist	Team Member	GGODR
Mulugeta Dinka	E T Consultant	Team Member	GGODR
Nora Carina Dihel	Senior Trade Economist	Team Member	GTCDR
Paul Kato Kamuchwezi	Financial Management Specialist	Team Member	GGODR
Pierre M. Lenaud	Program Assistant	Team Member	GGODR
Sawsan Taha Mohamad Gad	E T Consultant	Team Member	GTCDR
Shingira Samantha Masanzu	Counsel	Team Member	LEGAM
Susan Kayonde	E T Consultant	Team Member	GTCDR

Sylvie Ingabire	Team Assistant	Team Member	AFMRW
Wedex Ilunga	Senior Procurement Specialist	Team Member	GGODR
Yasmin Tayyab	Senior Social Development Specialist	Safeguards Specialist	GSURR
Extended Team			
Name	Title	Office Phone	Location
Bruce Thomson	Consultant, Trade Economist		Washington DC
Hugo De Vries	Consultant, Fragility, Conflict & Violence		Nairobi
Kabemba Lusinde Wa Lusangi	Consultant, Trade and Private Sector Development		Kinshasa
Edwin Nyamasege Moguche	Consultant (FM), Uganda		GGODR
Lillian Brenda Namutebi	Consultant (FM) Rwanda		Kampala
Lingson Chikoti	Consultant, Financial Management Specialist COMESA		Lusaka
Michel Zarnowiecki	Consultant - Custom and Trade Facilitation	33616303107	Toulouse
Vaideeswaran Sankaran	Consultant, Environmental Safeguards		Chennai, India

Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Uganda	Central Region	Kampala	X		Goli, Mpondwe, Bunagana
Zambia	Lusaka	Lusaka	X		COMESA Secretariat
Congo, Democratic Republic of	Kinshasa	Kinshasa City	X		North Kivu, South Kivu, Province Oriental
Rwanda	Kigali	Kigali City	X		Rubavu, Rusizi, Nyamasheke
Consultants (Will be disclosed in the Monthly Operational Summary)					
Consultants Required?	No consultants are required				

I. STRATEGIC CONTEXT

A. Regional Context

1. **The economies of eastern Democratic Republic of Congo (DRC), Rwanda, and western areas of Uganda, have been inextricably linked for centuries.** However, the conflicts of recent years have taken a heavy toll on human life and disrupted the regional economy.¹ Cross-border trade and deeper economic integration can provide improved economic opportunities and security for those households that remain in a state of acute socio-economic vulnerability and suffer disproportionately from poverty and displacement. Cross-border commerce can play an important role in increasing resilience against outside shocks for those households that continue to be afflicted by extreme poverty and so contribute to improving stability in the wider region.

2. **Despite conflict in the Great Lakes Region (GLR), cross-border trade has continued to be an important source of goods, services and incomes for conflict-affected populations.** Trade facilitation is especially important in the context of Fragile and Conflict-affected States (FCS) because it allows such countries to reconnect with the world and to trade in goods and services that are critical for their economic and social development. Trade generates solidarity between communities as people from all ethnicities and backgrounds exchange with each other across borders. By improving livelihoods, people are less likely to fall back on subsistence living, smuggling or worse. During the years of conflict many individuals and households responded to lack of governance, security and publicly provided social goods by devolving into the informal economy. The situation also created an opportunity for smuggling and related criminal activities. Activities for improving cross-border trade need to recognize the way in which value chains that cross borders are formed and interact and must address the needs of the informal sector, build cross-border cohesion and strengthen trust between communities and state institutions in the borderlands.

3. **Small-scale cross-border trade in the GLR is dominated by women.** Cross-border exchange provides the main source of income for a large number of small-scale traders who are predominantly poor women carrying agricultural products. Hence, it is important to integrate a gender focus to this issue. Women are among the most vulnerable groups in the region, and so there is a need to support and enhance the livelihoods that provide women with income, ensuring that they have access to new economic opportunities. Weak governance, including lack of transparency and weak controls for monitoring and preventing abuse and corruption in the management of borders has led to a situation in which these traders are often subject to extortion and physical harassment including rape (see Box 1).² At the same time, some in the local populations indulge in illicit activities, which can include (i) offering bribes to avoid customs control, (ii) contributing to organized smuggling, or (iii) simply evading border control by walking through the bush. This behavior reflects weak governance at the border and lack of respect for the

¹ The underlying sources of the conflict are highly complex and due to an interplay of security dilemmas, regional mistrust, the political mobilization of ethnic differences, and the exploitation of natural resources. Drivers of conflict are discussed in more detail in *Reviving the Great Lakes: A World Bank Group Regional Initiative for Peace, Stability and Economic Development*.

² See also the film 'Les Petites Barrières' at <http://go.worldbank.org/MKK5U1Y2D0>.

authorities which has created a vicious circle where the victims are the most vulnerable populations.

Box 1: Risky Business: Poor Women Cross-Border Traders in the East of the DRC

A recent survey of traders at four border posts in the region identified the following key features of cross-border trade: the majority of traders are women (85 percent of the respondents); most of the officials who regulate the border are men (82 percent); for almost two-thirds of the respondents, income from cross-border trade is the main source of income, and most (77 percent) report that household income is heavily dependent on their trading activity. Cross-border traders regularly have to pay bribes and suffer harassment. The responses from the survey paint a dark picture of the conditions experienced by poor, female cross-border traders. An important feature of border crossings between the DRC and neighboring countries in the Great Lakes region is the large number and range of officials at the border. This exacerbates the problem of poor governance with negative consequences for cross-border traders. A lack of transparency and awareness by both traders and officials of the rules and regulations that are supposed to govern cross-border movements of goods and people compounds this situation. A large number of traders report having to pay bribes and being subject to acts of violence, threats, and sexual harassment. Traders are exposed to beatings, verbal insults, stripping, sexual harassment, and even rape. Much of this abuse is unreported. This lack of economic and physical security and safety undermines the livelihoods of these traders and compounds their lack of access to finance, information, and business knowledge.

4. **Air transport plays an important role in global connectivity and is particularly critical in environments where overland transport is limited.** The eastern part of the DRC has access to air transport services through domestic airports in Goma and Bukavu but also through airports in neighboring countries: Burundi, Rwanda and Uganda, which are better connected to the rest of the world. Poor access to air services increases costs and hampers the growth potential for trade in products that could be traded by air. Presently, travelers from DRC who use airports in neighboring countries are forced to spend additional time in transit and incur higher costs to clear their goods through the land border crossing points. There is therefore, a close link between the efficiency of clearance of passengers and goods through land border posts and access to air services at the Kigali, Entebbe and Bujumbura airports.^[1] In addition, the regulatory environment for air transport services is restrictive thereby limiting the availability of air services. For instance, there is no bilateral air service agreement between DRC and Rwanda, which would enable the exchange of air traffic rights, especially between airports in the same neighborhood such as Goma, Kamembe and Kigali. A Memorandum of Understanding, used in the past to exchange rights, has expired. Yet, both the continental Yamoussoukro Decision on access to air transport markets in Africa and Common Market for Eastern and southern Africa (COMESA) Regulation 2 of 1999 encourage states to liberalize air transport services between them. In order to fully exploit the potential of air transport it is important to complement access to facilities with policy reforms consistent with continental and COMESA regional integration objectives. Improving access to air transport services may unlock the potential of the GLR in high value agricultural produce. For example,

^[1] Eventually, once Goma airport is rehabilitated there may also be passenger flows from border communities in the neighboring countries who may choose to fly out of Goma.

most of the floriculture and horticulture in Uganda is produced by small scale farmers, but within 40km of Entebbe.^[2] This underscores the importance of proximity to a well-connected airport and the broader spillovers of air transport services in increasing rural incomes.

5. **The development challenges of the GLR are many and the World Bank Group (WBG) is implementing a comprehensive Great Lakes Initiative that seeks to address the key socio-economic dimensions of the underlying sources of conflict.** The initiative has two pillars: one designed to address vulnerable groups and improve community resilience, and a second that focuses on economic cooperation and regional integration. The second pillar provides support to countries by financing infrastructure, removing barriers to trade and economic integration, support for employment generating activities (especially for youths), and raising agricultural productivity to alleviate poverty. Empirical evidence suggests that greater bilateral trade reduces the probability of inter-state war because of the opportunity cost associated with the loss of trade gains. The Great Lakes Initiative is aligned with the regional Peace, Security and Cooperation Framework (PSCF), signed by the regional states in 2013, which sets out a series of priorities to build peace and stability in the region.

6. **Trade and conflict can have localized effects in the GLR.** Cross-border trade can facilitate agricultural trade and increase resilience and social cohesion. Trade facilitation can enable agricultural producers to sell their produce more easily and speedily; improve access to critical inputs into production; reduce the prices of consumer goods and services, and increase real incomes. Reduced border crossing times mean more time for trading activities and higher potential returns. This all adds up to trade helping to raise the opportunity cost of conflict.^{3,4} Since many of the cross-border traders are women, reductions in the time to cross the border are likely to be of particular importance, given the time that these traders must also allocate to household activities. These benefits are most likely to be directly invested in the household, thereby decreasing vulnerability to shocks.

7. **Increased local cross-border trade coincides with poverty reduction in the border areas.** Recent analysis on poverty rates at the district level in Rwanda provides strong rationale linking small-scale cross-border trade with poverty reduction. In examining changes in poverty levels between 2001 and 2011, the districts in Rwanda which have seen the most dramatic declines in poverty are those which share land borders with Uganda, DRC and Burundi. As conflict in DRC and Burundi has declined over that decade, consumption in these markets has gone up, small-scale exports from Rwanda (particularly of agricultural goods) into these growing markets has increased, and poverty in the border districts has dropped. In fact, while poverty rates among districts in the hinterlands or those which do not share a land border with a neighbor have declined 8 percent, border districts witnessed a 23 percent drop in their poverty headcount.

^[2] Kunaka, C., Saslavsky, D. and Watanuki, M. (2015) Small Players in Big World: Trade Logistics in Lagging Regions, Trade and Competitiveness Global Practice, World Bank (unpublished working paper).

³ For example using data on 48 African countries, Berman and Couppenier (2014) find that an increase in a region's main agricultural commodity exports decreases the probability of a conflict and its intensity.

⁴ Using data for Nigerian states in the last decade, Abidoye and Cali (2014) provide some empirical evidence in support of this consumption price effect on conflict.

8. **While small-scale trade in goods is prevalent among the GLR countries, informal trade in services is also important.** Anecdotal evidence suggests that informal transactions are widespread in sectors such as education, health, construction, housekeeping, entertainment and hairdressing. Regulatory barriers such as costly visas, restrictions on residency and work permits, and other immigration hurdles force services providers into informality. As a result, these trade flows remain largely unreported. While services providers remain trapped in informality, governments lose income from taxes and the growth potential of these entrepreneurs are constrained by lack of access to finance.

9. **Tackling the challenges and constraints faced by cross-border traders in the Great Lakes Region requires that a bundle of interrelated constraints are tackled simultaneously.** The main constraints are (i) dilapidated infrastructure at the border and at lake ports resulting in a poor environment for handling and processing goods and people (border posts are lacking in basic amenities such as water, sanitation and electricity as well as essential facilities such warehousing), (ii) harassment and violence against traders, especially women, (iii) lack of transparency and knowledge of trade regimes and procedures, and (iv) very weak control over cross-border movements and trade. These constraints raise costs for traders and make for an insecure trading environment.

10. **Trade can serve to increase regional confidence.** Unlike other, more political, issues which require cross-border collaboration in an area which has known regional mistrust for a long time, trade is a largely win-win issue that all regional states are enthusiastic about promoting. Moreover, there is positive momentum at the local level, with border officials of both sides working together closely, albeit on a rather ad hoc basis. Further institutionalization of these local forms of collaboration around goods, services and security would have positive spillover effects.

Country Contexts

11. **Low income, fragile and conflict affected states suffer from higher poverty rates, lower growth rates, and weaker human development indicators than other low-income countries.** Globally, it is estimated that more than 1.25 billion people live in countries affected by violence and conflict, and that by 2030 about 90 percent of the world's extreme poor, those living on less than \$1.25 per day, will live in fragile and conflict situations.⁵

12. **Economic development in the eastern DRC continues to be undermined by recurring cycles of conflict and instability.** This reflects the continuing weakness of the state and its limited ability to provide security and basic public services in an open and accountable manner; the manipulation of ethnic differences related to land, citizenship and identity by political entrepreneurs and armed groups; the attractiveness of incomes from illegal mining, poaching and taxation of roads; and the severe socioeconomic vulnerability of the population, leading to non-sustainable livelihoods. Steady progress has recently been made to improve economic management and reform the public administration. Nevertheless, serious governance issues remain, reforms have slowed down due to limited capacity and state capacity building has been a slow process. The country's economic growth (some 7 percent per year) has transmitted few benefits for the majority of the population, and the DRC was ranked 186 (out of 187) in the 2014

⁵ The Role of Trade in Ending Poverty, Joint World Bank-WTO Report, June 2015.

Human Development Index. Economic tensions may well rise too: approximately 46 percent of the country's population is younger than 15 years old which increases the burden on the government in terms of human capital formation and job creation. Looking forward, increasing civil unrest around the electoral calendar and ongoing military operations against armed groups in the eastern border zones leading to displacement and a sharp fall in livelihoods for many people are likely to increase these tension in the eastern provinces.⁶

13. **Rwanda's economy performed strongly during the past decade, accompanied by significant poverty reduction.** Between 2001 and 2011, Rwanda's economy grew at the rate of 8.2 percent per annum. The poverty headcount dropped from 59 to 44.9 percent. Social indicators also improved significantly: for instance, during the past decade child mortality fell by two-thirds and primary school enrolment increased significantly and is now close to universal. Rwanda is now ranked at 151 in the Human Development Index. Agriculture has been the main driver of growth and poverty reduction and agriculture remains the backbone of the Rwandan economy in terms of employment and income-generation for the majority of households. Nevertheless, Rwandan households have diversified their income portfolios which has reduced vulnerabilities and supported increase consumption. The percentage of households with at least one non-farm activity more than doubled from 30 percent in 2001 to 70 percent in 2011.

14. **In Uganda the proportion of the population living below the official poverty line declined from 56 percent in 1992/93 to 19 percent in 2013/14.** Despite this impressive performance the reduction of the poverty headcount has yet to translate into improvement in other welfare dimensions and the absolute number of poor people has increased due to population growth. The country is still struggling on some key social indicators, such as maternal and child health, and in education outcomes. In 2011, Uganda ranked 164th on the Human Development Index. Despite a decline in the share of agriculture in Gross Domestic Product (GDP) in the past decade, the vast majority of Ugandans still rely on subsistence agriculture as their main occupation, and main source of income which leads to vulnerability related to climatic shocks, uncertain income, lack of resource to access inputs (land, seeds, etc.).

15. **COMESA has a key role to play in promoting trade and cross-border cooperation in the Great Lakes Region.** COMESA is comprised of nineteen member countries including DRC, Uganda and Rwanda. It has an established work program supporting small-scale traders, primarily through the COMESA Simplified Trade Regime and COMESA Information Desks at key border crossings. In addition, a meeting of the COMESA Ministers of Trade in December 2014 endorsed new Regulations on Minimum Standards for Treatment of Small Scale Cross-Border Traders. These regulations enshrine the Charter for Cross-Border Traders that the Bank has developed, the implementation of which will be supported by the Great Lakes Trade Facilitation Project. COMESA has been implementing the Trading for Peace Program as part of the overall African Union Peace and Security program. The institution provides a forum for trade ministers from the region to discuss common challenges and facilitates regional knowledge generation and sharing.

⁶ For the project, particular areas of concern in this case are around northern North Kivu, where operations against the FDLR, ADF armed group, and a number of its proxies are ongoing, close to the Kasindi border; and Ituri district, where local tensions and operations against the FRPI rebel group may impact on the Mahagi-Goli border crossing. In the second phase, operations against the FNL in South Kivu, as well as spill-over of political violence in Burundi, may impact on trade around the Kavimvira-Gatumba border zone as well.

B. Sectoral and Institutional Context

16. **The eastern DRC holds huge potential for increased cross-border trade.** In particular, the DRC has enormous agricultural potential, but political instability and insecurity have undermined production and food security. Insecurity, uncertainty about the future, pressure on land, lack of information on market opportunities and poor infrastructure have made many communities fall back on low-risk and subsistence cropping, which leaves little surplus to trade in the market. Food production in the DRC fell by between 30 and 40 per cent over the past 10 years. Still, North and South Kivu provinces are areas of high agricultural potential and are potential “breadbaskets” for the country and the broader GLR. There are large areas of land and markets available in the DRC that remain untapped and isolated from the broader economy. The high pressure on agricultural land in Rwanda, but the easy availability of processing facilities in the country, makes the DRC potentially even more relevant as a source of agricultural production.

17. **There is enormous potential for trade to drive growth and poverty reduction in the region and support achievement of the twin goals.** The nascent peace and relative stability provides a window to deepen traditional trade links. For many communities, key markets are situated across a border. Trade across-borders is essential to improve access and lower prices for critical inputs into economic activities including the exports of other goods and services. And it can have a significantly positive impact on consumers by normalizing prices for critical food staples across borders (reducing vulnerability to price shocks). For instance, analysis has shown considerably higher prices for certain agricultural goods in DRC markets relative to Rwandan markets just over the border (see Table 1). There are also considerable opportunities to increase trade in services, including professional services, logistics services, construction services, education and health, and financial services.

Table 1: Differences in Prices between Cross-Border Markets in Rwanda and DRC for Goods Traded Informally

Product	Unit	Average Price (Rwandan Francs, Jan-Apr 2011)					
		Gisenyi	Goma	Difference	Kamembe	Bukavu	Difference
Beans	Per Kg	305.03	372.06	18%	314.74	471.3	33%
Cassava	Per Kg	-	256.38	-	169.73	259.87	35%
Cassava Flour	Per Kg	276.19	377.71	27%	212.1	205.39	-3%
Rice (Rwandan)	Per Kg	561.11	670.94	16%	519.31	680.95	24%
Beef	Per Kg	1500	2279.85	34%	1873.92	2465.71	24%
Goat	Per Kg	2172.28	2288.11	5%	2092.4	2480.92	16%
Average Difference			24%			21%	

Source: Adapted from Rwanda National Cross-Border Trade Strategy (2012)

18. **Most of the trade in the GLR is small-scale.** Small-scale cross-border trade fosters shared economic growth and interdependence between populations with a history of division and mistrust, and is thus important for peace building in the GLR. Official statistics vastly understate the amount of trade that crosses borders in the region (Table 2). For example, the number of trucks crossing the border is a tiny fraction of the tens of thousands of people who cross official borders in eastern

DRC every day for commercial purposes. Rwanda, in its National Cross-Border Trade Strategy, points out that in fact, in 2011 informal (or small-scale) exports were higher than formal exports (RWF 33.2 billion informal versus RWF 21.9 billion formal). This trade is not illegal trade but is unorganized small scale trade often conducted through formal border crossings by individuals who operate in the informal sector but which does not appear in the customs record.⁷ Furthermore, there is strong rationale to believe that the dividends or benefits of small-scale trade are more likely to accrue to the borderland areas themselves and the poor, highly vulnerable populations that reside in them. This is because the small-scale trade “value-chain” exists largely within the borderland area itself, as opposed to larger commercial trade for which the border is merely a stopping point between population centers (such as between country capitals).

Table 2: Trade between the DRC and its Great Lakes neighbors

	Exports to DRC (2011; US\$ millions)				Imports From DRC (2011; US\$ millions)				Balance
	Formal	Informal*	Total	% Informal	Formal	Informal*	Total	% Informal	
Rwanda	22.2	36.7	58.9	62.3%	13.6	-	13.6	-	45.3
Burundi	7.8	-	7.8	-	5.3	-	5.3	-	2.5
Uganda	182.4	126.1	308.5	40.9%	6.4	21.5	27.9	77.1%	280.6
Tanzania	128.1	-	128.1	-	0.4	-	0.4	-	127.7
Zambia	584.1	-	584.1	-	1330.4	-	1330.4	-	(746.3)

* Implicit difficulties and costs associated with monitoring informal trade lead to scant reliable data. Rwanda and Uganda both maintain robust informal trade monitoring programs. Lack of data should not imply a lack of importance or scale of informal trade.

Sources: COMTRADE, ITC TradeMap, Rwanda National Cross-Border Trade Strategy (2012), Uganda Informal Cross Border Trade Survey Report (2012)

19. **The DRC, Rwanda and Uganda as well as COMESA have recognized the importance of small-scale cross-border trade for the economy and for the economic welfare of border communities.** The DRC is committed to implementing the COMESA Simplified Trade Regime to facilitate small scale trade. Rwanda has recognized the importance of small scale trade for economic development and broader macroeconomic balances, based upon extensive and ongoing survey work by the National Bank of Rwanda, and has developed a National Cross-Border Trade Strategy. The authorities have requested support from various donors, including IDA, for its implementation. Similarly, Uganda, through the Uganda Bureau of Statistics (UBOS), has been collecting detailed information on small-scale trade at its borders, including those with DRC, to inform its trade and borders policies. COMESA has developed the Simplified Trade Regime and has recently adopted formal regulations defining Minimum Standards for Treatment of Small Scale Cross-Border Traders. Additionally, this project complements and supports the COMESA “Trading for Peace” program focused on building the resilience and capacity of small scale traders in key post-conflict borderland areas. Focusing on small-scale cross-border trade was also endorsed by the Great Lakes governments as an important activity targeting the most vulnerable groups and likely to show early peace dividends.

⁷ “Informal” and “small-scale” are terms often used interchangeably to describe legal trade conducted by individual traders operating in the informal sector. In this context, “informal” trade should not be equated or confused with smuggling.

C. Higher Level Objectives to which the Project Contributes

20. **The proposed project is fully in line with the World Bank Group's (WBG) objectives to reduce poverty and promote shared prosperity together with IDA 17 commitments for Fragile and Conflict-Affected States (FCS), the Africa Strategy which focuses on strengthening governance and public sector capacity and the objectives of the Regional Assistance Strategy to deepen regional cooperation and integration.** The operation targets some of the poorest and most vulnerable groups in the GLR. It also focuses on geographic areas with high poverty levels and continuing insecurity. It is the first IDA operation which has a major focus on facilitating small-scale cross-border trade. The project will contribute to the Africa Strategy (*Africa's Future and the World Bank's Support to it*), which emphasizes the importance of strengthening public sector capacity. The operation will also contribute to Pillar III of the *Regional Integration Assistance Strategy* to the extent that it supports coordinated cross country responses.

21. **The project is consistent with the overall WBG strategy for the GLR and builds upon the Bank's comparative advantages.** Recent analytical work by the World Bank and other organizations points to the need for the type of interventions that are proposed under the project in terms of a conflict sensitive approach, including local stakeholders in the prioritization process and making sure projects answer to their specific needs. The activities are designed to address underlying sources of conflict as well as poverty and under-development, and are thus a key pillar for helping achieve the outcomes of the Bank's Great Lakes Strategy, as well as key regional commitments under the regional Peace, Security and Cooperation Framework (PSCF). The project in particular intends to contribute to the PSCF's benchmarks 4.1, 4.2 and 4.9, on creating economic opportunities for women and youth, supporting social connectors across borders and support cross-border trade⁸. The project's interventions have been identified through a consultation process in the different countries, including discussions with governments, farmers and traders, Civil Society Organizations (CSOs), donors and UN agencies. All emphasized that the project's activities would be critical to enhancing trade connectivity and promoting peaceful relations in the region. Finally, the Bank has a comparative advantage to undertake this type of multi-sectoral and multi-country project. Being among the only development agencies in the GLR engaged in all project countries, the Bank can build on its strong analytical base and on its country engagement in the DRC and the other countries

22. **The project is consistent with distinct pillars of the Country Assistance Strategies (CAS) of all the project countries.** The project will support the achievement of pillars (ii) boost competitiveness to accelerate private-sector-led growth and job creation and (iv) address fragility and conflict in the Eastern provinces of the DRC CAS (Fiscal Year 2013 – 16 [FY2013-16], Report No. 66158) as well as improving governance at borders which support pillar (i). The operation will

⁸ PSCF commitment 4, 'To strengthen regional cooperation, including deepening economic integration, with special consideration for the exploitation of natural resources.' Benchmark 4.1 (d), 'create economic opportunities for women and youth (...) and build their capacity (trainings on trade policies, market management and custom regulations) for cross border legal trade (...)' Benchmark 4.2 (f) 'Construct social connectors (bridges and cross-border markets) (...) to foster inter-community interactions and cohesion.' Benchmark 4.9, 'Implement provisions of regional blocs like COMESA and EAC to remove tariff and non-tariff barriers to trade and establish a border management and governance system, with a focus on formalizing cross-border trade and enhancing free movement of people and goods.'

support the overall objectives of the Rwanda Country Partnership Strategy (FY2014-18, Report No. 88941), with a focus on accelerating economic growth led by the private-sector and job creation, and improving the productivity and incomes of the poor through rural development. Specifically, the project would facilitate trade of agricultural products, and other goods and services. Supporting and developing small scale trade is a key objective of the Government of Rwanda. Trade Facilitation will continue to play an important role in reducing poverty in those areas of Rwanda that border the DRC. The project will contribute to the achievement of three of the four strategic objectives of the Uganda CAS (FY2011-15, Report No. 54187) which seeks to promote inclusive and sustainable economic growth: (i) improved conditions for private sector growth; (ii) improved interconnectivity for regional integration; (iii) increased productivity and commercialization of agriculture.

23. **This project is also closely aligned with the Regional Integration Assistance Strategy of the Bank.** Specifically, the project is consistent with the objective of improving regional infrastructure and in particular the elements of Pillar II of the strategy that seek to remove both at- and behind-the-border constraints to regional trade. The project will support implementation of the Strategy by reducing nontariff barriers to intraregional trade, by improving regional environments for business and by supporting regional measures to improve governance.

24. **The project design ensures complementarity with existing and planned national and regional IDA-funded projects in the Region.** The proposed Great Lakes Trade Facilitation Project (GLTFP) has been developed under the aegis of the broader Great Lakes Initiative (GLI), and will maximize synergies with other proposed GLI projects, such as those relating to agriculture and transportation. Border work under the GLTFP will focus in part on areas and activities which will help enhance the impacts of complementary projects in the region. For instance, improvements made in the facilitation of the movement of people and goods at the Petite Barrière border at Goma/Gisenyi will complement trade and transport goals under the IDA-financed project to rehabilitate Goma Airport (Goma Airport Safety Improvement Project), which is located in close proximity to the border crossing. Additionally, the GLTFP project has been designed to complement the High-Priority Roads Reopening and Maintenance (Pro-Routes) Project within the DRC which seeks to improve and extend road transport infrastructure linking border crossings to road networks, towns and cities within the DRC. In fact, an Additional Financing of the Pro-Routes Project that is currently under implementation is to rehabilitate the roads from Beni to the Kasindi and Mahagi border posts. Finally, the project will also maximize synergies with the “Great Lakes Emergency Sexual and Gender-Based Violence (GBV) and Women’s Health Project” that is already under implementation. Due to prominent role played by women in regional cross-border trade, and considering that gender-based violence cases are frequently observed at the border posts targeted by the GLTFP, avenues for collaboration will be explored in the three following areas, among others: provision of legal services and other forms of assistance to traders victims of GBV, e.g. through Trade Information Desks (TIDs); community-based awareness raising activities on GBV which would include female traders; and training to traders and officials on HIV- and other health risk linked to gender-based violence.

25. **The project will also seek to maximize synergies with relevant national projects financed by the Bank and other agencies.** For instance, in DRC IDA is financing technical assistance for the rehabilitation of priority national airports, while under the Multimodal Transport

Project it is also financing the preparation of a Strategic Plan (master plan) for all airports in the country. Among other agencies, Trade Mark East Africa (TMEA) has several ongoing or planned activities in all project countries relating to trade facilitation. The project interventions will build on, as appropriate, relevant outputs of these other projects in a manner that is consistent with broader sector developments and dialogue between the Bank and the project countries.

II. THE SERIES OF PROJECTS APPROACH

26. **The countries of the GLR have committed to a common objective of promoting regional trade integration.** The trade impacts can be achieved only over the medium term by facilitating interactions across borders and nurturing trust between trading communities. Project interventions therefore, have to respond to specific needs of border communities, border crossing points and routes and pairs of countries. Given the number of countries, the complexity of the needed interventions, and a fragile political environment a Series of Projects (SOP) is considered the most appropriate design of a trade facilitation project in the GLR.

27. **The overarching SOP development objective is to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small-scale and women traders,** at targeted borderland locations in the GLR. The SOP development indicators would be:

- i) Average time to cross borders
- ii) Incidence of harassment of small scale traders, especially women; and
- iii) Perception of traders regarding quality of services provided by border agencies

28. **The SOP will ultimately support interventions in six countries (DRC, Burundi, Rwanda, Tanzania, Uganda, and Zambia) which have the same desire to promote cross-border trade and are facing a set of common constraints.** Countries are included in different projects in the SOP based on several eligibility criteria but especially having: (i) clear small scale cross-border trade development strategies; (ii) well-articulated border management strategies and (iii) high volumes of small scale trade flows with neighboring countries.

29. **Based on the above criteria, the first project of the SOP, entitled Great Lakes Trade Facilitation Project (GLTFP), will involve three countries: DRC, Rwanda and Uganda and COMESA.** The GLTFP would support the implementation of measures to address the most binding constraints along the border between the DRC and Rwanda and Uganda, namely weaknesses in infrastructure, procedural reforms, and border management. Support will be provided also for regional policy consultation and harmonization mechanisms and implementation of regionally adopted regulations, specifically those developed by COMESA. A potential future second project in the SOP (GLTFP-2) can be advanced to meet client demand in some of the GLTFP countries and the three remaining countries (Burundi, Tanzania, and Zambia).

30. The SOP would therefore have two projects to be implemented over a seven (7) year period with GLTFP implemented over the period December 2015 to December 2020. The second of the projects will be prepared in FY16 and be implemented over the period July 2017 to June 2022. The first project is motivated independently of the second but will be used to lay the foundations

for the second project. This is through learning from the first project, deepening regional policy dialogue and harmonization and understanding more the constraints faced by specific groups of small scale traders and border communities.

31. While the SOP approach allows for phasing support necessary for a medium-term, regional programmatic effort it also brings risks stemming from the phasing of activities over time at the country level and geographically at different border crossing points, especially in DRC. There are risks associated with structuring a program that is both flexible enough to fit the diversity of situations across the region, yet specific enough to show demonstrable results.

32. The remainder of this Project Appraisal Document (PAD) focuses on the first Project (GLTFP) covering country-level investments in DRC, Rwanda and Uganda and the regional coordination mechanism through COMESA.

III. PROJECT DEVELOPMENT OBJECTIVE

A. Project Development Objective (PDO)

33. **The Development Objective of this project is to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small-scale and women traders, at targeted locations in the borderlands.**

34. “Capacity for commerce” in the context of this project is defined as the capacity of core trade infrastructure, in particular, the airport at Kamembe, border markets, and border facilities, to handle an increased flow of goods, services, and people, and the capacity of government agencies at the border to provide high quality and efficient services.

B. Project Beneficiaries

35. **Project beneficiaries will primarily be cross-border traders, especially women, air travelers⁹ and vulnerable families in borderland areas.** The focus of the project is on small-scale cross-border traders defined as those individuals who cross the border (often daily or multiple times each day) to conduct trade in goods and services for the purposes of earning a livelihood. As the large majority of these small-scale cross-border traders in the region are women, the project will have the potential to impact positively on gender dynamics. It will prioritize agriculture and trade in food products (the primary goods traded in border areas by small scale traders) by targeting border crossing points which form major bottlenecks in the link between farmers and regional markets. This should contribute to greater food security, higher employment in the agriculture, food processing and logistics sectors and improved incomes for many households. Trade in both goods and services can play a key role in generating jobs and hence provide genuine alternatives for people who may have otherwise sought their livelihoods in illegal commerce or violent activities. This, in turn, should strengthen the resilience of communities to outside shocks, strengthen social cohesion between trading communities and decrease the possibilities of violent mobilization. Thus, it is anticipated that the project will also benefit youth and other groups at risk of mobilization by creating new opportunities for employment. Better border management should

⁹ Beneficiary air travelers will be from the DRC, primarily, and from Rwanda.

diminish communities' resentment of border institutions (and with that of wider state authority), facilitate trade in goods with a positive impact on resilience against shocks and improve control of conflict goods and cut out a source of financing for political- or armed groups. Finally, an important beneficiary group will be state agents on all sides of the border. An important impact of the program will be to increase their professionalism, make it easier for them to implement their duties and strengthen their empathy with traders as well as their colleagues across the borders. And thus, by facilitating more organized trade, the project may also contribute to increased revenue collection.

36. **Increasing incomes for women traders will benefit a wider network of people.** For many households in the borderlands of the Great Lakes female traders are often a key and even primary source of income for their families.¹⁰ Analytical work and consultations with traders, suggest that *time* for trading activities is a critical variable which, if reduced, could improve the livelihoods of traders. Reduced time required to move through the border and conduct trade activities can, among other things, allow for multiple trips across borders in a day (increased earning potential), reduce potential for product spoilage due to rain (flour and other dry goods) and/or excessive heat (for fish, meats, and more sensitive produce), and permit women to spend more time in the home or on other income generating activities. Lower trade costs will also lead to an increase in the demand for traded goods and so communities in zones of (mostly agricultural) production will benefit from increased incomes for their goods. This may contribute to decreasing their vulnerability to outside shocks.

C. Project Development Objective (PDO) Level Results Indicators

37. **The following key indicators will be used to track progress towards the PDO:**
1. Average time for traders to cross target border crossings (minutes)
 2. Incidence of harassment of small scale traders; incidence of harassment among *female* traders (percent)
 3. Value of goods handled through core trade infrastructure (US\$ million)
 4. Direct project beneficiaries; of which female (number; core, mandatory indicator)

IV. PROJECT DESCRIPTION

A. Project Components

38. **The design of the project reflects knowledge and best practices from trade and development projects implemented by the Bank and other donors.** In particular, the project will support coordinated interventions to (i) build appropriate infrastructure that improves conditions at borders and increases capacities to trade together with (ii) measures to simplify border crossing procedures and improve the standards of treatment of traders and officials and finally (iii) programs to introduce performance based management of agencies operating at the

¹⁰ See, for instance, "Walking in the Dark: Informal Cross-Border Trade in the Great Lakes Region" (International Alert, 2012).

border. A more detailed project description, including specifics of and motivations for each Component and Sub-component can be found in Annex 2.

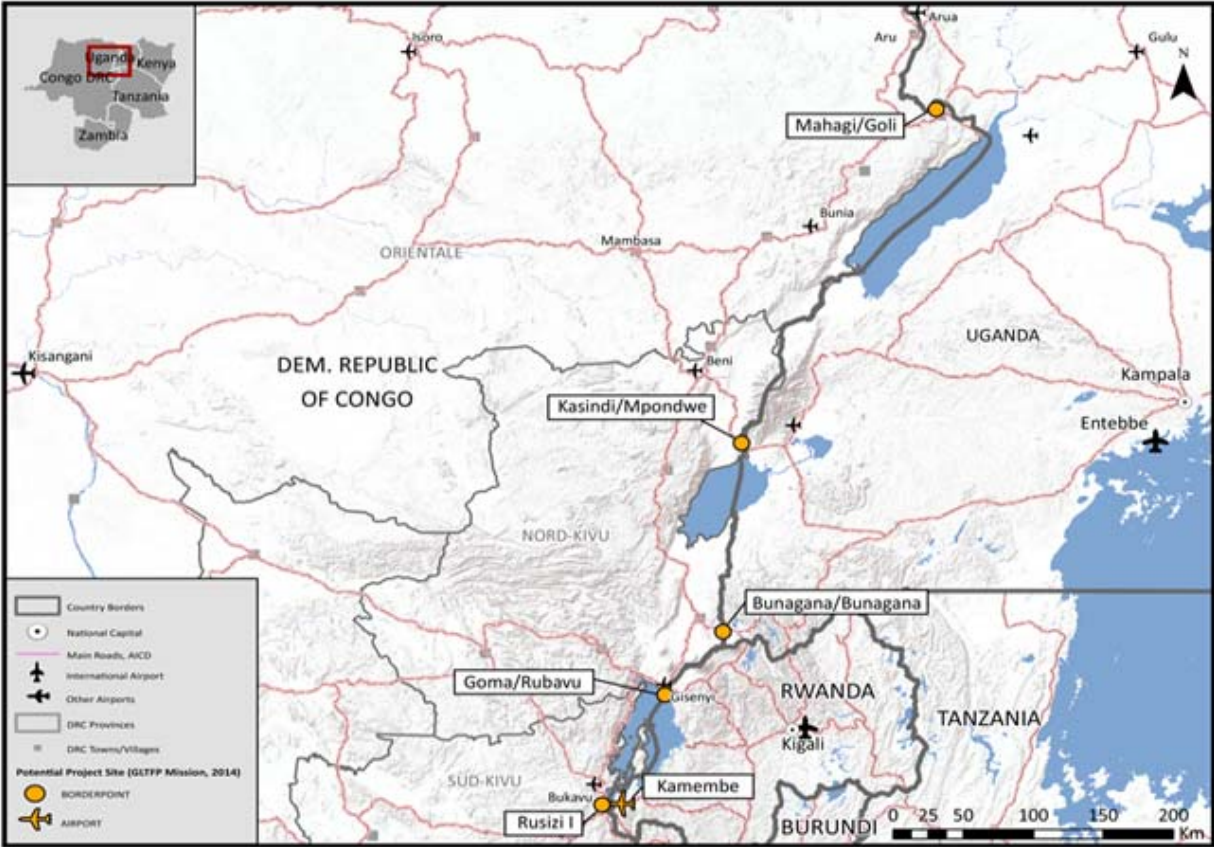
39. **The project will support specific infrastructure interventions at each border that reflect local conditions and requirements at that border post**, as described below in Component 1. The policy and procedural reforms (Component 2) and the introduction and strengthening of performance-based management (Component 3) will be supported at all borders but tailored to meet specific conditions and needs. COMESA will enhance the regional dimension of the project by supporting regional and national information and knowledge sharing and capacity building. COMESA will provide for appropriate cross-border coordination including the measurement of small-scale cross-border trade, for training of trainers with regard to policy and procedural reforms, and for enhanced information desks at each border post.

40. **The project Components are designed to work with one another as mutually reinforcing parts that combine hard and soft elements.** Achieving the PDO requires a combination of hard infrastructure and policy/procedural reforms, and given the interactive and complementary nature of the interventions, the total benefits of combining these elements are expected to be greater than the sum of the individual parts.

41. **Project site selection.** The targeted border crossings (displayed graphically in map below) have been selected as the priorities for support under this project on the basis of: (i) cross-border flows of goods and people; (ii) strategic importance to the countries; (iii) relevance to the Great Lakes Strategy and creating stability in the GLR; and (iv) critical nodes for cross-border connectivity. The five border crossings are as follows:

- (i) Mahagi (DRC) – Goli (Uganda)
- (ii) Kasindi (DRC) – Mpondwe (Uganda)
- (iii) Bunagana (DRC) – Bunagana (Uganda)
- (iv) Goma/ Petite Barrière (DRC) – Rubavu (Rwanda)
- (v) Bukavu/Ruzizi I (DRC) –Rusizi I (Rwanda)

42. In addition to border posts, the project will finance the development of markets at several economic nodes in the region. The centers where markets will be developed are Bukavu and Goma in DRC, Nyamasheke and Rusizi II in Rwanda and Mpondwe in Uganda. The exact sites in these centers will be determined by the project Steering Committees to be established for the project in consultation with provincial, district and other local authorities in each country. The project will also finance interventions at Kamembe Airport in Rwanda. The site specific and other project interventions are described below.



Component 1: Improving core trade infrastructure and facilities in the border areas¹¹ (US\$54.35 million)

43. The project will finance improvements to core trade infrastructure and facilities at specific land border crossing points, and an airport in Rwanda that is of regional importance (see map above). In addition, support will also be provided to ministries responsible for trade and commerce to finance the planning and construction of cross-border markets in the border areas. The infrastructure improvements will be supported under three main Sub-components:

Sub-component 1.1: Border infrastructure and facilities (US\$22.45 million):

44. The project will support improvements to infrastructure and facilities at priority border posts. The priority border posts have been identified and proposed by the authorities based on traffic volumes, importance to supply chains of goods traded most across the borders, relevance to conflict dynamics in the region and the poor state of infrastructure to support cross-border trade. Selected facilities will be improved based on integrated designs for efficient and secure traffic flows of pedestrian, passenger and commercial vehicle traffic. The designs will seek to improve security of small scale traders, particularly through separate or demarcated lanes for safe passage of pedestrian traffic, lighting and cameras, and providing warehousing so traders can safely store

¹¹ For the purposes of this project, “border areas” include the vicinity of key border crossings in which interventions in physical infrastructure, such as in nearby markets, can be instrumental in facilitating cross-border trade.

their goods and minimize losses in their supply chains. In addition, support will be provided to redesign access roads in the control zones and to provide parking facilities for vehicles as well as strengthening IT infrastructure and connectivity for customs and other agencies' management and processing systems (including cross-border connectivity).

45. **Design and feasibility studies have been prepared for some border posts.** However, the designs need to be reviewed and where necessary, optimized to ensure they meet the needs of all users, but especially small scale traders. The project will therefore finance consultancy services, works contracts and goods at the following proposed border posts (total estimated costs in brackets):

- (i) DRC: Petite Barrière (Goma) (US\$5.8 million) and Ruzizi I (Bukavu) (US\$6 million); and
- (ii) Uganda: Mpondwe (US\$5 million).

46. **Due to the better state of existing infrastructure, but also resource constraints, interventions at the other border posts will be limited to the following:**

- (i) DRC: Bunagana (US\$1.75 million) and Kasindi (US\$1.7 million). The project will finance measures to improve security, the flow of traffic and to install surveillance and other systems for the border agencies. At Kasindi interventions may include paving of parking areas for trucks, improvements to the bridge linking the two sides of the border to provide for pedestrian traffic and carts and surveillance systems such as cameras. The interventions will be determined once the new structures that are being financed by the International Organization for Migration (IOM) are completed – expected by end of August 2015. It is only then that the exact scope of the IDA-financed project can be determined;
- (ii) Rwanda: Rusizi I (US\$0.8 million). Sub-component 1.4 below provides for the financing of a design and feasibility study for border facility improvements at Rusizi I in Rwanda. Subsequent to and based on guidance from the study, the project will finance under this Sub-component (1.1) at Rusizi I limited works to improve traffic flow and handling, to complement the proposed interventions on the DRC side of the Rusizi I border. The works will be limited to those consistent with the broader design of the border post financed under Sub-component 1.4; and
- (iii) Uganda: Bunagana (US\$1.4 million). The project will finance measures to improve the flow of traffic and to install appropriate systems that will support improved border management by border agencies and better safety for those working at and crossing borders.

Sub-component 1.2: Development of border markets and logistics platforms (US\$14 million):

47. **The project will finance the construction of markets to facilitate market exchanges of agricultural products in the borderlands.** Due to low security and poor infrastructure, cross-border traders are often forced to travel long distances to market. Border markets will facilitate the selling and buying of goods at locations close to the border and serve also as logistics platforms to allow consolidation and transportation of products. They will enable the small scale producers to reduce post-harvest losses and to engage more in cross-border trade without having to travel over

long distances into neighboring countries. The project will finance consultancy services to provide technical assistance, works contracts and goods at high priority markets in the borderlands of the Great Lakes. However, the countries are at different levels of preparation for actual investments in markets as follows:

- (i) DRC (US\$6 million) - the exact locations of the markets will be decided by the authorities following consultations among key agencies. The project will finance two markets in key centers such as Uvira, Bukavu and Goma. The precise locations will be determined to complement developments in neighboring countries (and especially alternating market days).
- (ii) Rwanda (US\$5 million) - the Government of Rwanda has commissioned feasibility studies and designs for several markets. The exact sites of the markets in these locations are to be determined in consultation with district authorities with a focus on two districts, Nyamasheke and Rusizi.
- (iii) Uganda (US\$3 million) - the project will finance: (a) feasibility studies; (b) the development of architectural designs of border markets; and (c) capacity building for value chain players (US\$1 million). Based on the findings of the studies and the designs the project will finance one priority market along the border with the DRC (US\$2 million).

Sub-component 1.3: Upgrading Infrastructure at Kamembe airport in Rwanda (US\$14.2 million)

48. **Support will be provided to the Rwanda Civil Aviation Authority (RCAA) to develop navigation infrastructure and improve security at Kamembe Airport.** Kamembe is the closest operational air gateway for Bukavu, a city of 1 million people in DRC, which is only 7km away. While Bukavu has Kavumu as a local airport, there are only limited domestic flights at that airport. Kamembe, in contrast, has a comparative advantage over other airports in the region: both Goma (DRC) and Bujumbura (Burundi) airports are more than 100km from Bukavu while Kamembe is 25 minutes flying time from Kigali, through which travelers can connect to the rest of the world. The majority of passengers passing through Kamembe are Congolese (about 90 percent), a significant proportion of whom source tradeable goods from the Middle East and ship them through Rwanda. The airport has great potential, with passenger traffic growing at an average of 15 percent per annum between 2006 and 2013, and at an average of 19 percent between 2010 and 2013. The RCAA will soon complete rehabilitation of the 60 year old runway which was in poor condition and posed a safety risk to passengers and increased costs for airlines. The project will complement the government investment in the runway and finance new navigational aids and weather equipment, aeronautical ground lighting, airport perimeter fencing and lighting and a transit cargo facility (US\$14.2 million). The improvements to the airport are a priority of the government and are part of the country's Strategic Transport Master Plan, which was elaborated in September 2012.

