INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Report No.: ISDSC19633

Date ISDS Prepared/Updated: 26-Aug-2016
Date ISDS Approved/Disclosed: 26-Mar-2017

I. BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country:</th>
<th>Africa</th>
<th>Project ID:</th>
<th>P155329</th>
</tr>
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<tbody>
<tr>
<td>Project Name:</td>
<td>AFCC2/RI-Great Lakes Trade Facilitation - SOP2 (P155329)</td>
<td></td>
<td></td>
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<tr>
<td>Task Team Leader(s):</td>
<td>Paul Brenton, Shiho Nagaki</td>
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<tr>
<td>Estimated Appraisal Date:</td>
<td>18-Sep-2017</td>
<td>Estimated Board Date:</td>
<td>20-Nov-2017</td>
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<tr>
<td>Managing Unit:</td>
<td>GTC13</td>
<td>Lending Instrument:</td>
<td>Investment Project Financing</td>
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Financing (In USD Million)

| Total Project Cost: | 61.00 | Total Bank Financing: | 61.00 |
| Financing Gap:      | 0.00  |                        |       |

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>BORROWER/RECIPIENT</td>
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<tr>
<td>International Development Association (IDA)</td>
<td>61.00</td>
</tr>
<tr>
<td>Total</td>
<td>61.00</td>
</tr>
</tbody>
</table>

Environmental Category: B - Partial Assessment
Is this a Repeater project? No

B. Project Objectives

The development objective is to enhance the capacity for commerce and improve processes and conditions for cross-border trade at targeted border locations in the GLR.

The "Capacity for commerce" in the context of this project is defined as the capacity of core trade infrastructure, such as border markets, border facilities, and ports, 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. “Service providers” include those individuals who directly support the immediate cross-border trade value chains, including, among others, market vendors in border markets, transporters, and government agents. The assumption is that improving the adequacy of trade infrastructure, simplifying and improving border processing procedures (including standards for treatment), and enhancing the knowledge and capacity of traders and border officials would lead to reduced trade costs (be they material and immaterial, the latter related to harassment and waste of time) that the target groups have to bear each time they cross the border. Taken together, and in the absence of any other factors of influence that are not under the control of the project (such as conflict, disaster, major political and/or economic crisis), these project...
outcomes would help increase the volume of goods traded through the respective border posts/crossing points and improve the livelihoods of those involved in the cross-border value chains in the sub-region.

C. Project Description

A. Concept
1. Project Description

The proposed project will be financed by Investment Project Financing (IPF) credits to the Democratic Republic of Congo, Zambia, Burundi, Tanzania, and a grant to COMESA totaling $61 million. The IPF is suggested as the most appropriate and realistic instrument, as all four countries need significant investment into physical infrastructure and Technical Assistance (TA) to improve border infrastructure and to strengthen border management and capacities for coordination in border administration. Additionally, the team will explore the possibility of introducing Results-Based Financing (RBF) with Disbursement Linked Indicators (DLIs) for desired policy change such as an introduction and application of the STR for small scale traders. The most appropriate financing tool will be selected during appraisal as project preparation and policy dialogue with clients advance. Project Preparatory Advances (PPAs) will be pursued, as needed, in Tanzania, Zambia and Burundi to finance necessary designs and safeguards assessments in advance of planned infrastructure interventions. In the DRC, provisions and resources are included in SOP1 for the preparation of such assessments.

The proposed project would leverage regional IDA and meets the eligibility criteria under IDA 17. The project includes two FCV countries, DRC and Burundi, there is clear evidence of country and regional ownership through COMESA and it will contribute to achieving high-level policy harmonization with regard the treatment of small-scale traders.

Like SOP1, SOP2 will combine investment in “hard” and “soft” improvements due to their complementary and mutually reinforcing benefits. While the majority of project costs will go for hard infrastructure that facilitates trade and, in particular, supports small-scale trade, these investments must be backed by procedural reforms and institutional changes to be effective and maximize socio-economic returns. The project is therefore structured around four operational components: (i) improvements to core trade and commercial infrastructure; (ii) implementation policy and procedural reforms and capacity building; (iii) performance based border management; and (iv) strategic implementation support and Monitoring and Evaluation (M&E).