Sub-component 1.4: Feasibility studies (US\$3.7 million)

49. **Support will be provided to DRC and Uganda for feasibility studies and detailed designs of border posts in order to advance preparation of the second phase of the project**

(SOP2) or interventions by governments or other development partners. The studies and designs will be on the following:

- (i) DRC (US\$3 million): two border posts, namely Kavimvira and Mahagi, two ports, Kalemie and Uvira on Lake Tanganyika and Kavumu airport near Bukavu; the scope of the study on Kavumu airport will follow, as appropriate, the recommendations of the airport Strategic Plan that is under preparation, as described in paragraph 25 above;
- (ii) Rwanda (US\$0.3 million): Rusizi I border post. The project will finance a feasibility study and detailed design of the Rusizi I border post. Following the completion of the study and based on the findings, some priority but limited works will be financed as described previously under Sub-component 1.1;
- (iii) Uganda (US\$0.4 million): Goli border post (counterpart of Mahagi in DRC).

Component 2: Implementation of Policy and Procedural Reforms and Capacity Building to Facilitate Cross-Border Trade in Goods and Services (US\$9.5 million)

50. **A clear lesson from previous trade facilitation projects is that improvements in infrastructure need to be accompanied by policy and procedural reforms and capacity building.** This Component will cover such reforms and capacity building efforts to improve the efficiency, capacity and security of border operations at the border crossings identified in Component 1. These reforms will be supported under three main Sub-components described below. The first two Sub-components will be implemented at national levels, while the third Sub-component will be implemented at the regional level in the three project countries.

Sub-component 2.1. Support for implementation of policy and procedural reforms at the targeted border crossings (US\$3.4 million)

51. **This Sub-component will focus on basic rights and obligations for both traders and officials and the consistent application of simple rules at the border.** The Component will support the 3 countries to:

- (i) implement the COMESA Regulations on the Minimum Standards for the Treatment of Small-Scale Cross-Border Traders (COMESA Regulations) tailored to reflect the specific challenges (including institutional reforms required in specific cases) faced by small-scale traders at the targeted border crossings. The COMESA Regulations are based on the language and key principles of the Charter for Cross-Border Traders that enshrines a basic set of rights and obligations for traders and officials and aims to improve behavior at borders and to promote the gradual formalization of informal cross-border trade. Initially developed to facilitate trade in goods, the current version of the Charter includes both trade in goods and trade in services.¹² The project will establish citizen engagement mechanisms, including through a toll-free hotline which will allow traders to report harassment and seek information on regulations and border procedures,

¹² At the THIRTY-THIRD MEETING OF THE COUNCIL OF MINISTERS organized in Lusaka on 8-9 December 2014, the Council decided that the Draft Regulations on the Minimum Standards for the Treatment of Small Scale Cross-Border Traders be adopted for implementation by Member States (CS/CM/XXXIII/8, December 2014). See Annex 7 for a detailed description of the COMESA Regulations and the Charter.

- (ii) Extend the COMESA Regulations to small-scale trade in services by simplifying and making transparent immigration and health related procedures for crossing borders to provide or consume services. Particular focus will be placed on streamlining procedures to allow Congolese travelers and air freight fast and smooth access to and clearance at Kamembe airport, and
- (iii) Implement the COMESA Simplified Trade Regime (STR) which provides for small-scale traders to qualify for duty-free entry for certain goods and for a more simple and reduced set of documentary requirements to cross the border. The COMESA STR is an instrument of facilitating and formalising small-scale trade between countries.¹³

52. The reforms are essential to make border crossing procedures more transparent and predictable for traders. This will be of particular importance to small-scale traders, and especially women, who are typically more vulnerable given the asymmetry in power between the official and trader and the current lack of a functioning mechanism for addressing complaints and resolving disputes for small-scale traders. The reforms will contribute to increased safety and less scope for harassment at the border, especially against women, to shorter time to cross the border (thus providing the opportunity to eventually increase the number of journeys in a day, with a corresponding increase in profits and revenue) and to improved control and revenue generation at key border crossings.

53. Implementation of the COMESA regulations and STR require activities at the country level. The COMESA regulations need to be tailored to the specific conditions at each border post. Implementation of the STR requires bilateral negotiations at each border post to agree a common list of STR-eligible products and a threshold value under which the STR will be applied. This Component will support these implementation activities at the national level primarily through strengthening Joint Border Committees. It is also important that local traders and officials are familiar with the Regulations and the STR. This will be achieved through training and capacity building as detailed in Sub-component 2.2. These national level activities will be enhanced by efforts at the regional level to ensure effective coordination and consistent training that will be led by COMESA and are included under Sub-component 2.3 below.

54. The project will support the strengthening of Joint Border Committees (JBCs) on both sides of the border to assist in the implementation and monitoring of these reforms. To promote greater inter-agency cooperation and communication amongst border agencies, the project will support the establishment of JBCs, where they do not exist, and enhance those that are already established. JBCs have been shown to facilitate procedural reforms as well as greater communication between traders and official counterparts from across the border. Empowered and more inclusive JBCs, which regularly incorporate traders' representatives through membership of trade related sub committees where appropriate, will be used as the main platform for small-scale

¹³ In 2007, 10 out of 19 COMESA countries introduced a Simplified Trade Regime (STR) whereby a Simplified Certificate of Origin could be obtained at the border for consignments of an agreed list of community-originating goods with a total value less than a certain threshold. Under the agreement, qualifying goods (below the threshold) will be allowed to pass border points duty free and traders will not be asked to provide certificates of origin of their goods as long as they are agreed on the Common List of Products between the two countries. For more details see: <https://www.wbginvestmentclimate.org/advisory-services/regulatory-simplification/business-regulation/upload/Consolidated-COMESA-WorkPlan-19th-Sep-2011.pdf>

(women) traders to: (a) lodge complaints and report abuses, including harassment and other forms of gender-based violence; (b) receive first-hand assistance and legal advice; and (c) provide feedback on reported cases of abuse. JBCs ought to play a major role in reviewing performance measurement data, analyzing it, and recommending corrective action when necessary. The project will support workshops, trainings and other capacity building exercises to illustrate to both traders and officials the benefits of establishing such joint platforms, as well as to progressively build mutual trust between the two groups. In addition, regular joint meetings of JBCs from both sides of the border will be held to share experiences and seek common solutions to the challenges of border management in this region. Experience from other regions has shown the value of such combined meetings of JBCs.

Sub-component 2.2. Training and capacity building for traders and officials to support greater integrity and ethical behavior in trade processes (US\$2.3 million)

55. **The project will support customized training to strengthen capacities of border agents and of traders/traders associations.** Building on the functional review of border agencies, to be financed under Sub-component 3.1, this Sub-component will provide a comprehensive program of training for officials at the border, including on border management procedures, rules and regulations, basic customer management, conflict resolution and gender awareness-raising. The aim will be to enhance technical capacities and skills of agents working at the border, supporting improved governance, reduced levels of harassment and more efficient control and processing of goods and people. Training courses will also cover the key principles and mechanisms of the COMESA Regulations, including the extension to trade in services, and include sessions on the COMESA STR. The project will also support traders and traders associations by providing support on trade procedures, improving relations between traders and border officials, and access to market information and finance, among other things. Traders will also be trained how to use relevant mechanisms to resolve disputes with officials and other traders and how to use available reporting tools to register instances of harassment. Where possible training of officials will be undertaken jointly with small-scale traders to build empathy and understanding. Gender sensitivity and the particular needs of women will play a critical role in the trainings. These training activities will be coordinated with support for dissemination and application of STR and Trade Information Desks implemented as part of Sub-component 2.3.

Sub-component 2.3. Support for regional coordination of the policy and procedural reforms at the targeted border crossings and regional training for traders and officials (US\$3.8 million)

56. **As part of the regional trade promotion, a number of activities under Component 2 will be implemented by COMESA Secretariat, based in Lusaka, Zambia.** COMESA is the largest and most populous regional free trade area in Africa, and has identified the importance of trade initiatives at regional level to support small-scale trade. In particular, COMESA introduced the STR with the aim of facilitating small-scale trade at selected border posts in a number of member countries. Similarly, the organization adopted in 2014 the Regulations on Minimum Standards for the Treatment of Small-Scale Cross-Border Traders to promote behavioral change among both traders and officials.

57. **The Sub-component will provide support for dissemination and application of the COMESA Regulations and the STR through the Trade Information Desks (TIDs).** COMESA

will play a key role in ensuring regional coordination and communication regarding implementation of the COMESA STR and the COMESA Regulations, including the extension of the Regulations to trade in services. The COMESA Secretariat will build on on-going efforts at the national level and coordinate these activities at the regional level and support coordinated implementation at the local level through the Trade Information Desks that will be established or reinforced at each border. The Trade Information Desks will provide on-the-spot information to traders on the COMESA Regulations and the STR, support the clearance process (e.g. by helping filling the required forms), seek to resolve disputes between traders and officials as well as collect relevant data and statistics. Indeed the presence of COMESA officials and traders' representatives, and their familiarity with the behavioral challenges faced by small-scale traders, will provide for an environment where complaints/abuses are more likely to be reported. Extensive communication campaigns will be put in place at the regional level by the COMESA Secretariat to support the dissemination and implementation of the STR.

58. **In addition, the project will support COMESA to provide regional training for peer learning.** Training sessions will be held at regional level for those who will then provide training within each of the three countries to traders and officials. The overall purpose of this exercise will be to ensure regional consistency on themes and subjects covered in the national trainings – regional training materials to be used in those sessions will be prepared beforehand as a result of border visits and local consultations. These regional trainings will be combined with a dialogue at the capital city level to formalize and institutionalize cross-border collaboration platforms, for information-sharing, troubleshooting and joint provision of security to traders and others. This will strengthen the already good (but ad hoc) interaction across countries of border officials.

59. In short, the Sub-component 2.3 will provide support for strengthening of TIDs, dissemination of the COMESA STR and the COMESA Regulations, and regional peer learning training program through one package of procurement of international consulting services. This will be implemented in close collaboration with the main implementation agencies in each of the recipient countries.

Component 3: Performance Based Management in Cross-Border Administration (US\$4.55 million)

60. **In addition to the strengthening of technical capacities (Sub-component 2.2), change management will be key to success in improving border management.** Adaptive challenges must be seen alongside technical and behavioral challenges, especially when introducing the new procedures and innovative changes in border management. In this sense, capacity building supported under Sub-component 2.2 will aim at improving professional skills, and will target both traders and border officials. It will primarily focus on raising mutual awareness on their respective rights and obligations as stated in the '*Charter for Cross-Border Traders in Goods and Services*', as well as on strengthening basic elements such as a professional attitude to border operations, customer care for officials, duty calculation for traders, mutual respect and understanding of constraints, etc. More generally it will progressively build mutual trust. On the other hand, change management activities planned under Sub-component 3.1 will build on those exercises and develop different tools and incentives to increase professionalization for border officials only.

61. **There is strong complementarity with the activities listed under Component 2, especially regarding the strengthening of Joint Border Committees (Sub-component 2.1).** Empowered JBCs will play a key role in successfully implementing the proposed change management approach, as well as contributing to enhanced inter-agency coordination and communication.

Sub-component 3.1: Professionalization and Change management in the border agencies (US\$2.4 million)

62. **This Sub-component will first conduct a functional review of institutional effectiveness and efficiency at the Customs and Immigration offices in each of the three countries.** It will assess the existing organizational functions and staff skills and identify any functional and skills' gap to meet defined institutional targets. The results will support senior management to develop strategic organizational functions and staffing plans at the border posts. Building on the functional review, the project will propose appropriate changes in staffing planning and human resource management system, and elaborate the training program that will be financed under the Sub-component 2.2.

63. **In addition to the strengthening of technical capacities (Sub-component 2.2), change management will be key to success in improving border management.** Adaptive challenges must be seen alongside technical challenges, especially when introducing the new procedures and innovative changes in border management. Such changes can lead to resistance which can be mitigated through strengthened coordination and communication among stakeholders. An absence of discipline in the organization of work and management has been identified as one of the fundamental problems that leads to an insecure environment at the border, for instance, the presence of a large number and range of officials at the border. Therefore, this Sub-component will provide a hands-on coaching program with a change management approach based on the principles of empowerment, integrity, collaboration among various stakeholders and discipline.

64. In short, the Sub-component 3.1 will provide support for the institutional and Human Resource (HR) functional review and the change management coaching program through the procurement of international consulting services.

Sub-component 3.2: Performance Based Management and Incentive Mechanism (US\$2.15 million)

65. **The project will support the use of Performance-Based Management (PBM) as a mechanism for enforcing the application of border management rules and regulations.** The ultimate goal of PBM is to provide improved services, a secure trade environment and ultimately increase fiscal revenues through greater flows of trade. The customs agencies in all three countries have been introducing and piloting PBM at their customs offices. Building on this experience, the project will provide technical and hands-on support to enhance PBM at customs, introduce it at the other border agencies, and include the key indicators related to improvement of the cross-border environment for small scale traders as part of performance measurement of officials in all of these agencies. These indicators will measure both technical aspects such as crossing and

clearing time and collection of fees, and behavioral changes such as integrity, courtesy, and respect of ethics etc.

66. **The project will support feedback mechanisms through the development of an appropriate evaluation method and introducing a third party monitoring mechanism using Information Technology (IT) tools.** The current performance evaluation system in each of three countries varies but generally uses the traditional approach of annual evaluation by the immediate supervisors and managers of the officials. In order to make the PBM evaluation more meaningful, the project will introduce a simple IT tool to monitor traders' satisfaction and service performance at the borders and regularly provide feedback to the officials¹⁴. The reporting would encourage and motivate border agents in achieving their objectives and improving their work in day-to-day operations. In addition, a perception survey by traders on an annual basis will be conducted by using mobile phone technology to provide more accurate feedback on the performance of agencies and agents and the quality of services provided. This will be complemented by the hotline by which traders can report harassment, to be financed under Component 2, which will capture the number of complaints and provide the basis to deal with them in real-time.

67. **Building on international experiences¹⁵, the project will develop a program for improved PBM with an appropriate incentive mechanisms.** As a way of motivating staff, the project will provide technical assistance to develop appropriate incentive mechanisms. The project will support in-kind compensation and other types of rewards for the best performers. In addition, considering the extremely low level of remuneration, especially in DRC, which is one of the fundamental factors for persistent corruption and extortion of goods and money from traders, the project would support the government to develop a financial incentive mechanism if considered appropriate.

68. In short, the Sub-component 3.2 will provide support for an annual perception survey and the performance-based management Technical Assistance (TA) through the procurement of international consulting services, and in-kind rewards through the procurement of goods/non-consulting services in each of three countries.

Component 4: Implementation support, Communication, Monitoring and Evaluation (US\$10.6 million)

Sub-component 4.1: Implementation Support & Communications (US\$9.36 million)

69. **Sub-component 4.1 includes support for building the implementation capacity of government agencies, COMESA and communication activities.** A common challenge of multi-sectoral projects is having in place effective mechanisms to coordinate project implementation across sectors and between countries. The project will therefore provide COMESA, the regional organization, financial support for recruiting international and local technical experts in project

¹⁴ Happy or Not' (http://www.happy-or-not.com/en_us/) is an innovative but simple IT tool to measure customer satisfaction.

¹⁵ The PBM at the customs with a particular focus on non-financial incentives in Cameroun is one of the successful cases.

management, financial management, procurement, and accountancy among other critical functions for effective implementation at the central and local levels. In addition, the project will provide support to prepare the operational manual and finance related operational training to project teams, audit for the financial management, the accounting system, office equipment (vehicles, PC, printers, office furniture etc.), and running cost throughout the project life.

70. **The project will put particular importance on communications strategies** as part of the implementation arrangements. COMESA will produce short documentaries/videos, other media programs, websites and use of social media to raise awareness of the conditions that cross-border traders face and to familiarize all relevant stakeholders with the Traders Charter and related policy reforms. Those communication products will be widely disseminated at global, regional and country level. The project will also provide finance to each of three countries to develop communication strategies and communication products that should be customized to the national context. Regular performance results at the selected border posts will also be circulated.

Sub-component 4.2: Project Monitoring and Evaluation (M&E) and Systems for Monitoring Small-Scale Cross-Border Trade (US\$1.24 million)

71. **The development of a robust system of project monitoring and evaluation is essential.** The project will develop a system, and build capacity of government agencies, to capture progress in improving conditions for cross-border trade, including, inter alia, the efficiency of cross-border operations, the relationships between border officials and cross-border traders, and the broader impact on conflict affected communities. The joint border committees, which will be supported under the Component 2, will also play a key role in M&E and as a platform for supervising and coordinating activities on the ground, notably reviewing performance indicators, and, when necessary, making recommendations for procedural streamlining. Furthermore, the project will develop a set of socio-economic indicators that not only measure the changing trade patterns but also measure the improved perceptions between traders and state officials; and give an (indirect) measure of whether socio-economic resilience at the community level has increased as a result of the project. These indicators will be developed with support from the Great Lakes Conflict Facility. Finally, citizen engagement with Civil Societies Organizations (CSO) and traders associations is critical to get direct feedback on conditions and quality of services delivered at the border. The project will attempt to use innovative techniques to obtain some of the data for M&E such as crowdsourcing based on mobile phone surveys. Responsibilities for the implementation, supervision, and reporting of indicators through the project's Results Framework (Annex 1) will be held by the principle implementation agencies in each project country, namely the Ministry of Commerce (MoC) in DRC, Ministry of Trade and Industry – Single Project Implementation Unit (MINICOM-SPIU) in Rwanda, Ministry of Trade, Industry and Cooperatives ((MTIC) in Uganda and COMESA. Where appropriate (for instance, where capacity for data collection and/or access to data would facilitate the monitoring and evaluation process), these lead agencies will coordinate and cooperate with national statistics offices (e.g. Uganda Bureau of Statistics (UBOS) and National Institute of Statistics Rwanda (NISR)) and other government agencies, such as Customs, Immigration, or the National Bank, as needed to access or collect requisite data. As such, project resources will be directed to the implementing agencies with overall responsibility for project M&E activities but may be used to support the building of capacity (e.g. training of enumerators

on data collection methods, adding enumerators or data processors to handle increased work load) or data collection activities of those agencies providing direct support to the lead agency.

72. **The project will support systems for collecting data on cross-border trade flows which will provide an essential input into policy making and planning of border operations.** In addition to the project M&E activities, the project under Sub-component 4.2 will support coordinated information gathering on small-scale cross-border trade at the priority border posts in the project. Both Rwanda and Uganda have existing programs for surveying small-scale goods traders. The project will support the pilot of a new small-scale cross-border trade monitoring program at specified border points in DRC. In each country, the project will support the modernization of data collection and reporting on small-scale trade through the use of advanced IT collection systems and platforms (including tablets/Pads) in the project countries to improve the efficiency, accuracy, standardization, and sustainability of the programs. COMESA will play an important role developing standardized data collection methodologies and best-practices, providing peer to peer learning on measuring, analyzing and reporting on small-scale cross-border trade, and developing a platform and website for the dissemination of this information. At the country level, these activities will be led by UBOS in Uganda and the Bank of Rwanda in Rwanda (which already manage the small-scale cross-border trade monitoring programs in their respective countries) with direct coordination and financing from each country's lead implementing agency (MTIC in Uganda and MINICOM-SPIU in Rwanda). In the DRC, MoC will lead the effort with support from (where capacity allows) the national statistics institute and other border agencies (e.g. General Directorate of Customs and Excises (*Direction Générale des Douanes des Assises* – DGDA) and General Directorate of Immigration (*Direction Générale de la Migration* – DGM).

B. Project Financing

73. **Financing of country-level activities supported by the first project will be through IDA credits** of SDR 24.4 million (US\$34 million equivalent) for the Democratic Republic of Congo, SDR 18.7 million (US\$26 million equivalent) for the Republic of Rwanda; and SDR 10.1 million (US\$14 million equivalent) for the Republic of Uganda, reflecting the IDA financing terms applicable to each country. The amounts allocated for each country reflect the size and scope of the problems being addressed, and the availability of alternative sources of funding. Both projects in the SOP will be implemented in close coordination with other development partners, who may provide parallel financing for some complementary interventions.

74. **The proposed activities are eligible for regional IDA under IDA 17, based on the eligibility criteria as disclosed in Annex 8. In addition, COMESA will receive an SDR3.6 million (US\$5.0 million equivalent) grant under regional IDA to implement regional activities** that are linked to the project as well as activities that support the strategic objectives of IDA on regional integration. The grant to COMESA meets the six eligibility criteria (see Annex 8).

Project Cost and Financing

Table 3: Total Project Costs by Country (US\$ millions)

	DRC	Rwanda	Uganda	COMESA	Total
Total	34.00	26.00	14.00	5.00	79.00
<i>Component 1: Improving core trade infrastructure and facilities in the border areas</i>					
<i>Sub-Total</i>	24.25	20.30	9.80	-	54.35
Subcomponent 1.1 - Border Infrastructure	15.25	0.80	6.40	-	22.45
Subcomponent 1.2 - Border Markets	6.00	5.00	3.00	-	14.00
Subcomponent 1.3 - Airport Infrastructure	-	14.20	-	-	14.20
Subcomponent 1.4 - Design Studies	3.00	0.30	0.40	-	3.70
<i>Component 2: Implementation of policy and procedural reforms and capacity building to facilitate cross border trade in goods and services</i>					
<i>Sub-Total</i>	2.80	1.20	1.70	3.80	9.50
Subcomponent 2.1 - Traders Charter Policy Reforms	1.70	0.70	1.00	-	3.40
Subcomponent 2.2 - Training of traders & officials	1.10	0.50	0.70	-	2.30
Subcomponent 2.3 - COMESA Regional Coordination	-	-	-	3.80	3.80
<i>Component 3: Performance based management (PBM) in cross border administration</i>					
<i>Sub-Total</i>	2.20	1.35	1.00	-	4.55
Subcomponent 3.1 - Change Management	1.10	0.80	0.50	-	2.40
Subcomponent 3.2 - PBM	1.10	0.55	0.50	-	2.15
<i>Component 4: Implementation support, communications and M&E</i>					
<i>Sub-Total</i>	4.75	3.15	1.50	1.20	10.60
Subcomponent 4.1 - Implementation Support	4.48	2.68	1.20	1.00	9.36
Subcomponent 4.2 - M&E	0.27	0.47	0.30	0.20	1.24

75. A detailed project description with more detailed Sub-component cost breakdown is provided in Annex 2.

C. Lessons Learned from Previous Projects

76. **The proposed program design takes into consideration evolving knowledge on designing and implementing projects in FCS environments and the recommendations of reviews in the World Bank.** Fragile contexts call for careful scrutiny of project design, taking into account political economy factors and low existing capacity. Complex project design in a fragile context generally creates enormous challenges and obstacles in terms of project implementation and management. Past experiences provide important guidance for project design, including: (i) developing simpler and focused project structures to achieve tangible results; (ii) understanding the political economy of the country or project context; (iii) creating incentives for government buy-in; (iv) developing flexible implementation arrangements depending on political economy considerations; and (v) considering the appropriate timeframe to implement the project. In addition, the Independent Evaluation Group (IEG), among others, recommends having a strong country commitment to regional cooperation; matching the scope of objectives with national and regional capacities; and ensuring sustainability after external support ends. Taking into account these lessons and given the fragile context and fluid political situations in the region, the project

design has structured in measures to help anticipate implementation challenges, including the identification through stakeholder analysis of potential champions or spoilers at regional, national and provincial levels; political economy and value chain analysis by project site to better understand site-specific obstacles; and implementation structures that facilitate local buy-in and monitoring as well as cross-country coordination. Nevertheless, the project should allow continued flexibility during the implementation to adjust activities to new or changing on-the-ground circumstances.

77. **A strong focus on M&E was embedded from the concept stage and will be extended throughout the life of the project.** Absence of a clear baseline, targets, and verifiable indicators makes it difficult to measure progress, identify and remove bottlenecks, and take corrective measures. Therefore, the results framework has been prepared with greater caution focusing on realistic outcomes and indicators, ensuring links between activities, outputs and outcomes. In addition, the project embedded in its design extensive support for developing an M&E mechanism.

V. IMPLEMENTATION

A. Institutional and Implementation Arrangements

(i) Project Implementation at the Country Level

78. **Each country and COMESA will establish a project Steering Committee to guide implementation and approve annual work plans and budgets.** In all countries the project will require effective cross-ministry and agency coordination.

79. **In the DRC an inter-ministerial project steering committee chaired by MoC will be created and consist of dedicated representatives from each of the following ministries and agencies:** MoC (Secretariat), Finance, Interior, Public Works, Agriculture, DGDA, DGM, Standards Office (*Office Congolais de Contrôle – OCC*) and Health/Hygiene. The Steering Committee will meet every six months to oversee and provide guidance to the project, ensure the coordination for border management and oversee related actions at the national level. The project will be implemented under the overall coordination of the Ministry of Commerce where the Project Coordination Unit (PCU) will be formed within the Secretariat General. It will be responsible for planning, implementation, monitoring and evaluation and coordination with other beneficiaries. Given that the largest proportion of the financing of the project will go towards infrastructure improvements the Cellule Infrastructures (CI) will be responsible for the management of Component 1. CI is a technical body of the Ministry of Infrastructure and Public Works (MITP) and has administrative, operational and financial management capacity. It has gained considerable experience in implementing other donor and Bank financed development projects in the country. A separate designated account will be opened to manage the infrastructure improvements. The Ministry of Commerce will coordinate implementation of Components 2 (except Sub-component 2.3), 3, and 4 under a separate designated account. The detailed staffing plan is included in Annex 3.

80. **At the provincial level, the Project Steering Committee will be advised by Provincial Technical Committees (PTCs) that will take a lead in the coordination of the border management agencies and supervise implementation of activities on the ground.** The PTCs

will be created under the Project Steering Committee (PSC) but report to both PSC and the Governor of North and South Kivu. The PTCs will play a role of coordination and supervision of activities on the ground. In addition, the Provincial Project Teams (PPT) in North and South Kivu will be created and placed under the National Project Coordination Unit in the Ministry of Commerce to ensure effective project implementation and supervision on the ground. The PPTs will be composed of six staff. A detailed schematic of the proposed implementation arrangement can be found in Annex 3. A sub-designated account will be opened in each PPT while the FM responsibility should be fully ensured by the PCU in Kinshasa.

81. **An agreement for a Project Preparation Advance (PPA) of US\$600,000 was signed on June 12, 2015 with the Government of DRC in order to increase their capacity for project implementation and management.** The PPA will mainly finance: (i) Environmental and Social Impact Assessment; (ii) preparatory work for Components 2 and 3; (iii) strengthening of staffing and operational and fiduciary management capacity at the Ministry of Commerce (preparation of project implementation manual, recruitment of key technical, administrative and M&E staff, purchase of accounting system, office equipment etc.); (iv) provision of running costs for the first 4 months for the Ministry of Commerce as well as the Cellule Infrastructure in the Ministry of Infrastructure and Public Works (CI/MITP); and (v) staff training for project cycle management, procurement and M&E etc.

82. **In Rwanda, the overall coordination of the project will be the responsibility of MINICOM, who will chair the Project Steering Committee comprising key ministries/agencies** (i.e. Ministry of Finance, Rwanda Revenue Authority, Immigration, Agriculture, Infrastructure, RCAA, LODA). The Project Steering Committee (PSC) will meet every six months to assess progress and approve the annual work plan and budget. MINICOM-SPIU will serve as the overall project management team, coordinating all activities with the other three key agencies: RCAA, RTDA and LODA. Given that the largest proportion of the financing of the project will go towards infrastructure improvements, RCAA will have specific responsibility for the works at Kamembe Airport (Sub-component 1.3) while RTDA will oversee the implementation of works at the border (Sub-components 1.1 and 1.4) and LODA will ensure the implementation of border market construction (Sub-component 1.2). A detailed schematic of the proposed implementation arrangement can be found in the Annex 3. Ministry of Finance and Economic Planning (MINECOFIN) will sign Subsidiary Agreements with RCAA, RTDA and LODA to delegate implementation of each Sub-component. The project will finance 17 positions within the SPIU and LODA, to strengthen operational and fiduciary management capacity (see detail in the Annex 3).

83. **In Uganda, MTIC will be responsible for the overall coordination of the project and will chair the Steering Committee comprising other key ministries and agencies** (i.e. Ministry of Finance, Uganda Revenue Authority, and Ministry of Internal Affairs). Ministry of Works and Transport (MoWT) will be responsible for the implementation and management of sub-component 1.1 and 1.4 as MoWT has the administrative, technical and financial management expertise to execute infrastructure projects. MTIC will coordinate day to day activities and implement activities under Sub-components 1.2, 2.1, 2.2; and Components 3 and 4. The Project Implementation Unit (PIU) headed by the Project Coordinator in the MTIC will be the implementing agency for the aforementioned Components. The task team for the project will be created within the existing

Project Implementation Unit (PIU) of the Regional Integration Implementation Project (RIIP) with additional staff. MTIC will designate two Component Managers (one for Component 1 and one for the other Components), and MoWT will designate one Component Manager, to be responsible for coordinating project activities under the respective ministries. Each Component Manager will be supported by a designated project team. The other agencies involved in the project will designate focal points for the purpose of implementing the project. A technical committee comprised of representatives of the different agencies will be established to support the Project Steering Committee. A detailed schematic of the proposed implementation arrangement as well as staffing plan can be found in the Annex 3.

(ii) Regional mechanism

84. **Regional Implementation and Coordination Mechanism:** While countries will have the overriding responsibility for implementing activities at the national level, COMESA will play a critical convening role, supporting regional knowledge sharing and advocacy efforts on facilitating small-scale cross-border trade. COMESA is the most appropriate regional institution¹⁶ to support this project, given wider membership and its established work program supporting small-scale traders through the Simplified Trade Regime and also through the COMESA Regulations. To this end, COMESA will implement Sub-component 2.3. In addition, the project will create a regional coordination committee to ensure policy coordination and coordinate project implementation among the countries and COMESA. The decision to include a regional coordination committee is based upon lessons learned from past experience that regional trade facilitation programs such as this benefit considerably from a centralized coordinating mechanism which enables consistency of implementation of regional policy.¹⁷ The Regional Coordination Committee (RCC) will comprise the heads of or representatives from the steering committee led by the Ministry of Trade/Commerce in each country and COMESA, and chaired by one of the members in rotation (Annex 3). The committee will be formally organized, at least twice a year, to assess the state of project implementation, harmonize policy, rules and regulations, provide necessary guidance on the implementation and monitor and evaluate results of the project. COMESA will undertake the responsibility of secretariat for organizing the Committee. One of two meetings will be organized as a side event of the COMESA annual meeting when the high-level authorities from each country will gather, in order to keep high-level commitment to the project at the regional level.

85. **At COMESA, a Project Steering Committee (PSC) will ensure oversight and guidance for project implementation.** A PSC has been established within the Division of Technical Cooperation and Resources Mobilization, and composed of the Directors of Trade, Gender and

¹⁶ Other regional institutions include the International Conference on the Great Lakes Region (ICGLR), the Economic Community of the Great Lakes Countries (CEPGL), or the Southern African Development Community (SADC), but due to limited membership across project countries or lack of mandate to oversee economic development/trade projects amongst these institutions, it was determined that COMESA was the most appropriate regional body.

¹⁷ For example, the Trade and Transport Facilitation in South East Europe (TTFSE) Project had a Regional Steering Committee (RSC) which included one Government-appointed member from each country – usually but not always the head of Customs – and which met every quarter to (i) review progress, thus creating peer-pressure, (ii) analyze performance indicators, (iii) envisage local and national initiatives, (iv) support and endorse field innovation, and (v) coordinate between different agencies and countries. The RSC had an elected chairman, who was empowered to communicate with all the member countries' governments on TTFSE-related issues.

Social Affairs, Peace, Security and Governance, Investment Promotion and Private Sector, Infrastructure, Strategic Planning & Research, and Statistics will effectively oversee the project implementation and coordinate among the stakeholders. In particular, the Gender Division will play a greater role to contribute to the project, including oversight of the gender awareness raising activities. The Division of Trade will also take the lead in regional coordination through the RCC, discussed above.

86. The Project Implementation Team (PIT) will be placed within the Division of Trade and be responsible for implementing and managing the project including M&E. The PIT is currently responsible for the COMESA program to promote small-scale trade in the conflict affected countries with support from various donors (the German Development Bank (KfW), African Development Bank (ADB), and the African Union (AU)) and operates within the Division of Trade at COMESA, and therefore has extensive experience in managing donor-funded projects with strong operational capacity. The PIT will be composed of technical staff from various divisions such as Trading for Peace, Gender & Social Affairs, IT, Legal, Administration and Procurement, Budget & Finance. The PIT will be also supported by the Multi-disciplinary Advisory Team. To further strengthen operational and fiduciary management capacity, the project (Component 4) will provide support for hiring a project officer, a procurement assistant and an accountant exclusively working for the project, in addition to one regional TID coordinator (to be based either in Goma or Bukavu) and 20 TID desk officers to be financed under Sub-component 2.3.

87. Each of the three countries, as well as COMESA, will prepare their individual Project Implementation Manuals to ensure efficient implementation of the project. The manuals will include a description of operational procedures, financial and administrative management, procurement methods and procedures, safeguards, and monitoring and evaluation. They will also clarify relationships among the implementing agencies in each country.

B. Result Monitoring and Evaluation

88. In each country, as well as COMESA, well-developed M&E systems will ensure that the project reaches targeted beneficiaries in a timely and efficient manner. Annex 1 contains the Results Framework, including details of key indicators to be tracked during project implementation and the monitoring and evaluation mechanisms. Indicators have been chosen based on their (a) direct relevance to the project development objective and the individual project components/activities; (b) on their measurability over time; and (c) degree of attribution in linking activities to outcomes and project objectives. A concerted effort has been made to standardize the PDO indicators and to the extent possible, the intermediate outcome indicators across the three countries, bearing in mind unique activities to be undertaken in each country and at the regional level. This will help ensure comparability of key results. During the Mid-Term Review of the project progress towards the PDO will be evaluated and remedial action will be taken as needed.

89. Each country will be independently responsible for collecting and reporting data under each Component and at the PDO level for project M&E purposes, including, among other things, yearly and end of project surveys as needed. Resources under Component 4 of the project will be provided to support the project implementing agencies to coordinate and/or conduct the M&E activity, and to build the capacity to do so. Though some project indicators that are set

forth in Annex 1 Results Framework reflect the regional nature of the project and therefore may be aggregated by border crossing, project countries will also report indicators at the country-border post level in progress reports.

90. **Though project countries and COMESA will have independent responsibilities for managing project M&E, effective coordination across parties will be critical.** The multi-country nature of the project and the cross-border nature of the specific activities introduce challenges to maintaining a standardized, informative, and actionable M&E systems. Countries and COMESA recognize this challenge and agree that cross-party coordination, particularly with regards to standardization of methodologies and measurement timing, will be an important element of the project M&E activities. The Bank will support project beneficiaries in their efforts to coordinate and collaborate on M&E activities, and provide guidance and supervision where appropriate.

91. **For the PDO Level Indicators, the implementing agency will coordinate the collection of data,** including conducting project surveys as necessary following the survey methodologies and questionnaires used in conducting project baseline data collection. Project surveys and data collection activities will, *inter alia*, measure time, cost and incidence of harassment involved in the crossing of borders by small-scale traders as well as overall levels of satisfaction with official services provided at the borders. The implementing agencies will coordinate where appropriate with relevant agencies (e.g. customs/revenue agencies and/or national statistics bureaus) to collect or access data for use in M&E reporting. Finally, because many indicators focus on activities taking place at and across borders, the Joint Border Committees may have an important role to play in coordinating and executing M&E activities.

92. **The agency directly overseeing implementation of Component 1 (Cellule Infrastructure (CI) in DRC, LODA and RCAA in Rwanda, and MTIC (Sub-component 1.2) and MoWT (Sub-components 1.1 and 1.4) in Uganda) will be responsible for collecting and reporting data associated with this Component's intermediate indicators (as set out in the Results Framework).** For Components 2 and 3, data collection and reporting on intermediate indicators will be coordinated by the implementing agency (Ministry of Commerce in DRC, MINICOM in Rwanda, and MTIC in Uganda) but supported directly by the beneficiary agencies operating at the borders and, when appropriate, the national statistics bureaus.

93. **Current baselines for results indicators are based upon previous World Bank analysis and recent field studies.** Through the project, an effort will be made to validate and update these indicators with cooperation and in coordination with the project countries. Baseline validation activities will allow the responsible stakeholders from each country to develop and test standardized methodologies for data collection prior to project implementation, and will ensure repeatability throughout the project life. By updating the baselines, these activities will also ensure that data can be disaggregated at the country level to enable greater attribution and allow more informed targeting of activities to address needs and make adjustments throughout the project.

94. **The project will support at the country level and through COMESA the building of the capacity of countries to monitor and measure small-scale cross-border trade flows.** Project countries are currently at different stages in the development of their respective Informal

Cross Border Trade (ICBT) monitoring programs (Rwanda and Uganda each have had ICBT monitoring programs in place for several years; DRC does not presently have a system to measure ICBT), but each could benefit from efforts to modernize the data collection and reporting mechanisms (through, for instance, tablet based collection tools) as well as peer-to-peer learning and sharing of best practices and harmonization of methodologies across countries in order to achieve more consistent and comparable data. In addition to the direct contribution the data on ICBT will provide to the project monitoring activities, it can also play an important role in advising policies to promote economic development and integration as well as providing more comprehensive insight into macroeconomic balances.

C. Sustainability

95. **The Regional Coordination Committee (RCC) and the JBCs will play a key role in sustaining policy dialogue and coordination of cross-border management at the regional level.** The JBCs to be established or strengthened by the project will provide the key mechanism for sustainable management and maintenance of infrastructure at the borders. Presently, each agency has had to maintain its own facilities but as integrated facilities are introduced it will be important to have clear governance structures for their maintenance. Bridges shared by pairs of countries are also critical. The implementing agencies for the infrastructure Components are agencies that normally maintain transport infrastructure in each country so the project will support the development of clear procedures for such shared facilities.

96. **The project will promote change management in the agencies operating at the border which will be key to success in sustainable public service management.** The project will support a change management approach based on the principles of empowerment, integrity, collaboration among various stakeholders and discipline in all activities. This is essential to address the underlying issues of governance at the border and support a sustainable change in behavior by officials at the border. Previous experience has shown that it is critical to change the incentives for officials to ensure that they comply with new requirements otherwise there is likely to be a quick reversion to existing practices.

97. **The development of a robust system of M&E is a feature of the project.** The project will develop a system to capture progress in improving conditions for cross-border trade, including, inter alia, the efficiency of cross-border operations, the relationships between border officials and cross-border traders, and the broader impact on conflict affected communities. The project includes a specific and concrete set of measurable indicators upon which project progress will be monitored, measured, and evaluated. Monitoring of those indicators will be undertaken by the responsible administration in each country and be part of the performance evaluation sheet for the customs and immigration officers to develop their ownership and responsibility, and ensure sustainability of the actions.

98. **Project implementation will be undertaken by existing organizational entities instead of ad-hoc Project Implementation Units (PIUs).** The expectation is that through this approach including for instance financing of training courses for leadership, change management, communication, project management, M&E, procurement and financial management, conditions and capacity will be enhanced for the operation to be sustained within these structures.

99. **The project will seek extensive and broad-based stakeholder dialogue and involvement in the project.** Widespread dissemination of data on small-scale trade, information on the project and its activities and the monitoring of its impacts will be undertaken to engage a wide group of stakeholders in the project and build a strong base of peer pressure to ensure the long term sustainability of its objectives to change behavior. The COMESA Trade Information Desks will be the primary conduits for stakeholder engagement at the local level and the project will seek to ensure that the services provided by these desks are of such value to local trading communities that they are then able to sustain themselves once the project has closed.

VI. KEY RISKS

A. Risk Ratings Summary Table

Risk Category	Rating
1. Political and Governance	High
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	High
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	High
7. Environment and Social	Substantial
8. Stakeholders	High
9. Other	
OVERALL	High

B. Overall Risk Rating Explanation

100. **Project risks vary across the three countries, and for COMESA, but the overall risk is rated as high.** The high risk rating is based on three main factors with consideration given to the *likelihood* and potential *impact* of each: (i) continuing volatile environment in Eastern DRC including vulnerability to intra-regional and external shocks; (ii) weak institutional capacities and persistent concerns with financial sustainability (especially in DRC); and (iii) the challenges associated with the required multi-sector and multi-agency coordination of various stakeholders within and across the project countries.

101. **A volatile political and security environment:** Eastern DRC remains a volatile area, with pockets under the control or influence of armed groups. Several districts in the areas around the border posts that will be rehabilitated under this project are considered relatively insecure, and the situation is continuously evolving as armed groups move around, get formed or disband. The signing of a peace, security and cooperation framework for DRC by the 11 countries of the GLR on February 24, 2013 is an important step toward a sustainable peaceful solution to the conflicts in eastern DRC. Still, regional mistrust has not disappeared yet, and a security situation that could

deteriorate at any time is one of the biggest concerns for implementation of the project and security of staff. Moreover, once conflict erupts in the borderlands, there has been a tendency to temporarily close borders. Conflict in the borderlands has had a destructive effect on trade as well, with movement of traders trickling to a minimum while fighting is ongoing. Most of these risks are beyond the Bank's control and yet will drive the speed and efficiency with which the project can be implemented, and most importantly, the extent to which households, and especially women traders, are able to benefit from improvements at the border. As a result, project implementers will have to be particularly mindful of security matters. The project will closely monitor both political and security situations in collaboration with the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) and with the Office of the Special Envoy for the GLR. Moreover, the project may work with a number of Congo-specific coordination frameworks, such as those under the Stabilization and Reconstruction Program of DRC (STAREC)/International Security and Stabilization Support Strategy (ISSSS) stabilization programme, which will permit it to be aligned with a broader security- and stabilization dialogue with the government as well and undertake context-specific risk mitigation. (Political and Governance)

102. **Other shocks external to the project can have impacts on trade flows.** In addition to the risk to the project posed by conflict and political transitions, other external shocks can have impacts on trade flows across borders in the region. For instance, a large amount of the trade into and from eastern DRC, particularly amongst small-scale traders, consists of agricultural goods. Changes in weather (e.g. drought), global commodities prices and/or currency value fluctuations can significantly impact supply and demand factors which influence trade flows. The project will, therefore, measure trade flows with an understanding and close monitoring of external dynamics and make adjustments where possible to mitigate the impact of such shocks.

103. **Institutional capacities are weak and there are concerns with financial sustainability (DRC, Rwanda, Uganda, and COMESA):** Capacities in the administrations of all 3 countries and COMESA and of agencies operating at the border are very limited. Most of the countries as well as COMESA face financial constraints and receive support from external sources. Furthermore, though the lead coordinating agencies for the project in each country are well positioned to oversee projects covering international trade and commercial policy, they generally have limited or no experience implementing Bank projects. In collaboration with government counterparts a number of key mitigation measures have been identified to lower these risks, including: (i) making provisions for specialized agencies within government with strong track records to support key infrastructure activities; (ii) placing an important emphasis on capacity building and staff support within implementing agencies; (iii) adopting approaches which minimize the recurrent cost implications; and (iv) relying on existing implementation structures with experience with Bank procedures. For COMESA, key risks include: (i) weak organizational capacity to manage the implementation of the project, (ii) high staff turnover, and (iii) insufficient fiduciary management capacity in terms of procurement, finance, reporting and auditing. Key mitigation measures include: (i) using implementation structures and staff with experience of implementing Bank-financed projects, and (ii) training on World Bank fiduciary procedures and enhanced supervision. (Institutional Capacity for Implementation and Sustainability; Fiduciary)

104. **Multi-sectoral coordination is challenging:** The project will require effective collaboration across multiple public sector stakeholders and between central and provincial government (most notably in the DRC). Multi-sectoral coordination will be challenged by the number of institutions (customs, immigration, police, security services, health, agriculture,) which will need to work together and the variable but generally low capacity of these institutions, particularly at the local level. Finally, coordination on key activities will also be required across the three participating countries. These factors present complexity and challenges to the implementation of project activities as well as to the monitoring and evaluation of the project. For M&E, mechanisms to standardize measurement methodologies and coordinate data collection activities across borders will be needed. To address these risks, multi-sectoral coordination committees will be established in each of the 3 countries. In addition, the project will support existing or help to form new JBCs which will play a critical role at the local level in both (i) coordinating activities amongst border agencies on each side of the border, and (ii) facilitating regular dialogue and coordination of activities with counterparts across borders. At the regional level, the project will provide for an RCC and will support COMESA to strengthen its role in cross-country coordination and collaboration, including M&E.

105. **Stakeholder risks are considerable:** Given the political environment, any interventions to better facilitate trade are likely to have different effects on different groups of stakeholders. Enhanced trade may hurt some producers, who may face more competition from producers elsewhere. The net effect on production is typically positive on balance, but it may be negative for certain areas. This makes it important to consider carefully the political economy dynamics of projects in the borderlands. The project will develop strategies to mitigate this risk in two ways: (i) an agriculture supply chain analysis to understand the actors and their incentives in cross-border trade; and (ii) a political economy assessment of the interactions between actors. Deep analysis of key stakeholders at different levels (Regional Economic Communities (RECs), central government, provincial government, traditional chiefs, private sectors/traders/producers/sellers etc.) will identify who are and/or can be ‘champions/leaders’ for driving changes and ‘losers/opponents’ for preventing changes. In addition, the project will apply strategies developed under the Rapid Results Approach (RRA) and engage stakeholders themselves to identify key constraints and bottlenecks in cross-border trade. A team consisting of key stakeholders and/or leaders will be supported to define the goal they will commit to achieve within defined time periods. Enhanced understanding of how the value chains operate, the actors involved, and relationship dynamics between the actors will: (i) help fine tune interventions to target unique conditions and obstacles faced by traders in their daily routines; and (ii) identify emerging risks and vulnerabilities as the project is implemented. (Stakeholders)

VII. APPRAISAL SUMMARY

A. Economic Analysis

106. **The developmental impacts of trade are high in poor borderland areas.** The specific characteristics of borders in the Great Lakes, with large numbers of small-scale traders providing crucial income for vulnerable households, will further magnify the economic benefits from facilitating trade. A simple economic analysis using available data on prices suggests that the economic benefits of this project to poor households could be substantial. An analysis of the Goma border alone suggests improvements in border infrastructure and better procedures that reduce

trade costs for basic food products could lead to annual consumption savings of US\$5.87 million for the most vulnerable households residing close to Goma in the DRC. Thus the economic benefits of the project will exceed the proposed outlays for this border post in a short period of time, less than 3 years. Similar gains for poor families in the areas of the DRC around the other targeted borders could generate overall economic benefits of more than US\$11 million per year.

107. **Households in the other project countries will also benefit.** The project will lead to gains from trade on both sides of the border. Simple analysis suggests that convergence of prices of products imported by Rwanda from the DRC could reduce food consumption expenditures of the poor in Rubavu by as much as 4 percent which could lead to annual benefits US\$3.3 million in Rwanda from lower consumption expenditures alone.

108. **Additional benefits will arise from increased consumption and potential impacts on producers and consumers.** The analysis provides a simple estimate of the welfare impact of reforms that reduce the costs of trading and reduce the price of basic food products. Additional impacts would come as households reorganize consumption baskets and spend the increase in real income on more goods and services. Further, increased flows of trade across borders as a result of lower prices and increased demand would likely raise returns to traders and ultimately producers of tradable goods and services and increase jobs related to cross-border trade.

109. **The Kamembe Airport Sub-component, which is the single largest intervention under the project, was evaluated separately and found to be economically viable.** The economic evaluation utilized two distinct but complementary approaches, for passenger and cargo traffic. Both are founded on well-established techniques and apply a generalized cost function to the changes in monetary and time costs to be brought about by the project interventions. Some of the project interventions, such as security and safety improvements are required under international standards and recommended practices and are therefore not monetized. Applying conservative traffic growth estimates (7% for passenger and 3% for cargo) the net present value of the passenger benefits and cargo benefits are respectively, US\$7.5 million and US\$5.2 million over a 20 year horizon (i.e. a total of US\$12.7 million).

110. **Sensitivity analyses suggest the project is viable within the feasible ranges of the key variables.** The economic benefits of the interventions were tested for sensitivity to traffic growth, changes in types and value of cargo and cost increases. The results showed that the project is viable even at levels of growth that are approximately half of recent trends in traffic and at cost increases of more than 10%. In general, the sensitivity analyses suggest the project is viable within the feasible ranges of the key variables. Importantly, the models used clearly underestimate the overall benefits of the projects: they do not include the impacts of the safety improvements and the likely shortened transit passenger and cargo times due to ability to offer night operations. Were the positive impacts of these other aspects to be included then the impact of the project would be greatly enhanced. A detailed description of the economic evaluation for the airport is provided in Annex 6.

B. Technical

111. **The full benefits of improvements to infrastructure accrue only when these investments are accompanied by policy and procedural reforms and capacity building.** Infrastructure improvements on their own, while essential, cannot deliver significant reductions in time and costs alone. Often the biggest impacts for traders come from improved policies, better implementation and effective monitoring of state performance at the border. Therefore, this project will carefully combine and integrate both hard and soft interventions and include policy and procedural reforms to improve the efficiency, capacity, and security of border operations. The project will support reforms to improve border crossing conditions by ensuring the application of transparent and consistent procedures by customs and other agencies at the border. As a result, new border facilities will be designed to accommodate procedural changes and inter-agency (and subsequently, cross-border) integration.

112. **JBCs are an excellent platform to promote inter-agency cooperation** and mutual accountability among officials, and can be effectively used to respond to day-to-day challenges that require immediate action. JBCs will be used as one of the main vehicles to implement the Charter for Cross-Border Trade in Goods and Services, and more generally to offer a regular platform for joint discussions between representatives of Traders Associations and border agencies – this, in turn, has proven to be an effective strategy to build mutual trust and promote behavioral change. JBCs can play a major role in addressing concerns and complaints raised by traders through the ICT reporting mechanism, especially those that can be dealt with at border level and do not need to be escalated to HQs. Finally, the committees may be used to coordinate border officials attending trainings on the Charter for Cross-Border Trade and on the Simplified Trade Regime (STR), and also be involved in the various awareness-raising activities for border officials planned under Component 2.

113. **Training of officials should be undertaken jointly with small-scale traders to build empathy and understanding.** This is an effective way of decreasing incidents and increasing people's trust in their authorities. Reverse role-playing is an efficient tool for this. Gender sensitivity and the particular needs of women will play a critical role in the trainings as well. These trainings will include a regional dimension, with traders' groups from both sides of the borders brought together to exchange ideas and experiences. In turn, these groups may play an important role in the monitoring of border agents' performance, and engage in a constant dialogue to increase cross-border solidarity and social cohesion. These training activities would be undertaken through technical assistance activities carried out by consultancies.

114. **Change management can help drive improved border management.** Adaptive challenges must be seen alongside technical challenges, especially when introducing the new procedures and innovative changes in border management. Such changes can lead to resistance which can be mitigated through strengthened coordination and communication among stakeholders. An absence of discipline in the organization of work and management has been identified as one of the fundamental problems that leads to an insecure environment at the border, for instance, the existence of the large number and range of individuals present at the border who

are officials. Introducing simple and basic management approaches¹⁸ that introduce discipline and efficiency in routine work can provide an opportunity for organizing, developing, and sustaining a transparent and productive work environment. Therefore, this Sub-component will support such a change management approach based on the principles of empowerment, integrity, collaboration among various stakeholders and discipline in the professionalization training program.

C. Financial Management

115. **An FM assessment was carried out for COMESA Secretariat and implementing entities in the Democratic Republic of Congo, Rwanda and Uganda.** The FM assessment was carried out in accordance with the Financial Management Manual issued by the FM Sector Board on March 1, 2010 and retrofitted on February 4, 2015. The objective of the assessment was to determine whether the implementing entities have acceptable financial management arrangements in place that satisfy the Bank's Operation Policy/Bank Procedure (OP/BP) 10.00. These arrangements would ensure that the implementing entities: (i) use Project funds only for the intended purposes in an efficient and economical way; (ii) prepare accurate and reliable accounts as well as timely periodic financial reports; (iii) safeguard assets of the Project; and (iv) have acceptable auditing arrangements.

116. FM arrangements were found to be adequate subject to meeting the following requirements: (i) all countries will need to prepare the project implementation manual including Financial Management, accounting policies and procedures adequate for the project, and include project specific FM arrangements in their Project Implementation Manuals; (ii) the following ministries/agencies recruit qualified and experienced accountants: CI/MITP, Ministry of Commerce and Provincial Project Teams (PPT) of North and South Kivu in DRC, MINICOM-SPIU and LODA in Rwanda and COMESA; (iii) MTIC in Uganda will appoint an accountant for the project amongst their existing staff; (iv) Ministry of Commerce in DRC and RCAA in Rwanda both acquire a computerized accounting software and provide training for dedicated staff; and (v) the following ministries/agencies recruit a qualified and experienced internal auditor to strengthen internal control systems: Ministry of Commerce and CI/MITP in DRC, and MINICOM-SPIU in Rwanda. Additional details on the FM assessment are found in the Annex 3.

117. The conclusion of the assessment is that the financial management arrangements in place meet the World Bank's minimum requirements under OP/BP10.00, and therefore are adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project required by World Bank (IDA). The overall Financial Management residual risk rating is moderate for COMESA Secretariat and substantial for DRC, Rwanda and Uganda.

D. Procurement

118. **Procurement Guidelines:** Procurement for the proposed project in all countries and COMESA will be carried out in accordance with the World Bank's "Guidelines: Procurement

¹⁸ An example is the 5S management methodology initially developed in Japan which has been applied in the TOYOTA's manufacturing process as a core corporate value. It is now widely used beyond manufacturing, in the various private and public sectors such as hospital management and tax administration, as a powerful way of change management.

under International Bank for Reconstruction and Development (IBRD) Loans and IDA Credits" dated January 2011 and revised July 2014; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 and revised July 2014; Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011; and the provisions stipulated in the Legal Agreement. The following is a brief summary of procurement arrangements with details provided in Annex 4.

119. **In DRC**, procurement activities will be carried out at two levels: (i) CI at the Ministry of Infrastructure and Public Works; and (ii) *Cellule de Gestion des Projets et des Marchés Publics* (CGPMP) of Minister of Commerce. At the Cellule Infrastructure procurement activities will be carried out by the Procurement unit within the Cellule Infrastructure. At the Ministry of Commerce level, procurement activities will be carried out by the CGPMP within this Ministry. The assessment in DRC found that the Cellule Infrastructure is carrying out its fiduciary responsibilities in a satisfactory manner for the High Priority Reopening and Maintenance Project (P101745) to the point that it is asked to provide fiduciary services for another IDA funded project. On the other hand the CGPMP of the Ministry of Commerce has been newly created on June 09, 2014 and is staffed with fourteen people. Although the staff of this unit has attended procurement training according to the national procurement law it has no experience with World Bank procurement rules and procedures. Staff experience is limited to only one procurement process to procure vehicles for the Ministry. To further strengthen the capacity of the CGPMP one procurement expert with strong experience in Bank procurement procedures will be recruited to provide technical support and training to the CGPMP. Therefore, the overall procurement risk is High and will reduce to Substantial after mitigation measures are in place.

120. **In Rwanda**, procurement for the project will be implemented by MINICOM, RCAA and LODA. The MINICOM-SPIU will undertake all procurement for Sub-component 1.4; Components 2, 3 and 4 as an overall responsible agency, while RTDA will undertake preparation of ToRs and take part in the evaluation process for the Sub-component 1.4. RCAA and LODA will be implementing Kamembe Airport infrastructure upgrades and construction of Border Markets, respectively. RTDA will prepare the terms of reference and take part in the technical evaluation of proposals for activities under Sub-components 1.1 and 1.4, relating to Rusizi I border post.

121. MINICOM-SPIU has had experience implementing development partner- funded projects in the past. The unit is led by the Project Coordinator who will ensure general oversight of the Project and effective coordination between the SPIU and the other implementing agencies (RCAA, RTDA and LODA). The SPIU has two procurement specialists, one assigned for a Bank financed Governance and Competitiveness Technical Assistance (G4C) Project and the other for other projects financed by development partners. The two procurement staff are assessed adequate for the current work load. However, given additional workload for this project, and given that the contract of the first procurement specialist is ending; the project needs to finance a procurement specialist exclusively for this project in the SPIU.

122. The RCAA is an authority overseen by Board of Directors and managed by a Director General (DG). Procurement unit is headed by a director who reports directly to the DG. The procurement unit is provided technical support from the engineering and maintenance department

in preparation of bidding documents for large and complex contracts such as airport infrastructure design and construction works. The RCAA has a well-established organizational structure with good experience in airport infrastructure development.

123. Consultancy services and construction works at Kamembe and Gisenyi airports contracts provided an opportunity for the procurement unit to gain experience with large and complex contract implementation.

124. With the growing volume and complexity of work for the RCAA, the structure of the procurement unit has been revised to add two more procurement specialists, which will further strengthen the procurement capacity of the authority.

125. LODA has a monitoring role over all districts in the implementation of projects funded by development partners as well as from the Government of Rwanda and channels funds from development partners to districts, maintaining the procurement and financial documents of those projects. Hence, LODA, as an oversight agency, has less experience and capacity in actual contract implementation. However it has implemented two large-value consultancy services; national data base development and impact assessment studies. LODA has no experience with Works contracts in the past, and for Goods, implemented only small value contracts. The agency has only one procurement officer. Given limited experience in implementation of Goods and Works contracts and having a structure with only one procurement officer, the procurement capacity of the agency is found to be not adequate unless strengthened, by recruiting one additional procurement specialist, financed from the project.

126. The assessment revealed that the procurement risk is **Substantial** due to the low procurement capacity gap of LODA and will reduce to **Moderate** after mitigation.

127. **In Uganda**, The capacity assessment of MTIC was carried out by the Bank in February 2015 to review the adequacy of the number and skills of staffing as well as the adequacy of internal systems and controls to support project implementation. The risk for procurement is High and will reduce to Substantial after mitigation. The national legislation on public procurement as laid out in the Public Procurement and Disposal of Assets Act is generally consistent with the World Bank's guidelines, except for some provisions that are listed in Annex 4.

128. **The key risks for project implementation** are: (i) Inadequate experience of MTIC staff in IDA financed procurement management and inadequate number of staff to manage workload under the Great Lakes Initiative Regional Project; (ii) Inadequate number of Technical Staff to handle the Great Lakes Initiative Regional Project work load; (iii) Inadequate record keeping and filing, (iv) Lack of clarity on implementation arrangements; and (v) Delays in procurement processing;

129. **These risks will be mitigated** by: (i) Recruitment of a Procurement Specialist with ToR acceptable to IDA to provide hands-on coaching and mentoring of PDU staff, and PDU staff to attend training at a procurement training institute acceptable to the World Bank; (ii) MoWT Department of Public Structures with technical expertise for building works to augment capacity in MTIC; (iii) PDU will receive training on keeping of procurement files to ensure completeness

of procurement files; (iv) Prepare Project Implementation Manual to clarify implementation roles for the different stakeholders which will include a Procurement section to clarify IDA procedures and a Project Procurement manual; and (v) Put in place a procurement tracking system to monitor the progress by the PDU of processing different contracts;

130. **At COMESA**, a procurement capacity assessment of the COMESA Secretariat was carried out by the Bank in March 2015 to review the adequacy of the number and skills of staff as well as the adequacy of internal systems and controls to support project implementation under the US\$5.0 million COMESA Component. The risk for procurement is moderate and would reduce to low after implementation of the proposed risk mitigation measures. COMESA has a reasonable track record of implementing mostly small grant projects over the last 9 or so years. Over time, COMESA has acquired sufficient experience in implementing Bank-funded projects. However given that COMESA relies mostly on short term consultant staff to supplement regular COMESA staff to implement projects, the consultant staff is not retained by COMESA leading to insufficient staff capacity. For this project, a procurement Officer will need to be recruited. The procurement Officer will work under the overall supervision of the Procurement Manager / Expert for the COMESA Secretariat who is procurement proficient. The project implementation will be based on the use of the COMESA Procurement Implementation Rules of November 2005 (as amended by the Council and 2007) subject to very minor modifications to make them acceptable for use under Bank financed project since they are generally consistent with the World Bank’s guidelines, except for those provisions listed in Annex 4.

131. The project will be supervised at least twice a year as part of the Bank’s regular implementation support missions. Once a year the Bank will carry out a procurement post review based on a 10 percent sample of all procurement that would not have been subject to prior review by the Bank based on the moderate procurement risk that has been assessed for the COMESA Component.

132. Proposed Procurement Responsibilities in each Country for different Components of the Project:

Country	Component 1	Components 2, 3, and 4
DRC	Cellule Infrastructures	Ministry of Commerce
Rwanda	MINICOM/RCAA/LODA	MINICOM
Uganda	MoWT (Sub-components 1.1 and 1.4)	MTIC (+ Sub-component 1.2)
Regional		COMESA Secretariat

E. Social and Environmental Safeguards

133. **Given the fragile environment and the density of population around the border posts, the proposed investments will trigger environmental and social safeguard policies OP 4.01 *Environmental Assessment*, OP/BP 4.04 *Natural Habitats* and OP 4.12 *Involuntary Resettlement*.** Preliminary assessments through field visits to the sites of the proposed project interventions did not suggest the likelihood of any large scale or irreversible social and environmental impacts. However, the above policies were triggered for the following reasons:

- Natural Habitats OP/BP 4.0 is triggered because some of the sites for interventions will be in proximity to natural wetlands (e.g. Lake Kivu). In particular the project will need to ensure that construction waste is not dumped into these areas. In this context, OP4.04 is triggered to ensure that the adjoining or nearby natural habitats are duly considered when undertaking the Environmental and Social Impact Assessments (ESIA) for these projects, and natural habitat plans are prepared.
- Environmental Assessment OP/BP 4.01 is triggered as the different investments will require the identification, mitigation and monitoring of potential adverse environmental and social impacts; the project has been rated “B” as impacts are expected to mostly site specific and impacts will be mitigated through an Environmental and Social Management Plans (ESMP); and
- Involuntary Resettlement OP/BP 4.12 is triggered as the types and location of the investment at all the border posts and markets, though still to be finalized, may affect people’s livelihoods (for example small vendors) and/or necessitate involuntary relocation of some communities. Due to the conflict environment of the region, the border posts are surrounded by large settlements, some on the very margins of the customs control zones. Improving facilities and traffic flow through the border posts or at markets may require the creation of buffers and hence temporary or permanent loss of livelihood and access to services.

134. **An assessment was made of whether to trigger Projects on International Waterways OP/BP 7.50** especially as some project interventions are at border posts connected by bridges across shared rivers, and the studies at the ports (Uvira and Kalemie) on Lake Tanganyika. However, the policy was not triggered because (i) bridges are not specifically included in the list of projects covered under paragraph 2(a) of the policy, and (ii) it was determined that the project may have only minor and temporary environmental or pollution impacts arising from improvements to bridges and any impacts can be managed through the EA/EMP. With regard to the feasibility and design studies for the customs and border management facilities in Kalemie and Uvira, the actual port facilities already exist and the project is not going to finance the actual port construction but rather on-land structures that will be used to accommodate or support border control and customs officials.

135. Based on the above and given that either the facility designs are still to be prepared or finalized or exact locations in each country are still subject to final determination the approach to safeguards in each beneficiary country is as described below.

136. **DRC:** Safeguards instruments, such as Environmental & Social Impact Assessments (ESIA), Environmental Social Management Plans (ESMPs) and Resettlement Action Plans (RAPs) preparation in DRC is being deferred as per OP 10.0 para 12. The preparation of the safeguards instruments will be commissioned along with the feasibility studies and technical designs of the investments for the two border posts; the Petite Barrière in Goma and Ruzizi I in Bukavu. There are three project specific rationales for seeking a deferment of safeguards to implementation:

- a) While the authorities have determined the specific border posts for improvements along the eastern border of the country, consultations to define the scope of the interventions are

still ongoing. Consequently, it has not been feasible to prepare either the framework documents or EIAs and RAPs until the consultations are completed and precise project locations and scope are determined. The sizing and design of the proposed new facilities will be the result of an inter-agency consultation process to be supported by the project. This will be achieved through the Steering Committee established for implementation of the project, which will help to expedite and finalize the site specific interventions, after which safeguard documents will be prepared.

- b) MoC, which is the lead agency for the Project and is responsible for implementing government policy pertaining to small scale traders, does not have any experience working on Bank-financed operations, and thus, currently lacks the capacity and experience needed to adequately prepare safeguard documents. The project will enhance the capacity of the MoC to deliver on its mandate; and
- c) Interventions to be financed through the project are concentrated in eastern DRC. The east is geographically remote from Kinshasa, thereby exacerbating the aforementioned challenges. The project will support provincial structures in the east which will help facilitate the project safeguards during implementation.

137. Specific steps and actions have been defined to ensure that project implementation will adhere to relevant Bank policies on safeguards. Some of the key preparatory steps are:

- i) One of the first tasks of the inter-agency Steering Committee, chaired by MoC (see above) will be to agree and approve the designs for border facilities and border markets to be financed by the project. This will facilitate the drafting of terms of reference for the preparation of specific safeguards documents and action plans;
- ii) Cellule Infrastructures (CI), the implementing agency for the infrastructure interventions, is strengthening its capacity on safeguards. CI has been implementing IDA financed roads projects and has experience in preparing safeguards documents and managing the environmental and social impacts of the civil works. CI already has two safeguards specialists on its staff in Kinshasa but is now recruiting two additional social safeguards staff, one to be based in Kinshasa and the other in Goma. There is a recognition that the social impacts of the project in Goma will require close attention;
- iii) The Ministries of Commerce and Finance have committed to start preparing resources for RAPs that will likely be necessary especially at the border posts;
- iv) Given the difficulty of mobility and lack of adequate safeguard staff at the Ministry of Commerce, the project will include the supervision of RAPs and ESMP in the terms of reference for the ESIA consultant. While CI has two safeguards specialists in the Kinshasa office who have been supervising the Resettlement Action Plans (RAPs) and Environmental and Social Management Plans (ESMPs) for the roads projects that they are implementing, the Ministry of Commerce and CI have agreed on the need for strengthening the capacity at the national and provincial levels to support the preparation of the Environmental and Social Impact Assessments and Resettlement Action plans for all investments and the effective supervision of the implementation of RAPs and ESMPs. The Government of DRC has agreed to recruit a social development specialist and resettlement specialist in CI who will be based in Goma.

138. **Rwanda:** The main project interventions in Rwanda will be the construction of border markets in two districts (Nyamasheke and Rusizi), improvements to infrastructure and technical systems at Kamembe Airport, and feasibility and design studies and subsequent improvements at Rusizi I border post. The airport investments include, *inter alia*, navigational equipment, landing lights and the construction of a security fence. A more technical description of planned investments at Kamembe airport can be found in Annex 6. Whereas no major environmental impacts are envisaged from the policy reform, change management and implementation support components, it is expected that the physical interventions may involve the expropriation of land for the border markets from private owners and pose a challenge for the District governments to identify replacement land. The exact scope of works is yet to be finalized. Consequently, a Resettlement Policy Framework (RPF) and an Environmental and Social Management Framework (ESMF) have been prepared, consulted on, and disclosed. Safeguards documents for Rwanda have been disclosed and published on June 29, 2015 on the MINICOM website (<http://www.minicom.gov.rw/index.php?id=165>) and on July 1, 2015 in the InfoShop.

139. For the proposed sub-project investments, specific environmental and social impact assessments (ESIA) will be done and Resettlement Action Plans (RAPs) and environmental management plans (EMPs) will be prepared prior to commencement of all construction activities as and when required under the ESMF and RPF. All the above safeguard documents will necessarily include the feedback from consultations with the appropriate local, regional and national stakeholders. In addition, the RPF and ESMF include environmental safeguard capacity building wherever this can be integrated with the project design. In Rwanda, along with strengthening the capacity of the existing project staff, the project will provide additional technical assistance on safeguards through expert safeguard consultants to ensure effective management of the environmental and social impacts.

140. At Kamembe airport, where the project will finance new interventions, the government has financed the resurfacing, now completed, of the runway. The implementing agency prepared, at the request of IDA, an environmental audit of the works before they were completed. The authorities have implemented elements of the plan that were still feasible as the works were about to be completed. Further training in environmental management will be provided for the interventions that will be financed by the project.

141. **Uganda:** The main project physical interventions in Uganda will be improvements to the Bunagana border post, construction of one border market, and feasibility and design studies for the Goli border post. Whereas no major environmental or social impacts are envisaged from the policy reform, change management and implementation support components, it is expected that the physical interventions may involve the expropriation of land for the border markets from private owners and pose a challenge for the District governments to identify replacement land. The exact scope of works is yet to be finalized. Consequently, a Resettlement Policy Framework (RPF) and an Environmental and Social Management Framework (ESMF) were prepared. The Uganda ESMF and RPF have been consulted on in country and disclosed on April 13, 2015 on the website of the Ministry of Trade Industry and Commerce (<http://www.mtic.go.ug/index.php?/External-Trade/great-lakes-trade-facilitation-project/>) and on July 1, 2015 in the InfoShop.

142. For the proposed sub-project investments, specific environmental and social impact assessments (ESIA) will be done and Resettlement Action Plans (RAPs) and environmental management plans (EMPs) will be prepared prior to commencement of all construction activities, as and when required under the ESMF and RPF. All the above safeguard documents will necessarily include the feedback from consultations with the appropriate local, regional and national stakeholders. In Uganda, the Ministry of Works and Transport has some capacity but will be provided, through the project, with additional consultant experts to support management of environmental and social impacts.

F. World Bank Grievance Redress

143. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond.

144. For information on how to submit complaints to the World Bank's corporate GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Country: Africa

Project Name: AFCC2/RI-Great Lakes Trade Facilitation (P151083)

Results Framework

Project Development Objectives

PDO Statement

The Development Objective of this project is to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small-scale and women traders, at targeted locations in the borderlands.

These results are at | Project Level

Project Development Objective Indicators

PDO indicators	Core	Unit	Country or Location	Baseline	Cumulative target values					Frequency	Data source/ methodology	Responsibility	Explanations, Definitions, and Assumptions
					YR 1	YR 2	YR 3	YR 4	YR 5				
1. Average time for traders to cross target border crossings		minutes	<i>Petite Barrière</i>	18	18	15	12	8	5	Monthly, over a period of 48 hours (with simultaneous collection on both sides of the border).	On-site observers, with automated data capture whenever possible, otherwise use of time-in/time-out methodology. ²⁰	DRC MoC, MINICOM	In 2013, 69% of small-scale trade between Uganda and DRC occurred through Kasindi/Mpondwe; 68% of Rwanda/DRC small scale trade occurred at Rusizi 1 and Petite Barrière, explaining the primary choice of these sites for monitoring. However, other sites may be added during project life. JBCs
			<i>Rusizi 1</i>	42	42	35	25	15	10			DRC MoC, MINICOM	
			<i>Kasindi (DRC) – Mpondwe (Ug)</i>	14	14	12	10	10	10			DRC MoC, MTIC	

¹⁹ “Capacity for commerce” in the context of this project is defined as the capacity of core trade infrastructure, in particular, the airport at Kamembe, border markets, and border facilities, to handle an increased flow of goods, services, and people, and the capacity of government agencies at the border to provide high quality and efficient services.

²⁰ Methodology for time to be determined; will require cooperation and collaboration between countries, likely through JBCs

													will monitor the data collection and carry out a preliminary analysis
2. Incidence of harassment of small scale traders		%	<i>Petite Barrière</i>	92	92	80	60	40	10	Bi-Annual/Annual	1. User survey 2. Log of complaints provided by border administrations 3. Toll-free line feedback.	DRC MoC, MINICOM	Harassment includes solicitation of bribes or unofficial payments as well as verbal and physical abuse; as measured by survey of traders. JBCs will monitor the data collection and carry out a preliminary analysis
			<i>Rusizi I</i>	78	78	60	40	25	10			DRC MoC, MINICOM	
			<i>Kasindi (DRC) – Mpondwe (Ug)</i>	53	53	45	35	25	10			DRC MoC, MTIC	
-- Among female traders		%	<i>Petite Barrière</i>	96	96	80	60	40	10	Bi-Annual/Yearly	Survey	DRC MoC, MINICOM	Rates of harassment (as defined above) against female traders
			<i>Rusizi I</i>	85	85	60	40	25	10			DRC MoC, MINICOM	
			<i>Kasindi (DRC) – Mpondwe (Ug)</i>	65	65	45	35	25	10			DRC MoC, MTIC	
3. Value of goods handled through core trade infrastructure.		US\$ (million)	DRC-Uganda	110	115	121	127	133	140	Monthly	ICBT monitoring, Customs, Survey	MoC, MTIC	The value of goods handled through (i) target border crossing points; (ii) border markets and (iii) air cargo facility at Kamembe Airport.
			DRC - Rwanda	92	96	101	106	112	117			MoC, MINICOM	
4. Direct project beneficiaries	X	#	DRC	0	0	2000	20000	20000	40000	Yearly	ICBT and project monitoring	MoC	Direct beneficiaries include (i) traders using the border crossings (ii) passengers through the airport; (iii) border officials and traders trained; and (iv) border market users. ²¹
			Rwanda	0	0	1000	10000	10000	20000			MINICOM	
			Uganda	0	0	1000	10000	10000	20000			MTIC	

²¹ Number of beneficiaries will be calculated based on average number of monthly (a) small-scale traders moving through target border crossings (as monitored by country ICBT monitoring programs); (b) air passengers fly in/out of Kamembe airport (as reported by RCAA); and (c) users of border markets (as estimated and monitored by project implementing agencies).

-- of which female	X	%	DRC	0	65	65	65	65	Yearly	ICBT and project monitoring	MoC		
			Rwanda	0	65	65	65	65			MINICOM		
			Uganda	0	65	65	65	65			MTIC		
Intermediate Results Indicators													
Component 1: Improving core trade infrastructure and facilities in the border areas													
1.1. Border infrastructure and facilities													
Value of goods traded through target border crossings		US\$ (million)	<i>Mahagi/Goli</i>	1	1.05	1.1	1.15	1.2	1.27	Yearly	Customs reporting and ICBT monitoring	DRC MoC, MTIC	Yearly total of exports and imports by value
			<i>Kasindi/Mpoundwe</i>	104	110	115	121	127	133			DRC MoC, MTIC	
			<i>Bunagana</i>	6	6.3	6.6	7	7.25	7.6			DRC MoC, MTIC	
			<i>Petite Barrière</i>	35	36.75	38.5	40.5	42.5	44.5			DRC MoC, MINICOM	
			<i>Rusizi 1</i>	27	28	29.75	31.25	32.8	34.5			DRC MoC, MINICOM	
Daily average number of traders processed through the borders (entry and exit)		#	<i>Mahagi/Goli</i>	150	150	160	200	250	250	Yearly	ICBT Monitoring Surveys	DRC MoC, MTIC	
			<i>Kasindi/Mpoundwe</i>	600	650	700	700	700	700			DRC MoC, MTIC	
			<i>Bunagana</i>	150	150	160	200	250	250			DRC MoC, MTIC	
			<i>Petite Barrière</i>	2500	2500	3000	3200	3500	3500			DRC MoC, MINICOM	
			<i>Rusizi 1</i>	1000	1000	1200	1250	1300	1300			DRC MoC, MINICOM	
Completed physical improvements to border facilities		#	DRC	0	0	0	1	2	3	Yearly	Progress reports of implementing agencies	CI	
			Rwanda	0	0	0	1	1	1			RTDA	
			Uganda	0	0	0	1	1	1			UNRA	
1.2 Development of border markets													
Value of goods exchanged in new border markets		US\$ (1000s)	DRC	0	0	0	150	200	350	Yearly	Progress reports of implementing agencies	MoC	
			Rwanda	0	0	200	250	450	495			MINICOM	
			Uganda	0	0	100	200	250	300			Uganda	
		Avg #	DRC	0	0	500	1000	1200	1500	Yearly		MoC	

Number of market users (monthly average)			Rwanda	0	0	300	800	1000	1200		Project monitoring surveys	MINICOM	
			Uganda	0	0	300	800	1000	1200			MTIC	
Construction of border markets		#	DRC	0	0	0	1	2	2	Yearly	Progress reports of implementing agencies	MoC	Markets completed and open to traders/vendors
			Rwanda	0	0	1	2	2	2			RTDA	
			Uganda	0	0	0	1	1	1			MTIC	

1.3 Upgrading Infrastructure at Kamembe Airport

Number of passengers flying through Kamembe airport		#	Rwanda	43300	24000	53800	60000	74600	92800	Yearly	Progress reports	RCAA	Sum of inbound and outbound passengers
Value of air cargo handled by cargo facility at airport (per year)		US\$ (millions)	Rwanda	16.8	16.8	17.3	17.9	18.5	19.0	Yearly	Progress reports	RCAA	
Degree of completion of airport improvement works		%	Rwanda	10	25	50	100	100	100	Yearly	Progress reports of implementing agencies	RCAA	Works, including installation of runway lighting and nav aids, and security fencing, completed and facility or utility operational.

1.4 Feasibility Studies

Completion of planned feasibility studies		#	DRC	0/7	0	2/7	4/7	7/7	7/7	Bi-annual	Progress reports of implementing agencies	DRC MoC, Cel. Infra.	
			Rwanda	0/1	0	1/1	1/1	1/1	1/1			RTDA	
			Uganda	0/2	0	1/2	2/2	2/2	2/2			MTIC, MoWT	

Component 2: Implementation of Policy and Procedural Reforms and Capacity Building to Facilitate Cross-Border Trade in Goods and Services

2.1 Implementation of the Traders Charter at Target Border Crossings

Incidence of bribery/solicitation of informal payments from traders.		%	<i>Petite Barrière</i>	93%		80	60	40	10	Yearly/Bi-annual	Survey	DRC MoC, MINICOM	
			<i>Rusizi 1</i>	78%		60	40	25	10			DRC MoC, MINICOM	
			<i>Kasindi (DRC) – Mpondwe (Ug)</i>	54%		45	35	25	10			DRC MoC, MTIC	
		%	<i>Petite Barrière</i>	28.9%		26	20	15	10	Yearly	Survey	DRC MoC, MINICOM	

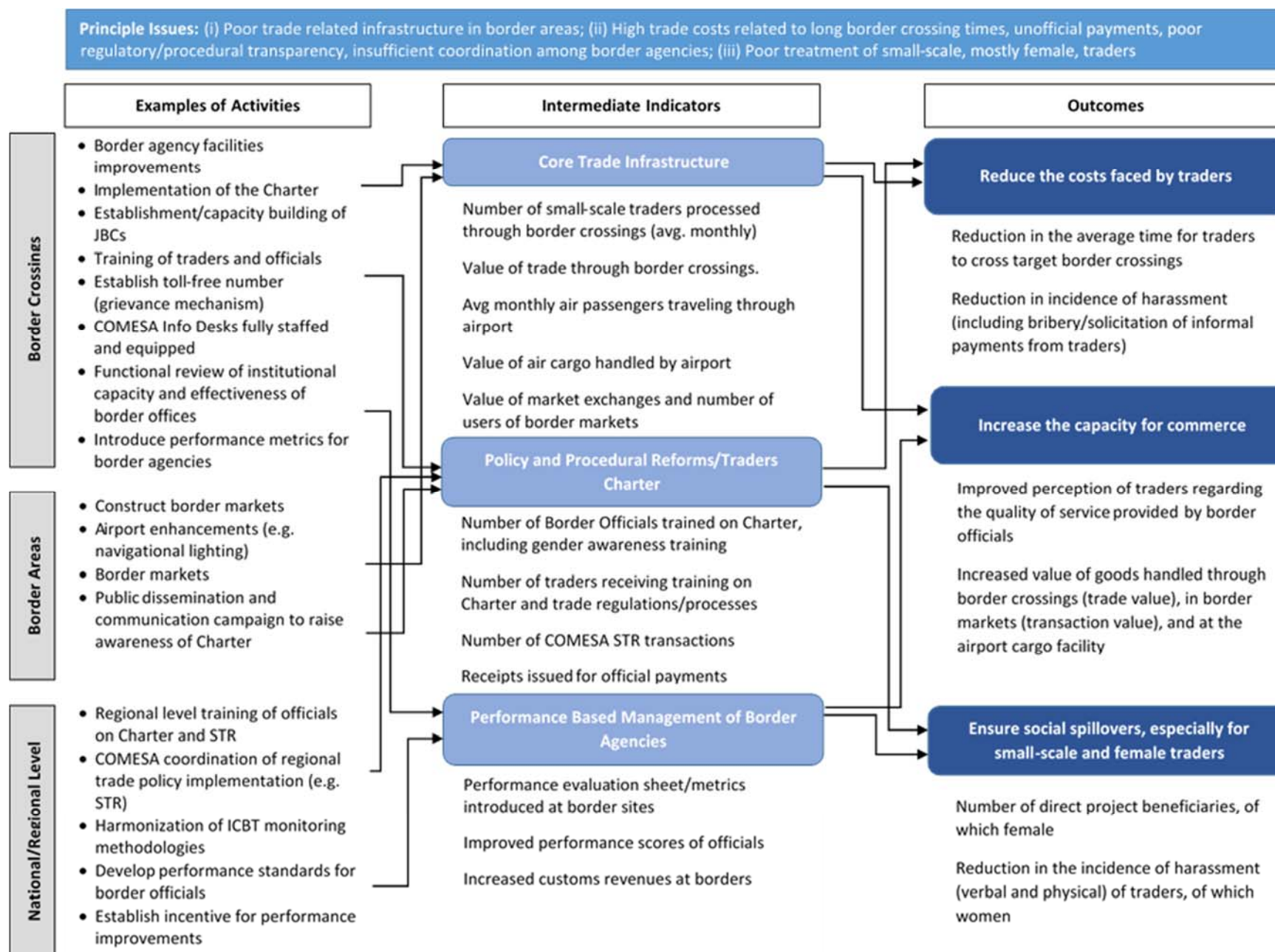
Incidence of physical and/or verbal harassment of traders.			<i>Rusizi 1</i>	37%		35	30	25	10			DRC MoC, MINICOM	
			<i>Kasindi (DRC) – Mpondwe (Ug)</i>	8.9%		7	6	5	5			DRC MoC, MTIC	
Number users of grievance/information mechanism (toll-free number)		#	<i>Petite Barrière</i>	0	0	50	100	200	300	Yearly/Bi-annual	Progress reports of implementing agencies	DRC MoC	
			<i>Rusizi 1</i>	0	0	50	100	200	300			MINICOM	
			<i>Kasindi (DRC) – Mpondwe (Ug)</i>	0	0	50	100	200	300			MTIC	
2.2 Training and Capacity Building for Traders and Officials													
# of Border Officials receiving training		#	DRC	0	0	150	300	450	600	Yearly	Progress reports of implementing agencies	DRC MoC	
			Rwanda	0	0	60	120	180	240			MINICOM/	
			Uganda	0	0	90	180	270	360			MTIC/	
# of Traders receiving training		#	DRC	0	0	500	1000	1500	2000	Yearly	Progress reports of implementing agencies	DRC MoC/	
			Rwanda	0	0	200	400	600	800			MINICOM/	
			Uganda	0	0	300	600	900	1200			MTIC/	
-- of whom women		#	DRC	0	0	400	800	1200	1600	Yearly	Progress reports of implementing agencies	DRC MoC/	
			Rwanda	0	0	160	320	480	640			MINICOM/	
			Uganda	0	0	240	480	720	960			MTIC/	
2.3 Implementation of the COMESA Simplified Trade Regime (STR)													
Increase in the number of COMESA STR transactions at target border crossings		%	DRC	N/A	0	10	12	15	20	Monthly	Statistics and progress report	COMESA	
			Rwanda	N/A	0	10	12	15	20				
			Uganda	N/A	0	10	12	15	20				
# of facilitators trained on the delivery of trainings to traders and border officials		#	DRC	0	5	5	5	5	20	Yearly	Progress reports of implementing agency	COMESA	
			Rwanda	0	5	5	5	5	20				
			Uganda	0	5	5	5	5	20				

Component 3: Performance Based Management in Cross Border Administration

Improved perception of traders regarding the quality of services provided by border agencies	X	Year-on-year %	<i>Petite Barrière</i>	N/A	0	5	10	10	10	Bi-Annual/Yearly	Survey	DRC MoC, MINICOM	
			<i>Rusizi 1</i>	N/A	0	5	10	10	10			DRC MoC, MINICOM	
			<i>Kasindi (DRC) – Mpondwe (Ug)</i>	N/A	0	5	10	10	10			DRC MoC, MTIC	
Percent of traders reporting receiving a receipt for official payments made		%	<i>Petite Barrière</i>	8%	8	10	20	60	80	Yearly	Survey	DRC MoC, MINICOM	
			<i>Rusizi 1</i>	22%	22	35	55	70	80			DRC MoC, MINICOM	
			<i>Kasindi (DRC) – Mpondwe (Ug)</i>	47%	47	57	67	77	90			DRC MoC, MTIC	
			<i>Bunagana</i>	33%	33	43	53	70	85				
Change in customs revenue at target border posts	20	Million US\$	<i>Petite Barrière</i>	44.4	45.5	47.8	50.2	52.7	55.3	Yearly	Annual report	DGDA	
			<i>Rusizi</i>	65.0	66.6	69.9	73.4	77.1	80.9			MINICOM/RRA	
			<i>Kasindi (DRC) – Mpondwe (Ug)</i>	27.1	27.8	29.2	30.7	32.2	33.8			MTIC/URA	
Change in performance evaluation score of the directors and the targeted officials		Year-on-year, %	DRC	0	0	0	2	4	6	Yearly	Annual report	DRC MoC	
			Rwanda	0	0	0	2	4	6			MINICOM	
			Uganda	0	0	0	2	4	6			MTIC	
Functional review completed at the Customs and Immigration offices		Y/N	DRC	N	N	Y	-	-	-	Yearly	Annual report	DRC MoC /DGDA/DGM	
			Rwanda	N	N	Y	-	-	-			MINICOM/RAA/Immigration	
			Uganda	N	N	Y	-	-	-			MTIC/UGA/Immigration	
Performance evaluation sheet was revised and introduced at all border posts		#	DRC	0/5	0	2	5	5	5	Yearly	Annual report	DRC MoC	
			Rwanda	0/2	0	2	2	2	2			MINICOM	
			Uganda	0/3	0	3	3	3	3			MTIC	

Incentive Mechanism introduced at border posts	#	DRC	0/5	0	2	5	5	5	Yearly	Annual report	DRC MoC		
		Rwanda	0/2	0	1	2	2	2			MINICOM		
		Uganda	0/3	0	1	3	3	3			MTIC		
Component 4: Implementation support, communication, monitoring and evaluation													
Development and execution of project communications strategy.	Yes/No	DRC	No	No	No	Yes	Yes	Yes	Yearly	Annual report	DRC MoC		
		Rwanda	No	No	No	Yes	Yes	Yes			MINICOM		
		Uganda	No	No	No	Yes	Yes	Yes			MTIC		
		COMESA	No	No	No	Yes	Yes	Yes			COMESA		
Development and dissemination of standardized regional practices for collecting and reporting data on ICBT	Yes/No	COMESA	No	No	No	Yes	Yes	Yes	Yearly	Annual report	COMESA		
# of regional workshops/seminars held for peer-to-peer learning, sharing best practices on ICBT monitoring	27	#	COMESA	0	0	1	2	3	3	Yearly	Annual report	COMESA	Numbers represent cumulative number of workshops (3 total over life of project)

Project Results Chain



Annex 2: Detailed Project Description

Component 1: Improving core trade infrastructure and facilities in the border areas²² (US\$54.35 million equivalent)

1. **The project will finance improvements to core trade infrastructure and facilities at specific land border crossing points, and an airport in Rwanda that is of regional importance.** In addition, support will also be provided to ministries responsible for trade and commerce to finance the planning and construction of cross-border markets in the border areas.

Sub-component 1.1: Border infrastructure and facilities (US\$22.45 million):

2. **The project will support improvements to infrastructure and facilities at priority border posts** that were identified based on traffic volumes, importance to supply chains of goods traded most across the borders, relevance to conflict dynamics in the region and the poor state of infrastructure to support cross-border trade. The border posts selected for improvement through the project suffer from similar constraints, namely:

- They are old, poorly maintained, and often inadequate to process and control cross-border traffic. IT equipment, when it exists, is insufficient, and systems are organized along institutions and not integrated.
- Traders report abuse and ill-treatment by officials, even when they consider that they are following the rules.
- Smuggling is rife with numerous instances where officials report spontaneous offers of donations or favors in exchange of turning a blind eye to the traffic.
- Small shipments are often broken up into small loads and imported piecemeal by walking across the border line. Once cleared under a simplified taxation scheme, goods are immediately reconsolidated outside the border control area.

3. **The project seeks to address these constraints by applying several design principles even though each site has its own specificity, regarding traffic, population, culture, or history.** Topography also obviously plays a role. The guiding principles are the following:

- Developing integrated facilities. The concept of one stop border posts is widely accepted across the project countries. A common approach will be promoted where initially, different agencies of the same country, and eventually officials from different countries are housed in the same facility.
- Phasing of development. A modular approach to development will be adopted, where feasible. Although it is difficult to predict future developments, a border facility must be flexible enough to evolve over time, taking into account new conditions.
- Providing for channeling of traffic. Under current operations, there is an unending flow of pedestrians, trishaws and motor bikes, without much control. The basic principle of border

²² For the purposes of this project, “border areas” include the vicinity of key border crossings in which interventions in physical infrastructure, such as in nearby markets, can be instrumental in facilitating cross-border trade.

operations is to separate different categories of traffic. The project will finance the provision of lanes to protect users, including fencing-off to a sufficient height, to enhance control. The lanes will provide for single-direction flow.

- Automating some processes. The best border station is the one where all control operations are automated and sometimes even performed in advance. The project will finance the introduction of systems to automate trade control processes as much as possible. This would apply in particular, to the issuance systems for “jetons” (or single-day entrance passes).
- Agree on the respective roles of different agencies at the border. In principle there should only be Customs and Immigration services at the border. It is essential to limit the number of other administrations, because they often tend to interfere with normal operations. As a general rule, their responsibilities may be delegated to Customs or Immigration authorities.
- Infrastructure is only as efficient as the procedures that it supports. The design of a new border station is the opportunity to reinvent procedures, more often in the perspective of a “single window” or inter-agency integration of some sort. The main objective is that administrations should not operate in silos.

Petite Barrière – Poids Lourds

4. There are two border crossings in Goma-Gisenyi, Grande Barrière - La Corniche and Petite Barrière - Poids Lourds. The Grande Barrière/La Corniche is next to Lake Kivu while the other is further away. Both but especially the Petite Barrière were affected by the volcanic eruption of Nyiragongo in 2002 when lava flowed through the town of Goma. The lava had a severe impact on Goma some of the effects of which are still visible. The Howard G Buffett Foundation is financing new infrastructure on both sides of the border at the Grande Barrière/La Corniche crossing.