Determination of Project Intervention Sites

Objective criteria have been used to determine specific sites for possible project interventions. In discussions with client governments, it was agreed that the selection of project sites must be consistent with the PDO and guided by the following criteria:

(i) Volume of trade, especially small scale trade: Border posts with a high volume of small scale trade and large number of small scale traders are the priority. The analysis also seeks to assess the potential for future trade growth;

(ii) Complementary investments in connecting infrastructure: Such investments can be through other World Bank financed projects or by other development agencies; attention to the potential risk of overlap or crowding out from other Bank or development agency projects is also taken into account;

(iii) Interest and complementary investments in the neighboring country: To be effective, there should be demand for project support on both sides of the border at any particular site or link. The scale and scope of interventions need not be the same on both sides, but they need to be complementary; and

(iv) Development impact on the surrounding area, especially the borderlands: Preference is given to project sites with the greatest potential for high economic returns and improved resilience to fragility, particularly at the local level. Attention will also be paid to candidate sites that help alleviate traffic congestion and
bottlenecks at existing hubs.

Based on these criteria, and in consultation with various project stakeholders, several priority sites have been identified for investment under this project. This has been undertaken in the context of the project’s funding envelope (in total and for each country) and to maximize project impact by keeping the project simple and practical to implement. Final determination of project sites will be made during project preparation. For now, the priority locations/links that have been identified are:

Kalemie (DRC) – Kigoma (Tanzania)
Kasenga (DRC) - Kashiba (Zambia)
Mokambo (Zambia) – through DRC to Chembe (Zambia)
Gatumba (Burundi) – Kavimvira (DRC).

Annex 2 provides a brief overview of the priority locations and identifies additional border posts/ports that may be added to the list. The specific border posts for improvement will be determined based on further analysis and stakeholder dialogue during preparation including detailed feasibility and assessments of cross-border and cross-lake value chains and conflict dynamics and the possibility to build on positive community market dynamics.

Based on the above, the project is designed with four main components.

Component 1: Improvements to Core Trade and Commercial Infrastructure
The project would seek to improve core trade infrastructure, facilities, and ICT connectivity at selected land border crossing points and lake ports. In addition, the project would finance the development of border markets to facilitate cross-border exchanges. The infrastructure improvements will be supported under two main sub-components:

Sub-component 1.1: Border and Lake-port Facilities
Nearly all the ports of entry and land customs stations between the proposed project countries are in need of improvement to enhance their capacity for trade and to create a safe environment for small scale traders. Consequently, the demands are much greater than the available resources. As such, a final list of the specific border posts to be improved will be determined based on ongoing discussions with the authorities in each country, and cost estimates following detailed studies.

The project will finance improvements to facilities at some of the following border posts and lake ports:
Border facilities:
   i) DRC: Kasenga, Mokambo and Kavimvira
   ii) Burundi: Gatumba
   iii) Zambia: Chembe, Kashiba and Mokambo

Lake ports:
   i) DRC: Kalemie
   ii) Tanzania: Kibirizi (Kigoma)

41. The design of each border post or port to be improved would reflect the needs of small scale traders, especially women, and provide onsite facilities for all agencies involved in clearing and processing of goods. In addition, the project would invest in IT connectivity at border offices to expedite the process of clearing documents, issuing trade permits and improving communication of trade regulations and requirements (e.g. Sanitary and Phytosanitary (SPS) regulations for clearance of agriculture products).

Sub-component 1.2: Border Markets
Support for border markets would allow consolidation and storage of goods and to facilitate cross-border market exchanges by reducing the physical distance between traders and buyers. The markets would also
help reduce the number of traders working on road sides and so contributing to greater safety. Potential market sites are Kalemie in DRC, Kigoma in Tanzania, Kasumbalesa in Zambia, and Gatumba in Burundi.

Component 2: Policy and Procedural Reforms and Capacity Building
Experience from other trade projects shows that infrastructure investments need to be accompanied by policy and procedural reforms and capacity building. For border and market infrastructure to be used effectively, interrelated challenges and constraints faced by cross-border traders need to be tackled simultaneously to improve overall efficiency in border and port services. These issues will be addressed under the main sub-components described below. The first sub-component will be implemented at national levels and the third sub-component will be implemented at the regional level.