5. **The Petite Barrière/Poids Lourds border facilities handle the largest volume of pedestrian traffic of all the border posts.** They handle an average of 20000 travelers per day. Petite Barrière has received a lot of attention from development agencies with several proposals made for its development. The main interventions are the following:

- i) European Union: The EU had a contract to finance the rehabilitation of the road though that contract is now subject to litigation. In fact the EU is looking to other development partners to possibly take over the road project.
- ii) COMESA: with funding from a few donors COMESA is implementing a program to improve several border posts in the GLR. The program includes improvements to offices for agencies at Goma - Petite Barrière, Rubavu, Gatumba and Kavimvira. The interventions at Goma-Petite Barrière are the most advanced, with sketches of designs already prepared and procurement for the works under way. However, the resources COMESA has available for the improvements are very limited (\$0.1m) for Petite Barrière.

6. **Poids Lourds on the Rwanda side has modern equipment and systems for such traffic with a functional electronic auto-gate system for pedestrian processing.** The system is one of the most modern at any land border crossing point in Sub-Saharan Africa. The project will not finance infrastructure interventions on the Rwanda side except possibly data sharing with the DRC

side. Rather, the interventions will be on DRC side. The DRC side of the border is characterized by small and crowded facilities for both officials and users. The road from the international boundary is in a bad state.

7. **Petite Barrière clearly needs redevelopment.** The project will finance a redesign of the border post, which is necessary given the existing conditions. The redevelopment will include improved facilities for border agencies and traders as well as improvements to the road through the border post. The project will coordinate closely with the other partners planning related interventions, to ensure complementarities and avoid waste of resources. A major challenge at Petite Barrière is availability of land for proper facilities as the location has a high population density. A phased re-organization will be implemented, starting with the insulation of pedestrian lanes at the entrance and exit of the border control zone. The next phase would include the erection of temporary structures to house control agencies, and the installation of electronic scales to weigh goods imported, produce a weight ticket and automatically calculate, based on the use by traders of simple pictograms, duties for all agencies. In a third phase, once the resettlement issues are addressed, consistent with Bank policy, permanent structures will be constructed.

8. **Introducing a juxtaposed facility (i.e., served by officials of both countries) does not appear realistic for the moment.** However, as the new DRC facility is designed, it will include provisions to house Rwandese officials. The design will therefore provide the possibility to, eventually, introduce a juxtaposed station (at least in one direction of traffic, with a similar complementary layout on the Rwandese side).

Ruzizi I

9. **There are two border crossings between Bukavu and Cynagugu, Ruzizi/Rusizi I and Ruzizi/Rusizi II.** There is new infrastructure that has been built at Rusizi II on both sides of the border. The infrastructure at Rusizi I on the Rwanda side is comprised of a composite structure housing the various agencies including immigration and customs. While the processing of traders is fast, the facilities are constrained, with only small windows available for the submission and retrieval of documents. At times during peak periods, officers have to step outside their offices to issue jetons. The parking area is not paved while a new bridge that was financed by the European Union to replace an old Bailey structure is not yet in use. It lacks paved ramps on both sides of the border and requires also a cut in a hill directly in front as traffic enters the DRC. A cut is also needed in a hill in front of the bridge as traffic enters the DRC to enable large trucks to turn into the customs control zone in DRC. In addition, the parking area in Rwanda is also not paved. The project will finance limited improvements to the infrastructure on the Rwanda side at Rusizi I – focusing on paving the parking area and introducing an automated gate system similar to those in use at Petite Barrière in Gisenyi. These limited works will be subsequent to and guided by the design and feasibility study for the Rwanda side of Rusizi I as provided for under sub-component 1.4 of the project. The project will be implemented in close coordination with TMEA who may provide parallel financing for some of the interventions especially on the Rwanda side.

Kasindi – Mpondwe

10. **The towns of Kasindi (DRC) and Mpondwe (Uganda) are separated by River Lubiriha. The border crossing is the main gateway trade route to Eastern DR Congo for traffic coming from the Port of Mombasa.** The border post of Kasindi is located in a post-conflict area, and was initially used essentially to cope with flows of refugees. The population is the same on both sides of the border. The International Organization for Migration (IOM) with financial support from the United States of America State Department is developing two integrated border structures. However, the bridge linking the Uganda and DRC sides is narrow making it impossible for vehicular and pedestrian traffic to cross safely at the same time. The Uganda side of the border has several structures spread over 300-400m to process traders. There are also shops and a market in the immediate vicinity of the border post. The project will finance new integrated infrastructure at the border on the Uganda side. The NCTTCA has already completed feasibility studies and designs for the border post, which will form the basis of the Bank interventions.

11. **DRC facilities are at a distance from the border line, and an inhabited area serviced by the cross-border road is located between the border bridge and the control facilities.** On the Ugandan side, there are numerous shops and warehouses between the Customs and Immigration facilities and the bridge, which the local needs of Mpondwe do not justify. In both countries, there is no visual supervision possible over the border bridge. Approximately 250 trucks enter DRC each month, plus numerous cars, trishaws, and motorbikes.

12. **The project will finance a renovation of the entire Kasindi-Mpondwe border post, in phases as follows:**

- Rehabilitation of the parking area and installation of an unloading bay and Customs storage areas.
- Installation of two one-way and fenced-off pedestrian lanes, between the bridge and the border control facilities. This will prevent access to the inhabited area close to the border, for which an alternative access road should be planned.
- Replacing the narrow bridge between the two countries. Two pedestrian lanes will be considered alongside the bridge.
- New road design and construction to provide for one-way traffic flows (and thus resolve the turning radius and crossing issues).
- Complement and to the extent that it is feasible, adapt the existing structure to introduce pedestrian control booths on its external sides.
- New border infrastructure, facilities and systems at Mpondwe, the Uganda side of the border.

Bunagana - Bunagana

13. **Bunagana border station between DRC and Uganda serves an important market place in DRC, which is partly supplied by goods coming from Uganda and carried by travelers.** About 3200 travelers cross the border on market days (Monday, Tuesday and Friday) once or several times, using the traditional "jeton" procedure.²³

²³ Issuing the jeton takes 10 minutes on average.

14. **The Uganda side has modern facilities, though an integrated traffic flow system between the two sides is needed.** Currently, there is a buffer zone between the two countries where border users wait for DRC border guards and other agencies to relax their supervision and then either cross unnoticed, or split loads in small quantities and give them to runners coming from the Congolese side. Some goods are also transferred through bush paths.

15. **In order to effectively detect and combat load-splitting, DRC authorities need a temporary warehouse/storage area** where all loads imported by a border trader or resident during one day can be kept (for example, on days of markets, or days preceding them) in cases of suspicion of fragmentation. It is a fact that numerous traders use the services of runners to feed “ant traffic” of smuggling. DGDA has started identifying suspicious travelers, but in the absence of a reliable counting system and a capacity for storage, can only provide a weak response.

16. **A dedicated and secure pedestrian lane would help in channeling movements, and fencing would prevent users from disappearing in the bush.** Collaboration with Uganda would also be necessary to ensure that all people crossing the border on one side report to the border authorities on the other side. A turnstile would help in establishing a one-way only traffic in each lane, as well as automated counting. As described above (Goma section) an electronic scale and an inter-agency “jeton” system would be helpful.

17. Subsequently, all the measures taken on the Congolese side should be replicated in Uganda. Hours of operation should also be aligned. This might require an international or local cross-border agreement.

18. **Based on the above, the project will finance interventions at the following border posts:**

- (i) DRC: building new facilities and systems at Petite Barrière (Goma) (US\$5.8 million) and Ruzizi I (Bukavu) (US\$6 million); and improving Bunagana (US\$1.75 million) and Kasindi (US\$1.7 million). At the latter two border posts the project will finance measures to improve security, the flow of traffic and to install surveillance and other systems for the border agencies.
- (ii) Rwanda: limited improvements at Rusizi I border post (US\$0.8 million). Subsequent to and based on the designs to be produced under Sub-component 1.4 below, the project will finance at Rusizi I limited works to improve traffic flow and handling, to complement the proposed interventions on the DRC side of the border. The works will be limited to those consistent with the broader design of the border post financed under Sub-component 1.4 of the project; and
- (iii) Uganda: building new facilities and systems at Mpondwe (US\$5 million) and improvements as above at Bunagana (US\$1.4 million).

Sub-component 1.2: Development of border markets and logistics platforms (US\$14 million):

19. **The project will finance the construction of markets to facilitate market exchanges of agricultural products in the borderlands.** Due to low security and poor infrastructure, cross-border traders are often forced to travel long distances to market. Border markets will facilitate the

selling and buying of goods at locations close to the border and serve also as logistics platforms to allow consolidation and transportation of products. They will enable the small scale producers to reduce post-harvest losses and to engage more in cross-border trade without having to travel over long distances into neighboring countries. The project will finance consultancy services, works contracts and goods at high priority markets in the borderlands of the Great Lakes. However, the countries are at different levels of preparation for actual investments in markets as follows:

- (i) DRC (US\$6 million) - the exact locations of the markets will be decided by the authorities following consultations among key agencies. The project will finance two markets in key centers such as Uvira, Bukavu and Goma. The precise locations will be determined to complement developments in neighboring countries (and especially alternating market days).
- (ii) Rwanda (US\$5 million) - the Government of Rwanda has commissioned feasibility studies and designs for several markets. The exact sites of the markets in these locations are to be determined in consultation with district authorities with a focus on two districts, Nyamasheke and Rusizi.
- (iii) Uganda (US\$3 million) - the project will finance a study on cargo flows and specific supply chains upon which a decision will be made on investments in specific markets. The project would also finance training and capacity building for targeted beneficiaries and users of the markets. Based on the findings the project will finance one priority market along the border with DRC.

Sub-component 1.3: Upgrading Infrastructure at Kamembe airport in Rwanda (US\$14.2 million):

20. Kamembe Airport is located in western Rwanda at the border to the Democratic Republic of Congo. The majority of passengers on the Kamembe and Kigali segment are Congolese (about 90 percent, according to RwandAir), transiting in Kigali to take further international flights (mainly to Dubai and the regional cities, and more and more to China). They are mainly travelling for trade purposes, and carry large amounts of luggage and freight. The infrastructure at Kamembe Airport is in dire need for rehabilitation and improvement. The main constraints are lack of ground lighting, lack of instrument approaches, poor security especially for goods in transit and poor quality fencing around the perimeter. These constraints make for unreliable and poor quality air services.

21. The project will finance four main types of interventions: a) installation of modern navigational aids (GNSS and VOR/DME approach) and aeronautical ground lighting; b) weather and communications systems to improve predictability and air traffic management information; c) installation of new fencing around the perimeter; and d) construction of a storage warehouse for goods that are shipped or arriving by air. Details on the investments as well as the expected impact of the interventions are provided in a detailed annex (Annex 6).

Sub-component 1.4: Feasibility studies (US\$3.7 million)

22. **Support will be provided to DRC and Uganda for feasibility studies and detailed designs of border posts in order to advance preparation of the second phase of the project**

(SOP2) or interventions by governments or other development partners. The studies and designs will be on the following:

- (i) DRC (US\$3.0 million): two border posts, namely Kavimvira and Mahagi, two ports, Kalemie and Uvira on Lake Tanganyika and Kavumu airport near Bukavu; the scope of the study on Kavumu airport will follow, as appropriate, the recommendations of airport Strategic Plan that is under preparation under the Multimodal Transport Project. The Strategic Plan is for all airports in the DRC;
- (ii) Rwanda (US\$0.3 million): Rusizi 1 border post. Subsequent to and based on the study and designs therein, some priority but limited works may be financed to improve traffic flow, consistent with the interventions on the DRC side (under Sub-component 1.1); and
- (iii) Uganda (US\$0.4 million): Goli border post (counterpart of Mahagi in DRC).

Component 2: Implementation of Policy and Procedural Reforms and Capacity Building to Facilitate Cross-Border Trade in Goods and Services (US\$9.5 million)

23. **A clear lesson from previous trade facilitation projects is that improvements in infrastructure need to be accompanied by policy and procedural reforms and capacity building.** Infrastructure improvements on their own, while essential, cannot deliver significant reductions in time and costs alone. Often the biggest impacts for traders come from improved policies, better implementation and effective monitoring of state performance at the border. Therefore, the project will include policy and procedural reforms to improve the efficiency, capacity, and security of border operations at the border crossings identified in Component 1. As a result, new border facilities will be designed to accommodate, possibly in a phased manner, procedural changes and inter-agency (and subsequently, cross-border) integration.

24. **The reforms are essential to make border crossing procedures more transparent and predictable.** This will be of particular importance to small-scale traders, and especially women, who are typically more vulnerable given the asymmetry in power between the official and trader and the current lack of a functioning mechanism for addressing complaints and resolving disputes for small-scale traders. In addition, the reforms would contribute to increasing safety and reducing the scope for harassment at the border, especially for women, to reducing time to cross the border and to allowing improved control and revenue generation at key border crossings.

25. **The total cost for this Component is estimated to be US\$9.5 million.** US\$2.8 million will be allocated to the DRC, US\$1.2 million will be allocated to Rwanda, and US\$1.7 million will be allocated to Uganda for the implementation of this policy Component. In addition, COMESA will be allocated US\$3.8 million for regional coordination of implementation of the charter, training, dissemination and awareness raising and monitoring of the STR implementation, including some information gathering on cross-border trade through the COMESA STR Trade Information Desks.

Sub-component 2.1. Support for implementation of policy and procedural reforms at the targeted border crossings (US\$3.4 million)

26. **This Sub-component will focus on basic rights and obligations for both traders and officials and the consistent application of simple rules at the border.** The Sub-component will

support the 3 countries: (i) to implement the COMESA Regulations on the Minimum Standards for the Treatment of Small-Scale Cross-Border Traders (based on the Charter for Cross-Border Traders). The project will establish citizen engagement mechanisms, including through a toll-free hotline which will allow traders to report harassment and seek information on regulations and border procedures; (ii) to extend the COMESA Regulations to small-scale trade in services by simplifying and making transparent immigration and health related procedures for crossing borders to provide or consume services. Particular focus will be placed on streamlining procedures to allow Congolese travelers and air freight fast and smooth access to and clearance at Kamembe airport; and (iii) to implement the COMESA STR which provides for small-scale traders to qualify for duty-free entry for certain goods and for a more simple and reduced set of documentary requirements to cross the border.

27. The Charter, which constitutes the basis for the COMESA Regulations, has been developed and tested by the Bank at a number of other border posts in Sub-Saharan Africa. It enshrines a set of basic rights and obligations for traders and officials and aims to improve behavior at borders and to promote the gradual formalization of informal cross-border trade. Initially developed to facilitate trade in goods, the current version of the Charter includes both trade in goods and trade in services. The COMESA Regulations based on the language and principles of the Charter will be tailored to reflect the specific challenges (including institutional reforms required in specific cases) faced by small-scale traders at targeted border crossings, and will be extended to trade in services.

28. The project will also facilitate cross-border trade in services including movement through Kamembe Airport. The project will finance extension of the COMESA Regulations to services to simplify immigration and health related procedures for people crossing borders to provide or consume small scale services. Reforms will be designed and implemented to target informal trade in services with emphasis on sectors such as health and education services, construction, housekeeping, hairdressing and agricultural support services. The project will focus on streamlining procedures to allow Congolese travelers and air freight fast and smooth access to and clearance at Kamembe Airport. Technical assistance through consultancies will identify the key immigration and health related procedures that need to be simplified or reformed and encourage regulatory cooperation between countries to deal with residency requirements, work permits, and other regulatory requirements. The replacement of immigration forms (which often are required on both sides of the border although the data is similar, and most often already available on machine-readable passports) by automatic data capture will also be envisaged.

29. Extensive use of ICT technology will be used to (i) inform traders about the requirements for cross-border trading; (ii) monitor the enforcement of the COMESA Regulations; and (iii) address issues such as corruption, sexual harassment and physical violence. The establishment and operation of such reporting systems will involve technical assistance through consultancies, aimed at the preparation of detailed material regarding tariffs and documentation requirements for traders to cross the borders with various goods. Toll-free phone numbers will be used to allow traders to access such information on required trading documentation, file complaints and report abuses affecting themselves and their peers, particularly women. In addition to harassment, traders can report any complaints related to non-tariff barriers (or to other administrative cross-border trade barriers) that will be addressed through the monitoring system developed to deal with these complaints. ICT technology will also be used to

capture and reconcile movements of people across borders. The operationalization of such system will ideally involve representatives of key stakeholders such as Government, border agencies as well as Traders Associations and CSOs. The latter ones, in particular, will be expected to play a key role in following up on complaints reported by traders, and raising public awareness on unresolved issues.

30. This project will support the establishment or strengthening of Joint Border Committees (JBCs), the main forum for inter-agency cooperation and stakeholder consultation, at each of the border posts. JBCs will be important vehicles to support implementation of the procedural reforms under this project including adoption and implementation of the COMESA Regulations and the Simplified Trade Regime. JBCs would also act as regular fora bringing together officials from each side, and sometimes from both sides, of the borders selected for project implementation, and would be primarily responsible for discussing and resolving common issues, with the ultimate purpose of promoting inter-agency cooperation, improving border procedures and enhancing overall security. This Sub-component will strengthen the JBCs that are already in place in Rwanda and Uganda and will enable the establishment of JBCs at border crossing where they are absent. Particular emphasis will be placed on the involvement of traders' associations in the JBCs and on cross-border coordination of JBC activities. Technical assistance through consultancies will identify the composition and concrete responsibilities of all agencies involved in border structures/committees that are currently in place and develop plan for next steps.

31. Experience from other borders in Africa has shown that JBCs are an excellent platform to promote inter-agency cooperation and mutual accountability among officials, and can be effectively used do respond to day-to-day challenges that require immediate action. In this sense, it is envisaged that the committees can be used as one of the main vehicles to implement the COMESA Regulations, and more generally to offer a regular platform for joint discussions between representatives of Traders Associations and border agencies – this, in turn, has proven to be an effective strategy to build mutual trust and promote behavioral change.

32. JBCs will play a major role in addressing concerns and complaints raised by traders through the ICT reporting mechanism, especially those that can be dealt with at border level and do not need to be escalated to HQs. Finally, the committees may be used to coordinate border officials attending trainings on the COMESA Regulations and the STR, and also be involved in the various awareness-raising activities for border officials planned under Component 2.

33. Extensive dissemination campaigns will be held at the local, national and regional levels in collaboration with border agencies, CSOs/Traders Associations and the COMESA Secretariat to increase awareness among stakeholders about the COMESA Regulations and the STR. These communication campaigns will make use of several communications channels such as radio/TV announcements, billboards, brochures, posters and videos, among others. Delivery of the campaign, including operationalization and logistics, may be subcontracted to a local media firm – this could prove useful in terms of organizing dissemination activities at community level, especially in remote areas around the selected borders, as well as of having immediate access to an extensive network of local media.

34. **The following activities at the country level will be undertaken as part of this Sub-component:** (i) establishment and operation of a reporting mechanism (US\$1.6 million); (ii) identifying the composition and concrete responsibilities of all agencies involved in JBCs that are currently in place and develop plan for next steps (US\$0.2 million); (iii) identifying border-specific actions to simplify immigration and health related procedures to facilitate the application of the COMESA Regulations to trade in goods and trade in services (US\$0.2 million); and (iv) raising awareness and communication to implement the COMESA Regulations and the STR (US\$1.4 million). The cost breakdown by country is as follows: the DRC (US\$1.7 million), Rwanda (US\$0.7 million) and Uganda (US\$1 million).

Sub-component 2.2. Training and capacity building for traders and officials to support greater integrity and ethical behavior in trade processes (US\$2.3 million)

35. **The project will support customized training to strengthen basic capacity and skills of agencies for better border management.** The focus would be on a comprehensive program of training for officials at the border, including basic customer management, conflict resolution and gender awareness-raising among others, with the aim of supporting improved governance, drastically reduced levels of harassment and more efficient control and processing of goods and people. Training courses will also cover the key principles and mechanisms of the COMESA Regulations, including extension to trade in services, and include sessions on the COMESA STR.

36. **The project will also support traders and traders associations** by providing support on trade procedures, improving relations between traders and border officials, and access to market information and finance, among other things. Traders will also be trained in undertaking advocacy with their authorities to address issues related to harassment, insecurity, gender-related issues or other matters. Consultations with traders and association representatives suggest that there is a demand for increased training and information sharing on accessing market information/prices, understanding border procedures and documentation requirements, and developing and accessing credit/finance instruments. With the aim of building the capacity of those associations, traders' representatives will be involved in the delivery of dissemination and awareness-raising activities, as well as in the management of the reporting system to be used for responding to issues submitted by traders and to monitor the enforcement of the COMESA Regulations. These training activities will be coordinated with the regional training activities carried out as part of Sub-component 2.3.

37. **Where possible training of officials will be undertaken jointly with small-scale traders to build empathy and understanding.** Earlier programs have shown this to be an effective way of decreasing incidents and increasing people's trust in their authorities. Reverse role-playing is an efficient tool for this. Gender sensitivity and the particular needs of women will play a critical role in the trainings as well. These trainings will include a cross-border dimension, with traders' groups from both sides of the borders brought together to exchange ideas and experiences. In turn, these groups may play an important role in the monitoring of border agents' performance, and engage in a constant dialogue to increase cross-border solidarity and social cohesion. These training activities would be undertaken through technical assistance activities carried out by consultancies (US\$ 2.3 million). The cost breakdown by country is as follows: the DRC (US\$1.1 million), Rwanda (US\$0.5 million) and Uganda (US\$0.7 million).

Sub-component 2.3. Support for regional coordination of the policy and procedural reforms at the targeted border crossings and regional training for traders and officials (US\$3.8 million)

38. **To support the implementation of the STR, COMESA has established Trade Information Desks (TIDs) at a number of border posts in the region.** These were intended to provide key information to traders on e.g. duty, documentary and other requirements, as well as to assist them in the clearance process e.g. in the filling of forms and other required documentation at the border. Under Component 2, this project will support the enhancement of existing TIDs, or the creation of new ones, at the border crossings selected for implementation. The effective implementation of the STR requires bilateral negotiations to agreeing upon a common list of STR-eligible products, and a threshold for STR applicability at each border post. The COMESA Secretariat will coordinate these activities through the TIDs that will be established or reinforced at each border. The project will enable the initial staffing/increased staffing of these STR Information Desks to provide on-the-spot information to traders and support in the clearance process (e.g. by helping them filling the required forms). The project will also support the creation of an ad-hoc position for a dedicated COMESA TID Coordinator, who would be based in the region and held responsible for overall supervision of all TIDs, as well as for regular collection of relevant data and statistics (to be then used for awareness-raising purposes). Given previous experience with TIDs, COMESA was considered the most suitable agency to lead in the implementation of all related activities.

39. **More generally, the decision to include a regional institution among the implementing agencies responds to the need of ensuring overall consistency, and of introducing regional oversight,** in the implementation of certain project activities such as training of the trainers, monitoring of the TID officers and policy dialogue and dissemination on regional initiatives, among others. The reliance on the COMESA Secretariat as an implementing agency is also expected to allow for enhanced coordination in the collection of data and statistics on small-scale trade in the three countries, and to offer increased potential for dissemination of that data at regional level.

40. **COMESA will play a key role in ensuring regional coordination and communication regarding implementation of the COMESA Regulations and the STR.** The project will support effective implementation of the COMESA STR. The project will raise awareness of the scheme among traders and officials, and clarify the applicable threshold per transaction for traders to benefit from the STR regime. The project will support dialogue on the list of common goods that can benefit from the STR to expand the list to include products of particular importance for small-scale traders and for poverty reduction – where possible, this policy dialogue will also be aimed at revisiting existing thresholds, and at ensuring overall threshold consistency between neighboring countries. There will also be support for consistent implementation of the STR at all border crossing covered by the project. Extensive communication campaigns will be put in place at the regional level by the COMESA Secretariat to support the dissemination and implementation of the STR.

41. **The implementation of training activities at the regional level will be supported by the grant to COMESA.** The project will support regional coordination of training programs for small-scale traders and officials including development of training materials, best practices and

training of trainers. In addition, the project will support regional training for peer learning. The training will be implemented through the COMESA Secretariat. These regional trainings will be combined with a dialogue at the capital city level to formalize and institutionalize cross-border collaboration platforms, for information-sharing, troubleshooting and joint provision of security to traders and others. This would strengthen the already good (but ad hoc) interaction of border officials. Specifically, training sessions will be held at regional level (under COMESA coordination) for national trainers, who will then deliver country-specific trainings to traders and officials. The overall purpose of this exercise will be to ensure regional consistency on themes and subjects covered in the national trainings – similarly, regional training materials to be used in those sessions will be prepared beforehand as a result of border visits and local consultations.

42. To sum up, at the regional level the project will support:

- (i) Regional communication to raise awareness on the STR, and the COMESA Regulations on Minimum Standards for the Treatment of Small-Scale Cross-Border Traders, including their extension to trade in services.
- (ii) Strengthen Trade Information Desks (TIDs) to support and monitor implementation of the COMESA Regulations on Minimum Standards for the Treatment of Small-Scale Cross Border Traders. This will entail close monitoring conducted at border-level by an ad-hoc COMESA TID Coordinator, along with overall supervision and regional backstopping provided by dedicated officials within the COMESA Headquarters.
- (iii) Regional training activities and coordination of national training sessions to support the policy and procedural reforms.

Sequencing of activities in Component 2:

43. The activities in Component 2 will be sequenced as follows: during the first six months of the project, the project will support preparatory activities to collect information and statistics on e.g. small-scale trade flows, existing STR regimes (including on relevant thresholds and common lists of products), mobilize traders, set up the toll free numbers, assess the composition of existing JBCs, negotiate common lists for the STR-eligible products, establish TIDs (or reinforce them where existing), map traders/stakeholders and CBTAs at each border posts, prepare training materials and deliver training to the trainers. It is expected that the ICT reporting mechanism will be in place and that the Trade Information Desks will be fully equipped and staffed by the end of the first year to enable the effective implementation of the STR, the COMESA Regulations, and the simplification of immigration and health related procedures (to facilitate the extension of the COMESA Regulations to trade in services). Similarly, the first round of training seminars for traders and officials will be conducted by the end of the first year and will be repeated on a yearly basis. The dissemination activities will be carried out throughout the entire project period.

Responsibilities for the implementation of activities in Component 2:

44. The implementation of Component 2 will be done at the national and the regional levels. The countries will be responsible for applying the COMESA regulations and the STR at the targeted border crossings. They will support the JBCs agree on the common list of products to be covered by the STR, identify the identification of border-specific actions to simplify customs, immigration and health related procedures, provide the training of traders and officials at the

national level. The establishment/reinforcement of TIDs, the training of trainers for peer learning, regional dissemination of information and data on cross-border trade and regional coordination of the implementation of the COMESA regulations and STR will be regional activities undertaken by COMESA. The responsibilities for the establishment and operation of the reporting mechanism and the dissemination activities will be shared by national and regional stakeholders. In particular, key national stakeholders such as border agencies, Traders Associations and CSOs will play a key role in following up on complaints reported by traders, and raising public awareness on unresolved issues at the national level. COMESA is expected to collect data on the status of these complaints and disseminate the information and lessons learned at the regional level.

Component 3: Performance Based Management in Cross Border Administration (US\$4.55 million)

45. **Component 3 will support strengthening technical and management capacity of the border agencies and improve their performance to increase the quality of the services.** Under this Component the project will strengthen technical capacity and management to improve governance in cross-border administration and address political economy resistance to change. Following a functional review of the border agencies to assess the existing organizational functions and staff skills and identify any functional and skills' gap, the project will provide extensive training programs and strengthen the existing Performance-Based Management (PBM) systems to improve the application of rules and regulations and create a secure environment for traders crossing borders. PBM will be accompanied by appropriate incentive mechanisms as well as effective evaluation methods.

Sub-component 3.1: Professionalization and Change Management in the border agencies (US\$2.4 million)

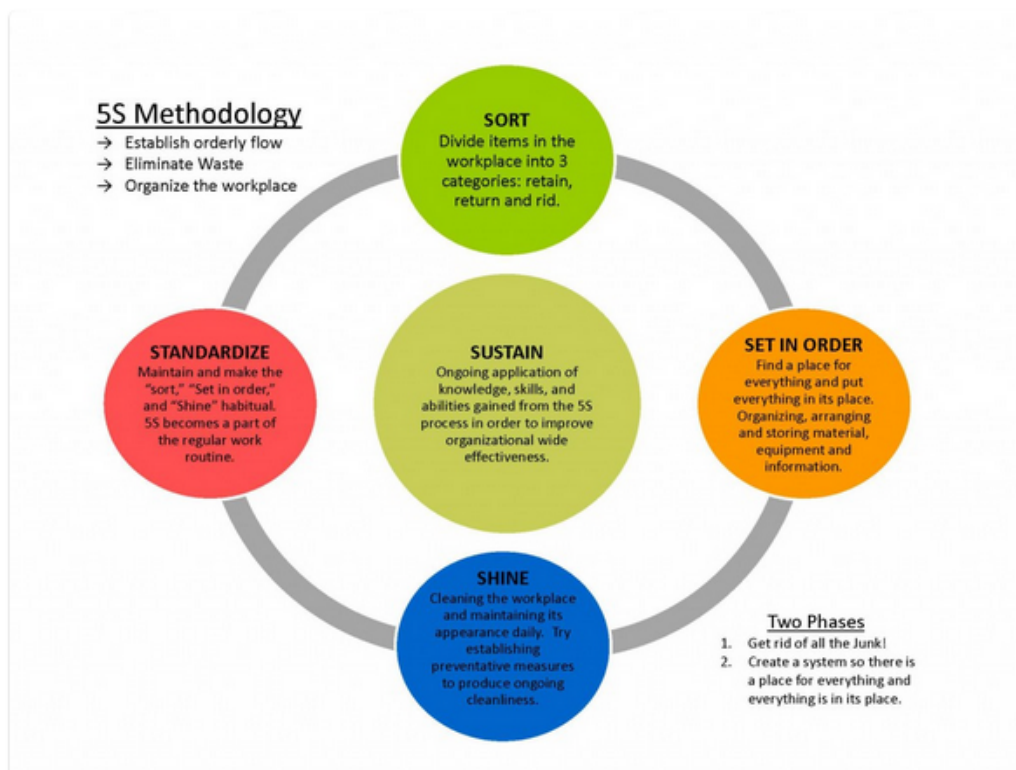
46. **HR management practices and policies significantly affect staff incentives, productivity, and consequently delivery outcomes.** Research conducted on “high performance work practices” since the 1990s has shown that there is a wide range of HRM practices that drive high levels of organizational performance and that these practices seem to work best in “bundles” (no particular practice has proved to drive performance on its own). This evidence strongly indicates that the authorities should take a broad view to improve public service performance, using a range of HR practices.

47. **This Sub-component will provide support to conduct a functional review of institutional effectiveness and efficiency at the customs and immigration offices.** It will assess the existing organizational functions and staff skills and identify any functional and skills' gap to meet defined institutional targets, following which job descriptions for each position would be described. The functional review will be conducted at DGDA, DGM in the DRC, RRA (Customs) and Directorate General of Immigration and Emigration offices in Rwanda, and Uganda Revenue Authorities (URA) and Directorate of Citizenship and Immigration control in Uganda. The results will support senior management to develop strategic organizational functions and staffing plans at the border posts. Building on the functional review, the project will propose changes in staffing planning and human resource management system, and elaborate the training program that will be financed under the Sub-component 2.2.

48. **In addition to the strengthening of technical capacities (see sub-component 2.2), change management will be key to success in improving border management.** Adaptive challenges must be seen alongside technical challenges, especially when introducing the new procedures and innovative changes in border management. Such changes can lead to resistance which can be mitigated through strengthened coordination and communication among stakeholders. An absence of discipline in the organization of work and management has been identified as one of the fundamental problems that leads to an insecure environment at the border, for instance, an existence of the large number and range of individuals present at the border who are officials. Introducing simple and basic management approaches such as the 5S (Sort, Set in order, Spic and Span (Clean), Standardize and Sustain²⁴) that aims to introduce discipline and efficiency in routine work can provide an opportunity for organizing, cleaning, developing, and sustaining a transparent and productive work environment. Therefore, this Sub-component will support such a change management approach based on the principles of empowerment, integrity, collaboration among various stakeholders and discipline in the professionalization training program.

Proposed Change Management Methodology – The 5S

What is 5S?



²⁴ The 5S is the management methodology initially developed in Japan and applied in the TOYOTA's manufacturing process as a core corporate value. It has been widely disseminated, beyond manufacturing, in the various private and public sectors such as hospital management and tax administration, as a powerful way of change management.

49. In short, the Sub-component 3.1 will provide support for the institutional and Human Resource (HR) functional review and the change management coaching program through the procurement of international consulting services.

Sub-component 3.2: Performance Based Management and Incentive Mechanism (US\$2.15 million)

50. **The project will support the use of Performance-Based Management (PBM) as a mechanism for enforcing the application of border management rules and regulations.** The ultimate goal of PBM is to provide improved services, a secure trade environment and ultimately increase fiscal revenues through greater flows of trade. The customs agencies in all three countries have been introducing and piloting the PBM at their customs offices.²⁵ For instance, Uganda Revenue Authorities (URA) appraises performance of officials according to the defined mission goal as “Provide Excellent Revenue Services with Purpose and Passion”, vision: A Model for Best Practice And Innovation in Revenue Services, as well as the core corporate values, “1. Excellence, 2. Integrity, 3. Team work, and 4. Respect”. Building on the existing systems, the project will provide advisory support to fine-tune the performance evaluation system at customs and immigration offices and to include the key performance indicators related to improvement of the cross border environment for small scale traders. Those indicators will measure both technical aspects such as crossing and clearing time and collection of fees, and behavioral changes such as integrity, courtesy, and respect of ethics etc. In addition to technical support to improve PBM at customs and introduce it at the other border agencies, the project will provide an opportunity for a study tour to the model country.

51. **The project will support the development of an appropriate evaluation method and introducing a third party monitoring mechanism using mobile technology.** The current performance evaluation system in each of three countries varies but generally uses the traditional approach of annual evaluation by the immediate supervisors and managers of the officials. In order to make the PBM evaluation more meaningful, the project will introduce a simple IT tool to monitor traders’ satisfaction and service performance at the borders and regularly provide feedback to the officials²⁶. The reporting would encourage and motivate border agents in achieving their objectives and improving their work in day-to-day operations. In addition, a perception survey by traders on an annual basis will be conducted by using mobile phone technology to provide more accurate feedback on the performance of agencies and agents and the quality of services provided.

52. **Building on international experiences²⁷, the project will develop a program for improved PBM with an incentive mechanism.** As a way of motivating staff, the project will provide technical assistance to develop appropriate incentive mechanisms. International

²⁵ Appraisal sheet in Uganda, Performance Contract in Rwanda, Bulletin de signalement (Evaluation sheet) and Fiche du suivi (customs clearance monitoring sheet) in DRC

²⁶ Happy or Not’ (http://www.happy-or-not.com/en_us/) is an innovative but simple IT tool to measure customer satisfaction.

²⁷ The PBM at the customs with a particular focus on non-financial incentives in Cameroun is one of the successful cases. The World Bank macro indicators for Customs performance offer a simple and effective way of monitoring outputs of the Customs administration at national level, and could be extended to other agencies.

experience shows that non-financial incentives such as public recognition of the best performers, awards and promotion could have a significant impact on behavior and performance of agents. However, considering the extremely low level of remuneration, especially in DRC, which is one of the sources of persistent corruption and extortion of goods and money from traders, the project will also support in-kind compensation such as uniforms and other rewards for the best performers, and support the design of financial incentive mechanisms if considered appropriate.

53. In short, Sub-component 3.2 will provide support for an annual perception survey and the performance based management TA through the procurement of international consulting services, and in-kind rewards through the procurement of goods/non-consulting services in each of three countries.

Component 4: Implementation support, Communication, Monitoring and Evaluation (US\$10.6 million)

Sub-component 4.1: Implementation support and Communications (US\$9.36 million)

54. **A common challenge of multi-sectoral projects is having in place effective mechanisms to coordinate project implementation across sectors and between countries.** The capacity of stakeholders is generally weak on many fronts: policy coordination, administration, project implementation. The designation of the most appropriate lead agency is also critical. The capacity of agencies, especially in the DRC, may be insufficient to: (i) coordinate and implement multi-sectoral activities; (ii) channel funds to other institutions; and (iii) monitor progress in the eastern provinces as well as procure specialized equipment and services. In addition, the ability to deliver quality services in highly volatile environments and/or remote areas will be challenging. The project will therefore provide support for project coordination, financial management and procurement, among other critical functions for effective implementation at the central and provincial governments to the regional organization, COMESA.

55. **Implementation support will be provided in a strategic and sustainable way.** The project will be managed by the existing administration instead of creating an ad-hoc project implementation unit for the operation to be sustained. Although the project will attempt to use the existing mechanism and staff, the project will provide financial support for recruiting international and local technical experts in project management, financial management, procurement, and accountancy among other critical functions for effective implementation at the central and provincial governments to the regional organization, COMESA. In addition, the project will provide support to prepare the implementation manual and finance related operational training to project teams, audit for the financial management, the accounting system, office equipment (vehicles, PC, printers, office furniture etc.), and running cost throughout the project life. The project would also finance various training courses for leadership, change management, communication, project cycle management, monitoring and evaluation and financial management, with the aim of ensuring sustainability and creating operational capacity within the administration.

56. **Experience with other Bank projects of a similar nature indicates that effective and innovative communication is one of the most powerful ways to raise awareness, encourage**

policy makers to take actions and bring changes in reality²⁸. In addition to various support for strengthening of communication capacity and tools in the border management that are embedded in the project activities, the project would also put particular importance on communications strategies as part of the implementation arrangements. COMESA will produce short documentaries/videos, other media programs, websites and use of social media to raise awareness of the conditions that cross border traders are facing and to familiarize all relevant stakeholders with the Traders Charter and related policy reforms. Those communication products will be widely disseminated at global, regional and each country level. The project will also provide finance to each of three countries to develop communication strategy and communication products that should be customized to the national context.

Sub-component 4.2: Project M&E and Systems for Monitoring Small-Scale Cross-Border Trade (US\$1.24 million)

57. **The development of a robust system of monitoring and evaluation is essential for this project.** The project will develop a system to capture progress in improving conditions for cross-border trade, including, inter alia, the efficiency of cross-border operations, the relationships between border officials and cross-border traders, and the broader impact on conflict affected communities. The project will include a specific and concrete set of measurable indicators upon which project progress can be monitored, measured, and evaluated. This will be the system by which implementation progress as well as project success in meeting the development objectives will be gauged. The identification and development of project indicators, as well as the baseline data collection activities, have been undertaken by the World Bank project team with consultation and support from the Government of DRC, Rwanda and Uganda. Responsibilities for the implementation, supervision, and reporting of indicators through the project's Results Framework (Annex 1) will be held by the principle implementation agencies in each project country and COMESA (MTIC in Uganda, the MINICOM-SPIU in Rwanda, and MoC in the DRC). Where appropriate (for instance, where capacity for data collection and/or access to data would facilitate the M&E process), these lead agencies will coordinate and cooperate with national statistics offices (e.g. UBOS in Uganda and NISR in Rwanda) and other government agencies, such as Customs, Immigration, or the National Bank, as needed to access or collect requisite data. As such, project resources will be directed to the implementing agencies with overall responsibility for project M&E activities but may be used to support the building of capacity (e.g. training of enumerators on data collection methods, adding enumerators or data processors to handle increased work load) or data collection activities of those agencies providing direct support to the lead agency. Finally, the Joint Border Committees (JBC), which will be supported under Component 2 of the project, will play a key role in coordinating the cross-border data collection activities.

58. **The M&E system will learn from World Bank-financed projects on trade facilitation and other projects in the Great Lakes Initiative.** In particular, the project will support 'citizen engagement' and be data-driven exploiting disaggregated data gathering technologies. The project will finance capacity building (e.g. training enumerators and data managers on data collection methods, increasing the number of and/or workloads and scope for enumerators and data managers) for the aforementioned agencies responsible for M&E to enable them to carry out their

²⁸ A short film, "Petites Barrières" financed by the World Bank in 2012 that described the issues on border crossing conditions between DRC and Rwanda (bribery, harassments, inefficient border management and deteriorated infrastructure) helped to raise awareness and motivate policy makers/leaders to take actions some of which underpin this project.

M&E responsibilities as well as mechanisms for necessary field work for data collection, including periodic surveys of project beneficiaries, consistent with the Project Development Objective (PDO) indicators.

59. **Innovative techniques will be utilized to obtain some of the data for M&E.** For example, crowdsourcing based on mobile phone surveys has been used under a similar project to gather information from providers and consumers of education and health services from several project countries about trade patterns, determinants for trade, quality of/satisfaction with various services and barriers to trade in these services. The extension of the surveys to all countries and their replication would help to monitor more clearly the impact of interventions under the project and especially the patterns of trade in services in the GLR. For project M&E and the Results Framework indicators, precise data collection methodologies and standards (e.g. survey instruments) will be developed and agreed upon by the project countries in collaboration with COMESA to ensure comparability, consistency and reliability across countries and over the life of the project.

60. **The M&E-system of the project will be linked to other relevant frameworks** to allow it to show its added value and measure its aggregate impact on peace and stability in the region, particularly to the fourth pillar of the PSCF, to other World Bank programmes in the region and, where possible, to country-specific frameworks for stabilization and peace consolidation.²⁹ This process will be supported by the Great Lakes Indicators Project, the Great Lakes Region Conflict Facility (GLRCF) and the Fragility, Conflict and Violence Group (FCVG).

61. **Information on cross-border trade flows is an essential input into policy making and planning of border operations as well as project monitoring.** In addition to the support provided for the direct project M&E activities, this Sub-component will support coordinated data collection on small scale cross border trade at the priority border posts in the project. Both Rwanda and Uganda have existing programs for surveying, monitoring, and reporting statistics on small-scale goods trade. The project will support the improvement, modernization, and sustainability of these programs. In particular, there is a focus on financial sustainability and the use of IT to enable more efficient and consistent data collection, transmission and reporting. The DRC does not yet have a system in place for monitoring small-scale cross border trade, though the estimated scale of trade, its impact on broader macroeconomic balances and the role it plays in economic development warrant the establishment of such a system. The project will lay the foundations for a wide-scale border trade monitoring program by establishing a pilot ICBT monitoring system at 2 key border crossings.

62. **The project will support the use of advanced IT collection systems and platforms** (including Personal Digital Assistants (PDAs)) in the project countries. In Rwanda, plans for rolling out a program which uses tablets and customized software to collect and transmit data collected by enumerators at borders is in advanced stages. This project will support Rwanda's efforts to execute this plan. In Uganda and DRC, the project will support the development and roll-

²⁹ Of particular importance in the Eastern DRC in this case is the International Security and Stabilization Support Strategy (ISSSS), which has set out a framework to keep track of a range of programmes in the fields of security, state authority and socio-economic recovery. By aligning indicators to this framework, the GLTFP will be able to assess how its activities contribute to broader stabilization in the east. Other Bank programmes, for example, Eastern Recovery and the fight against Sexual Violence, are doing the same.

out of a plan for use of similar IT systems in ICBT monitoring, learning from the Rwanda experience.

63. **COMESA will play a critical role in coordinating, facilitating, and standardizing small-scale cross border trade data collection, monitoring, and reporting in the region.** In particular, COMESA under this project will develop standards and best-practices for data collection and reporting. Standardization and harmonization in methodologies across countries in the region will be important for provided reliable and consistent data. COMESA will also convene regional workshops and seminars to provide a platform for peer-to-peer learning, sharing of best practices, and establishing standard procedures. Further, COMESA will support the effort to roll out IT systems for data collection and reporting, learning from the Rwanda experience, and developing standardized software platforms to improve consistency of data in the region. Finally, COMESA will provide an online outlet for data reporting through its COMSTAT platform.

Annex 3: Implementation Arrangements

A. Institutional and Implementation Arrangements

Project Implementation at the Country Level

1. **Each country and COMESA will establish its own Project Steering Committees to guide implementation and approve annual work plans and budgets.** In all countries and at COMESA the project will require effective inter-agency and division coordination.

2. In the **DRC** the inter-ministerial Project Steering Committee (PSC) to be created by Decree signed by the Prime Minister and the Minister of Commerce will be chaired by the Ministry of Commerce and consist of dedicated representatives from each of the following ministries and agencies: Commerce (secretariat), Finance, Interior, Public Works, Agriculture, DGDA, DGM, OCC and Health/Hygiene, to oversee and provide guidance to the project, ensure the coordination for border management and oversee related actions at the national level. The project will be implemented under the overall coordination of the Ministry of Commerce where the Project Coordination Unit (PCU) will be formed within the Secretariat General. It will be responsible for planning, implementation, monitoring and evaluation and coordination with other beneficiaries. Given that the largest proportion of the financing of the project will go towards infrastructure improvements the Cellule Infrastructures (CI) will be responsible for the management of Component 1. CI is a technical body of the Ministry of Infrastructure and Public Works (MITP) and has administrative, operational and financial management capacity. It has gained considerable experience in implementing other donor and Bank financed development projects in the country. A separate designated account will be opened to manage the infrastructure improvements. The Ministry of Commerce will coordinate implementation of Components 2, 3, and 4 under a separate designated account. The project will finance the following positions in the PCU at the Ministry of Commerce: (i) a project coordinator; (ii) a trade expert; (iii) a financial and administrative manager; (iv) a procurement specialist; (v) a M&E specialist; (vi) an internal auditor; (vii) an accountant; (viii) a secretary; and (ix) a driver. The CI will be strengthened with the following additional staff: (i) a project leader; (ii) a social development specialist; (iii) resettlement specialist; (iv) an internal auditor; (v) a procurement assistant; (vi) an accountant; and (vii) a secretary.

3. **At the provincial level, the Project Steering Committee will be advised by Provincial Technical Committees (PTCs) that will take a lead in the coordination of the border management agencies and supervise implementation of activities on the ground.** The PTCs will be created under the Project Steering Committee (PSC) but report to both PSC and the Governor of North and South Kivu. The PTCs will play a role of coordination and supervision of activities on the ground. In addition, the Provincial Project Teams (PPT) in North and South Kivu will be created and placed under the National Project Coordination Unit in the Ministry of Commerce to ensure effective project implementation and supervision on the ground. The PPTs will be composed of the following 6 staff: (i) a provincial project coordinator; (ii) an M&E specialist; (iii) a regional coordinator for Trade Information Desk seconded from COMESA (based in Goma or Bukavu); (iv) an accountant; (v) a secretary; and (vi) a driver. A sub-designated account will be opened in each of the PPTs while the overall FM should be fully ensured by PCU in Kinshasa.

4. **An agreement for a Project Preparation Advance (PPA) of US\$600,000 was signed with the Government of DRC on June 12, 2015 in order to increase their capacity for project implementation and management.** The PPA will mainly finance: (i) Environmental and Social Impact Assessment; (ii) preparatory work for Components 2 and 3; (iii) strengthening of staffing and operational and fiduciary management capacity at the Ministry of Commerce (preparation of project implementation manual including operational, administrative and financial management, safeguards, M&E; recruitment of key technical; administrative and financial management, and M&E staff; purchase of accounting system, and office equipment etc.); (iv) provision of running costs for the first 4 months for the Ministry of Commerce as well as the Cellule Infrastructure in the Ministry of Infrastructure and Public Works (CI/MITP); and (iv) staff training for project cycle management, procurement and M&E etc.

5. **In Rwanda, the overall coordination of the project will be the responsibility of MINICOM, who will chair the Steering Committee comprising key ministries/agencies** (i.e. Ministry of Finance, Rwanda Revenue Authority, Immigration, Agriculture, Infrastructure, RCAA, LODA). The existing Steering Committee within the MINICOM will include additional members such as the RCAA and meet every six months to assess progress and approve annual work plan and budget. The Single Project Implementation Unit (SPIU) of MINICOM will serve as the overall project management team, coordinating all activities with other key three agencies: RCAA, RTDA and LODA. Given that the largest proportion of the financing of the project will go towards infrastructure improvements, RCAA will have specific responsibility for the works at Kamembe Airport (Sub-component 1.3) while RTDA will oversee the implementation of works at the border (Component 4) and LODA will ensure the implementation of border market construction (Sub-component 1.22). MINECOFIN will sign Subsidiary Agreements with RCAA, RTDA and LODA to delegate implementation of each Sub-component.

6. **With regard to staffing, the following 11 positions in MINICOM will be financed under this project:** (i) SPIU coordinator (after January 2016); (ii) finance manager; (iii) procurement specialist; (iv) environmental safeguards specialist; (v) social development specialist; (vi) M&E specialist (after December 2015); (vii) trade specialist; (viii) accountant; (ix) internal auditor; (x) administrative assistant; and (xi) office messenger. Three positions in the LODA will be financed: (xii) a civil engineer; (xiii) procurement specialist; and (xiv) accountant. In addition, as the project will be financing highly technical activities at Kamembe Airport, it will finance the following three technical positions to enhance the technical capacity of oversight and supervisions of activities: (xv) a civil engineer who will act as project manager at Kamembe Airport; (xvi) one specialist for airport ground lighting (for one year); and (xvii) a navigational aids expert (for one year).

7. **In Uganda, the Ministry of Trade, Industry and Cooperatives (MTIC) will be responsible for the overall coordination of the project and will chair the Steering Committee comprising other key ministries** (i.e. Ministry of Finance, Uganda Revenue Authority, and Ministry of Internal Affairs). The Ministry of Works and Transport (MoWT) will be responsible for the implementation and management of Sub-components 1.1 and 1.4 as MoWT has the administrative, technical and financial management expertise to execute infrastructure improvement projects financed by the Bank as well as other development agencies. The Ministry of Trade, Industry and Cooperatives (MTIC) will coordinate day to day activities of the Sub-

components 1.2, 2.1, 2.2, 3 and 4 and the existing Project Implementation Unit (PIU) headed by the Project Coordinator in the MTIC will be the implementing agency.

8. **As for the staffing plan, the task team for the project will be created within the existing PIU of the MTIC RIIP (Regional Integration Implementation Project) with the following new positions to strengthen operational and financial management capacities:** (i) project officer; (ii) safeguards specialist; (iii) procurement specialist; and (iv) secretary. MTIC will designate two Component Managers (one for Component 1 and one for the other Components), and MoWT will designate one Component Manager, to be responsible for coordinating project activities under the respective ministries. Each Component Manager will be supported by a designated project team. The other agencies involved in the project will designate focal points for the purpose of implementing the project. A technical committee comprised of representatives of the different agencies will be established to support the Project Steering Committee.

Regional Implementation and Coordination Mechanism

9. **Regional Implementation and Coordination Mechanism:** While countries will have the overriding responsibility for implementing activities at the national level, COMESA will play a critical convening role, supporting regional knowledge sharing and advocacy efforts on facilitating small-scale cross-border trade. COMESA is the most appropriate regional institution³⁰ to support this project, given wider membership and its established work program supporting small-scale traders through the Simplified Trade Regime and the Traders Charter. To this end, COMESA will be one of the main beneficiaries and an implementer of the Sub-component 2.3. In addition, the project will support the creation of a Regional Coordination Committee to ensure policy coordination and coordinate project implementation among the countries and COMESA. The Regional Coordination Committee will comprise the heads of or representatives from the steering committee led by the Ministry of Trade/Commerce in each country and COMESA, and chaired by one of the members in rotation. The Committee will be formally organized, at least twice a year, to assess the state of project implementation, harmonize policy, rules and regulations, provide necessary guidance on the implementation and monitor and evaluate results of the project. COMESA will undertake a responsibility of secretariat for organizing the Committee. One of two meetings will be organized as a side event to the COMESA annual meeting when the high-level authorities from each country will gather, in order to keep high-level commitment to the project at the regional level.

10. **At COMESA, a Project Steering Committee will be established to ensure oversight and guidance for project implementation.** A Project Steering Committee will be established within the Division of Technical Cooperation and Resources Mobilization, and composed of the directors of Trade, Gender and Social Affairs, Peace, Security & Governance, Investment Promotion & Private Sector, Infrastructure, Strategic Planning & Research, and Statistics to effectively oversee the project implementation and coordinate among the stakeholders. In particular, the Gender Division will play a greater role to contribute to the project, including oversight of the gender awareness raising activities. The Division of Trade will also take the lead in regional coordination through the regional coordination committee, discussed above.

³⁰ Other regional institutions include ICGLR, CEPGL or SADC, but due to limited membership across project countries or lack of mandate to oversee economic development/trade projects amongst these institutions, it was determined that COMESA was the most appropriate regional body.

11. **The Project Implementation Team (PIT) will be placed within the Division of Trade and responsible for implementing and managing the project including for M&E.** The PIT is currently responsible for the COMESA program to promote small-scale trade in the conflict affected countries with support from various donors (KfW, ADB, and AU) and operates within the Department of Trade at COMESA, and therefore has extensive experience in managing donor-funded projects with strong operational capacity. The PIT will be composed of technical staff from various divisions such as Trading for Peace, Gender & Social Affairs, IT, Legal, Administration and Procurement, Budget & Finance. The PIT will be also supported by the Multi-disciplinary Advisory Team. To further strengthen operational and fiduciary management capacity, the project (Component 4) will provide support for hiring (i) a project officer, (ii) a procurement assistant and (iii) an accountant exclusively working for the project, in addition to one regional TID coordinator (to be based either in Goma or Bukavu) and 20 TID desk officers to be financed under the Component 2.

12. **All three countries as well as COMESA will each prepare a Project Implementation Manual by the project effectiveness date.** This will include operational procedures, financial and administrative management, procurement methods and procedures, safeguards and monitoring and evaluation.

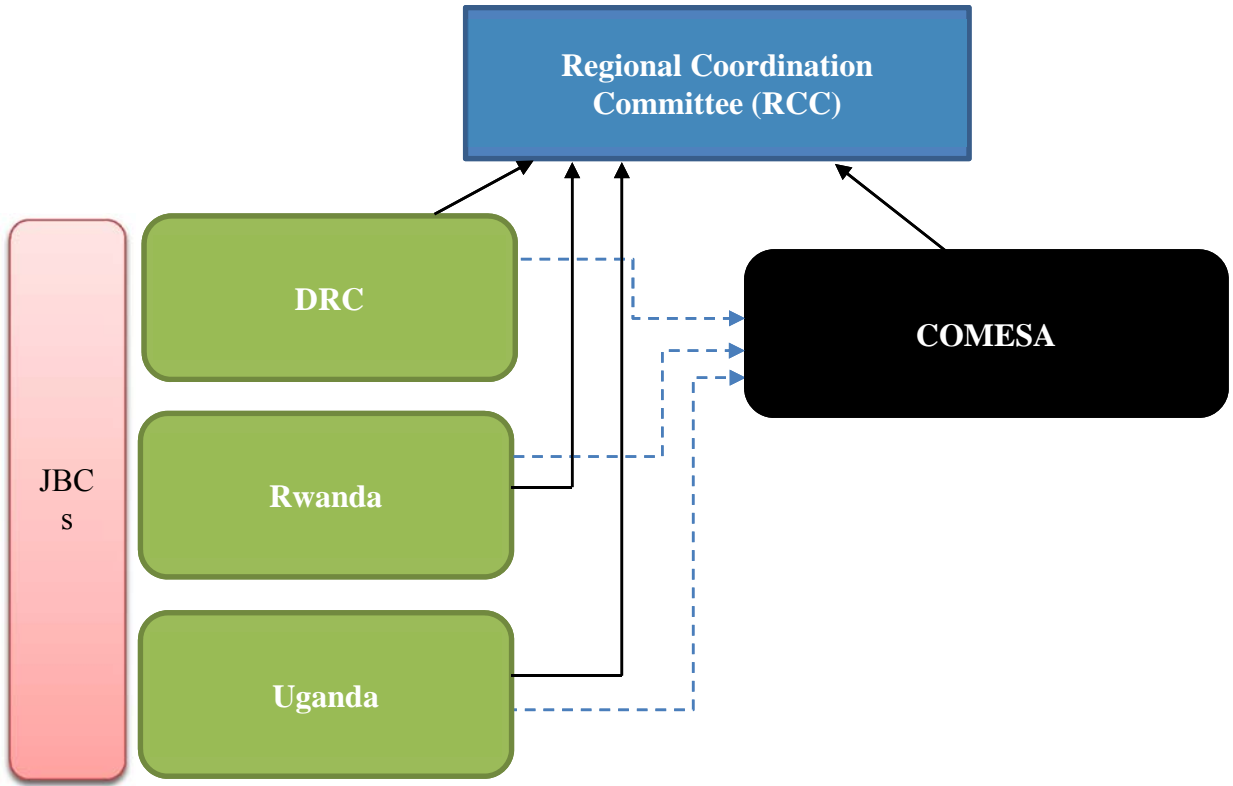
13. **All three countries as well as COMESA will each submit to the World Bank a Project Implementation Report every six months, and further conduct the Mid-Term Review of the Project, not later than thirty months after the date of effectiveness,** and submit the draft to IDA, no later than two months prior to the mid-term review. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures.

Table A3.1. Implementation Arrangement Action Plan

Country	Action	Responsibility	Due Date
DRC	Sign a Decree to create a Project Steering Committee by the prime minister and the minister of commerce	Ministry of Commerce	By effectiveness
DRC	Prepare the project implementation manual including operational, administrative, financial management, safeguards and M&E that is acceptable to the Bank	Ministry of Commerce/CI	By effectiveness
DRC	Recruit qualified and experienced (i) project coordinator, (ii) financial and administrative manager, (iii) procurement specialist, (iv) accountant for Ministry of Commerce, and (i) social development specialist, and (ii) resettlement specialist for CI.	Ministry of Commerce CI/MITP	By effectiveness
DRC	Recruit qualified and experienced other staff for Ministry of Commerce	Ministry of Commerce CI/MITP	Within three months after effectiveness

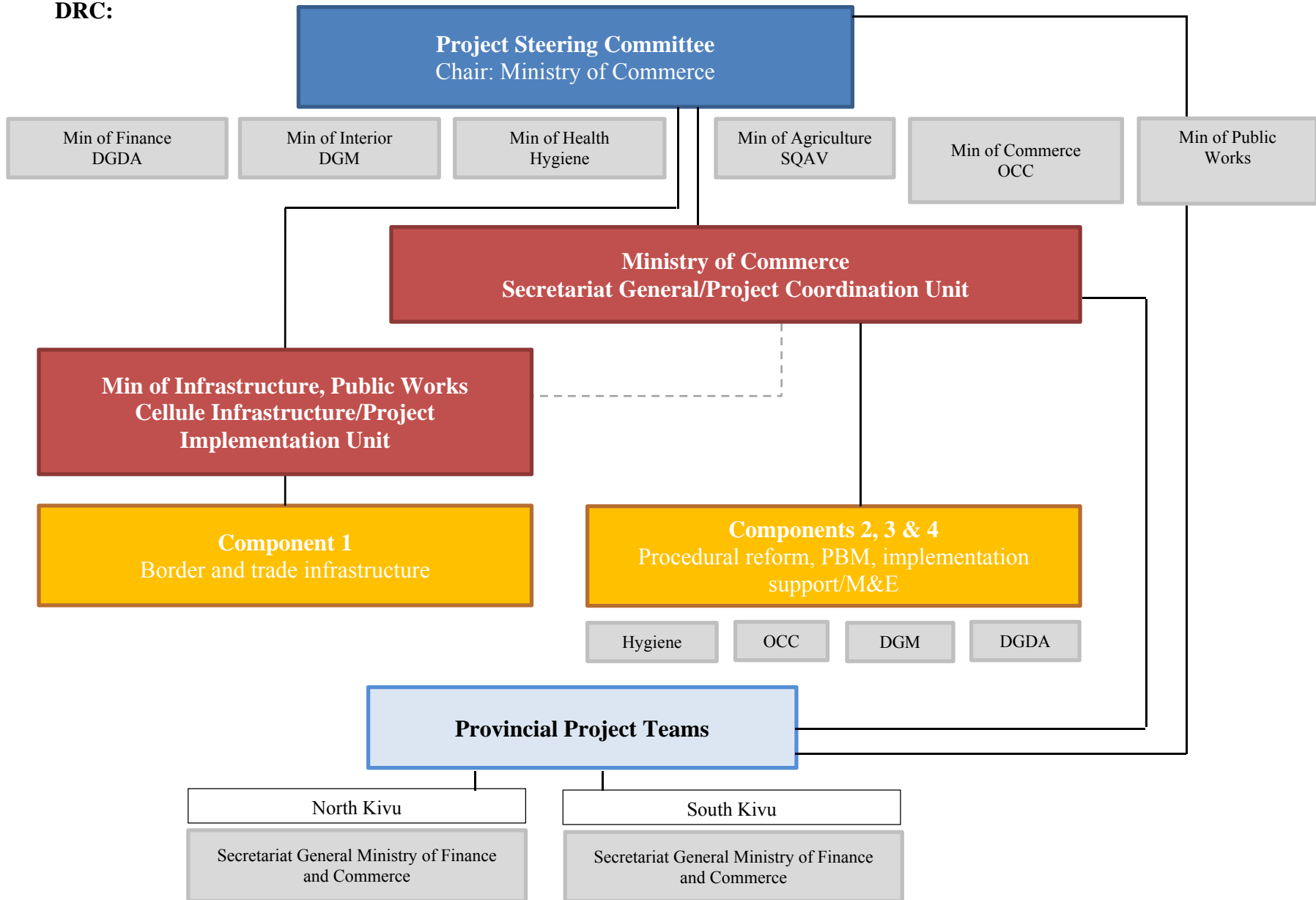
Country	Action	Responsibility	Due Date
DRC	Recruit additional qualified and experienced staff for CI	CI/MITP	Within three months after effectiveness
DRC	Establish PTC and Recruit qualified and experienced staff for the Provincial Project Implementation Teams (PPT) in North and South Kivu	Ministry of Commerce	Within six months after effectiveness
Rwanda	Establish a Project Steering Committee that is acceptable to IDA	MINICOM	By effectiveness
Rwanda	Revise the existing project implementation manual including operational, administrative, safeguards and M&E	MINICOM	Within three months after effectiveness
Rwanda	Prepare the FM manual	LODA	Within three months after effectiveness
Rwanda	Sign Subsidiary Agreements between MINECOFIN and RCAA, RTDA and LODA	MINECOFIN	By effectiveness
Rwanda	Recruit qualified and experienced staff for SPIU at MINICOM, LODA and RCAA	MINICOM/LODA/RCAA	Within three months after effectiveness
Uganda	Create a Steering Committee that is acceptable to IDA	MTIC	By effectiveness
Uganda	Revise the project implementation manual including operational, administrative, financial management, safeguards and M&E	MTIC	Within three months after effectiveness
Uganda	Recruit new staff for PIU at MTIC and designate two Component Managers in MTIC and one Component Manager for MoWT and focal points in other agencies	MTIC/MoWT	Within three months after effectiveness
COMESA	Create a Project Steering Committee that is acceptable to IDA	Division of Trade	Completed
COMESA	Revise the existing Project Implementation Manual including Operational, Administrative, Financial Management and M&E	Trading for Peace program team	Within three months after effectiveness
COMESA	Recruit qualified and experienced staff for Trading for Peace program team	Division of Trade/Trading for Peace program team	Within three months after effectiveness
COMESA	Create a secretariat for the RCC	Division of Trade	Within three months after effectiveness
All three countries and COMESA	Submit implementation reports to IDA every six month	DRC (Ministry of Commerce), Rwanda (MINICOM), Uganda (MTIC and MoWT) and COMESA	Every six month Recurrent
All three countries and COMESA	Conduct a mid-term review of the project	DRC (Ministry of Commerce), Rwanda (MINICOM), Uganda (MTIC and MoWT) and COMESA	Within 30 months from effectiveness

Regional Coordination

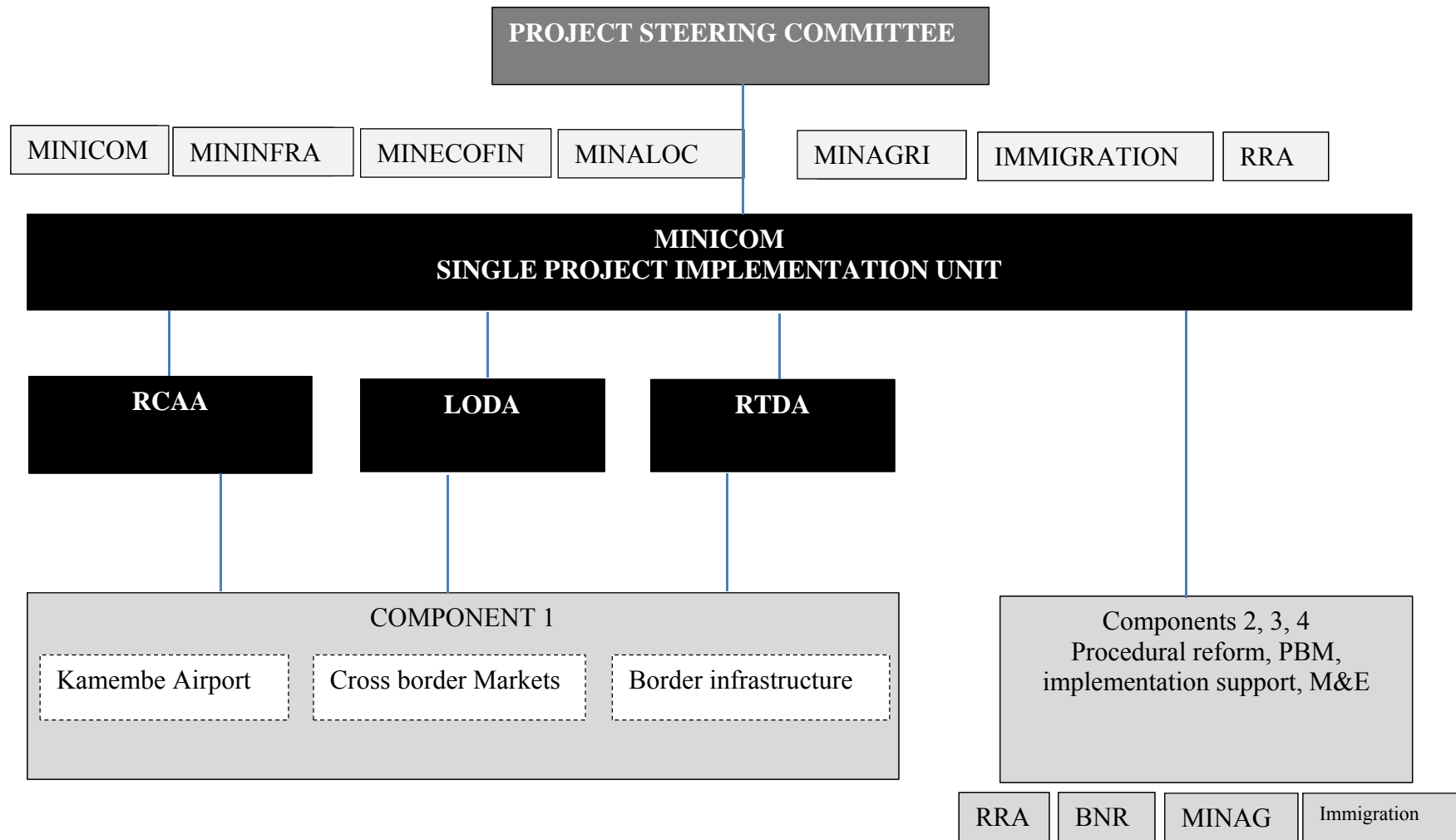


Schematic Representation of Implementation Structures in Each Country

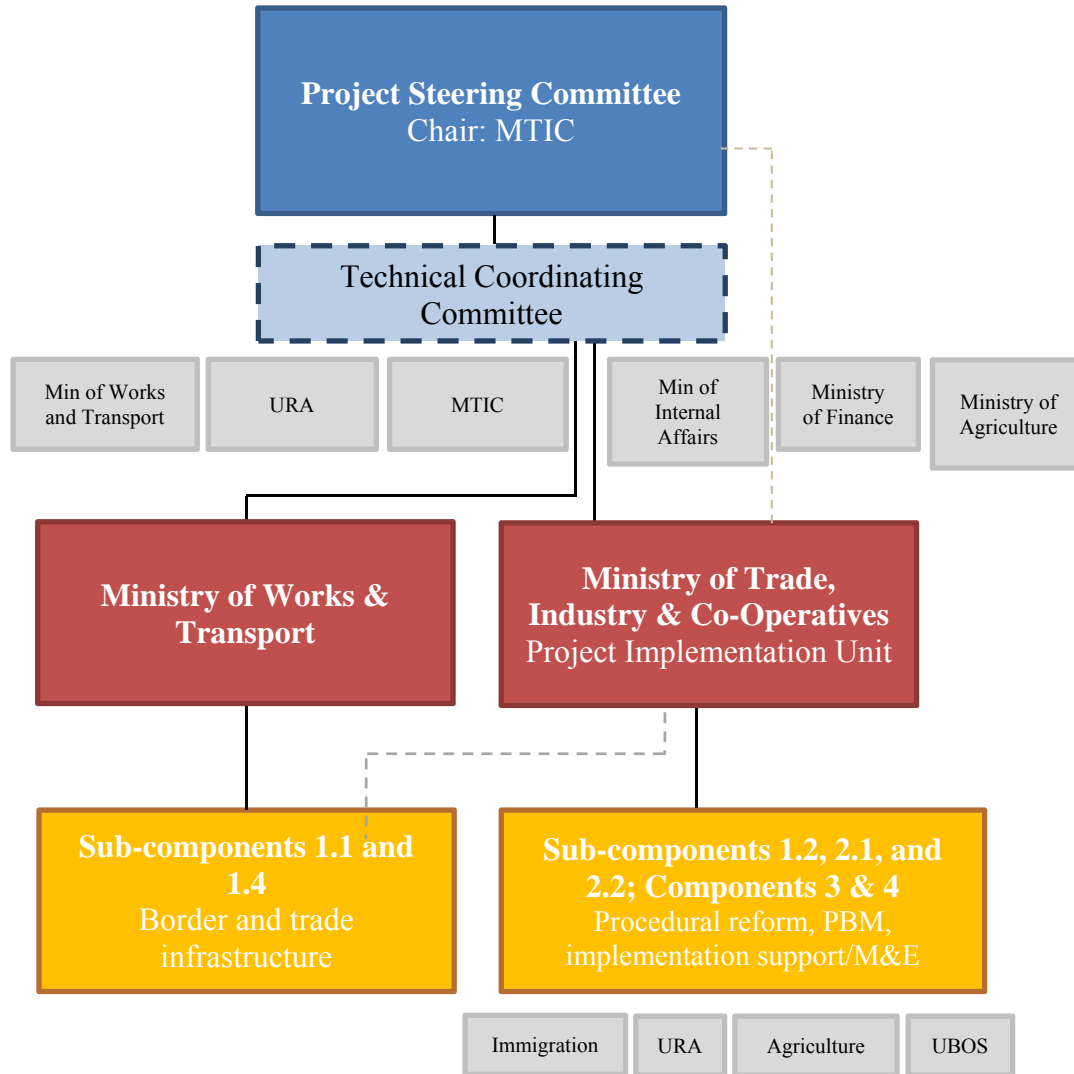
DRC:



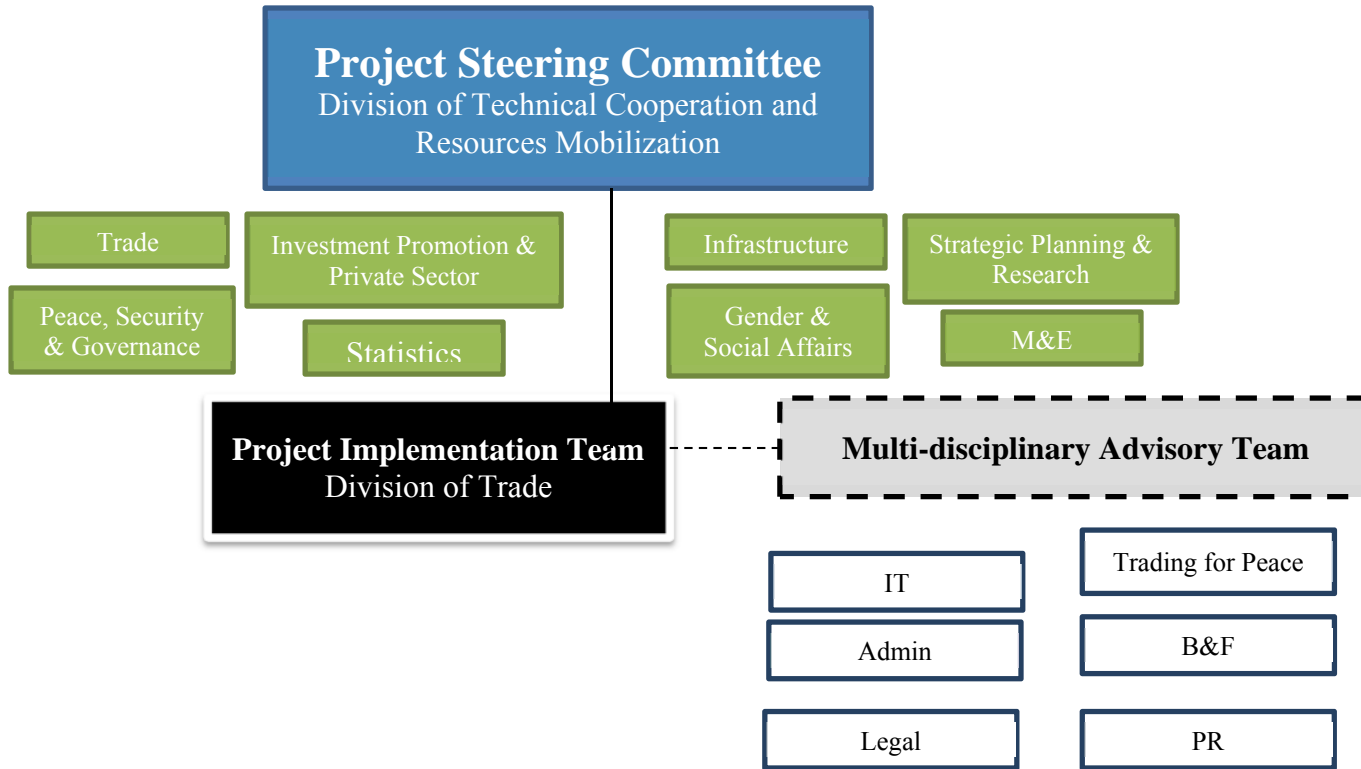
Rwanda:



Uganda:



COMESA



B. Financial Management

14. **A Financial Management (FM) assessment was conducted on the FM arrangements for the Great Lakes Trade Facilitation Project.** The assessment was done for the following implementing entities:

DRC: Cellule Infrastructures (CI) of the Ministry of Infrastructure and Public Works (MITP) will implement the Component 1 while the Ministry of Commerce will undertake implementation of the Components 2, 3 and 4. The Ministry of Commerce will supervise two Provincial Project Teams (PPTs) in North and South Kivu.

Rwanda: The Single Project Implementation Unit (SPIU) of MINICOM will serve as the overall project management team, coordinating all activities with three other key agencies: RCAA, RTDA and LODA. Given that the largest proportion of the financing of the project will go towards infrastructure improvements, RCAA will have specific responsibility for the works at Kamembe Airport (Sub-component 1.3) while RTDA will oversee the implementation of works at the border (Sub-components 1.1 and 1.4) and LODA will ensure the implementation of border market construction (Sub-component 1.2). The Single Project Implementation Unit (SPIU) of the Ministry of Commerce (MINICOM) will disburse funds to Rwanda Civil Aviation Authority (RCAA), Rwanda Transport Agency Authority (RTDA) and Local Development Agency (LODA).

Uganda: The Ministry of Works and Transport (MoWT) will be responsible for the implementation of Sub-components 1.1 and 1.4. The Project Implementation Unit (PIU) at the Ministry of Trade, Industry and Cooperatives (MTIC) will implement Sub-components 1.2, 2.1, 2.2; and Components 3 and 4.

Regional Implementation Arrangements: The Secretariat of Common Market for Eastern and Southern Africa (COMESA) will be responsible for the implementation of Components 2, 3 and 4.

15. **The objective of the assessment was to determine whether the implementing entities have acceptable financial management arrangements in place that satisfy the Bank's Operation Policy/Bank Procedure (OP/BP) 10.00.** These arrangements would ensure that the implementing entities: (i) use Project funds only for the intended purposes in an efficient and economical way; (ii) prepare accurate and reliable accounts as well as timely periodic financial reports; (iii) safeguard assets of the Project; and (iv) have acceptable auditing arrangements. The FM assessment was carried out in accordance with the Financial Management Manual issued by the FM Sector Board on March 1, 2010 and retrofitted on February 4, 2015.

Financial Management Arrangements

Budgeting Arrangements

16. **The COMESA Secretariat and all national implementing entities of DRC (CI of MITP and Ministry of Commerce), Rwanda (SPIU of MINICOM) and Uganda (MoWT and PIU of MTIC) will prepare annual budgets based on the procurement and work plans to be submitted to the Bank at least two months before the beginning of the project's fiscal year.**

The budgets will follow budgeting guidelines in the FM Manuals or Project Implementation Manuals. Implementing entities receiving funds from the national implementing entities, that is, Rwanda (RCAA, RTDA and LODA) and DRC (PICs of North and South Kivu) will have to submit their budgets to them for consolidation. All budgets should be approved before the beginning of financial year. During the financial year, budgets will be monitored on a quarterly basis using Interim Financial Reports (IFRs) for national and sub implementing entities. The IFRs will compare the budget and actual expenditure and significant variances will need to be explained. These IFRs will be expected to be submitted to the Bank within 45 days after the end of the calendar quarterly period.

Accounting Arrangements

17. **Accounting Policies and Procedures:** These are adequate for COMESA, Uganda (MoWT and MTIC), DRC (CI/MITP) and Rwanda (MINICOM-SPIU, RTDA and RCAA). DRC (Ministry of Commerce) and Rwanda (LODA) have to each prepare a Financial Management Manual that is adequate for the project. DRC will use its Project Preparation Advance (PPA) to prepare the manual. A Project Implementation Manual will need to be prepared for each of the countries implementing the project with existing FM manuals to incorporate project specific FM arrangements not covered in the current existing FM manuals.

18. **Accounting Staff:** COMESA has adequate accounting staff as well as Uganda (MoWT) and Rwanda (RTDA). Uganda (MTIC) and Rwanda (RCAA) have to designate an accountant amongst their existing staff to account for project funds by project effectiveness. Rwanda (MINICOM-SPIU and LODA) will need to recruit a qualified and experienced accountant within 3 months after effectiveness. DRC (Ministry of Commerce) needs to recruit a qualified and experienced Finance Manager and accountant while DRC (CI/MITRP) needs to recruit an additional qualified and experienced accountant to ensure project funds are managed in a satisfactory manner. Each PPT of North and South Kivu will need to recruit an accountant to manage project funds received in the sub-designated account from the Ministry of Commerce. The CI as well as Ministry of Commerce are required to recruit all staff using the PPA. All accounting staff whose capacities need to be strengthened should be trained during project implementation.

19. **Accounting Information Systems:** The existing systems are adequate for COMESA, Uganda (MoWT and MTIC), DRC (CI/MITP) and Rwanda (MINICOM-SPIU, RTDA, LODA and RCAA) to manage the project funds. DRC (Ministry of Commerce) needs to acquire a computerized accounting software using the PPA and train its staff to use the software. Rwanda (RCAA) will need to acquire an accounting software license (TOMPRO).

20. **Accounting Standards:** Implementing entities of COMESA, Rwanda and Uganda will use International Public Sector Accounting Standards while DRC will use the accounting standards of the Organization for the harmonization of business Law in Africa (*Organisation pour l'Harmonisation en Afrique du Droit des Affaires – OHADA*).

Internal Control and Internal Audit Arrangements

21. **Internal Controls:** The internal control procedures will be documented in the FM manuals and Project Implementation Manuals to ensure an effective internal control system.

22. **Internal Audit:** COMESA, Uganda (MoWT and MTIC) and Rwanda (LODA, RTDA and RCAA) have adequate internal audit arrangements for the project. DRC (Ministry of Commerce) and Rwanda (SPIU/MINICOM) will need to recruit a qualified and experienced internal auditor to strengthen internal audit arrangements for the project. All internal audit staff whose capacities need to be strengthened will be trained during project implementation. Internal auditors should ensure that the project's audit is included in their work plan and the audit conducted using a risk based approach.

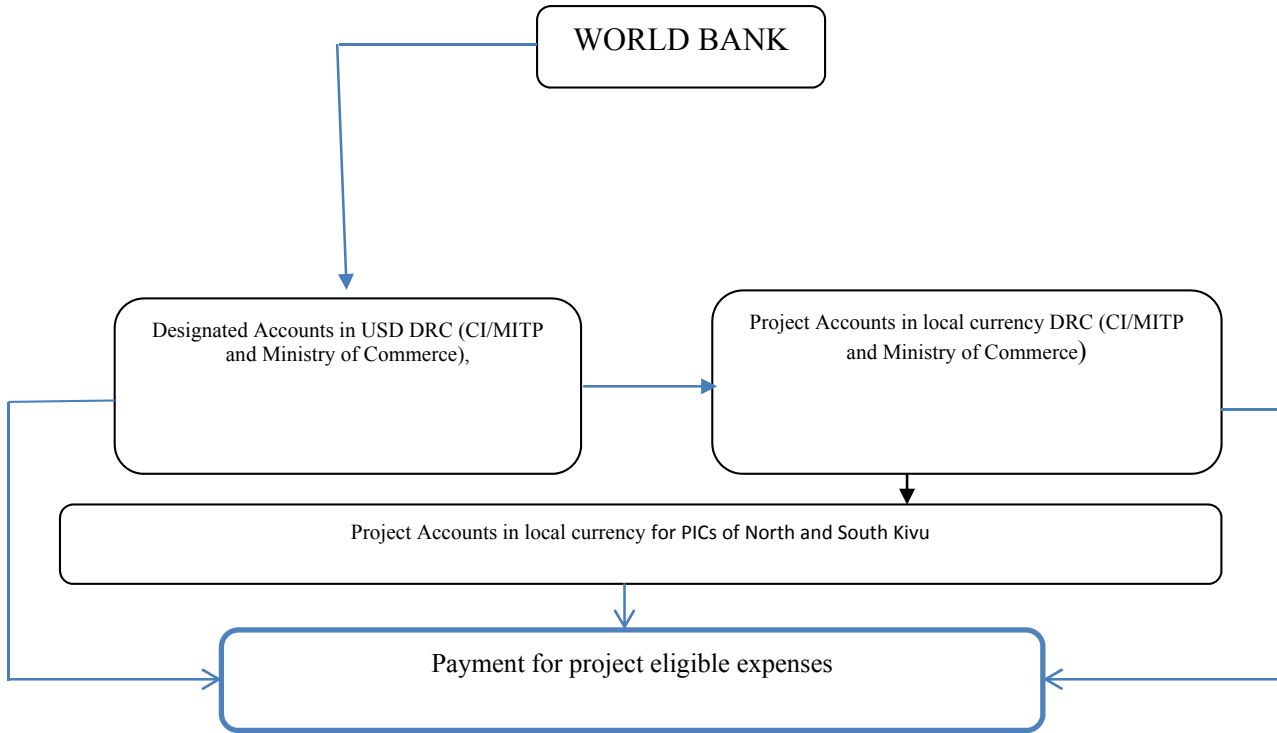
23. **Governance and Anti-corruption (GAC) arrangements:** All country implementing entities will follow existing anti-corruption legislations when dealing with fraud and corruption while COMESA will follow its existing rules and procedures. FM arrangements will ensure that there are internal control systems and audits conducted to prevent and detect fraud and corruption. In addition, there are the World Bank Anti-Corruption Guidelines with which the project should comply.

Funds Flow Arrangements

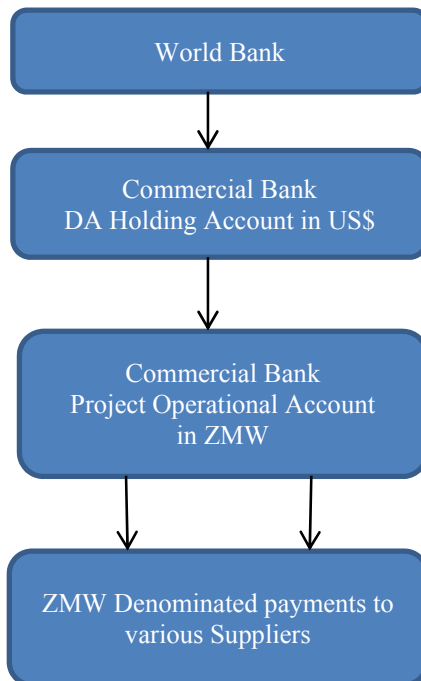
24. **Designated and Project Accounts:** COMESA, DRC (CI/MITP and Ministry of Commerce), Rwanda (MINICOM-SPIU) and Uganda (MoWT and MTIC) will open Designated Accounts denominated in United States Dollars and a Project Account denominated in local currency. These will be maintained in either the central bank or a commercial bank acceptable to the World Bank. The signatories to these accounts should be in line with the FM Manuals of the implementing entities and they should be submitted to the Bank between the signing of the project and its effectiveness. Project funds in Uganda may be transferred into the government's treasury single account upon meeting satisfactory requirements agreed with the Bank.

25. **Project Accounts:** Implementing entities receiving funds from the national implementing entities mentioned above, that is, Rwanda (RCAA, RTDA and LODA) and DRC (PICs of North and South Kivu) will have to open a Project Account denominated in local currency to receive funds. In Rwanda the accounts will be opened at the National Bank of Rwanda. The signatories to these accounts should be in line with the FM Manuals of the implementing entities and they should be submitted to the national implementing entities.

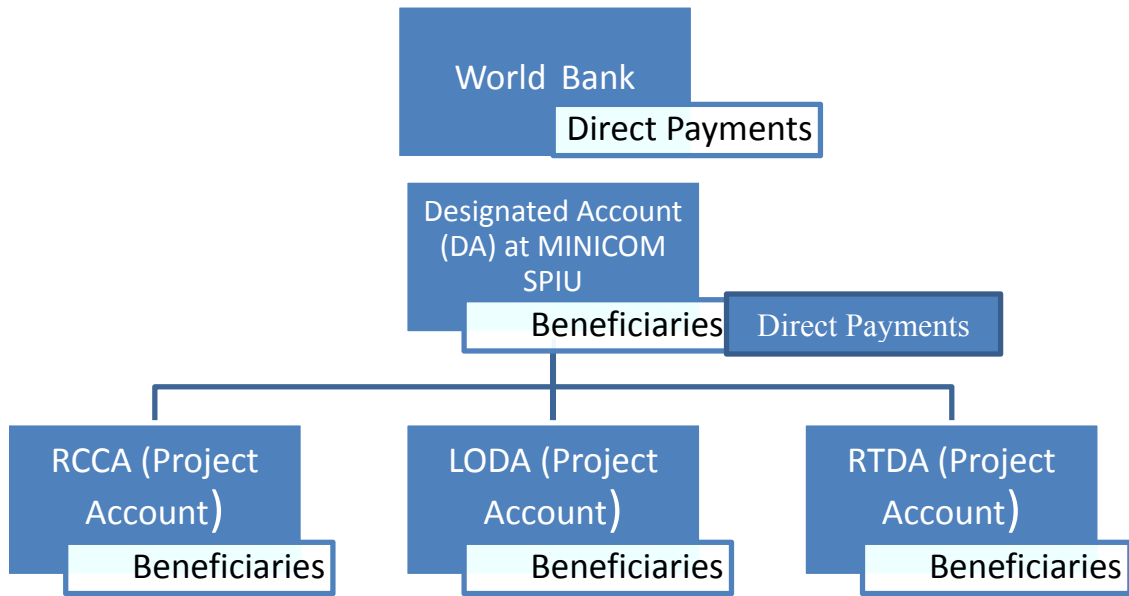
DRC: Flow of Funds



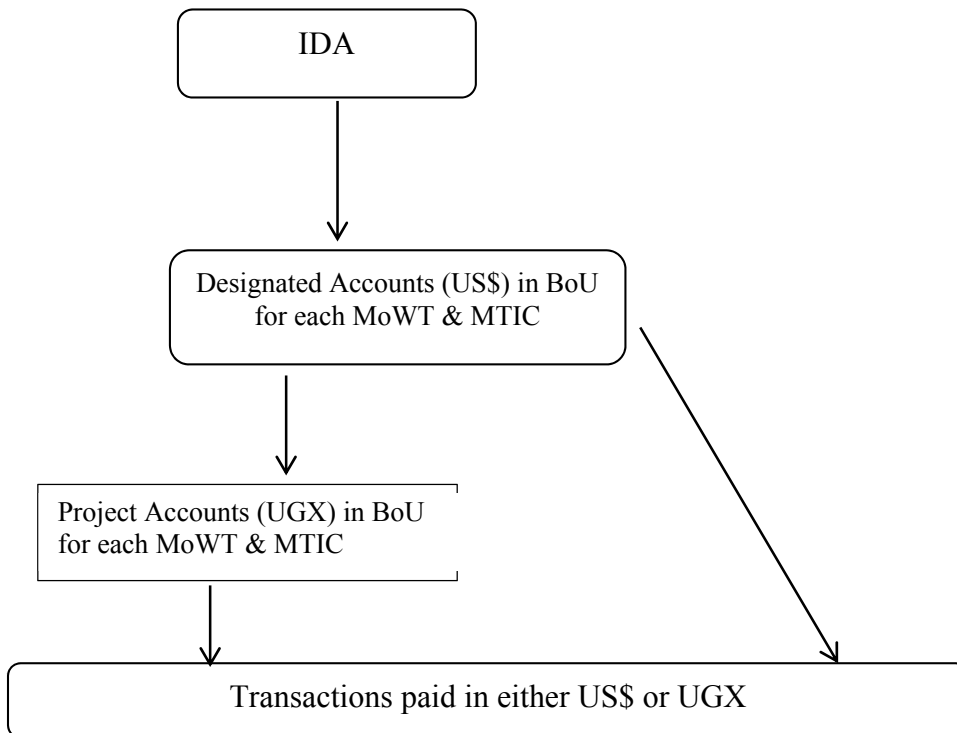
COMESA: Flow of Funds



Rwanda Funds Flow



Uganda: Flow of Funds



Disbursement Arrangements

Disbursements

26. COMESA and Uganda (MoWT and MTIC) will access funding from the Bank using the report-based disbursement method while DRC (CI/MITP and Ministry of Commerce) and Rwanda (MINICOM-SPIU) will access funding from the Bank using the transaction based disbursement method. In both cases, withdrawal applications should be prepared within one month after Project effectiveness. Rwanda and DRC can move to report based disbursements upon satisfactory compliance with the FM covenants in the Financing Agreement. Other methods of disbursement that can be used by COMESA and all the national implementing entities include direct payments, reimbursements and special commitments. If ineligible expenditures are found to have been made from the Designated and/or Project Accounts, the borrower will be obligated to refund the same. If the Designated Account remains inactive for more than six months, the Bank may reduce the amount advanced. The Bank will have the right, as reflected in the terms of the Financing Agreement, to suspend disbursement of the funds if significant conditions, including reporting requirements, are not complied with. Additional details regarding disbursement will be provided in the disbursement letters.