Sub-component 2.1: Policy and Procedural Reforms at Targeted Borders
This sub-component would focus on improvement of trade policies and procedures in order to speed up crossing and lower the costs for traders and passengers. This sub-component could be addressed through the aforementioned RBF with DLIs, if deemed most appropriate during technical appraisal. Specifically, the component would include support for following policy and procedural changes:

(i) Implementation of the “Trader’s Charter”. The Charter for Cross-Border Trade in Goods and Services defines a basic set of rights and obligations for traders and border officials needed for the formalization of 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 Charter was formally adopted by COMESA as Regional Regulations in December 2014 and is also being promoted in Tanzania at Tunduma and other border crossings. With project support, awareness and use of the Charter would be extended to all borders/crossings targeted by the project.

(ii) Introduction and/or application of the Simplified Trade Regime (STR). The COMESA and EAC STRs provide for simplified customs clearance of small consignments of agreed-upon goods between neighboring countries. However, STR agreements are negotiated on a bilateral basis and sometimes involve different lists of goods for each border crossing. While the STR between Rwanda and DRC was issued, the negotiations on the list of STR commodities between Zambia and DRC is still ongoing. The project would support implementation of the STR in those countries.

(iii) Simplification of immigration procedures. While informal arrangements such as the “jeton system” (one day border crossing ticket) sometimes exist that allow local residents to cross at land borders without using passports, they are neither formalized nor rolled out at different border stations and ports. Complex and costly DRC visa procedures discourage traders from entering the territory. Elsewhere in the region the SOP1 is supporting simplified systems for issuing border passes to registered traders and service providers and the project would support formalizing and easing procedures amongst project countries, including through ICT solutions (facilitated by possible connectivity improvements envisioned under Component 1).

(iv) Streamlining of agriculture trade procedures. Agriculture has many special trade requirements and the project would work with local and national authorities to simplify the issuing of agriculture trade permits and introduce risk based approaches to sanitary and phytosanitary (SPS) inspection to speed clearance times and make it attractive for small traders to use formal procedures.

(v) Support to Joint Border Committees. JBCs that bring together all stakeholders involved in border crossing and border regulation to address problems and identify effective solutions, have been shown to be useful institutions for stakeholder engagement and for improving border management. The project would support JBCs at the main border crossings/lake ports to fulfill this role.

To achieve these changes, this sub-component would, inter alia, support necessary dialogue at the national and local level on the reform agenda, build awareness of the reforms through publicity and information campaigns, train border officials, traders, and trader associations in the content and objectives of the procedural changes, and provide essential materials and equipment needed to implement the changes. The capacity building programs include not only application of the standards and regulatory rules to cross-border
service providers, but also address gender awareness and ethics issues. To ensure consistency, training materials will be developed by a regional body under sub-component 2.3 as described below.

Sub-component 2.2: Strengthening Regional Coordination
Regional coordination will be provided by the COMESA Secretariat or other appropriate regional body. COMESA has played a leading role in the introduction of the STR and Regulations on Minimum Standards for the Treatment of Small-Scale Cross-Border Traders. Although Tanzania is not a member of COMESA, the country maintains close relations with COMESA and is strengthening these relations through work on the Tripartite Free Trade Agreement between COMESA, the East African Community (EAC) and Southern Africa Development Community (SADC). COMESA is providing regional coordination in SOP1 and, ideally, could serve in a similar capacity in SOP2. Given that Tanzania is not a member of COMESA, this arrangement would be subject to discussions and agreements with the Government of Tanzania.

Under this component, and in close collaboration with the main implementation agencies in each of the recipient countries, the regional body would:
(i) Provide regional training for peer learning. To ensure consistency, training sessions will be held at regional level for those who provide training in each of the four countries to traders and officials. COMESA is now developing training materials under SOP1 that will provide the foundation for SOP2 trainings with adjustments to account for local circumstances as needed.
(ii) Support the establishment of Trade Information Desks (TIDs). The project would support the establishment or reinforcement of TIDs at targeted border/port locations that provide on-the-spot information to traders, support the clearance process, seek to resolve disputes between traders and officials, and collect relevant data on cross-border trade.