Financial Reporting Arrangements

27. COMESA and the national implementing entities in DRC (CI/MITP and Ministry of Commerce), Rwanda (MINICOM-SPIU) and Uganda (MoWT and MTIC) will prepare quarterly un-audited IFRs in form and content satisfactory to the Bank and must submit them to the Bank within 45 days after the end of the quarter. Implementing entities receiving funds from the national implementing entities in Rwanda: RCAA, RTDA and LODA; in DRC: PPTs of North and South Kivu, will submit their IFRs within 30 days after the end of the quarter to the national implementing entities in order to be consolidated. The format and contents of the IFR should be agreed between the Bank and the national implementing entities no later than effectiveness. The contents of the IFR for all implementing entities will include the following information to account for project funds:

- Statement of Sources and Uses of Funds; and
- Statement of Uses of Funds by Project Activity/Component.

28. COMESA and Uganda (MoWT and MTIC) will use report based disbursement and need to submit the following documents to access disbursements from the Bank:

- Designated Account Activity Statement;
- Bank statements for both the Designated and Project Account and related bank reconciliation statements;
- Summary statement of Designated Account expenditures for contracts subject to prior review; and
- Summary statement of Designated Account expenditures not subject to prior review.

29. All national implementing entities will also prepare the Project’s annual accounts/financial statements within three months after the end of the accounting year in accordance with accounting standards acceptable to the Bank. The financial statements will be required to be submitted to the Bank within six months after the end of the World Bank fiscal year.

External Audit Arrangements

30. The external audit of the Project’s funds that is implemented by the national implementing entities will be done by the Supreme Audit Institutions of Uganda and Rwanda. For COMESA and DRC, the audit will be done by a private audit firm that is acceptable to the Bank. Supreme Audit institutions can contract private audit firms acceptable to the Bank to conduct the audit of the project on its behalf. The cost of hiring a private audit firm will be met by the Project. The audit will be done for each implementing entity that has a Designated Account. Where funds are received from a national implementing entity, the entities receiving these funds have to submit the financial statements for consolidation by the national implementing entity. All audits should be carried out in accordance with International Standards on Auditing or International Standards for Supreme Audit Institutions issued by the International Organization for Supreme Audit Institutions. All Terms of Reference for audits of the national implementing entities should be agreed with the Bank no later than project effectiveness. The external auditors should be appointed within six months after effectiveness. Audit reports together with management letters should be submitted to the World Bank within six months after the end of the government’s fiscal year. Audit reports will be publically disclosed by the World Bank Group in accordance with the Bank’s disclosure policy. During the assessment, it was noted that the Rwanda (LODA and RCAA) audit reports were not up to date - the 2012/13 audit report was the latest received. Therefore there was need for the implementation entities to address the timeliness of audit reports such that project audits are submitted on time to the Bank.

Financial Management Action Plan

Country	Action	Responsibility	Due Date
DRC, Rwanda	Prepare a Financial Management Manual that is acceptable to the Bank.	DRC (Ministry of Commerce) and Rwanda (LODA)	By Effectiveness for DRC using PPA within 3 months after effectiveness for Rwanda (LODA)
Rwanda	Recruit a qualified and experienced accountant.	Rwanda (MINICOM-SPIU and LODA)	Within three months after effectiveness
DRC	Recruit a qualified and experienced Finance Manager and accountant for Ministry of Commerce.	Ministry of Commerce	By effectiveness (using PPA)
DRC	Recruit an additional qualified and experienced accountant for CI/MITRP.	CI/MITP	Within three months after effectiveness
DRC	Recruit an accountant for each PPT in North and South Kivu to account for	Ministry of Commerce and PICs of North and South Kivu	Within six months after effectiveness

Country	Action	Responsibility	Due Date
	project funds received from the Ministry of Commerce		
DRC and Rwanda	(i) Acquire a computerized accounting software and train DRC (Ministry of Commerce) staff to effectively use the software. (ii) Acquire a TOMPRO accounting software license for one accounting staff for Rwanda (RCAA).	(i) DRC (Ministry of Commerce) (ii) Rwanda (RCAA)	Within three months after effectiveness (DRC to use PPA)
DRC and Rwanda	Recruit a qualified and experienced internal auditor to strengthen internal control systems.	DRC (CI/MITP and Ministry of Commerce) and Rwanda (MINICOM-SPIU)	Within three months after effectiveness (DRC to use PPA)
COMESA and all Countries	Appoint an external auditor for the Project	All implementing entities	Within six months after effectiveness

Implementation Support Plan

31. Financial Management implementation support missions will be carried out twice a year for Uganda, Rwanda and DRC based on the substantial FM residual risk rating and for COMESA, the implementation support will be carried out once a year based on the moderate FM residual risk rating. Implementation Support will also include desk reviews such as the review of the IFRs and audit reports. In-depth reviews and forensic reviews may be done where deemed necessary. The FM implementation support will be an integrated part of the Project's implementation reviews.

Conclusion

32. **The conclusion of the assessment is that the financial management arrangements in place meet the World Bank's minimum requirements under OP/BP10.00, and therefore are adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project required by World Bank (IDA).** The overall Financial Management residual risk rating is moderate for COMESA Secretariat and substantial for Uganda, Rwanda and DRC.

C. Procurement

33. **Procurement Guidelines.** In all countries procurement will be carried out in accordance with World Bank Guidelines, including: (i) Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants (January 2011 revised July 2014); (ii) Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers (January 2011 revised July 2014); (iii) Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (October 15, 2006 and revised in January 2011); and (iv) Provisions stipulated in the Financing Agreements. The implementing entities, as well as contractors, suppliers and consultants will observe the highest standard of ethics during procurement and execution of contracts financed under this

project. In each of the countries a procurement assessment was carried out, each of them found that procurement arrangements have an overall High risk rating.

DRC

34. The DRC and the World Bank agreed to mainstream the implementation of the project into the existing legal entities and structures. Implementation will be framed by the following principles: (i) line ministries to be made more responsible and accountable in project implementation with a focus on strengthening country systems; and (ii) equity across agencies pursuant to their implementation responsibilities. Procurement activities of the project will be carried out at two levels: (i) Cellule Infrastructure at the Ministry of Infrastructure, Public Works & Reconstruction; and (ii) CGPMP of Ministry of Commerce. At the Cellule Infrastructure procurement activities will be carried out by the Procurement unit within Cellule Infrastructure. At the Ministry of Commerce level, procurement activities will be carried out by the CGPMP within this Ministry.

35. A Project Implementation Manual will be developed and will include procurement arrangements for the project.

36. A procurement assessment was carried out in February 2015 for both procurement units which will be involved in the management of the procurement management of this project. In each unit the assessment analyzed the procurement organizational structure, and past experience in implementing procurement procedures including those pertaining to World Bank funded projects.

37. Cellule Infrastructure: this entity is carrying out its fiduciary responsibilities in a satisfactory manner for the [High Priority Reopening and Maintenance Project](#) (P101745). There is not a big challenge for this entity to handle the procurement activities under Component 1 for this new IDA funded project except the increase in workload that may occur.

38. CGPMP of the Ministry of Commerce: this procurement unit has been newly created on June 09, 2014 and is staffed with fourteen people. Although the staff of this unit has attended procurement training according to the national procurement law, it has no experience with World Bank procurement rules and procedures. Staff experience is limited to only one procurement process to procure vehicles for the Ministry.

39. **The key procurement risks** for the two procurement entities are: (i) increase in workload for the procurement unit of Cellule Infrastructure since one other project is being implemented by the same entity; (ii) weak experience for CGPMP of Ministry of Commerce in national procurement procedures; (iii) no experience for CGPMP of Ministry of Commerce in World Bank procurement procedures; (iv) record keeping for CGPMP of Ministry of Commerce is inadequate; (v) procedures and guidelines are not clearly spelled out in manuals for CGPMP for Ministry of Commerce; (vi) government officials likely to be involved in project procurement through tender and evaluation committees may not be familiar with World Bank guidelines and rules; and (vii) control and regulation mechanism according to the provisions of the country procurement law and its application procedures could delay the procurement process if mandatory reviews are required.

40. The overall unmitigated risk for procurement is **High**.

41. **Proposed corrective measures** which have been agreed to mitigate the risk are summarized in the following table.

TABLE 1: Action plan corrective measures

Ref	Tasks	Responsibility	Due date
1	According to the workload a procurement expert will be recruited on a temporary basis to support the procurement unit of Cellule Infrastructure.	Cellule Infrastructure	Three months after effectiveness
2	Assign exclusively some CGPMP's staff to procurement activities of the proposed project and recruit a well-qualified procurement consultant with experience in World Bank procurement procedures who will support and train the CGPMP	Ministry of Commerce	Three months after effectiveness
3	Recruit a well-qualified procurement expert with experience in World Bank procurement procedures who will provide technical assistance; train; and coach the CGPMP of Ministry of Commerce.	Ministry of Commerce	By effectiveness
4	Set up a project filing system in order to better keep procurement documents and reports and identify staffs responsible for this task. Train staff in data management.	Ministry of Commerce	Three months after effectiveness
5	Prepare a Project Implementation Manual that will include procurement methods to be used in the project along with their step by step explanation as well as the standard and sample documents to be used for each method.	Cellule Infrastructure and Ministry of Commerce	By Effectiveness
6	Organize a launch workshop involving all stakeholders	All stakeholders	Three months after effectiveness
7	Identify the root cause of procurement delays at national level and propose appropriate solutions (global)	Cellule Infrastructure and Ministry of Commerce	By the middle of 2016

42. The prevailing risk can be improved to **substantial** provided that the above corrective measures are implemented.

43. **Procurement methods and review thresholds.** Procurement methods and Bank review requirements are summarized in table 2 below.

Table 2: Thresholds for Procurement Methods and Prior Review Contracts for goods and works

Expenditure Category	Contract Value Threshold (US\$)	Procurement Method	Contracts Subject to Prior Review (US\$)
1. Works	≥10,000,000	ICB	All
	<10,000,000	NCB	All contracts ≥ 5.000.000
	<200,000	At least three quotations	None
	All amount	Direct contracting	All
2. Goods	≥1,000,000	ICB	All
	<1,000,000	NCB	All contracts ≥500,000
	<500,000	Shopping from all major brands of vehicles dealers or distributors of petroleum products	Shortlist of: (i) vehicles dealers; and (ii) distributors of petroleum products. The technical specifications of vehicles.
	<100,000	Shopping	None
	All amount	Direct contracting	All
2. Services			
	≥200,000		All
	<200,000	CQ	None
Firms	All amount	SSS	All
Individual Cons.	≥100,000	IC	All
	<100,000	IC	None
	All amount	SSS	All
All TORs regardless of the value of the contract are subject to prior review.			

Note: (ICB: International Competitive Bidding; NCB: National Competitive Bidding; CQ: Consultants Qualification; SSS: Single Source Selection; IC: Individual Consultant.

44. **Procurement Plan.** The borrower has prepared a Procurement Plan for the first 12 months of the project implementation which provides the basis for the procurement methods. This plan has been agreed between the borrower and the World Bank during negotiations. The Procurement Plan will be available in the project's database and on the World Bank external website. The Procurement Plan will be updated in agreement with the project team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Table 3: Goods and non-consulting services

Details of the Procurement Arrangements Involving International Competition

1) Goods, Works, and Non Consulting Services

Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Implementing Agency	Comments
1.1.1	Upgrading of Ruzizi I border post	6,000,000	ICB	Prior	No	Prior	December 2016	CI	
1.1.2	Upgrading of Petite Barrière	5,250,000	ICB	Prior	No	Prior	June 2016	CI	
1.1.3	Improvement to Bunagana border post	1,000,000	ICB	Prior	No	Prior	June 2016	CI	
1.1.4	Improvement to Kasindi border post	2,000,000	ICB	Prior	No	Prior	June 2016	CI	
1.2.1	Construction of border markets at Bukavu	3,000,000	ICB	Prior	No	Prior	December 2016	CI	
1.2.2	Construction of border markets at Goma	3,000,000	ICB	Prior	No	Prior	December 2016	CI	
3.1	In-kind tokens	40,000	Shopping	No	Yes	Post	June 2016	MoC	
3.2	Happy or Not	190,000	Shopping	No	No	Prior	June 2016	MoC	
4.1	MinCom/CI Office equipment	20,000	Shopping	No	Yes	Post	October 2015	CI	PPA
4.2	MinCom/CI 3 Vehicles (Sedan)	45,000	Shopping	No	Yes	Prior	October 2015	CI	PPA
4.3	Accounting software (& training)	10,000	Shopping	No	No	Prior	October 2015	CI	PPA
4.4	NK/SK Office equipment	10,000	Shopping	No	Yes	Post	December 2015	MoC	
4.5	NK and SK 4 vehicles (4x4)	200,000	Shopping	No	Yes	Prior	December 2015	MoC	

2) Consulting Services

List of main consulting assignments with short-list of international firms

Ref. No.	Description of Assignment	Estimated Cost (USD \$)	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Implementation agency	Comments
1.0	Environmental Impact Study	120,000	QCBS	Prior	October 2015	CI	PPA
1.1	Study, design and bidding documents and ESIA for Ruzizi I border post	1,000,000	QCBS	Prior	December 2015	CI	
1.2	Supervision services for Ruzizi I, Petite Barrière, Bunagana and Kasindi border post works	1,000,000	QCBS	Prior	December 2015	CI	
1.3	Design review for Petite Barrière border post	2,000,000	QCBS	Prior	December 2015	CI	
1.4	Consultancy services for selection, study, design and ESIA for 2 border markets	500,000	QCBS	Prior	June 2016	MoC	
2.0	Preparatory work for Component 2	50,000	IC	Prior	October 2015	MoC	PPA
2.1	Hotline service operation (reporting system)	752,500	QCBS	Prior	December 2015	MoC	
2.2	Procedural reform and Capacity Building program - Establishing or strengthening of JBCs - Simplifying immigration and health related procedures for traders - Training of traders and officials	1,290,000	QCBS	Prior	December 2015	MoC	

2.3	Communication program for the Charter	700,000	QCBS	Prior	December 2015	MoC	
3.0	Preparatory work for Component 3	52,500	IC	Prior	October 2015	MoC	
3.1	Institutional and HR assessment at customs and immigration offices	114,000	QCBS	Prior	October 2015	MoC	
3.2	Change management program	926,500	QCBS	Prior	March 2016	MoC	
3.3	Performance based management TA	576,000	QCBS	Prior	March 2016	MoC	
3.4	Perception survey (mobile phone use)	240,000	QCBS	Prior	March 2016	MoC	
4.1.1	MinCom Project Coordinator	310,000	IC	Prior	October 2015	CI	PPA 4 yr. term contract
4.2	MinCom Administration /FM manager	155,000	IC	Prior	October 2015	CI	PPA 4 yr. term contract
4.1.3	MinCom Procurement Officer	124,000	IC	Prior	October 2015	CI	PPA 4yr term contract
4.1.4	MinCom M&E specialist	124,000	IC	Prior	October 2015	CI	PPA 4 yr. term contract
4.1.5	MinCom Trade specialist	124,000	IC	Prior	October 2015	CI	PPA 4 yr. term contract
4.1.6	MinCom Project accountant	62,000	IC	Prior	October 2015	CI	PPA 4 yr. term contract
4.2.1	Cellule Infra Project Leader	124,000	IC	Prior	October 2015	CI	PPA 4 yr. term contract
4.2.2	Cellule Infra Social development Specialist	124,000	IC	Prior	October 2015	CI	PPA 4yr term contract
4.2.3	Cellule Infra Procurement Assistant	124,000	IC	Prior	October 2015	CI	PPA 4 yr. term contract
4.2.4	Cellule Infra Project accountant	62,000	IC	Prior	October 2015	CI	PPA 4 yr. term contract
4.3.1	NK provincial coordinator	74,400	IC	Prior	December 2015	MoC	4 yr. term contract
4.3.2	NK M&E specialist	49,600	IC	Prior	December 2015	MoC	4 yr. term contract
4.3.3	NK project accountant	25,500	IC	Prior	December 2015	MoC	4 yr. term contract
4.4.1	SK provincial coordinator	74,400	IC	Prior	December 2015	MoC	4 yr. term contract
4.4.2	SK M&E specialist	49,600	IC	Prior	December 2015	MoC	4 yr. term contract
4.4.3	SK project accountant	25,500	IC	Prior	December 2015	MoC	4 yr. term contract
4.5	Financial Audit	90,000	LCS	Prior	December 2015	MoC	

4.6	Operational manual & training	30,000	LCS	Prior	October 2015	CI	PPA
4.7	FM, Procurement manual & training	40,000	LCS	Prior	October 2015	CI	PPA
4.8	Project Communication	40,000	QCBS	Prior	March 2016	MoC	
4.9	M&E survey coordinator	20,000	IC	Prior	December 2015	MoC	
4.10	IT Consultant for TA on Electronic Data Collection Development	40,000	IC	Prior	March 2016	MoC	

45. The Bank standard bidding documents for goods and for works as well as the Bank standard Requests for Proposals will be used for all ICB contracts and consultant contracts advertised internationally. The same documents will be used for contracts advertised locally until the country has its own standard documents found acceptable by the Bank.

Reference to the National Procurement Regulatory Framework

46. For all contracts awarded through NCB method, the World Bank may authorize the use of the national institutions and regulations that comprise the law including its texts of application, the institutions set up for the control and regulation and the institutions responsible for procurement activities implementation. The national competitive bidding procedures currently in force in the DRC deviate slightly from the World Bank Procurement Guidelines NCB procedures for procurement of Works, Goods and services (other than consultant services); thus, they have been already reviewed and appropriate modifications have been proposed to assure economy, efficiency, transparency, and broad consistency with the provisions included in Section I and paragraphs 3.3 and 3.4 of the World Bank Procurement Guidelines (refer to the paragraph below).

Requirements for National Competitive Bidding

47. National Competitive Bidding may be used subject to using the open procedure (“*appel d’offres ouvert*”) set forth in the Recipient’s Public Procurement Law No 10/010 dated April 27, 2010 (the “PPL”) and the Manual of Procedures of the PPL as per Recipient’s Decree No 10/22 dated June 2, 2010 (the “Manual of Procedures”); provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III of the Procurement Guidelines and the additional following modifications:

- (a) **Standard Bidding Documents:** All standard bidding documents to be used for the Project under NCB shall be found acceptable to the World Bank before their use during the implementation of Project;
- (b) **Eligibility:** Eligibility of bidders and acceptability of their goods and services shall not be based on their nationality and/or their origin; and association with a national firm shall not be a condition for participation in a bidding process. Therefore, except for the ineligibility situations referred to in paragraphs 1.10(a) (i) and 1.10(a) (ii) of the Procurement Guidelines, the eligibility of bidders must be based solely

on their qualification, experience and capacity to carry out the contract related to the specific bidding process.

- (c) Advertising and Bid Preparation Time: Bidding opportunities shall be advertised at least in a national newspaper of wide circulation and on the website of the Recipient's Procurement Regulator (*Autorité de Régulation des Marchés Publics*) and bidders should be given at least 30 days from the date of invitation to bid or the date of availability of the bidding documents, whichever is later;
- (d) **Criteria for Qualification of Bidders:** Qualification criteria shall only concern the bidder's capability and resources to perform the contract taking into account objective and measurable factors. Such criteria for qualification of bidders shall be clearly specified in the bidding documents;
- (e) **Bid Evaluation and Contract Award:** A contract shall be awarded to the substantially responsive and lowest evaluated bidder provided that such bidder meets the qualification criteria specified in the bidding documents. No scoring system shall be allowed for the evaluation of bids, and no "blanket" limitation to the number of lots which can be awarded to a bidder shall apply. The criteria for bid evaluation and the contract award conditions shall be clearly specified in the bidding documents;
- (f) **Preferences:** No preference shall be given to domestic/regional bidders; to domestically/regionally manufactured goods; and to bidders forming a joint venture with a national firm or proposing national sub-contractors or carrying out economic activities in the territory of the Recipient;
- (g) **Publication of Contract Award:** Information on all contract awards shall be published in at least a national newspaper of wide circulation or in the Recipient's Procurement Regulator (*Autorité de Régulation des Marchés Publics*) web-site;
- (h) **Fraud and Corruption:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines;
- (i) **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank's policy with respect to inspection and audit of accounts, records and other documents relating to the bid submission and contract performance;
- (j) **Requirement for administrative documents and/or tax clearance certificate:** The bidding documents shall not require foreign bidders to produce any administrative or tax related certificates prior to confirmation of awarding a contract; and
- (k) **Modifications of a Signed Contract:** Any change in the contract amount which, singly or combined with all previous changes, increases the original contract amount by 15 percent (fifteen percent) or more must be done through an amendment to the signed contract instead of signing a new contract.

Items to be procured and the methods to be used

48. **Advertisement:** General Procurement Notice (GPN), Specific Procurement Notices (SPN), Requests for Expression of Interest, and results of the evaluation and contracts award should be published in accordance with advertising provisions in the following guideline“: "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011 revised July 2014; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 revised July 2014. For this purpose, the Ministry of Commerce which is in charge of the overall coordination of the project will prepare and submit to the World Bank a General Procurement Notice (GPN). Specific Procurement Notice (SPN) for all goods, non-consulting services and works to be procured under International Competitive Bidding (ICB) and Requests for Expressions of Interests for all consulting services costing the equivalent of US\$200,000 and above will be published in Dg Market, on the World Bank’s external website, and in the national press, in addition to other media with wide circulation. All other specific procurement notices and other requests for expression of interest shall be published at a minimum in the national press with wide circulation.

49. **Procurement of goods, works and non-consultancy services:** Goods procured under this project will include mainly items that will contribute in improving the working conditions of the implementing agencies and institutions to be supported by the project; they comprise computer equipment; office furniture; data collection tools; software. Non-consultancy services procured under this project will include a full range of training and capacity building activities.

50. Depending on the size of the contracts, procurement will be done either under ICB using World Bank procurement rules that include the related SBD or under NCB using National Standard Bidding Documents agreed with or satisfactory to the World Bank. Small value goods may be procured under shopping procedures. Direct contracting may be used where necessary if agreed in the procurement plan in accordance with the provisions of paragraph 3.7 to 3.8 of the Procurement Guidelines. The following additional methods may be used where appropriate: Limited International Bidding (LIB) and procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association.

51. **Selection and employment of Consultants:** Consultancy services would include research, surveys, communication strategy, and technical studies, etc. The selection method will be Quality and Cost Based Selection (QCBS) method whenever possible. Contracts for specialized assignments estimated to cost less than US\$200,000 equivalent may be contracted through Consultant Qualification (CQ). The following additional methods may be used where appropriate: Quality Based Selection (QBS); Selection Based on the Consultants’ Qualifications (CQS); Selection under a Fixed Budget (FB); and Least-Cost Selection (LCS).

52. Short lists of consultants for services estimated to cost less than the equivalent of US\$100,000 per contract for ordinary services and US\$200,000 for design and contract supervision may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. However, if foreign firms express interest, they will not be excluded from consideration.

53. Single Source Selection (SSS) may be employed with prior approval of the World Bank and will be in accordance with paragraphs 3.8 to 3.11 of the Consultant Guidelines.

54. All services of Individual Consultants (IC) will be procured under contracts in accordance with the provisions of paragraphs 5.1 to 5.6 of the Guidelines.

55. **Operating Costs:** Operating costs shall consist of operations and maintenance costs for vehicles, office supplies, communication charges, equipment, utility charges, travel expenses, per diem and travel costs, training costs, workshops and seminar and associated costs, among others. Operating costs will not include salaries of civil servants.

56. **Training and Workshops.** Training and workshops will be based on capacity needs assessment. Detailed training plans and workshops activities will be developed during project implementation, and included in the project annual plan and budget for World Bank's review and approval.

Frequency of Procurement supervision

57. In addition to the prior review supervision to be carried out by the World Bank, given limited procurement capacity of the CGPMP of the Ministry of Commerce at **least two** implementation support missions annually will be carried out, including field visits to carry out post review of procurement actions. As agreed with the government, contracts will be published on the web. Annual compliance verification monitoring will also be carried out by an independent consultant and would aim to: (i) verify that the procurement and contracting procedures and processes followed for the projects were in accordance with the Financing Agreement; (ii) verify technical compliance, physical completion and price competitiveness of each contract in the selected representative sample; (iii) review and comment on contract administration and management issues as dealt with by the implementation entity; (iv) review capacity of the implementation entity in handling procurement efficiently; and (v) identify improvements in the procurement process in the light of any identified deficiencies.

Contract Management and Expenditure Reports

58. As part of the Procurement Management Reports (PMR), the Ministry of Commerce will submit contract management and expenditure information in quarterly reports to the *Cellule de Suivi des Projets et Programmes* (CSPP) World Bank. The procurement management report will consist of information on procurement of goods, works and consultants' services and compliance with agreed procurement methods. The report will also provide information on complaints by bidders, unsatisfactory performance by contractors and any information on contractual disputes, if any. These contract management reports will also provide details on payments under each contract, and will use these to ensure no contract over-payments are made or no payments are made to sanctioned entities.

Rwanda

Organizational Structure of Procurement Units of Respective Implementing Agencies:

MINICOM

59. Procurement for the project will be implemented by MINICOM, RCAA and LODA. MINICOM will have an overall project coordination responsibility while the RCAA and LODA will have responsibility to implement their respective Sub-components. The Single Project Implementation Unit (SPIU) of MINICOM will serve as the project management team, coordinating day to day activities and implementing key activities under Components 2, 3 and 4.

60. The largest proportion of the financing of the project will go towards infrastructure improvements, mainly for Kamembe Airport upgrading which will be implemented by RCAA and boarder markets to be implemented by LODA.

61. MINICOM-SPIU has experience in implementing development partner-funded project. The SPIU is led by the Project Coordinator who ensures general oversight of the Project and effective coordination between the SPIU and the project implementing agencies. The procurement unit of the SPIU is staffed with qualified and adequate number of procurement specialists. There are two procurement specialists under SPIU, one assigned for a Bank financed (G4C) project and the other for other development partners financed projects. The current organizational structure has been assessed and has proven to be adequate to effectively implement development partner-funded projects.

RCAA

62. RCAA is an authority overseen by Board of Directors and managed by a DG. The procurement department reports directly to the DG and is headed by a director. The procurement unit gets technical support from the engineering and maintenance department in preparation of highly technical bid documents such as airport infrastructure design and construction works. The RCAA has well established organizational structure with experience in airport infrastructure development.

63. The procurement of consultancy services and construction works of large contracts of Kamembe and Gisenyi airports, in the past has been a good experience for the procurement unit of the authority.

64. With the growing volume and complexity of work of the RCAA, the structure of the procurement unit has been revised to add two more positions of procurement specialists.

LODA

65. LODA has a monitoring role over all districts in implementation of projects funded by development partners as well as from the Government of Rwanda. In delivering its mandates, LODA signs the Memorandum of Understanding with line ministries for implementation of respective projects by the districts. Project funds from development partners are channeled to

districts through LODA. In general LODA monitors all projects implemented at the district level and at the same time transfers the fund from development partners to districts and maintains the procurement and financial documents of those projects.

Projects financed by development partners are transferred from LODA to districts in three instalments

- a. First round 40 percent upon presenting the following supportive documents:
 - a) PPD: project profile document,
 - b) Bid advertisement and bid opening minute
 - c) Evaluation report
 - d) Technical study
 - e) Bid document of the winner
 - f) Provisional award notification
 - g) Letter of regret for those not qualifying
 - h) Final award notification
 - i) Contract agreement (contract document)
 - j) Performance guarantee bond
 - b. M&E report Second instalment 40 percent upon presenting:
 - a) Technical progress report
 - b) Payments made to contractor
 - c. M&E report and Third instalment 20 percent upon presenting:
 - a) Technical progress report
 - b) Payments made to contractor
 - c) M&E report
 - d) Provisional acceptance certificate for Works
66. For supply of Goods 100 percent payment is made against delivery notes
67. LODA's role is mainly just overseeing contract implementation. However they have some experience in procurement of large value consultancy services, such as for the national data base development and impact assessment studies. However, only small value goods contracts are implemented by the agency and no experience at all in works contracts.

Adequacy of Procurement Procedures of the Recipient

68. Procurement in Rwanda is regulated by Law No. 12 of 2007 revised 2013 and its associated regulations. The Law is quite robust and covers all aspects of public procurement at all levels of government. The Rwanda Public Procurement Authority (RPPA) was established under Law No.

63 of 2007 and is responsible for procurement oversight function of the public procurement both at central and local government. The procurement Law also establishes the institutional arrangement at a procuring entity level, including; (a) Procurement Unit (PU); (b) Tender Committee (TC); and (c) Accounting Officer (Chief Budget Manager). The PU is responsible for carrying out the procurement process from the planning process to the completion of the contract execution. The TC is responsible for conducting bids opening, evaluation and recommendation for award of contracts. Accounting Officer approves reports of the TC and signs the contract on behalf of the procuring entity.

69. The RPPA has prepared several tools to facilitate procuring entities to execute procurement efficiently. These tools include: User Guide; Standard bidding documents for procurement of works, goods and Standard Request for Proposals; Standard template for bid opening report; and Standard template for bid evaluation.

70. All the three implementing agencies are very familiar with the national procurement laws and RPPA standards and manuals. However, the Board of Directors of RCAA has approved the authority to become autonomous where it will no longer be governed by the national law and RPPA standards and manuals. Hence RCAA is expected to prepare its own procurement manual in the near future.

71. MINICOM-SPIU has been implementing Bank financed projects in the past and is familiar with both the national procurement system and Bank procedures. RCAA and LODA have no experience in implementing Bank financed projects. However both agencies are familiar with other international financed projects, though these projects have permitted the use of country procurement laws. Therefore, the agencies lack experience in use of international guidelines and standards.

Accountability for Procurement Decisions in the Implementing Agencies

72. The procurement laws of the country have adequately addressed a clear system of accountability, and defined responsibility and delegation of authority for control over procurement decisions and decision making processes.

Scope of Project Procurement

73. The project Components are mainly: Component 1 (US\$20.3 million): Improvements to border infrastructure and facilities, Kamembe Airport, and cross border markets; Component 2 (US\$1.2 million): Policy Reforms to Facilitate Cross Border Trade; Component 3 (US\$1.35 million): Change Management in Cross Border Administration; and Component 4 (US\$1.2 million): Communication, Monitoring and Evaluation. Component 1 is to be implemented by MINICOM, RCAA, LODA and RTDA. MINICOM-SPIU, in addition to its overall project coordination role, will serve as the Project Management Team, coordinating day to day activities and implementing key activities under Components 2, 3 and 4.

Procurement Cycle Management

74. The MINICOM-SPIU has experience implementing development partner-funded projects. There are two procurement specialists under SPIU, one for the Bank financed F4C project and the other for other development partner-financed projects. The two procurement specialists have adequate experience in development partner projects. The assessment revealed that procurement records are not in order and are not given proper identification for easy reference.

75. RCAA has no prior experience in Bank financed projects. However the authority has implemented projects financed by the European Union, using national laws and standards. Besides, RCAA has implemented relatively big and complex civil work contracts, which involved selection of consultants for design and supervision and bidding of construction works contracts. RCAA is currently staffed with two procurement specialists. Both have BA degrees and experience of 5 and 7 years respectively. As the volume of contracts managed by RCAA has been increasing, the organizational structure has been revised and the number of procurement specialists increased to four. However the hiring is to be done in the future.

76. LODA has no prior experience in Bank financed projects but has implemented projects financed by KFW, DFID and EU. Procurement for those projects was more of consultancy services and LODA has experience in procurement of two high value consultant selections but no works contracts and only small value contracts in procurement of Goods. There is one procurement specialist in the authority and a well-established engineering department to support the procurement in engineering related contracts.

Organization and Functions

77. Review of the three implementing agencies' procurement organizational structure, in terms of how responsibilities are allocated, its reporting relationships, its decision-making authority and its business performance standard reveals that the procurement law of the country has been adequately addressed. Organization of the procurement unit, allocation of functions, internal procedural manuals, instructions, and historical compliance are satisfactory. Therefore risk related to procurement organization and function is moderate.

Support and Control Systems

78. All of the three implementing agencies have an internal tender Committee (ITC) established as per the procurement law. At times, the Procurement Officers serve as secretary to the Committee. The function of the ITC is to open bids, evaluate and recommend award of contract to the Executive Secretary, the Chief Budget Manager or SPIU coordinator for approval. The Chief Executive Secretary or SPIU coordinator also is empowered by the procurement law to sign contracts.

79. The three implementing agencies have Internal Audit departments in place. The Internal Audit is independent from the finance team and reports directly to the SPIU Coordinator or DG of the agency. The Auditors have been trained in procurement by RPPA. The Internal Audit carries out regular reviews and submits a quarterly report to the coordinator or DG. All three agencies are

audited by the Office of the Auditor General annually and by RPPA at least once every two year. The RPPA plans and carries out audits based on the approved procurement plan.

80. The internal and external control mechanisms of the three implementing agencies provide adequate checks and balances.

Staffing:

MINICOM

81. Staffing of procurement specialists in MINICOM-SPIU is related to specific projects. One procurement specialist has an MBA and 9 years of experience and the other procurement specialist has a BA in management and experience of more than 10 years. Work load of the MINICOM-SPIU is divided into two and one procurement specialist is assigned for the World Bank financed project (G4C) and the other assigned for projects financed by other development partners.

82. The original closing date for the G4C project was April, 2015. However, the closing date has been extended by one year, (now closing on April, 2016), without additional financing. In agreement with the original project closing date, the contract for the procurement specialist expires in April, 2015. The SPIU is facing a financial problem to extend the contract of the procurement specialist, as the project extension is without any additional finance. If the procurement specialist quits as a result of MINICOM-SPIU not being able to pay, then the remaining one procurement specialist will not be adequate to manage the Great Lakes Trade Facilitation Project in addition to the ongoing projects. MINICOM-SPIU should find a way to finance and retain the specialist so that the new coming project will be launched without a delay. The procurement staff is assessed adequate provided that both procurement specialists are retained.

RCAA

83. RCAA has two procurement specialists both with BA degrees and 5 & 7 years of work experience respectively. The procurement volume has increased and this has required additional procurement specialists. Accordingly, the structure of procurement unit has been revised and the number of procurement specialist has increased from 2 to 4. However, the new procurement structure is not yet implemented. The addition of two procurement specialists will be adequate for the work load including the new project.

LODA

84. LODA has one procurement specialist with a BA in management and MBA and six years of experience. The role of LODA is more of monitoring project implementation at the district level, than actual project implementation involving procurement. However with the introduction of the Great Lakes Trade Facilitation Project, the agency needs one additional procurement specialist who will be responsible for the project's contracts.

85. The procurement structure, staffing and skills to implement the project procurement efficiently is assessed adequate in all the three agencies provided that, the two procurement specialists in MINICOM-SPIU are retained and RCAA implements the new procurement unit

structure with 4 procurement specialists and LODA will recruit one additional procurement specialists.

Risk Assessment:

86. Based on the information collected and considering that the existing procurement staffs in MINICOM-SPIU and LODA are maintained; RCAA's proposed new procurement unit structure is implemented and RCAA will have full autonomy and the procurement manual to be developed will meet the standard acceptable to the Bank, procurement risks of all the three implementing agencies is rated **Substantial**. The Risk to Procurement under the project and Risk Mitigation Measures are summarized below.

87. **Inherent Risk:** Procurement Legislative and Regulatory Framework is fundamental to a well-functioning procurement system whose inadequacy makes the procurement Risk rating HIGH. There is a risk that RCAA is no longer governed by the national procurement legal framework and yet does not have a complete and standard legal framework of its own, while the bulk project financing to Rwanda is going to be allocated for improvements at Kamembe airport, which is to be implemented by RCAA. Implementation of transparent, fair, efficient, accountable and value for money procurement can only be ensured by having in place adequate legal frameworks and adequate standard bidding documents. This arrangement does not mandate the Rwanda Public Procurement Authority (RPPA) to regulate RCAA's procurement and contract management performance. Thus, there is a risk associated to the transition period, until the authority has its own procurement manual and standards. The problem is when a contract is within "post review" threshold, where the agency is not required to use Bank standards. As an interim solution they may consider using the RPPA standards for the post review contracts or may use Bank standards, regardless of the threshold, upon approval of the RCAA board of directors.

88. **Procurement Governance and Capacity Risk:** Procurement Governance and Capacity Risk of all three implementing agencies is substantial, provided that the existing number of procurement staff is maintained and the two additional procurement specialist positions proposed for RCAA are staffed. There are potential risks related to: (i) lack of prior experience by LODA and RCAA, on Bank financed projects; (ii) LODA has no experience in works contract while it is going to implement infrastructure (border market) contract; (iii) potential risk of resignation of procurement specialist from MINICOM-SPIU, currently working on G4C (Bank financed project) and (iv) Both RCAA and LODA have no prior experience in Bank financed projects...etc.

89. **Procurement Risk mitigation measures:** The measures to mitigate the above risks are: (i) SPIU-MINICIM as overall coordinator of the project provides the necessary support to LODA and RCAA by sharing its experience in Bank financed projects, (ii) under coordination of MINICOM-SPIU, RCAA will share its experience in high value contracts with LODA. This problem can also be managed by forming a working group, and (iii) MINICOM-SPIU to retain procurement specialist working on the Bank financed project and eventually transfer him to the new project

90. **Setting of Prior Review Thresholds, preparation of the initial PP and Supervision Plan:** Prior Review Thresholds: with the current "substantial" PRAMS risk rating of the project, the following thresholds for prior-review will automatically be set by the system at the start of the project. Works contract with estimated contract value of US\$10 million and above, Goods contract

with estimated value of US\$1 million and above and consultancy service with estimated value of US\$0.5 million and above for firm and US\$200k for individual consultant are subject to Bank's prior review. All SSS and DC with estimated contract value of US\$100k and above are subject to Bank's prior review. ToR of all consultancy services, irrespective of their value shall be cleared by the Bank. However the prior review threshold of the project may change as a result of change of PRAMS risk rating during update of PRAMS in the system. The initial procurement plan was prepared by the Borrower and agreed during negotiation. Procurement supervision and post-reviews and audits will be conducted annually.

91. **Simplified Procurement Plan:** This is only an initial sample with the minimum content that is required for disclosure on the Bank's website in accordance with the guidelines. The Client will prepare the detailed Procurement Plan, using the comprehensive procurement Plan template, which will be reviewed and cleared by the Bank before it is put in use. The initial procurement plan will cover the first 18 months of the project and then will be updated annually or earlier as necessary.

92. **Summary of prior review threshold is as follows:**

No	Procurement Method (Goods and Works)	Contract Value Thresholds in US Dollars	Prior Review Thresholds in US Dollars	Comments
1	International Competitive Bidding (ICB) (Goods)/ Non Consultants Services	<1,000,000 Agencies' SBD acceptable to the Bank ≥1,000,000 Bank SBD must be used	≥ 1,000,000	Sample contracts shall be reviewed outside of PROCYS
2	Limited International/National Bidding (LIB/ LNB)/ (Goods)/Non-Consultants Services	No specific ceiling	All contracts	
3	National Competitive Bidding (NCB) (Goods)/ Non Consultants Services	< 1,000,000	None	Sample contracts shall be reviewed outside of PROCYS
4	National Shopping (NS) (Goods)/ Non-Consultants Services	< 100,000	None	
5	Direct Contracting	No specific ceiling	≥ 100,000	
6	IT Systems, and Non-consulting Services – ICB	<1,000,000 national systems acceptable to the Bank ≥1,000,000 standard bidding documents must be used	≥ 1,000,000	Sample contracts shall be reviewed outside of PROCYS
7	IT Systems, and Non-consulting Services – NCB	<1,000,000	None	Sample contracts shall be reviewed outside of PROCYS
8	ICB (Works)	<10,000,000 national systems acceptable to the Bank ≥10,000,000 standard bidding documents must be used	≥ 10,000,000	Sample contracts shall be reviewed outside of PROCYS
9	NCB (Works)	< 10, 000,000	None	Sample contracts shall be reviewed outside of PROCYS

10	Shopping (Works)	< 200,000 per contract	None	Sample contracts shall be reviewed outside of PROCYS
11	Direct Contracting	No specific ceiling	All contracts $\geq 100,000$	
12	Community Participation	Amount not specified	N/A	
Selection Method (Consultants)		Threshold	Prior Review Threshold	Comments
Consulting Services – Firm QCBS, QBS, LCS, CQS		$\geq 500,000$	All	All TORs are subject to prior review regardless of contract amount. Sample contracts, irrespective of their values, shall be prior reviewed outside of PROCYS
Single Source (SSS) (Firms)		$\geq 100,000$	All	All TORs are subject to prior review regardless of contract amount
Individual Consultant (IC) (SSS)		$\geq 100,000$	All	All TORs are subject to prior review regardless of contract amount
Individual Consultant (IC) (CV Comp)		$\geq 200,000$	All	All TORs are subject to prior review regardless of contract amount. Sample contracts, irrespective of their values, shall be prior reviewed outside of PROCYS

93. **Pre-qualification:** Bidders for works contracts and plant design, supply, and installation contracts estimated to cost at or above \$10 million shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines, unless specifically agreed otherwise. In the case of this project, it is agreed that the post qualification procedure may apply with prior mutual agreement between the Bank and the government.

94. **Short list comprising entirely of national consultants:** Short list of consultants for services, estimated to cost less than \$0.2million equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

95. The MINICOM-SPIU, RCAA and LODA are to immediately embark on the following advance procurement activities: (a) drafting of Procurement planning (PP); (b) Preparation of General Procurement Notice (GPN); (c) Preparation of ToRs, RFPs, BDs, and drafting pre-qualification documents;etc.

96. **Procurement Plan:** The MINICOM-SPIU will finalize the global 18-month procurement plan (simplified procurement plan) presented in Table below, which will provide the basis for the procurement methods. This plan was concluded and agreed on by the government and the project team at negotiations. It will also be available in the project's database and in the Bank's external website. The procurement plan will be updated in agreement with the project team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

97. **Simplified Procurement Plan for the first 18 months**

Goods, Works and Supply & Installation

Re-No.	Contract (description)	Category	Estimated cost	Proc. Method	Prequalification (Yes/No)	Domestic Preference (Yes/No)	Review by Bank (Prior/Post)	Expected Bid-opening Date	Implementing Agency
1	Supply and installation, Testing and Commissioning of Airport improvement works(Navigation al aids)	S&I	3,811,840	ICB	No	No	Post	March 2016	RCAA
2	Supply and installation, Testing and Commissioning of Airport improvement works(AGL)	S&I	4,840,000	ICB	No	No	Post	December 2015	RCAA
3	Supply and Fixing of airport perimeter fence and provide fence lighting	Works	1,080,000	ICB	No	No	Post	December 2015	RCAA
4	Construction and Commissioning of a Warehouse Facility for Transit Cargo	Works	2,640,000	ICB	No	No	Post	December 2015	RCAA
5	Construction Work to improve Rusizi I border post	Works	800,000	NCB	No	No	Post	June 2016	MINICOM/RTDA
6	Construction Work of 2 Border Markets	Works	4,300,000	NCB	No	No	Post	June 2016	LODA
7	Office equipment(MINICOM & LODA)	Goods	5,000	Shopping	No	Yes	Post	October 2015	MINICOM
8	Accounting software for RCAA	Non-Consult Service	2,000	Shopping	No	No	Post	October 2015	RCAA

Consultancy Service

Ref no.	Description of assignment	Estimated cost	Selection method	Review by Bank (Prior/Post)	Expected proposal submission Date	Implementing Agency
	Feasibility Study, design, BD Preparation and supervisions services for Rusizi I border post	300,000	QCBS	Post	January, 2016	MINICOM/RTDA
	ESIA, Detail Design, BD Preparation and Supervision services for 2 border markets	700,000	QCBS	Prior	January, 2016	LODA
	Design, BD Preparation and supervision services for airport navigation aids and weather systems	613,360	QCBS	Prior	March, 2016	RCAA
	Designs, Bidding documents, Preparation and supervision services for AGL	660,000	QCBS	Prior	March, 2016	RCAA
	Designs, BD Preparation and supervision services for airport perimeter fencing	120,000	QCBS	Prior	March, 2016	RCAA
	Designs, BD Preparation and supervision services for airport warehouse	360,000	QCBS	Post	March, 2016	RCAA
	Preparatory work for Component 2	50,000	IC	Post	September 2015	MINICOM
8	Hotline service operation (reporting system)	271,000	QCBS	Post	January 2016	MINICOM
9	Procedural reform and Capacity Building program - Establishing JBCs - Simplifying immigration and health related procedures for traders - Training of traders and officials	538,400	QCBS	Prior	January 2016	MINICOM
10	Communication program for the Charter	280,000	QCBS	Post	January 2016	MINICOM
11	Preparatory work for the Component 2	52,500	IC	Post	October 2015	MINICOM
12	Institutional and HR assessment at customs and immigration offices	88,750	QCBS	Post	October 2015	MINICOM
13	Change management program	623,500	QCBS	Prior	March 2016	MINICOM
14	Performance based management TA	201,300	QCBS	Post	March 2016	MINICOM
15	Perception survey (mobile phone use)	180,000	QCBS	Post	March 2016	MINICOM

16	MINICOM Project Coordinator	222,000	IC	Prior	December, 2015	MINICOM
17	MINICOM Finance Manager	192,000	IC	Prior	October, 2015	MINICOME
18	MINICOM M&E Specialist	189,000	IC	Prior	December, 2015	MINICOM
19	MINICOM Trade specialist	111,000	IC	Prior	October 2015	MINICOM
20	MINICOM Environmental & Safeguards specialist	111,000	IC	Prior	October 2015	MINICOM
21	MINICOM Social development specialist	111,000	IC	Prior	October 2015	MINICOM
22	MINICOM Procurement specialist	111,000	IC	Prior	October 2015	MINICOM
23	MINICOM Internal Auditor	111,000	IC	Prior	October 2015	MINICOM
24	MINOCOM Project Accountant	111,000	IC	Prior	October 2015	MINICOM
25	LODA Civil Engineer	111,000	IC	Prior	October 2015	LODA
26	LODA Procurement Specialist	111,000	IC	Prior	October 2015	LODA
27	LODA Project Accountant	111,000	IC	Prior	October 2015	LODA
28	RCAA Project Manager / Civil Engineer	186,000	IC	Prior	October, 2015	RCAA/MINICOM
29	RCAA Airport Ground Lightning Specialist (for 1 year)	30,000	IC	Post	January, 2017	RCAA/MINICOM
30	RCAA Navigation Expert (for 1 year)	30,000	IC	Post	January, 2017	RCAA/MINICOM

Uganda

98. The proposed Great Lakes Trade Facilitation Project (GLTFP) will be implemented by two agencies namely: MoWT and MTIC, both of which execute their mandates in accordance to the national laws and regulations.

A. Applicable Guidelines

99. Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-consulting services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014); and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014), "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011, and the provisions stipulated in the Legal Agreement. The items under different expenditure categories to be procured and identified by appraisal, are indicated in the "Scope of Procurement under the project" section.

B. Applicable Procedures

100. **Advance Contracting and Retroactive Financing** shall apply for this project which allows the Borrower to proceed with the initial steps of procurement before signing the related Bank loan. In such cases, the procurement procedures, including advertising, shall be in accordance with the Guidelines in order for the eventual contracts to be eligible for Bank financing, and the Bank shall review the process used by the Borrower. A Borrower undertakes such advance contracting at its own risk, and any concurrence by the Bank with the procedures, documentation, or proposal for award does not commit the Bank to make a loan for the project in question. No withdrawal shall be made for payments made prior to the date of signature of the credit except that withdrawals up to an aggregate amount not to exceed US\$1,000,000 may be made for payments made prior to that date but on or after November 30, 2015, for Eligible Expenditures as reflected in the procurement plan.

Use of National Procurement System

101. All contracts procured at the national level following National Competitive Bidding (NCB) and other lower procurement procedures such as Shopping, may follow the national public procurement law (the Procurement and Disposal of Public Assets Authority (PPDA) Act, 2003 amended 2014) and attendant regulations. These procedures have been reviewed by the Bank and found to be acceptable, except for the following provisions, *which will not be applicable under this project*:

- a. Domestic preferences shall not apply under NCB;
- b. The charging of fees for dealing with bidder complaints at procuring entity level shall not be permitted;
- c. Firms or individuals debarred or suspended by the [World Bank] shall not be eligible (in addition to firms or individuals suspended by PPDA);
- d. Disqualification of bidders for not purchasing bidding documents from the [Recipient] shall not apply;
- e. Paragraph 6(1)(b) of the Fourth Schedule of the PPDA Act, restricting contract amendments to an aggregate amount of 25 percent of the original contract amount, shall not apply;
- f. Regulation 53(9) of the PPDA Act, restricting the use of bid securing declarations to restricted domestic bidding and quotations procurement, shall not apply; and
- g. In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract shall provide for the following: (i) the bidders, suppliers, contractors and subcontractors shall, on request, permit the [World Bank] to inspect the accounts and records relating to the bid submission and performance of the contract, and shall have the accounts and records audited by auditors appointed by the [World Bank]; and (ii) any deliberate and/or material violation of such provision by any bidder, supplier, contractor or subcontractor may amount to an obstructive practice provided for in paragraphs 1.16(a) and (v) of the Procurement Guidelines.

102. Under the proposed project, procurement processing shall also in addition to the World Bank guidelines comply with the national approval system except where the two conflict, when the World Bank Guidelines will take precedence. Specifically, the Contracts Committees shall perform their oversight functions at every key procurement stage as required by the PPDA Act, and contracts shall be subjected to the Solicitor General's clearance where applicable.

103. *Procedure for Shopping*: Shopping shall follow the Request for Quotation (RFQ) procedures as defined in the PPDA Act and attendant regulations. These procedures have been reviewed by the Bank and found to be satisfactory subject to the exceptions under para 3.

104. Use of Framework Agreements (FAs): Common supplies, for example, stationery and consumables will be aggregated and procured through framework contracts to enable implementing agencies place orders for urgently needed supplies at short notice, at a competitive price. FAs shall not restrict foreign competition, and should be limited to a maximum duration of 3 (three) years. FA procedures applicable to the project are those of the Borrowers that have been deemed acceptable by the Bank, and shall be described in the Loan Agreement.

105. It has been agreed with the Borrower, that bidding documents under NCB procedures include a clause rendering ineligible for Bank financing a firm, or an individual, of the Borrower country that is under a sanction of debarment from being awarded a contract by the appropriate judicial authority of the Borrower country and pursuant to its relevant laws, provided that the Bank has determined that the firm, or the individual, has engaged in fraud or corruption and the judicial proceeding afforded the firm or the individual adequate due process.

106. The Consultant Guidelines shall apply for the selection of Procurement Agents and Construction Managers, as well as inspection services providers. The cost or fee of the Procurement Agents and Construction Managers or inspection services providers (see paragraph 3.12) is eligible for financing from the Bank loan, if so provided in the Loan Agreement and in the Procurement Plan, and provided that the terms and conditions of selection and employment are acceptable to the Bank.

C. Solicitation Documents to be used

107. *Goods, Works and Non-consulting services*: The Bank's standard bidding documents and standard bid evaluation forms will be used for procurement under ICB.

108. Under NCB, the standard tender documents for procurement of Supplies prepared and issued by the PPDA may be used subject to modifications acceptable to the Bank and those indicated under subject to the exceptions under paragraph 3 above.

109. *Consulting Services*: The Bank's Standard Request for Proposal document and sample form of evaluation report will be used in the selection of consulting firms. The PPDA procedures for selection of Consultants including bidding documents, evaluation forms, etc., shall not apply.

D. Record Keeping

110. For each Component, the HPDU of the executing agency (MTIC) will be responsible for record keeping and shall open a procurement file for each contract processed. The file should contain all documents on the procurement process in accordance with the requirements and as described in the PPDA Act. MTIC will ensure that there is adequate lockable storage space for active files, and for archiving.

E. Scope of Procurement under the Project

111. Procurement activities to be financed by the Bank identified by appraisal are indicated below, while other activities will be identified during project implementation:

No.	Description	Procurement Type	Estimated Value (US\$)
1.	Civil Works for Border infrastructure and facilities - Mpondwe border infrastructure	Works	4.25 mil
2.	Civil Works for Border infrastructure and facilities - Bunagana border infrastructure	Works	1.05 mil
3.	Consultancy services for construction supervision of Civil Works for Border infrastructure and facilities at Mpondwe and Bunagana	Consultancy services	0.75 mil
4.	Consultancy services for design reviews for Mpondwe and Bunagana border posts	Consultancy services	0.35 mil
5.	Feasibility studies, designs and training for border markets	Consultancy services	1.0 mil
6.	Preparatory work for Component 2	Consultancy services	50,000
7.	Civil works for one border market	Works	1.75 mil
8.	Consultancy services for construction supervision of Civil Work	Works	0.25 mil
9.	Establishment and operation of reporting system	Consultancy services	431,500
10.	Establishing or strengthening of Joint Border Committees (JBCs)	Consultancy services	60,300
11.	Simplifying immigration and health related procedures for traders	Consultancy services	60,300
12.	Raising awareness and communication to implement the Charter – in-country dissemination	Consultancy services	420,000
13.	Training of traders and officials – in-country training	Consultancy services	657,000
14.	Institutional and HR assessment at customs and immigration offices	Consultancy services	67,000
15.	Professionalization program for customs and immigration offices	Consultancy services	379,800
16.	Performance Based management In-kind tokens	Shopping	16,000

No.	Description	Procurement Type	Estimated Value (US\$)
17.	Change management program	Consultancy services	305,900
18.	Performance based management TA	Consultancy services	201,300
19.	Perception survey (mobile phone use)	Consultancy services	180,000
20.	Office equipment and Accounting software for MTIC and MoWT	Shopping	7,000
21.	Project Coordination Unit Remuneration (5 staff)	Consultancy services	316,200
22.	Financial Audit	Consultancy services	45,000
23.	Operational manual & training	Consultancy services	20,000
24.	Project Communication	Consultancy services	40,000
25.	M&E survey coordinator	Consultancy services	25,000

112. *Operating Costs:* The Project will finance costs of MoWT and MTIC that directly relate to project implementation. The Project's operating costs include expenditures for maintenance of equipment, facilities and vehicles used for Project Implementation, fuel, routine repair and maintenance of equipment, vehicles and office premises, communication costs, use of internet costs, stationery and other office supplies, utilities used for Project Implementation, consumables, travel per diems, accommodation expenses, workshop venues and materials, and costs of translation, printing, photocopying and advertising. These will be procured using IDA procedures or the Borrower's procurement, financial and other administrative procedures, acceptable to the Bank. Salary top-ups, meeting allowances, sitting allowances and honoraria to civil/public servants and contracted consultants shall not be financed by the project.

113. *Training:* The project will formulate an annual training plan and budget which will be submitted to the Bank for its prior review and approval. The annual training plan will, inter alia, identify: (i) the training envisaged; (ii) the justification for the training, how it will lead to effective performance and implementation of the project and or sectors; (iii) the personnel to be trained; (iv) the selection methods of institutions or individuals conducting such training; (v) the institutions which will conduct training, if already selected; (vi) the duration of proposed training; and (vii) the estimated cost of the training. Upon completion of training, the trainee shall be required to prepare and submit a report on the training received. A copy of the training report will be kept for IDA review. Additionally the GLTFP Project Implementation Manual shall specify how candidates eligible for the graduate training shall be selected. These procedures shall ensure equal opportunity to all eligible participants.

F. Capacity Assessment for GLTFP

114. The project will be implemented by the Ministry of Works and Transport (MoWT), and the Ministry of Trade Industry and Cooperatives (MTIC).

MoWT

115. A capacity assessment of MoWT conducted in March 2015, established that there is adequate procurement capacity in terms of staffing and skills to support the Project. The MoWT's technical department of Public Structures has adequate mix of skills for building works, who when complemented by the Environmentalists from the Department of Construction Standards and Quality Management will provide adequate technical staffing for the project. The head of the department of Public Structures proposed that 4 members of the department be assigned to join the Contract management team with members from MTIC.

116. In MoWT the Department of Public Structures will be the user department supported by other departments where necessary in provision of technical staff particularly the Environmental Specialist to be provided by the Department of Roads and Bridges. The MoWT staff are familiar with the execution of Building works, and the procedures followed both during pre-award and post award processing, and have experience in similar activities having recently handed over the Malaba One Stop Border Post (OSBP) to URA, and are also in the construction stage for Mutukula, Katuna and Busia OSBP. MoWT informed the mission that procurement processing in MoWT has tremendously improved, and the delays in processing experienced under other Bank financed projects implemented by MoWT notably the EATTFP and TSDP will not affect the proposed project.

117. Under MoWT, the contracts under the project shall be processed through the PDU and the Ministry Contracts Committee. The Project Component Manager shall be responsible for submissions for IDA's review and clearance.

MTIC

118. A procurement capacity assessment for MTIC procurement and technical staff was carried out during February 20 2015 to assess their capacity to fulfill their respective roles in the procurement cycle.

119. Procurement processing in MTIC is in general compliant with the PPDA procedures and the requisite structures of a Procurement and Disposal Unit (PDU) and Contracts Committee are in place. A detailed procurement capacity report has been prepared; highlights of the areas of improvement are indicated below:

- i. Technical /departments do not prepare departmental procurement plans and do not participate in procurement planning. This is a shortcoming given that it is during the procurement planning that Technical departments own the processing and commit to participate timely.

- ii. There is a high number of micro-procurements (processed without oversight of the Contracts Committee) compared to other methods, and there is also “splitting” of procurements to lower them to the category of micro procurements due to (i) lack of funds for advert to invite supplier to participate in framework contract thus each request handled separately as micro-procurement; (ii) Some tyre sizes may not be part of the framework contracts and require micro procurement process to prepare Local Purchase order (LPO) from either the framework supplier or someone else, and thus processed outside framework.
- iii. Non-clarity of roles and responsibilities between user departments and PDU, and non-familiarity with IDA Guidelines for Procurement – MTIC to Prepare Project Procurement Manual to clarify roles and responsibilities of staff.
- iv. Procurement files reviewed were found to be generally incomplete, and there was no contracts register in place. The IDA Contracts Register template was shared to enable the HPDU to prepare a contracts register building on Micro procurements registers in place.

User Directorates in MTIC

120. Although the existing Staff have adequate technical capacity to support the project given that the activities are similar to those implemented under the MTIC mandate, the staff are inadequate in number to handle the proposed project tasks in addition to their existing workload. Technical Departments must be adequately staffed with skills and numbers to ensure timely support to the procurement function. MTIC staff advised that they will be unable to manage the work load of the project without additional staff. MTIC advised that the “RIIP” PMU will be the “user department” for the Great Lakes Trade and Facilitation Project. The “RIIP” PMU is also implementing an ongoing EU funded project, which has similar activities to those proposed under the Great Lakes Trade and Facilitation Project. Individual consultants will be recruited to augment the existing staff, and ensure adequate staffing for the project.

Procurement Institutional Arrangements

121. A technical committee composed of MoWT, MTIC, URA, UBOS, MAAIF, UNRA, MOFPED etc. will be formed to provide technical input at both the pre-award and post award stages for procurement processing in both MoWT and MTIC. The Technical Committee will review and clear all terms of reference for Consultancies and detailed designs and tender documents for both MoWT and MTIC. It will review and clear the outputs/deliverables of the different consultants, including the Construction Supervision Consultant and the contractor during execution of works under MoWT.

122. A Delegated Contracts Committee will be established under MTIC comprised of at least six (6) members, including one from each of MTIC, URA, UBOS, MAAIF, MIA and MOJCA. The delegated Contracts Committee shall provide oversight over the procurement function under the Great Lakes Trade and Facilitation Project under the MTIC. The Project Coordinator shall be responsible for submissions for IDA’s review and clearance.

G. Frequency of Bank Supervision

123. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended at least bi-annual supervision missions to visit the field, at least one of which shall include carrying out post review of procurement actions.

H. Prior Review Thresholds

124. The prior review thresholds are as follows:

<i>Procurement of Goods, Works and Non-consulting services</i>			
Expenditure Category	Contract Value (Threshold) US\$	Procurement Method	Contracts Subject to Prior Review
1. Works	>=10,000,000	ICB	All Contracts Selected Contracts as indicated on PP
	< 10,000,000		
	<200,000	Shopping	First contract under this method
2. Goods and Non-consulting services	>=1,000,000	ICB	All Contracts Selected Contracts as indicated on PP
	<1,000,000		
	<100,000	Shopping	First contract under this method
All categories	All values	Direct Contracting	All
<i>Selection of Consultants³¹</i>			
Expenditure Category	Contract Value (Threshold) US\$	<i>Selection Method</i>	Contracts Subject to Prior Review
(a) Firms ³²	>=300,000	QCBS, QBS, FBS, LCS Qualifications/Other Selection Methods	All contracts Selected Contracts as indicated on PP
	<300,000		
(b) Individual	<= 100,000	ICS	Selected Contracts as indicated on PP
Firms and Individual	All values	SSS	All contracts

I. Procurement Plan

125. The Borrower, at appraisal, developed a procurement plan for project implementation which provides the basis for the procurement methods. The Plan was prepared in a format acceptable to IDA. This plan was agreed between the Borrower and the Project Team on August 10, 2015 for the first 18 months of project implementation. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

³¹ All Terms of Reference regardless of cost will be subject to clearance by the Bank.

³² A shortlist of consultants for services estimated to cost less than US\$300,000 equivalent per contract may consist entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

J. Details of the Procurement Arrangements Involving International Competition

126. (a) List of contract packages to be procured following ICB and Direct Contracting:

Ref no.	Contract (description)	Estimated cost	Procurement method	Prequalification (Yes/No)	Domestic Preference (Yes/No)	Review by Bank (Prior/Post)	Expected Bid-opening Date	Implementing Agency
1.1.1	Upgrading of Mpondwe border post	\$5.0m	NCB	Prior	No	Prior	March 2016	MoWT
1.1.2	Improvement to Bunagana border post	\$0.90m	NCB	Prior	No	Prior	June 2016	MoWT
1.2	Construction of one border market at a site to be determined	\$1.75m	NCB	Prior	No	Prior	September 2016	MoWT
4.1	Equipment for MTIC/MoWT	\$20,000	NCB	Post	No	Post	June 2016	MTIC

Procurement Packages with Methods and Time Schedule –

B. Selection of Consultants

127. **Short list comprising entirely of national consultants:** Short list of consultants for services, estimated to cost less than \$200,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

128. **Consultancy Assignments with Selection Methods and Time Schedule**

Ref no.	Description of assignment	Estimated cost	Selection method	Review by Bank (Prior/Post)	Expected proposal submission Date	Implementing Agency
1.2	Consultancy services for selection, study, design and ESIA for 2 border markets	150,000	QCBS	Prior	December 2015	MoWT
1.4	Supervision services for works at Mpondwe and Bunagana border posts and at one market	500,000	QCBS	Post	March 2016	MoWT
2.0	Preparatory work for Component 2	50,000	IC	Prior	October 2015	MoT
2.1.1	Establishment and operation of Hotline service (reporting system)	431,500	QCBS	Prior	January 2016	MoT
2.1.2	Procedural reform and Capacity Building program - Establishing or strengthening of Joint	777,600	QCBS	Prior	January 2016	MoT

	Border Committees (JBCs) - Simplifying immigration and health related procedures for traders - Training of traders and officials					
2.1.3	Communication program to implement the Charter	420,000	QCBS	Prior	January 2016	MoT
3.3.A	Preparatory work for the Component 3	52,500	IC	Prior	October 2015	MoT
3.3.A	Institutional and HR assessment at customs and immigration offices	75,000	QCBS	Prior	October 2015	MoT
3.3.C	Change management program	379,000	QCBS	Prior	March 2016	MoT
3.3.D.2	Performance based management TA	168,300	QCBS	Prior	March 2016	MoT
3.3.D.5	Perception survey (mobile phone use)	160,000	QCBS	Prior	March 2016	MoT
4.3.A.1	MinTrade Project officer	86,700	IC	Prior	October 2015	MoT
4.3.A.2	MinTrade Project accountant	51,000	IC	Prior	October 2015	MoT
4.3.A.3	MinTrade Project secretary	40,800	IC	Post	October 2015	MoT
4.3.C.1	MoWT Project officer	86,700	IC	Prior	October 2015	MoWT
4.3.C.2	MoWT Project accountant	51,000	IC	Prior	October 2015	MoWT
4.3.C.3	MoWT Project secretary	40,800	IC	Prior	October 2015	MoWT
4.3.I	Financial Audit	45,000	LCS	Prior	December 2015	MoT
4.3.J	Operational manual & training	20,000	LCS	Prior	October 2015	MoT
4.3.G.2	Project Communication	40,000	QCBS	Prior	March 2016	MoT
4.3.H.1	M&E survey coordinator	25,000	IC	Prior	December 2015	MoT
4.4.A.1	IT Consultant for TA on Electronic Data Collection Development	40,000	IC	Prior	March 2016	MTIC

Procurement Risk Assessment

129. In light of the following: (i) The quantity, nature and size of procurements to be made under the project; (ii) The PDU staff's lack of proficiency in IDA financed procurement; (iii) The inadequate staff numbers in the technical Departments; and (iv) Inadequate record keeping, and (v) Delays in procurement processing, the overall risk of MTIC procurement management for the proposed Great Lakes Initiative project is High. The risk will reduce to Substantial after mitigation.

130. The Bank held a meeting with the MTIC team to discuss the Procurement Capacity Assessment report, and consequently agreed on the following Action Plan to mitigate the overall risk as indicated in the matrix below:

Action Plan to Mitigate the Procurement Risks

Risk	Action	Completion Date	Responsible Entity
National procurement procedures are not fully consistent with Bank procedures	Financing Agreement shall include the exception provisions	Completed	IDA/ MTIC
Inadequate experience of MTIC staff in IDA financed procurement management and inadequate number of staff to manage workload under Great Lakes Project	Recruit a Procurement Specialist with ToR acceptable to IDA to provide hands-on coaching and mentoring of PDU staff	Within three months after project effectiveness	MTIC
	PDU staff to attend training at a procurement training institute in procurement of works; and selection of consultants	By one year after effectiveness	MTIC
Inadequate number of Technical Staff to handle Great Lakes Project work load	Recruit additional staff / consultants in technical departments to augment existing capacity (see the staffing plan section) MTIC to engage MoWT to provide staff from MoWT's department of public structures to supervise building works	Within three months after effectiveness	MTIC
Inadequate record keeping due to incomplete records, and improper securing of bids	PDU will ensure completeness of procurement files particularly to include contract management records, contracts committee minutes and to ensure bids are well secured	By six months after Effectiveness	MTIC
Clarity on roles/coordination between user departments and PDU	Prepare project implementation manual which includes Procurement section in Project Implementation Manual to clarify IDA procedures	Within three months after effectiveness	MTIC
Delays in procurement processing	Put in place a procurement tracking system to monitor the progress by the PDU of processing different contracts	By six months after Effectiveness	MTIC

Non-clarity on Roles of stakeholders in project implementation	MTIC to establish a forum, format and other ways to bring the project information to the identified stakeholders	By six months after Effectiveness	MTIC
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COMESA

131. Modifications to the use of the COMESA Procurement Implementation Rules of November 2005 (as amended by the Council and 2007)

Rule of origin of the goods: requires that all goods, works and services procured by the COMESA Secretariat shall originate in COMESA and requires tenderers to provide evidence of this through provisions of a certificate of origin duly made out by the competent authority of the supplier's country of origin. Exceptions require written approval by the COMESA Secretary General. Under bank financed activities this will not apply.

Participation in bidding: Open competition will be the default method of bidding. Restrictions whereby the Secretariat may deny bidders participation based on restriction for bidding to bidders being nationals of any non-Member States own or controlled bidders or to bidders who have substantial business activities in the territory of the Member State under whose laws it is constituted will not apply. Neither will restriction be based on region.

Conditions for Use of Restricted Tendering: The restriction by COMESA under the tendering process whereby only those bidders invited by the Secretariat will not apply under Bank financing;

Fraudulent practice: COMESA provisions on Fraud and Corruption will be modified to conform with the Banks definition of fraud and corruption which includes cross debarment.

Tender Security: Tender security will not be restricted to the use of bid security from commercial banks and or bid bonds from insurance firms. At the option of the COMESA Secretariat, use may be made of Bid securing declaration in lieu of requests for provisions of bid security.

Selection of consultants: Selection of consultant services based on methods and selection process as contained in the Banks Consultants Guidelines will apply in the selection of consultants' services.

Standard Bidding Documents: COMESA will use where possible the Bank's Standard Bidding documents in cases where COMESA does not have its own standard bidding documents. Where use is made of COMESA's own Standard Bidding documents, the Bank will review and clear these to ensure they include minimum Banks policy for procurement and selection of consultants.

Goods and Works and non-consulting services

Description	Est Amount in US \$	Proc Method	Preq (yes / no)	Domestic Preference	Prior or Post Review	Expect Bid Opening Date	Expected Contract Signature Date
Component 1: Integrated Planning and Budgeting and Revision of PFM Legal Framework							
Office equipment for project staff	10,000	Shopping	No	No	Post	Nov 2015	Dec 2015
Equipment for Trade Information Desks	95,000	shopping	No	No	Post	Feb 2016	April 2016
Communication program for raising awareness and implementation of the Charter	200,000	shopping	No	No	Post	Feb 2016	April 2016
Production of 2 short documentary films	70,000	shopping	No	No	Post	Feb 2016	April 2016

Description	No	Est Amount in US\$	Proc Method	Preq (yes / no)	Domestic Preference	Prior or Post Review	Expect Bid Opening Date	Expected Contract Signature Date	Comments
Component 1: Integrated Planning and Budgeting and Revision of PFM Legal Framework									
Communication program for raising awareness and implementation of the Charter	2.0	200,000	shopping	No	No	Post	Feb 2016	April 2016	
Equipment for Trade Information Desks	2.1	95,000	shopping	No	No	Post	Feb 2016	April 2016	
Office equipment for project staff	4.1	10,000	Shopping	No	No	Post	Nov 2015	Dec 2015	
Production of 2 short documentary films	4.2	70,000	shopping	No	No	Post	Feb 2016	April 2016	

Consultancy Assignments with Selection Methods and Time Schedule

1	2	3	4	5	6	7
Ref. No.	Description	Selection Method	Estimated Cost in US\$	Prior / Post Review	Expected proposal submission /opening Date	Comments
2.1	STR Consultant	IC	500,000	Prior	May 2016	
2.2	Regional Training Program and materials, execution	QCBS	2,400,000	Prior	May 2016	
2.3	TIDO Coordinator	IC	200,000	Prior	Nov 2015	1 person 4 years
2.4	10 TID officers (DRC)	IC	240,000		Oct 2015	
2.5	4 TID officers (Rwanda)	IC	96,000		Oct 2015	

2.6	6 TID officers (Uganda)	IC	144,000		Oct 2015	
4.1	Project Officer (considered at equivalent of P3)	IC	300,000	prior	Oct 2015	4 years
4.2	Procurement Assistant (P2)	IC	300,000	Prior Post	Oct 2015	4 years
4.3	Project accountant (P2)	IC	120,000	Prior	Oct 2015	4 years
4.4	Development of data platform and websites at COMESA for small scale trade at the 10 border crossings	CQS	50,000	Post	Nov 15	
4.5	Yearly Financial Audits	CQS	37,500	Post		1 audit each financial year
4.6	Development of an operations manual for the project management unit	CQS	20,000		October 2015	

1	2	3	4	5	6	7
Ref. No.	Description	Selection Method	Estimated Cost in US\$	Prior / Post Review	Expected proposal submission /opening Date	Comments
	STR Consultant	IC	500,000	Prior	May 2016	
	Regional Training Program and materials, execution	QCBS	2,400,000	Prior	May 2016	
	Project Officer (considered at equivalent of P3)	IC	300,000	prior	Oct 2015	4 years
	Procurement Assistant (P2)	IC	300,000	Prior Post	Oct 2015	4 years
	Project accountant (P2)		120,000	Prior	Oct 2015	4 years
	TIDO Coordinator	IC	200,000	Prior	Nov 2015	1 person 4 years
	10 TID officers (DRC)	IC	240,000		Oct 2015	
	4 TID officers (Rwanda)	IC	96,000		Oct 2015	
	6 TID officers (Uganda)	IC	144,000		Oct 2015	
	Development of data platform and websites at COMESA for small scale trade at the 10 border crossings	CQS	50,000	Post	Nov 15	

	Yearly Financial Audits	CQS	37,500	Post		1 audit each financial year
	Development of an operations manual for the project management unit	CQS	20,000		October 2015	

D. Social Assessment and Safeguards

125. The Great Lakes Trade Facilitation (GLTF) Project focuses on improving regional infrastructure, trade policies and capacity in Uganda, Rwanda and DRC to remove border constraints to regional trade. The project will support efforts for reducing non-tariff barriers to intraregional trade, by improving regional environments for business and by supporting regional measures to improve governance. In addition the project is designed to address underlying sources of conflict as well as improving the wellbeing of the surrounding communities at these borders³³. The project is expected to contribute to the attainment of key regional commitments on Peace and Security and will be used to stimulate and facilitate increase in economic activities increasing resilience and social cohesion.

Background

126. According to the World Bank/UN “*Forced Displacement in the GLR*”, at the end of 2013, there were about 3.3 million people who remained forcibly displaced within the GLR of Africa. Of these, 82 percent were internally displaced persons (IDPs) and 18 percent refugees; 64 percent were under 18 years old.

127. The present-day scope of displacement stems from more than fifty years of complex population movement in response to armed conflict in the region. These conflicts have been caused by multiple factors, including the divisive legacies of colonialism; contested identities; state weakness and inability to exert power and functionality; the prevalence of patrimonial politics; scarcity of land and land conflict; opaque management of natural resources; ethnic tensions; poverty and vulnerability; and regional power balances. The displaced have fled the insecurity and violence associated with these conflicts.

128. Over the last several decades, some of the GLR conflicts have been resolved and displaced people have been able to return home. The largest returnees in the region have included the return of Rwandan refugees from Uganda, the DRC, and Tanzania in the 1990s; and the return of Congolese refugees to the DRC from Uganda in 2010. Although return is the preferred option for many displaced people and their host communities and governments, returnees often face reintegration and development challenges. It has been difficult for returnees

³³ Petite Barrière (Goma) and Ruzizi I (Bukavu) in DRC; Ruzizi I (Cyangugu) in Rwanda and Mpondwe in Uganda.

to access the land they need to restart productive agriculture. The next best options for most of the returnees is small trade to earn a living, especially by the female members of the household.

129. In practice, however, the situation of displaced persons is defined less by the existence and signature of protective legal frameworks and more by realities on the ground. The factors and interests that affect the ability to find durable solutions for displaced persons include the political incentives of host governments; the motives and activities of military groups; the funding priorities and policies of international organizations; and local context dynamics, such as relations with hosting communities, where relations are often supportive but tensions can sometimes exist over access to services, land, and other resources. In some cases, these factors have come together to influence a response toward the displaced that facilitates their integration and self-reliance leading to economic self-sufficiency through trading. In this context, the preparation of GLTFP is timely, with the potential of a positive impact on the wellbeing of the small-scale traders, especially the women traders.

130. Cross border trade contributes significantly to the development of economy in the participating countries. Cross-border trade enables the movement of produce across borders from surplus to deficit areas. It is, therefore, significant not only in providing employment and livelihood to border communities but also in promoting food security.

131. Despite the significant contribution of cross border trade to the economies of these three countries, cross-border trade remains largely an informal sector and the voices of the traders are seldom heard. Statistics on this subsector are still estimated and there are no clear and targeted programs to formalize and enhance competitiveness of the sub-sector so as to enable traders take advantage of the benefits of regional integration. Traders have not been able to take advantage of the simplified customs processes and procedures available for them at the border under the Simplified Trade Regimes (STR) established by both the East African Community (EAC) and the Common Market for Eastern and Southern African (COMESA).

132. A number of studies have been undertaken by the Trade Ministries and other international³⁴ organizations including COMESA, African Union and World Bank. The studies revealed numerous challenges in cross border trade including lack of awareness on trade policies; high taxes and charges; lengthy bureaucracy; poor relationships with border officials; language barriers; inappropriate laws; low value added exports; lack of capital; conflicting trade policies in the region; lack of storage facilities; exchange rate fluctuations; inadequate capacity of border trade facilitating institutions, harassment of traders and low levels of literacy among traders.

133. There is enormous potential for trade to drive growth and poverty reduction in the region. For conflict affected households in the region there are considerable opportunities to benefit from cross-border and regional trade in a range of goods and services. For many communities, key markets are situated across a border. While the instability and insecurity over the last decade has caused serious disruption to cross-border trade, substantial flows of people and goods continued

³⁴ “Walking in the Dark: Informal Cross-Border Trade in the Great Lakes Region” (International Alert, 2012).
Kunaka, C., Saslavsky, D. and Watanuki, M. (2015) Small Players in Big World: Trade Logistics in Lagging Regions, trade and Competitiveness Global Practice, World Bank (unpublished working paper).

to traverse the borders between these borders every day. Now that a degree of stability is returning, trade flows are again increasing. One of the most critical aspects of cross border trade is its contribution to food security, to increasing employment throughout the region and the return of internally displaced persons. Trade across borders is essential to improve access and lower prices for critical inputs into economic activities including the exports of other goods and services.

134. Facilitating trade across borders will be an important mechanism to improve access of consumers to basic food products and to increase the returns to farmers. There are also considerable opportunities to increase trade in services, including professional services, logistics services, construction services and financial services. Many professionals are already crossing borders to work in other countries in the region and demand for certain financial services at these borders is met by movement of consumers to providers across the border.

135. Informal cross-border trade plays the main role in linking producers to markets in the GLR of Africa and is typically dominated by women. Small cross-border trade fosters shared economic growth and interdependence between populations with a history of division and mistrust, and is thus important for peace building in the GLR. Official statistics vastly understate the amount of trade that crosses borders in the region. While the large scale trade is much higher in terms of earnings for the respective countries, the number of trucks crossing the border is a tiny fraction of the tens of thousands of people who cross official borders from Uganda to DRC to Rwanda every day for commercial purposes providing financial support to thousands of poor households. This informal trade is not illegal trade but is unorganized small scale trade which does not appear in the customs record.

Social Assessment

136. Project beneficiaries would primarily be vulnerable families in borderland areas, cross-border traders, especially poor women, youth and ex-combatants. As many cross-border traders in the region are women the project would have the potential to impact positively on gender dynamics. It would prioritize agriculture and trade in food products by targeting border crossing points which are one of the major bottlenecks in the link between farmers and regional markets. This should contribute to greater food security, higher employment and improved incomes for many households. At the same time, trade in both goods and services can play a key role in generating jobs and hence provide genuine alternatives for young people who are or have been combatants. This, in turn, should strengthen the resilience of communities to outside shocks, strengthen social cohesion between trading communities and decrease the possibilities of violent mobilization. Better border monitoring should identify conflict goods and cut out a source of financing for armed groups.

137. Cross-border trade in all three countries is dominated by women and provides an essential source of income to many households in the region. A recent survey of traders at four border posts in the region identified the following key features of cross-border trade: the majority of traders are women (85 percent of the respondents); most of the officials who regulate the border are men (82 percent); for almost two-thirds of the respondents, income from cross-border trade is the main source of income, and most (77 percent) report that household income is heavily dependent on their trading activity. Cross-border traders regularly have to pay bribes and suffer harassment. The

responses from the survey paint a dark picture of the conditions experienced by poor women cross border traders.

138. There is a pressing need to improve physical conditions at the borders. This is of particular importance for small-scale traders; most of whom are women. The very poor quality and condition of the infrastructure at the border, allows some of the worst types of harassment and violence. Both the transport infrastructure and poor quality and inappropriate design of buildings used by officials are in disrepair and require rehabilitation to minimize the risks to safety and security that arise from dilapidated infrastructure and to provide an open and transparent area for officials and traders.

139. Infrastructure improvements at the border need to be accompanied by better border management and governance and better trained officials and support to traders associations. Providing a safe, transparent and well regulated border is a fundamental step towards stability and encouraging a movement away from the 'survival economy'. It is also an issue in which countries clearly have a common interest to ensure effective control of borders and to facilitate trade. In the long term, there would be a large economic pay-off from interventions that facilitate freer movement of goods and people across the border. In the short-term this pay-off would be in the form of greater security and increased incomes for poor, mainly women, traders whose trading activities are crucial to the welfare of their households and hence to poverty reduction in communities along these borders.

140. As the social assessment revealed in Rwanda, people in the project area (around the border between Rwanda and DRC) depend on agriculture and fishing for subsistence. Their crops include beans, maize, sorghum, cassava, potatoes, plantain, rice, taro, peas, vegetables, passion fruit, and mango. However, when it comes to economic and money generating activities, the communities treasure most their interactions with Congolese on the other side of the border. For most of the small-scale trader households, the farming and fishing activities provides the basic subsistence, but it is the trading that offers exchange of money they need to invest in long term economic activities. In Rusizi Rwanda, reviving the cross-border market will be the single most critical investment for the long term economic sustainability for the women traders. This importance of the border market was realized only after the old market was removed when Interahamwe militia started using the place to cause insecurity in Rwanda. "Everybody had money", the women said during consultation. "Even children had US dollars, Congolese were buying goods in dollars". The market was relocated to Birembo (for food items, clothes, and small-scale livestock) and Bitaba (for cattle). The new location for the market became impracticable and unfavorable for many people, especially Congolese.

141. The communities at these borders posts share a common culture and maintain extended families across borders. The social assessment revealed a desire and longing for peace among these border communities in Rwanda, Uganda and DRC, and they look forward to an improved infrastructure and environment to ease border crossing for a peaceful interaction and to trade easily and freely. There is a clear understanding among the small-scale traders of the economic benefits of peace and a conducive environment from the cross-border trade activities.

Safeguards and Potential Impact of the project activities

142. Physical interventions will be undertaken under Component one of the project and they include improvements of border post core infrastructure and development of the border markets. Based on the consultations held, development of the sites will not result in major resettlement since the land is owned by either the central Government or Local Governments. However, some sections of the land at the borders is privately owned sector which may be affected by the developments under the project. In addition, there are a number of people and businesses, including shops and market vendors, who may be affected by the project even when they are operating businesses on Government land. In the event that issues of land acquisition or displacement arise, the project has a Resettlement Policy Framework (RPF) in place to address these and to compensate affected persons accordingly.

143. As the scope of work and exact footprint of project interventions will be decided only in first few months of the project after approval, Resettlement Policy Framework (RPF) and an Environmental and Social Management Framework (ESMF) documents have been prepared for Rwanda and Uganda.

Public consultations on safeguards instruments (RPF and ESMF)

144. In order to ensure that key interests of the public at various levels of governance are addressed and incorporated into the design and implementation of the safeguard tools, consultations were held with stakeholders in February 2015 providing an overall description of the Project, the purpose of the Environmental & Social Management Framework (ESMF) and RPF, potential outcomes of the frameworks and to obtain feedback on ways to improve implementation of the frameworks. The key stakeholders institutions consulted include the Ministries of Trade, Finance, Works & Transport, Lands Housing and Urban Development, Revenue Authority, Roads Authority, Internal Affairs-Directorate of Citizenship and Immigration Control, Police/Security, District Local Governments, Agriculture Animal Industry and Fisheries, National Environment Management Authorities, Chamber of Commerce and Industry, Cross Border Traders Association and other related agencies, local authorities and communities within the project areas. More broadly, the stakeholders include the cross border traders who are the direct beneficiaries of the project.

145. The overall negative impacts may be effectively managed through implementation of an Environmental Management Plan and adequate capacity building and monitoring. Resettlement will be addressed after the specific investments and their location has been agreed to with the respective governments.

146. The procedures will be carried out throughout preparation and implementation, and impacts of any potential resettlement will be included in monitoring and evaluation (M&E). When a Resettlement Action Plan is required, it will be prepared in accordance with guidance provided in this RPF, including Detailed Measurement Surveys, Identification (Census) of PAPs/displaced persons, and Public Consultation and Disclosure Procedures.

Deferment of Safeguards to Implementation in DRC

147. Paragraph 12 (a) of OP 10.00 is applied to safeguards in DRC, within the context of the protracted conflict and fragility situation in Eastern part of the country. There are three project specific reasons for deferring Safeguards for the DRC Components of the project under paragraph 12 (a) of OP. 10.00 as per World Bank's Operational Policy under the "Fragility, Capacity Constraints, Conflict, and Emergency”:

- a. While the authorities have determined the specific border posts for improvements along the eastern border of the country, consultations to define the scope of the interventions are still ongoing. Consequently, it has not been feasible to prepare either the framework documents or EIAs and RAPs until the consultations are completed and precise project locations and scope are determined. The sizing and design of the proposed new facilities will be the result of an inter-agency consultation process to be supported by the project. This will be achieved through a Steering Committee established for implementation of the project, which will help to expedite and finalize the site specific interventions under the project, after which safeguard documents will be prepared.
- b. The Ministry of Commerce (MoC), which is the lead agency for the project and is responsible for implementing government policy pertaining to small scale traders, does not have experience working on Bank-financed operations, and thus, currently lacks the capacity and experience needed to adequately prepare safeguard documents. The project will enhance the capacity of the MoC to deliver on its mandate; and
- c. Interventions to be financed through the project are concentrated in eastern DRC. The east is geographically remote from Kinshasa, thereby exacerbating the aforementioned challenges. The project will support provincial structures in the east which will help facilitate the project safeguards during implementation.

Action Plan Before and During Project Implementation

148. Specific steps and actions have been agreed to address the above risks and ensure that project implementation will adhere to relevant Bank policies on safeguards. The project team has been working with the client to establish the foundation for proper management of safeguards. Some of the key preparatory steps are:

- a. An inter-agency Steering Committee is being formalized, chaired by the Ministry of Commerce, and consisting of representatives from each of the ministries and agencies that will contribute to the project outcome (Ministries of Commerce, Finance, Interior, Public Works, Agriculture, DGDA, DGM, OCC and Health/Hygiene). The Steering Committee will oversee the project and ensure the coordination across agencies. One of the first tasks of the committee is to agree and approve the designs for border facilities and border markets to be financed by the project. This will facilitate the drafting of terms of reference for the preparation of specific safeguards documents and action plans.
- b. Cellule Infrastructures (CI), the implementing agency for the infrastructure interventions, is strengthening its capacity on safeguards, in particular. CI already has two safeguards specialists on its staff in Kinshasa but is now recruiting two additional social safeguards staff, one to be based in Kinshasa and the other in Goma. There is a recognition that the social impacts of the project in Goma will require close attention; and

- c. The Ministries of Commerce and Finance have committed to start preparing resources for RAPs that will likely be necessary especially at the border posts.

149. The following Action Plan has been agreed for the period before and after the project becomes effective to ensure adherence to Bank policies:

Action Plan for Safeguards in DRC

	Actions	Responsibility	Due date
1.	Identification of sites and investments for the Sub-component 1.1 and 1.2	Ministry of Commerce (Project Steering Committee)	Prior to effectiveness
2.	Project implementation Operations Manual for safeguards	Ministry of Commerce	Prior to effectiveness
3.	Hiring of Social Development specialist and Resettlement specialist in Goma (who will also cover south Kivu investments in Bukavu)	Ministry of Commerce and CI	Prior to effectiveness.
4.	For the first year pipeline project Sub-components the client conducts Environmental & Social Impact Assessments (ESIAs) and prepares the Environmental and Social Management Plans (ESMP) and Resettlement Action Plans (RAPs).	Ministry of Commerce and CI	Within 6 months of effectiveness
5.	The loan agreement includes clauses in relation to the responsibility of the client to develop, implement, monitor and assess the RAPs and ESMPs.	Ministry of Finance/Ministry of Commerce	Completed
6.	Preparation of ESIA + RAPs+ ESMP for the remaining Sub-components, namely border posts and border markets investments	Ministry of Commerce and CI	Within 12 months of effectiveness
7.	The client discloses the ESIAs, ESMPs, and RAPs.	Ministry of Commerce	Within 12 months of project effectiveness
8.	The client implements the RAPs prior to any ground breaking for the construction and monitors the social and environmental aspects of the ESMPs.	Ministry of Commerce and CI	Before construction activities commence
9.	The budget is included in the annual planning as counterpart finance.	Ministry of Commerce	After effectiveness
10.	Preparation of ESIA + RAP + ESMP for the ports studies that are included in this project, to be prepared at same time as feasibility studies and detailed designs.	CI	Within 12 months of effectiveness s

Annex 4: Implementation Support Plans

Strategy and Approach for Implementation Support

1. The implementation support plan for the project has been developed based on the specific nature of the infrastructure development and technical assistance activities, the existing capacity of the government counterparts, the fragile environment in some countries involved, the complex and multi-sectoral nature of the project, and sector and project's risk profile in accordance with the Systematic Operations Risk- Rating Tool (SORT). The implementation support (IS) plan aims to enhance the client's quality delivery of the proposed project interventions and address critical issues that may affect project implementation. The IS will specifically focus on: (i) strengthening technical and fiduciary capacity of the respective government counterparts at the beginning of the project; and (ii) regular provision of implementation support through three times a year Bank Implementation Support Missions (ISM), including technical, institutional, safeguards, monitoring and evaluation, and fiduciary aspects.

2. An adequate skill mix of qualified staff and consultants. Some skills will be needed on a regular basis, while others will be required on a need basis. It is therefore proposed to establish a core implementation support team that will include expertise on trade, transport, public sector/governance, peace-building, financial, procurement, and M&E. The core implementation support team will include the following: Lead Trade Economist (TTL), Senior Trade/Transport Specialist (Co-TTL), Senior Public Sector Specialist (Co-TTL), Lead Operations Officer, Senior Trade Specialists, Senior Customs/Border Management Specialist, Conflict Prevention & Peace Building Specialist, FM Specialists, Procurement Specialists, and Safeguards (both environmental and social) Specialists. Other staff will be brought in periodically, as necessary.

3. Formal ISMs and field visits will be carried out three times a year. Frequency of ISMs will be however flexibly augmented on a needs basis. In addition, the country-based Bank staff would conduct more frequent meetings with staff from various ministries involved in the project, as well as carry out field visits to provide ongoing assistance to clients, help identify implementation bottlenecks early, and propose remedial actions. The country based staff would also maintain close working relationships with the other main development partners engaged in regional integration, cross border management and trade facilitation issues.

4. The Bank ISMs, including field visits, would concentrate on the following areas:

a. **Technical:** The project will require intensive technical support, given the complex nature of the activities to be financed and relatively limited in country experience with some of the main approaches. Hands-on technical support at all levels will be therefore provided throughout the implementation period. In particular, the project team will provide technical assistance in the development of integrated border facilities and management, trade policy, Simplified Trade Regime for small-scale traders (STR), Trade Charter, development of the Joint Border Committee (JBC), Performance Based Management (PBM), change management, M&E, citizen engagement and development of the accountability mechanism. Support will be provided by the World Bank, in collaboration with other experts, to ensure that activities are implemented in a cost-effective fashion and in accordance with the project development objectives, and that they are fully aligned

with regional and national strategies. The Bank team will also facilitate exchange of knowledge with other countries involved in this regional project as well as mobilize appropriate global expertise.

b. Monitoring & Evaluation: A team will (i) provide regular technical assistance and oversight of data collection for the Result Framework; (ii) ensure effective flow of data between the multiple government counterparts involved in the border management, as well as between the provincial and central government; and (iii) ensure effective use of data by the counterpart to inform ongoing progress of activities and take appropriate action as needed.

c. Client Relations: The Task Team Leaders (TTLs) will: (i) coordinate Bank implementation support to ensure consistent project implementation, as specified in the legal documents; and (ii) lead policy dialogue with the high-level authorities at regional, central and decentralized levels (where appropriate) to gauge project progress in achieving the PDO and address implementation bottlenecks, as they arise. In addition, the TTLs will ensure regular exchanges of information with other key donors supporting activities related to regional integration and trade facilitation.

d. Financial Management: FM implementation support will take place twice a year to: (i) ensure the capacity of staff to manage flow of funds and accounting procedures; (ii) review of audit reports and IFRs; (iii) ensure effective FM support functions of the Performance Purchasing Agencies; and (iv) in Rwanda, ensure effective reporting on FM matters using the Integrated Financing Management System (IFMS) of the Ministry of Finance. Based on Substantial current risk assessments for each of the countries as well as COMESA, the project will be supervised at least twice a year and may be adjusted when the need arises. An ISM will be carried out before effectiveness to ensure the project readiness.

e. Procurement: The Bank will support procurement staff involved in the project to effectively carry out the procurement activities, in accordance with World Bank guidelines and procedures as well as with the Project Implementation Manual. In this regard, the in-country procurement specialists will provide training and mentoring in areas such as roles and responsibilities of key actors in the procurement chain, internal governance processes, and monitoring of contract compliance. The country based procurement specialists will undertake onsite visits and desk reviews of procurement documents. Intensive Bank support will be provided during the first year to ensure timely delivery and distribution of goods and services. In terms of procurement supervision, in addition to the prior-review supervision conducted from country offices, the Bank will carry out annual supervision missions to conduct post review of procurement actions and contracts under prior review thresholds on basis of a sample of about 20 percent of contracts within the review period. To the extent possible, the on-site supervision missions will be undertaken with procurement and financial management staff.

f. Safeguards: As part of the implementation support team, the environmental and social development specialists will ensure that the project meets all applicable requirements of the World Bank's safeguard policies as reflected in the Environmental & Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF) that have been prepared and disclosed by the respective countries. The Bank team's social and environment safeguard specialists will assume responsibility for initiating the timely commencement of the preparation of Environmental & Social Management Plan (ESMPs) to mitigate the adverse environmental and social impacts

during the construction phase of the project and Resettlement Action Plans in the event of involuntary displacement and loss of access to businesses and services. These instruments will be prepared as per the guidelines provided in the ESMF and RPF. The Bank staff will review and clear these documents prior to disclosure in country and at the Bank's InfoShop prior to any ground breaking for civil works. Technical advice and support will be provided by the Bank's technical staff for safeguards throughout the implementation phase.

Implementation Support Plan

5. The implementation support will be provided by direct support from the World Bank team and additional consultants to provide technical assistance as needed. During the first year of the project, it is foreseen regular technical assistance missions will take place to essential areas to support the client in initiating activities given the complexity and multi-sectoral nature of the project. Technical experts of the World Bank team members are based in each country office and will be able to provide on-going implementation support, with additional inputs from team members based in Washington, Nairobi, Addis Ababa and elsewhere. The World Bank team will not only conduct ISMs in the capital cities as well as in the field on a regular basis but would also provide additional hands-on support by video-conference, audio, skype and email. The volume of support is expected to be particularly high in the first two years of the project implementation.

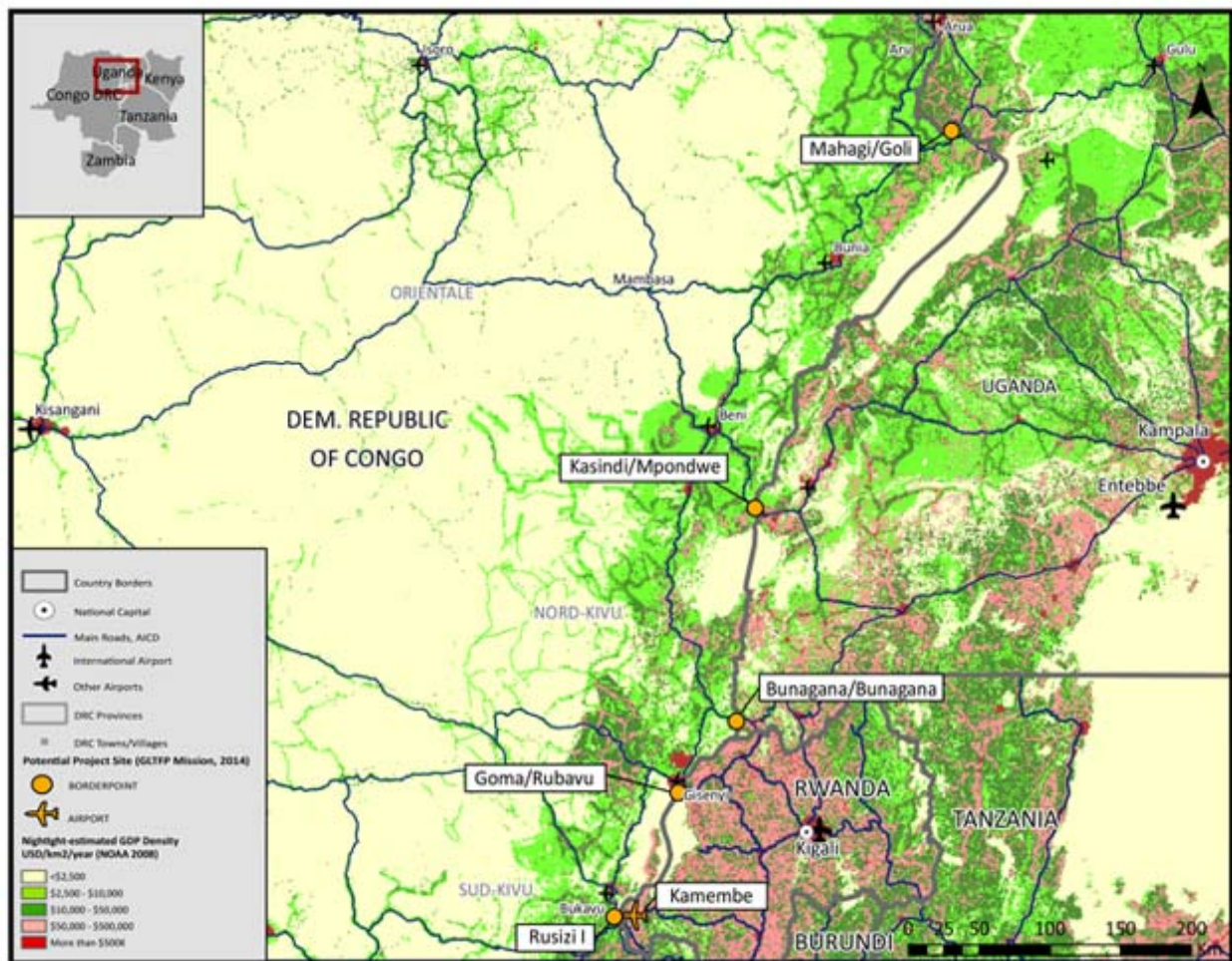
Annex 5: Economic and Financial Analysis

1. **The developmental impacts of trade are high in poor borderland areas.** The gains from trade at the national level are well documented. The benefits in inland border regions will tend to be greater than the usual gains predicted at the national level. Cali et al (2014) discuss that (i) price changes due to deeper integration are likely to be larger in remote border regions due to the low pass-through of international prices (ii) production impacts are stronger as activity moves towards the border inland regions. This production effect will include both goods and services and deeper integration of goods activities will increase the demand for incidental services such as storage, transport and logistics. Reducing barriers at the border may also allow cross-border (regional) value chains to emerge and flourish whereby relatively more efficient providers of goods and services on either side of the border are able to come together within specific value chains.

2. **The specific characteristics of borders in the Great Lakes will further magnify the economic benefits from facilitating trade.** Small-scale cross-border trade is a major feature of Africa's economic and social landscape. In the Great Lakes thousands of traders cross the country's borders every day bringing in revenues from small-scale trade of beans, maize and other goods and services that often exceeds that of formal exports and imports. Allowing traders to flourish is one of the key ways to promote growth and create jobs in relatively remote borderland areas. Currently, these traders face myriad trade costs that impede their ability to conduct and profit from trade activities. Among these trade costs are, notably, unofficial payments extracted by officials or those posing as officials at the border. These costs are notoriously difficult to measure (despite efforts) due to inconsistencies between reported figures (those reported by traders and those by officials) on account of conflicting incentives (traders are incentivized to exaggerate unofficial payments and officials are incentivized to under report such payments). In addition, due to the lack of transparency regarding official regulations and knowledge gaps amongst traders, it is quite difficult for traders to disentangle those payments which are official and those which are unofficial.

3. **Simple economic analysis using available data on prices suggest that the economic benefits of this project to poor households could be substantial.** Data on prices collected by the WFP (see Table 1 on page 6) suggest that there are substantial differences in prices for basic food items between proximate markets on either side of the border. An analysis limited to certain commodities, and thus likely substantially understate total economic benefits, suggests that the prices of beans, cassava flour and meat are on average 5.14, 21.07 and 40.31 percent, respectively, higher in Goma (DRC) than just across the border in Rubavu (Rwanda). Using crude estimates from household budget surveys of the share of these products in total expenditure suggests that outlays on these products alone could reduce consumption expenditures by 5.29 percent per year. For an individual whose annual income is equal to or less than US\$456.25 (an average of US\$1.625 per day which is within 30 percent of US\$1.25 per day the level that defines extreme poverty) and who spends two-thirds of their income on basic food items this entails savings of US\$16.09 each year. For families engaged in a daily survival economy, even small savings can amount to considerable improvements in living standards and resilience to adverse shocks. Available data on population (that are likely to be extreme underestimates) and use of night light data to capture localized income suggest that there are 365,000 people in the DRC living on less than US\$1.625 per day who are within 10km of the Goma market. Thus, crudely, improvements in border infrastructure and better procedures that reduce trade costs for basic food products could lead to

annual consumption savings of US\$5.87 million per annum for the most vulnerable households residing close to Goma. This exceeds the proposed outlays for this border post under this project.



4. **Similar gains can be expected at other borders**, but unfortunately, similar price data are not available. There are estimated to be 366,615 people living on less than US\$1.625 within 10km of Ruzizi, 123,106 at Bunagana and 75,283 at Mahagi and 139,927 at Kasindi. Similar gains for poor families in these areas of the DRC would generate overall economic benefits of more than US\$11 million per year.

5. **Households in other countries will also benefit.** Interestingly, there are some products, such as maize and maize meal, for which the WFP data suggest that prices have been lower in Goma than in Rubavu, confirming the opportunity for gains from trade on both sides of the border. Simple analysis suggests that convergence of prices of maize and maize flour could reduce food consumption expenditures of the poor in Rubavu by as much as 4 percent. With 412,237 people estimated to be living on less than US\$1.625 per day and within 10km of Rubavu this suggests annual benefits of US\$3.3 million in Rwanda from lower consumption expenditures alone.

6. **Additional benefits will arise from increased consumption and potential impacts on producers and consumers.** The analysis above provides a simple estimate of the welfare impact of reforms that reduce the costs of trading and reduce the price of basic food products – in terms of the amount that consumers would be willing to give up to maintain utility at the new post reform set of prices. Additional impacts would come as households reorganize consumption baskets and spend the increase in real income on more goods and services. Further, increased flows of trade across borders as a result of lower prices and increase demand would likely raise returns to traders and increase jobs related to cross border trade.

7. **The benefits of the project are most likely to be realized through public provision, and the World Bank provides particular value-add through the multi-party coordination of regional, cross-border activities.** The project supports interventions in contiguous economically inter-dependent communities in DRC, Rwanda and Uganda. The expected gains from trade cannot be fully achieved without the direct and integrated involvement of the three countries and COMESA. It requires also the simultaneous implementation of an integrated set of border infrastructure and facilities improvements, complementary trade policy and procedure reforms in the countries sharing common borders. Past experience has shown that benefits to border reform are best achieved when parties on both sides are working in concert. Further, border management is commonly a preserve of the public sector. The World Bank Group has a comparative advantage in supporting a project of this nature, which is multi-sectoral and multi-country as it is among the only development agencies that is engaged in all project countries and can build on its strong analytical base, experience with projects in FCS environments and country engagement in the three countries and at COMESA. Consultations with the authorities in the different countries, farmers and traders, CSOs, donors and UN agencies all emphasized the convening power and project support capacity of the World Bank as being key to success.

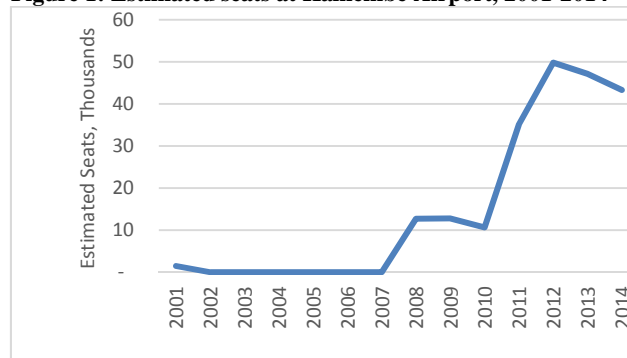
Annex 6: Upgrading Infrastructure at Kamembe Airport in Rwanda

A. Regional Context

1. **Kamembe Airport is located in western Rwanda at the border to the Democratic Republic of Congo.** The airport is located 22 km to the north of Bukavu and provides the region with feeder services into Kigali, the only scheduled route the airport serves. RwandAir is presently the only operator on the route and has regular flights between Kamembe and Kigali since 2005, offering 9 flights per week with a Bombardier Dash 2 Q400. This aircraft has a 67 passenger and 1.5 ton cargo maximum capacity, although operated with restricted load factors due to the constraints at KME. Over the past few years, the operational conditions at Kamembe had substantially degraded due to a deteriorated runway condition thereby creating a safety hazard for the airline and its passengers.

2. **The Kamembe – Kigali route has been growing strongly** – with annual growth rates in seat capacity flown of an average of 23 percent between 2008 and 2014, reaching 43,000 seats in 2014 (Figure 1).

Figure 1: Estimated seats at Kamembe Airport, 2001-2014



Source: Calculated from data provided by Diio.

3. **The majority of passengers on the Kamembe and Kigali segment are Congolese** (about 90 percent, according to RwandAir), transiting in Kigali to take further international flights (mainly to Dubai and the regional cities, and more and more to China). They are mainly travelling for trade purposes, and carry large amounts of luggage and freight. The voluminous freight is at times conveyed by trucks on the Rwanda domestic portion of their travel. Kigali is connected to the rest of the world via carriers such as RwandAir, Ethiopian Airlines, KLM, and Brussels Airlines.

4. **The alternative outlets for air travelers out of Bukavu would be Bujumbura, Kavumu or Goma.** Kavumu Airport has just re-commenced scheduled services. However, the routes are only domestic to other centers in the DRC. Goma (DRC) and Bujumbura (Burundi) international airports are respectively at more than 100km from the city, while the closest domestic airport is Kavumu, which is 30mn to 1 hour drive from Bukavu, versus 15 minutes to Kamembe, and the flight to reach Kigali from Kamembe is 25 minutes, as compared to 2 to 3 hours to Kinshasa. Though Bujumbura is the closest international airport to Bukavu, it is 105 km away if measured directly and much further by road. Kigali is better connected to the rest of the world than

Bujumbura making it more attractive as a connecting node. The third alternative is Goma. However, the distance by road is 207 km long, on an unpaved road.

5. **Any competition between Kamembe and Goma will be indirect.** The competition will be mostly between Kigali International Airport and Goma International Airport, with Kamembe feeding traffic going to Kigali that may otherwise have chosen Goma. With Goma being fully functional as an international airport after rehabilitation, Bukavu residents could face the choice of either using Kavumu Airport to travel to Goma and then further on, or to use Kamembe Airport to utilize Kigali as their hub. However, with a simplified border crossing, Kamembe should be more convenient due to its proximity, shifting traffic to Kigali.

6. **In addition, the Eastern part of the Democratic Republic of Congo faces risks as a conflict environment and from natural disasters.** Political instability still poses a significant security risk in the region between Bukavu and Goma. Travel by road between the two is safest through Rwanda, making Kamembe a convenient outlet for air travelers. In addition, Goma is in the proximity of Mount Nyirangongo, an active volcano that is known for fast moving lava flows. Lava has covered part of the airport runway at Goma since 2002 though the airport is earmarked for rehabilitation. With both sets of risks, it is critical to have redundancy in the transportation infrastructure. By making Kigali International Airport more easily accessible to the eastern DRC, the airport can serve as an alternative gateway should operations be interrupted at Goma.

B. Technical Constraints

7. **The airport at Kamembe is located on a table top with falling terrain around it.** It is in a hot (with an average temperature of 20-22°C) environment and at an altitude of 1,582m, which limits the operations of aircrafts to a certain size. The airport features a single, paved runway of 1,500 meters with 45 meter width.

8. **The infrastructure at Kamembe Airport is in dire need for rehabilitation and improvement.** The airport was constructed in the 1950s and no resurfacing work was done on the runway since then. With an average surface life of 20 years for commercial runways, Kamembe, with a surface age of 60 years, is in urgent need of rehabilitation. The RCAA, until late 2014, only carried out crack-sealing and patch-and-mill works. As a result, crushed and processed materials used for the pavement layers can be blown and/or sucked by the aircraft's propellers, potentially damaging them and the fuselage. This has been a growing and acute risk, and ultimately compromises flight safety.

9. **In December 2014 RCAA commissioned works to resurface the runway.** The works focused on rehabilitating the existing 1500m runway and at the same time strengthening it. The main considerations at Kamembe were the aircraft types operated by RwandAir, namely the Q400 and CRJ-900 aircraft. As the airport is to serve mainly as a feeder into Kigali, the design aircraft favored the turbo-prop, the Dash 2 Q400.

10. **Kamembe faces several other constraints:**

- a) It has a terminal building/ Air traffic Control tower within a distance of 45 m from the center line of the runway. As per ICAO Annex 14, no fixed object, other than visual aids required for air navigation purposes and satisfying the relevant frangibility requirement

shall be permitted on a runway strip within 60 m of the runway center line of a precision approach runway Category I, II or III where the code number is 3 or 4. Therefore, the existing terminal building needs to be demolished. Similarly, the existing Crash Fire Rescue building also needs to be demolished.

- b) Lack of instrument approaches and no lighting for night operations. This severely limits the overall passenger capacity of the airport, since it can only be approached visually during daylight and in good weather. In general, instrument approaches provide a safer operating environment for commercial flights than visual approaches.
- c) Poor quality fencing around the perimeter. In fact some local residents cultivate crops on airport land, albeit with the consent of the airport authorities.

C. Proposed Interventions

11. (AGL) **Several interventions are proposed to improve operating conditions at Kamembe airport.** While the government is in the process of rehabilitating the runway surface, the World Bank proposes to finance improvements that include the installation of aeronautical ground lighting (AGL), navigational aids (VOR/DME) and meteorological information systems and the building of a transit cargo and baggage storage warehouse. The main categories of improvements are the following:

- a) **Navigation aids:** The physical dimension of Kamembe airport and its structures do not meet ICAO Annex 14 requirements for a precision approach,³⁵ and it is not suited to a full Category 1 instrument landing system (ILS). However, the dimensions and distances allow for non-precision approaches and for the airport to pass relevant ICAO standards. As such, a coupled GNSS and VOR/DME approach is proposed for descent guidance, and simple VOR/DME approaches to allow older aircraft in the region, without GPS systems on board, to perform non-precision landings.

As per ICAO standards, for providing ILS Cat-1 lighting a length of 900 m of land is required. However, as the terrain conditions are not favorable to provide the full length of runway lighting, a feasible length of approach lighting will be determined through a design study, for Approach 20 which is predominantly used for landings. The approach lights are to be provided over high mast lattice structure complying with the ICAO requirements of frangibility.

Navigation related items to be financed include: VHF omnidirectional range/distance measuring equipment (VOR/DME), AGL, WGS-84 Survey, and Area Navigation (RNAV) Standard Instrument Departures (SIDs) and Standard Terminal Arrival Route Charts (STARs).

- b) **Weather and communications systems:** The region where Kamembe Airport is located is prone to adverse weather conditions that affect flight operations. The project will finance modern weather equipment at the airport as well as an appropriate Aeronautical Message

³⁵ The space requirements for a category 3c airport with a precision instrument approach call for the runway strip to extend 150 meters from the centerline of the runway, which is currently not the case and would require drastic earthworks and reconfiguration.

Handling System (AMHS). AMHS is a standard for aeronautical ground-ground communications of Meteorological Data, the transmission of Notices to Airmen (NOTAM), or Flight Plans. The project will finance the acquisition and installation of appropriate hardware for connectivity between Kamembe and Kigali airports. In addition, Kamembe airport will be equipped also with Digital Aeronautical Information Management (D-AIM), for the digital exchange of air traffic management information.

- c) **Safety and security:** A new airport perimeter fence that is compliant with ICAO Recommended Standards and Practices would be constructed in order to cover the airport boundary to meet security requirements. The new fence will follow the alignment of the existing fence and where it deviates and there is a likelihood to alienate some land used for cultivation by surrounding communities, relevant safeguards policies will be applied as described elsewhere in this PAD.
- d) **Logistics infrastructure:** One of the major challenges faced by traders using air services at Kamembe Airport is that there is limited space for the temporary storage of goods that are waiting upliftment of clearance. As a result, traders often experience losses including through deterioration. The project will finance the construction of a proper storage warehouse that may also serve as a customs clearance facility for goods.

12. The investments in the various systems and infrastructure will improve operational predictability and also allow for services at night. The interventions would affect both passenger and cargo traffic (Table 1).

Table 1: Investments categories and their effect at Kamembe Airport

Investment Category		Amount	Expected Impact
a) Navigation	VOR/DME	800,000	Improved scheduling accessibility by making night operations possible, increased scheduling reliability for both passenger traffic and cargo. Added safety benefit that is not being monetized.
	AGL	5,500,000	
	WGS-84 Survey	127,200	
	RNAV SIDs and STARS	254,400	
b) Weather and communications	Aeronautical Message Handling System	1,272,000	
	Automatic Weather Station	911,600	
	Digital Aeronautical Information Management	1,060,000	
c) Safety and Security	Fencing	1,200,000	
d) Logistics infrastructure	Warehouse	3,000,000	Reduction in logistics cost
Total		14,125,200	

13. The cost of interventions is expected to be distributed over the first two years of the project as shown in Table 2:

Table 2: Investments at KME that would directly impact passenger services

	Total Amount	Year 1	Year 2
VOR/DME	800,000	600,000	200,000
AGL	5,500,000	550,000	4,950,000
WGS-84 Survey	127,200	127,000	
RNAV SIDs and STARS	254,400	254,400	
Aeronautical Message Handling System	1,272,000	1,272,000	
Automatic Weather Station	911,600	911,600	
Digital Aeronautical Information Management	1,060,000	1,060,000	
Total	9,925,200	4,775,200	5,150,000

D. Approach to Economic Evaluation

14. **The economic evaluation of the proposed improvements at the airport is based on a generalized cost function for passengers and trade flows.** The analysis utilizes two distinct but complementary approaches, one for expected project impact on passenger traffic and the other on trade logistics. Both are founded on well-established techniques and apply generalized cost functions to the changes in monetary and time costs to be brought about by the project interventions. Some of the project interventions, such as security and safety improvements are required under international standards and recommended practices and are therefore not monetized. The project therefore presents a conservative estimate of the expected impacts of the project.

Estimate of Passenger Benefits

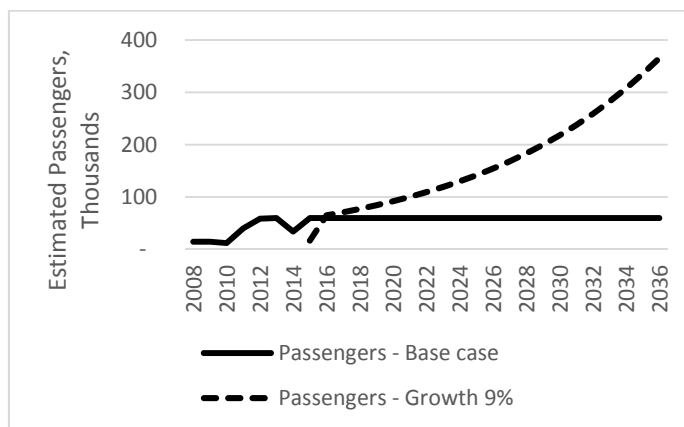
15. In common with other transport projects, the economic benefit of the interventions to passengers will be through savings in time and greater airline schedule reliability. Without air transport, the only other mode of transport would be road which is a much slower mode. A common approach is to convert the time savings of transport improvements in monetary terms, using a determined value of time. There are different approaches to estimating the value of time some based on hourly wages in the economy and others based on surveys to determine trade-offs that users make. For this project there is a paucity of data while Rwanda does not empirically determine values of time that could be applied.

16. **Assumptions:** The evaluation is based on several assumptions based on current conditions and historical data as follows:

Variable	Estimate	Source
Round trip airfare round trip between Kamembe and Kigali	US\$236	RwandAir
Round trip travel time by air including check-in	3 hours	Own estimate
Bus fare for the same trip is	US\$14	RCAA
Round trip travel time by bus or truck	12 hours	RCAA
Specified aircraft	Bombardier Dash 8 Q400	RCAA
Passenger capacity	47	RwandAir
Flight frequency, maximum during daylight	6	Own estimate
Annual passenger growth rate	9% pa	Own estimate

17. Kamembe airport was closed for seven months during rehabilitation of the runway. Once it is reopened, it is expected that it will return to at least the same level of service as before it was closed. Assuming an annual growth rate of 9%, passenger numbers are projected to reach nearly 366 thousand over 20 years (Table 2). This would mean 10 round trips a day seven days a week. This is a lower estimate than envisaged by RCAA who expect passenger traffic to grow to 500 thousand passengers over the same period. Beyond a certain threshold even the assumed lower increase in passenger volumes (Figure 2) will be possible only with the interventions to be financed through the project.

Figure 2: Passenger numbers at Kamembe Airport, base case vs projected growth



Source: World Bank, Diio

18. As such, a crude estimate is obtained by comparing the fares and time of using air and bus transport services between Kamembe and Kigali:

$$Economic\ benefit\ to\ Passengers = \sum_{i=1}^{20} \frac{(passengers_i - passengers_{2013}) \times Time\ Savings \times VoT}{(1+r)^i}$$

Where i = the year, r = the discount rate and VoT = Value of Time.

19. Applying the present value calculation in (11) above to only those passengers potentially flying at night in the future, the investments in Table 3 below would yield Internal Rate of Return (IRR) and Net Present Value (NPV) returns on the project as shown in Table 4 below. The project, on the passenger services alone, would be justifiable at a conservative growth rate of 9% discounted at 12%.

Table 3: NPV returns for economic benefits on passenger services at a 12% discount rate

Growth Rate				
7%	8%	9%	10%	11%
(\$6,776,506)	(\$1,202,480)	\$7,534,368	\$19,475,048	\$34,837,711

Estimate of Logistics Costs Savings

20. The main trade logistics impacts of the proposed interventions will be linked to the installation of navigational aids and will come from (1) the reduction of average transit times of high-cost inventory being transported by traders; (2) improved security and reduced losses of cargo in storage; and (3) the reduction in unreliability in transit times, caused by weather related delays that can be eliminated with the proposed interventions.

21. In order to assess the cost and benefits of a particular trade intervention, a supply chain generalized cost function can be constructed for typical a unit of trade (World Bank, 2005; Arnold 2006). The function not only captures the direct and value of time costs during the movement of a unit of trade, but also the inventory or hedging costs imposed on shippers, that is directly proportional to the variation in transit times, or reliability of the particular supply chain under study. The generalized cost function for a typical unit of trade k can be expressed as:

$$C_k = c_k + \alpha_k(t_k + \beta\sigma_{k,t})$$

Where c_k is the observed direct cost for the movement of a unit of trade k , t_k is average transit time from origin to destination, β is a reliability criteria (usually estimated at 1.5) related to and $\sigma_{k,t}$ is variation in transit time from origin to destination that accounts for a safety buffer or stock-out, directly linked to reliability in delivery times; α_k is the value of time for a unit of trade, equal to:

$$\alpha_k = UV_k \left(\frac{r\%}{365} \right) \left(1 + \frac{1.25}{2} \right)$$

Where UV_k is the unit value of the trade unit k (initially, set 65 USD/kg³⁶) and $r\%$ is the annual financing rate (set at 17 percent³⁷). This assumes that the average inventory is equal to half the average order size plus a 25% buffer. The annual cost of inventory is spread over the annual amount shipped. The cost in transit is the financing costs during the period of transit.

22. **Assumptions:** The evaluation is based on several assumptions as follows:

Variable	Estimate	Sources
Cargo tonnage growth	3.2% p.a.	Uses GDP/air cargo correlation coefficient of 0.81 ³⁸ and long-term GDP growth rate of DRC ³⁹
Discount rate	12% p.a.	World Bank
Lending rate	17% p.a.	Central Bank of Rwanda
Retail margin	22%	Publically traded companies in US
Pilferage	4.6% of annual sales	WB Enterprise Survey
Pilferage coefficient	0.5 – 1	Own estimation
Unit value of cargo	60-80 \$/kg	Different sources
Cargo tonnage	10 tons/week	RwandAir
Average flight times, before-after intervention	1.92 – 1.88	Own estimation
Standard deviation in flight time, before-after intervention	0.41 – 0.3	Own estimation

23. Currently, KME airport can only operate under Visual Flight Rules. Investment in navigational aids will impact current operations. The investment itself will not be discounted in this model, since it already is discounted in the previous section on passenger services. However, the effects of the investment can be estimated. Based on weather data obtained from several weather stations in Rwanda from the National Centers for Environmental Information⁴⁰ approximately about 2.5 percent of daylight hours in a year do not comply with VMC conditions. VMC conditions stipulate minimum visibility and cloud ceiling altitude for airdrome operation and navigation. This means that, under the current flight schedules, about 10 flights a year have to be delayed due to the inability of Kamembe Airport to operate under Instrumental Flight Rules (IFR) due to the lack of navigational aids and certified instrument approach procedures. In addition to the simulated total flight time, a weather delay distribution function was assumed, and parameters obtained from a Monte Carlo estimation⁴¹. The benefits stem from the reduction in unreliability caused by the eliminated weather-related delays at Kamembe.

³⁶ Obtained from DOT and Morrell (2005)

³⁷ Obtained from Rwanda Central Bank lending rate, Feb. 2015 (<http://www.bnr.rw/>)

³⁸ <https://www.tiaca.org/images/tiaca/PDF/TIACA-KI.pdf>

³⁹ <http://www.imf.org/external/pubs/ft/scr/2014/cr14301.pdf>

⁴⁰ <http://www7.ncdc.noaa.gov/>

⁴¹ Work in progress

24. Under the current scheme, transit cargo is stored in a shed that lacks capacity and creates congestion, opening space for pilferage and delays. The estimated benefits of investing in a new storage warehouse (US\$3 million) will emerge from a reduced rate of spoilage and pilferage in transit cargo. Based in Rwanda’s Enterprise Survey, about 4.6% of annual sales are lost due to pilferage. We apply a retail margin of 25 percent obtained from public information of Technology retail companies⁴² to the inventory value in order to obtain approximate sales value. However, a more conservative approach is used, whereby only 10 percent of the pilferage losses are estimated here.

25. With an expected annual tonnage growth rate of 3.24%, the net present value for the cargo warehouse investments is US\$5,179,510.

Consolidated Expected Economic Impact of Proposed Interventions

26. Combining the net benefits of passenger and cargo services, the project would yield a positive outcome with an NPV of US\$12.7 million and an IRR of 21% at a conservative growth rate of 9% per annum in passenger services, and a growth rate of 3.24% in cargo tonnage.

27. Table 5 below shows the project’s NPV and IRR with different growth rate assumptions. The NPV turns positive at a growth rate of 7.6%, and rises somewhat exponentially, while the IRR changes in growth rates linearly in the range presented⁴³, with each 1 percentage increase in growth attributing for a roughly 4% increase in IRR (Figure 3).

Table 4: NPV and IRR returns for economic benefits on passenger services at various growth rates

	Growth Rate				
	7%	8%	9%	10%	11%
NPV	(\$1,596,996)	\$3,977,030	\$12,713,878	\$24,654,558	\$40,017,221
IRR	13%	18%	21%	25%	28%

Sensitivity Analyses

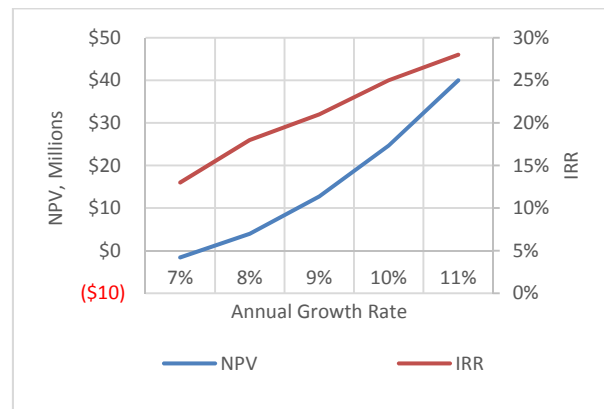
28. The expected net benefits of the project interventions were evaluated to test for sensitivity to three types of plausible risks: a) changes in growth rate of passenger traffic; b) changes in various parameters of the logistics costs and c) possible increases in project costs.

29. **Sensitivity to changes in passenger traffic growth rate.** The analysis shows that the NPV is positive for traffic growth rate of at least 7%. Basic gravity modelling suggests that Bukavu and the western part of Rwanda are currently underserved by air transport services. As such, it is projected that the growth rate will continue to be high, at least higher than 7%.

⁴² http://csimarket.com/Industry/industry_Profitability_Ratios.php?ind=1308

⁴³ The IRR curve flattens as the growth rate rises above 11%.

Figure 3: Effect of changes in pax traffic growth rate on NPV and IRR



Source: World Bank

30. The analysis shows that the NPV is positive for traffic growth rate of at least 7%. Basic gravity modelling suggests that Bukavu and the western part of Rwanda are currently underserved by air transport services. As such, it is projected that the growth rate will continue to be high, at least higher than 7%.

31. **Sensitivity to changes in cargo characteristics.** As a significant proportion of the project’s impacts will be in terms of trade logistics, a sensitivity analysis was performed in order to test the assumptions of the model and the parameters that might affect the end results. The results of the sensitivity analysis are presented in the table below.

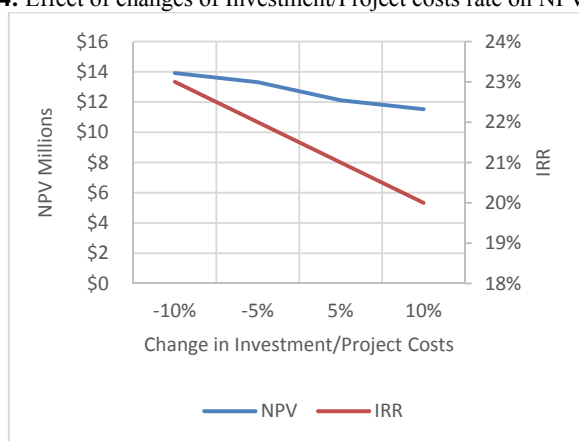
ASSUMPTIONS	LOW	BASELINE	HIGH
Pilferage coefficient	0.5	0.75	1
NPV	-120,809	4,090,252	10,772,015
IRR	11.8	17.8	28.03
Annual tonnage growth (%)	2.0	3.5	5.0
NPV	3,645,515	4,090,252	7,286,790
IRR	17.6	17.8	21.5
USD Value per kilo	40	65	90
NPV	-2,086,512	4,090,252	10,267,014
IRR	8.9	17.8	27.1
Std deviation transit coefficient	0.8	1	1.2
NPV	5,742,050	4,090,252	4,909,156
IRR	20.1	17.8	18.9

32. Low and High scenario were determined for four parameters of cargo shipments to come up with lower and upper bounds of NPV and IRR results. For each coefficient variation it is assumed that all other factors remain constant (ceteris paribus). The results indicate that the model is most sensitive to two parameters: the coefficient that affects the pilferage value of the cargo stored at the warehouse (baseline is 4.6% of annual sales) and the value/weight ratio of the cargo.

33. **Sensitivity to increases in costs.** The second sensitivity analysis was on possible changes in the overall project costs, between -10% and +10%. The results show that the IRR would be between 23% and 20%. A 10% increase in needed investment still result in an NPV of US\$11.5 million, and an IRR at 20% (Table 6). The IRR is more steeply affected, and behaves linearly (Figure 4).

34. **The sensitivity analyses suggest the project is viable** within the feasible ranges of the key variables. Importantly, the models used clearly underestimate the overall benefits of the projects: they do not include the impacts of the safety improvements and the likely shortened transit passenger and cargo times due to ability to offer night operations. Were the positive impacts of these other aspects to be included then the impact of the project would be greatly enhanced.

Figure 4: Effect of changes of Investment/Project costs rate on NPV and IRR



Source: World Bank

Table 5: NPV and IRR returns at various changes in investment amount

	Percent Changes in Investments/Costs			
	-10%	-5%	5%	10%
NPV	\$13,910,811	\$13,312,345	\$12,115,412	\$11,516,945
IRR	23%	22%	21%	20%

E. Implementation Issues

35. **The Rwanda Civil Aviation Authority (RCAA) is the lead agency on the Kamembe Airport Component.** The RCAA, with an annual budget of US\$20.0 million in 2013 is under the Ministry of Infrastructure. Besides ensuring safety and security oversight functions, the RCAA manages all the airports in Rwanda. It is in charge of the maintenance works at the airports it is managing but leaves major investment financing to the Government of Rwanda.

36. **The Kamembe Airport rehabilitation Component is “ready-to-go”.** The expected outputs of the scheduled investments are clear. The improvement will ensure safety of operations and increase capacity at the airport. The proposed infrastructure improvements have not yet

commenced and will be subject to normal Bank due diligence procedures in terms of technical design, procurement and other implementation support.

37. **It is critical to maximize benefits for the airport development projects in the region by promoting the development of appropriate policies across the region.** For instance, the rehabilitation of the airport could allow other airlines from the region with similar fleets (especially from Kenya, which has 5th freedom rights, and Ethiopian) to take advantage of the new infrastructure to operate flights at this airport. In this regard, it is important for DRC and Rwanda to negotiate a bilateral air service agreement as presently there is not one between the two countries. Such an agreement would help the two countries fulfil the COMESA regulation and the Yamoussoukro Decision on the Liberation of Air Transport Services in Africa. A diversification of air transport services offered by exchanging traffic rights (including potential direct regional flights) would ultimately benefit the passengers.

Annex 7: Charter for Cross-Border Trade in Goods and Services

Charter for Cross-Border Trade in Goods and Services

Basic rights and obligations for traders and officials at the border

1. All individuals shall be able to cross the border without verbal or physical abuse or harassment including but not limited to sexual and gender-based violence.
2. Traders shall be processed at the border in an efficient and timely manner without discrimination. A receipt must be provided to the trader for any payment made and the payment properly recorded.
3. Only officials of the approved agencies are present at the border and all border officials wear uniforms or ID badges that allow the identification of their respective agency.
4. Physical checks of traders must be recorded with the reason and outcome provided. Female traders have the right to receive a physical check by female officials in a private but regulated and accountable environment.
5. All duties, fees and taxes and the basis for their calculation are publicly available at the border. Any change to duties, fees and taxes must be publicly announced at the border, with reasonable time for traders to prepare, before their application. No unpublished fees or charges should be demanded at the border.
6. Documentary requirements should be clearly stated and publicly available at the border. Any change in documents required must be publicly announced at the border with reasonable time for traders to prepare before implementation. Simplified procedures should be applied to small-scale traders.
7. Traders should be aware of their rights and obligations when crossing the border. Traders must present required documentation and pay appropriate duties at the border and to obtain a receipt for any payments made to an official. Traders shall not attempt to bribe any official to avoid payment of duties or obtain preferential treatment in any way, including avoiding queues.

With the support of the international community, governments commit to

1. That by [agreed time] these basic rights and obligations governing cross-border movement of goods and people are clearly stated in the local language and visibly apparent at all border crossings.
2. By [agreed time] at every border post there is at least one agent that has received gender awareness training. All senior officials at the border have received gender awareness training by [agreed time]. Ensure that 50% of officials at any border post have received gender awareness training by [agreed time].
3. At all border posts traders have recourse to an independent and confidential mechanism to register violation of any of these basic rights. Female traders must be able to register the violation of any basic rights with a female staff.
4. Apply strict disciplinary measures against officials found to have violated the rights of a trader.
5. Support organizations of informal cross-border traders in disseminating information on these rights and obligations and in delivering advice and information to enhance the capacities of the traders.
6. Continue to improve the quality of infrastructure at all border crossings to provide an open and safe environment for traders, with attention to the specific needs of women traders, and appropriate facilities for officials to undertake their work.
7. Improve the quality of data collected at all border posts on small-scale traders, including the number passing through the border each day and the nature of the goods carried.

Annex 8: Eligibility of Project Activities for Regional IDA under IDA 17

1. The proposed activities are eligible for regional IDA under IDA 17, based on the following eligibility criteria:

- (1) Which involve three or more countries, all of which need to participate for the project's objectives to be achievable and at least one of which is an IDA country. The required minimum number of countries is reduced from three to two if at least one IDA fragile country participates in the regional project. The project includes 3 countries; the DRC is an IDA fragile country.*
- (2) Whose effects spill over country boundaries (e.g., generate positive externalities or mitigate negative ones across countries. Cross-border/trade facilitation interventions and impacts are inherently multi-country in nature. Trade facilitation among the Great Lakes countries will increase economic linkages across borders, reduce shared vulnerabilities and contribute to greater regional stability. The airport intervention at Kamembe in Rwanda will have spillover effects in DRC, given that it will primarily benefit Congolese passengers.*
- (3) Where there is clear evidence of country or regional ownership (e.g., by Regional Economic Communities (RECs), Regional technical organizations, etc.) which demonstrates commitment of the majority of participating countries. There is clear evidence of country and regional ownership as the project was prioritized by the countries of the GLR during the first Great Lakes Development Conference that took place in Addis Ababa in 2013. Regional ownership of this project is confirmed by a number of regional institutions including ICGLR, CEPGL and COMESA. COMESA is an implementing partner to the project and will provide regional coordination and collaboration support. This project builds upon and enhances the 'Trading for Peace' program that COMESA has been implementing in the GLR. The project is also key to regional commitments under the regional Peace, Security and Cooperation Framework (PSCF) and included under benchmarks 4.1, 4.2 and 4.9, on creating economic opportunities for women and youth, supporting social connectors across borders and support cross-border trade.*
- (4) Which provide a platform for a high level of policy harmonization between countries and are part of a well-developed and broadly-supported regional strategy. The project will lead to high-level policy harmonization with regard to the treatment of small-scale traders. The Charter for Cross Border Traders is a policy platform adopted at the regional level by COMESA, and a critical Component of the project is the coordinated and consistent implementation of this policy in the participating countries. Under the airport Component the project will support the harmonization of treatment of air passenger at the border crossing close to Kamembe airport, through which most passengers have to pass. The project will also promote dialogue on a bilateral air service agreement between the DRC and Rwanda. Such an agreement would help the countries fulfil the COMESA regulation and the Yamoussoukro Decision on the Liberalization of Air Transport Services in Africa.*

2. **In addition, COMESA will receive a US\$5.0 million grant under regional IDA to implement regional activities** that are linked to the project as well as activities that support the strategic objectives of IDA on regional integration. The grant to COMESA meets the six eligibility criteria as follows:

- (1) *Recipient being a bona fide regional organization with legal status and fiduciary capacity to receive grant funding to carry out the activities financed.*

The grant recipient has the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the activities financed.

- (2) *Recipient does not meet eligibility requirements to take an IDA credit.*

COMESA does not meet eligibility requirements to take on an IDA credit because it does not generate its own revenues and would not be in a position to repay the credit.

- (3) *The costs and benefits of the activity to be financed with an IDA grant are not easily allocated to national programs.*

The activity would support coordination on trade facilitation across borders at both local and national level to promote significant efficiencies and knowledge exchange across the region. The project would support the development of COMESA Information desks on both sides at each targeted border. The project will enhance the capacity of these desks to support traders from the neighboring country (i) to increase awareness of rules and regulations (ii) report and seek redress for those suffering harassment (iii) support capacity building and linkages between traders, producers and consumers in the different countries.

- (4) *The activities to be financed with an IDA grant are related to regional infrastructure development, institutional cooperation for economic integration, and/or coordinated interventions to provide regional public goods.*

The funding would support the implementation of regional approaches to trade facilitation for small scale cross-border traders. It would support the preparation of regionally applicable training courses for both traders and officials, it would support the extension of the COMESA information desks at each border and greater coordination of their activities in support of the project.

- (5) *Grant co-financing for the activity is not readily available from other development partners.*

COMESA does receive funding from the EU and other donors. However, the current and planned EU funding program does not include support for small-scale traders and does not have initiatives specifically targeted at borders linked to conflict and fragility.

- (6) *The regional entity is associated with an IDA-funded regional operation involving some of the participating member states.*

COMESA is associated with an IDA funded regional operation which includes five participating members states (a sixth country currently has observer status). In addition, the project conforms to the Africa Region's selection criteria for Regional Operations in Africa, including strategic relevance, regional solution, quality, and partnership.