Component 3: Performance-Based Border Management and Citizen Engagement
Beyond the strengthening of technical capacities, change management of officials and engagement of traders in improving border management will be key to success. Adaptive challenges must be seen alongside technical and behavioral challenges, especially when introducing the new procedures and innovative changes in border management. An absence of discipline in the organization of work and management is one of the fundamental problems that leads to an insecure environment at the border and inefficiency. Such changes can lead to resistance which can be mitigated through an incentive mechanism, and strengthened coordination and communication among stakeholders. Furthermore, corruption and ethics problems can be potentially solved and eradicated only when those cases are raised, and institutionally addressed. To this end, voice of victims must be captured, and provided to service providers. Their direct feedback and involvement in tackling pervasive corruption appears to be a key for improving efficiencies in border and port services.

Sub-component 3.1: Professionalization and Behavior Changes in the Border Agencies
This sub-component would support an initial functional review of the border agencies. The assessment would determine the existing organizational functions and staff skills and identify any functional and skills gaps to meet defined institutional targets. The results would support senior management in the relevant agencies to develop strategic organizational functions and staffing plans at each border post. Building on the functional review, the project would propose appropriate changes in staffing planning and human resource management systems, and elaborate the training program that will be financed under Sub-component 2.2. To back these investments, this sub-component would provide a hands-on coaching program with a change management approach based on the principles of empowerment, integrity, discipline, customer-oriented services, and collaboration among stakeholders.

The project will support the use of Performance-Based Management (PBM) as an incentive for enforcing the application of sound border management rules and regulations. The ultimate goal of PBM is to provide
improved border services and a safer trade environment, reduce non-tariff barriers, and increase fiscal revenues through greater flows and increased volume of trade. The project would provide technical support to introduce or enhance PBM at the other border agencies, and include the key indicators related to improvement of the cross-border environment 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. As a way of motivating staff, the project will also provide support to develop appropriate incentive mechanisms, which could be either positive (compensation and reward) or negative ones (sanction).

Sub-component 3.2: Citizen Engagement in Improving Border and Port Services
The project will support trader feedback mechanisms through introduction of a third party monitoring mechanism using information technology (IT) tools to improve performance and efficiency in border services. The current performance evaluation system, if it does exist, 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 support the use of a simple IT tool to monitor traders’ satisfaction and performance of service at the borders and regularly provide feedback to the officials. The Happy or Not device has been successfully tested at the borders between Zambia, Malawi and Tanzania since 2015, and provides daily and weekly feedback from users to key officials and field workers, which encourage border agents in achieving their objectives and improving day-to-day services. In addition, an annual perception survey of traders will be conducted to provide more accurate feedback on the performance of border agencies and quality of services provided.

In addition, the establishment of a grievance mechanism will be supported by this component to tackle pervasive corruption, abuse and harassment of traders. The project will support the establishment of a toll-free reporting system to report any abuse, corruption and harassment cases with support from mobile phone operators. The mechanism can be managed by competent local authorities but also involve an independent third party to ensure safety of reporters and defend also the rights of those who are suspected as abusers. This is of particular importance to small 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 traders. The reported cases should be treated confidentially in the HR department of the respective institution, and properly addressed as part of HR management.

Component 4: Implementation Support and Monitoring and Evaluation
Sub-component 4.1: Implementation Support and Communications
Implementation support would be provided in a strategic and sustainable way. In addition to staffing, logistics, and financial contributions to support fiduciary management, the project would finance various training courses for service delivery, leadership and communication, and monitoring and evaluation to ensure sustainability. Throughout preparation, the project team would identify and work with potential champions to lead implementation.

Experience with similar Bank-funded projects indicates that innovative communication is a powerful way to raise awareness and encourage policymakers to take action. The project would thus finance various communication activities at the national and regional level as part of the implementation arrangements including short documentary videos that capture the essence of project reports and proposed reforms. Training modules, informal peer-to-peer discussions, and informal meetings of experts would also be used to transmit knowledge and increase awareness of project objectives.

Sub-component 4.2: Project M&E and Systems
The project would develop a robust monitoring and evaluation system and build capacity of government
agencies to assess the cross-border trade environment. Key indicators would cover the efficiency of cross-
border trade procedures, the relationships between officials and small cross-border traders and service
providers and impact on conflict affected communities. The system would provide feedback to the
implementing agencies to identify and make necessary adjustments over the life of the project. The joint
border committees, which would be supported under Component 2, would 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, recommend procedural streamlining. Furthermore, the project would
develop a set of socio-economic indicators to measure changing trade patterns and perceptions between
traders and border officials.

The project would support systems for collecting data on cross-border trade flows as an input into policy and
border management decisions. In addition to the project-specific M&E activities, this project would support
coordinated information gathering on small-scale cross-border trade at focal borders. SOP1 provides support
for the development of regional guidelines for monitoring small-scale cross-border trade as well as IT
platforms to collect, report and share trade data. This project would build upon these efforts to support the
establishment or expansion of small-scale trade monitoring programs in the project countries. This would
include support for modernization of data collection and reporting on small-scale trade in the project
countries through the use of tables and other modern IT systems that improve the efficiency, accuracy,
standardization, and sustainability of the programs.

D. Project location and Salient physical characteristics relevant to the safeguard analysis (if
known)

E. Borrowers Institutional Capacity for Safeguard Policies

Assessments of capacity for safeguards policies in implementing agencies will be assessed during project
preparation and Project Preparatory Advances (PPAs) will be pursued, as needed, in Tanzania, Zambia and
Burundi to finance necessary designs and safeguards assessments in advance of planned infrastructure
interventions. In the DRC, provisions and resources are included in SOP1 for the preparation of such
assessments.

F. Environmental and Social Safeguards Specialists on the Team

Helen Z. Shahriari (GSU05)
Vaideeswaran Sankaran (GSU18)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>This policy is triggered as the different investments will require the identification, mitigation and monitoring of potential adverse environmental and social impacts. Appropriate project-specific assessments (ESIA) and plans (EMPs) will be prepared</td>
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<td>Natural Habitats OP/BP 4.04</td>
<td>Yes</td>
<td>Some of the sites for interventions under the project will be in proximity to natural wetlands (e.g. Lake Tanganyika) and there are possible direct / indirect impacts. In that context, OP4.04 is triggered as a precaution and natural habitat plans will be prepared where deemed necessary.</td>
</tr>
<tr>
<td>Topic</td>
<td>Status</td>
<td>Reason</td>
</tr>
<tr>
<td>-----------------------------------------</td>
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<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>Not triggered as there will be no interventions involving impacts on forests</td>
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<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td></td>
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<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>No</td>
<td>There are no interventions proposed that might have impacts on such resources.</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
<td>There are no known indigenous People in the proposed project area and/or participating in trading.</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
<td>Where project sites are known and agreed Resettlement Action Plans (RAPs) will be prepared. Elsewhere where the types and location of the investment border posts are still to be finalized the borrowers will produce ESMFs and the RPFs to mitigate adverse environmental and social impacts.</td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
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<td>Projects on International Waterways OP/BP 7.50</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS:**

24-Feb-2017

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage ISDS.**

For the proposed physical project investments, specific environmental and social impact assessments (ESIA), Resettlement Action Plans (RAPs), and environmental management plans (EMPs) will be prepared. All the above safeguard documents will include feedback from consultations with the appropriate local, regional, and national stakeholders. Whereas no major environmental impacts are envisaged from Components 2, 3, and 4, the RAPs and ESMF will include environmental safeguard capacity building wherever this can be integrated into the project design. In DRC, SOP1 activities (e.g. feasibility studies for Kalemie port) will incorporate necessary social and environmental considerations, and capacity building from the first phase will be leveraged to support safeguards preparedness in SOP2.

### V. Approval

<table>
<thead>
<tr>
<th>Task Team Leader(s):</th>
<th>Name: Paul Brenton, Shiho Nagaki</th>
</tr>
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**Approved By:**

<table>
<thead>
<tr>
<th>Safeguards Advisor:</th>
<th>Name: Nathalie S. Munzberg (SA)</th>
<th>Date: 23-Mar-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practice Manager/Manager:</td>
<td>Name: David Bridgman (PMGR)</td>
<td>Date: 26-Mar-2017</td>
</tr>
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</table>

1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected