



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
THIRD RURAL SECTOR SUPPORT PROJECT  
APPROVED ON MARCH 1, 2012  
TO  
REPUBLIC OF RWANDA

AGRICULTURE GLOBAL PRACTICE

AFRICA REGION

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## ABBREVIATIONS AND ACRONYMS

APL	Adaptable Program Loan
BNR	National Bank of Rwanda
CBM	Chief Budget Manager
DA	Designated Account
DG	Director General
EOP	End of Project
FM	Financial Management
GoR	Government of Rwanda
IDA	International Development Association
ISC	Inter-ministerial Steering Committee
ITC	Internal Tender Committee
LWH	Land Husbandry, Water Harvesting and Hillside Irrigation Project
MINAGRI	Ministry of Agriculture and Animal Resources
MINECOFIN	Ministry of Finance and Economic Planning
MTR	Mid-term Review
OAG	Office of the Auditor General
PAD	Project Appraisal Document
PDO	Project Development Objective
PS	Permanent Secretary
RAB	Rwanda Agriculture and Animal Resources Board
RSSP	Rural Sector Support Project
SHG	Self Help Group
SPIU	Single Project Implementing Unit



**Note to Task Teams:** The following sections are system generated and can only be edited online in the Portal.

**BASIC DATA**

**Product Information**

Project ID P126440	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 01-Mar-2012	Current Closing Date 30-Oct-2018

**Organizations**

Borrower Republic or Rwanda	Responsible Agency MINAGRI LWH/RSSP SPIU,Rwanda Agriculture Board
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**Project Development Objective (PDO)**

Original PDO

In line with the overall APL objective and its programmatic phasing, the Project Development Objectives (PDOs) for RSSP3 are to:

- (i) Increase the agricultural productivity of organized farmers in the marshlands and hillsides of sub-watersheds targeted for development in an environmentally sustainable manner;and
- (ii) Strengthen their participation in market-based value chains.

**Summary Status of Financing**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-54030	21-Mar-2014	03-Apr-2014	12-Jun-2014	30-Oct-2018	15.90	14.22	.29
IDA-50640	01-Mar-2012	26-Mar-2012	20-Jun-2012	30-Oct-2018	80.00	75.60	.41



### Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

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## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

### A. Project status

1. The Rural Sector Support Project (RSSP) has been financed by IDA through a three-phase adaptable program loan (APL), which first became effective in 2001 (RSSP 1, USD \$ 48 million, IDA credit C3483), and the second phase (RSSP 2 USD 35 million, IDA credit CH4080) in 2008. The RSSP 3 is the third phase of the APL, which became effective in June 2012 with USD 80 million IDA financing (IDA credit # 50640). An additional IDA financing (IDA credit # 54030) of USD 15.9 million was approved in March 2014 and brought the total project financing to USD 95.9 million. The project closing date was extended at the time of approval of the additional financing to October 30, 2018. Other changes involved (i) increasing the indicator targets related to overall project impact (including the number of direct beneficiaries, area provided with improved irrigation and drainage services, and area of hillsides sustainably developed by the Project) to reflect the strong progress made, the additional financing received and the extension of closing date.
2. The PDO is to (i) increase the agricultural productivity of organized farmers in the marshlands and hillsides of sub-watersheds targeted for development in an environmentally sustainable manner; and (ii) strengthen their participation in market-based value chains. The project has three components: (A). Infrastructure for Marshland, Hillside and Commodity Chain Development; (B). Capacity for Marshland, Hillside and Commodity Chain Development; and (C). Project Coordination and Support.
3. The RSSP3 is in its sixth year of implementation and has consistently achieved and in most cases exceeded its targets. The project is currently rated satisfactory both in progress towards achieving its development objectives and in implementation progress. It has completed over 85 per cent of the planned irrigation works and 91 % of land husbandry activities. The RSSP3 project has disbursed 93.7% of the total IDA financing of USD 95.9 million. RSSP3 has so far developed 5,948 ha of marshland and 15,620 ha of hillside with sustainable land management practices (which include terracing, agro-forestry, etc.) another 735 ha of marshlands is under development and the project is on schedule to achieve the principal targets of 7,000 ha of marshland irrigation and 17,200 ha of hillside under sustainable land management practices. The project activities are currently benefiting 80,185 direct beneficiaries (43% female) who have been mobilized into 2,978 Self Help Groups, which are aggregated into 291 zones and into 42 cooperatives. The total number of direct and indirect beneficiaries has increased to over 368,000 (49% women). Yield increases have been achieved for maize, beans and Irish potatoes while rice cooperatives have linked farmers to markets and improved profits. There are now 32 water user associations and water fees payment remains high at over 98%.
4. The project is currently rated satisfactory in financial management, procurement, project management, and monitoring and evaluation. The project has an adequate financial team and has managed satisfactorily the project on FM aspects regularly submitting the financial reports and all project audit reports were submitted on a timely basis with clean audit opinion. The project's procurement team is appropriate to manage the current workload.



**B. Rationale for restructuring**

5. To achieve better efficiency, the Government of Rwanda (GoR) decided that the role of Ministries should be limited to policy making and monitoring, while the implementation, management and monitoring of projects and programs would be transferred to implementing agencies. In that regards, the Ministry of Finance and Economic Planning (MINECOFIN) informed the Bank in a letter dated July 19, 2017 that implementation of the LWH project would be changed from the Ministry of Agriculture and Animal Resources (MINAGRI) to the Rwanda Agriculture and Animal Resources Development Board (RAB). It is anticipated that this should have no implications for the quality of implementation of the project as the Single Project Implementation Unit (SPIU) would be transferred entirely to the RAB. There should also be benefits from linkages with the other projects implemented by RAB and support to sustaining the project's outcomes' achievements following its closure in October 2018.

## **II. DESCRIPTION OF PROPOSED CHANGES**

6. The RSSP3 has been implemented through the SPIU, which has responsibility for the day to day implementation of the project, including financial management, procurement and monitoring and evaluation, with an oversight from MINAGRI. An inter-ministerial steering committee (ISC) provides policy and strategic orientation to the Project. The SPIU has built strong teams at the headquarter and at decentralized Level and had continuously good performance has been satisfactory over time.
7. The proposed restructuring is to change the implementing agency of the RSSP3 project from MINAGRI to RAB. The existing SPIU under MINAGRI will entirely move to RAB with all its technical, fiduciary and safeguards departments staff. The Designated Account (DA) will be kept at the National Bank of Rwanda (BNR) with the same ceiling in United States Dollars (USD). The signatories of the DA, if changed, will require an update of the signatories' letter that will be sent by MINECOFIN to the World Bank. The Chief Budget Officer will change from MINAGRI Permanent Secretary (PS) to RAB Director General (DG) and the project implementing manual shall be revised to reflect these changes.
8. RAB is an implementing agency of MINAGRI and has a national network of research stations and extensions services providing services to farmers. RAB has been providing technical assistance to the SPIU in different areas such as seed multiplication, agro-forestry and soil fertility management, largely through MoUs facilitated by MINAGRI. The transfer of the SPIU to RAB is likely to improve the collaboration between RAB and the SPIU as the two will be hosted in the same institution.
9. The RAB structure has a Finance unit headed by the Finance Director and comprising of one Chief Accountant, two accountants at the RAB Headquarter and two accountants by zone. The Internal Audit is composed of two Internal Auditors. The Finance unit manages RAB resources from government funds. For the past two fiscal years (2014/15 and 2015/16) the Office of Auditor General (OAG) expressed adverse audit opinions for RAB due to internal control weaknesses. An action plan to address the audit issues has been designed and its implementation is regularly reviewed by the World Bank. Currently, technical assistance from the European Union is supporting RAB to improve its fiduciary system. To mitigate the risks and avoid adding to the workload of RAB's Finance Unit, the current SPIU managing the RSSP3 and LWH projects at MINAGRI would be moved entirely from MINAGRI to RAB - this means that the existing FM staff experienced in World Bank financed project (Finance Manager, Chief Accountant, two accountants), FM systems and procedures would move to RAB as an intact unit. The SPIU has satisfactorily managed the project on FM aspects and the project audit reports have been submitted on a timely basis with clean audit opinion. The team's assessment is that with the effective move of the MINAGRI SPIU FM system to RAB, the FM system for budgeting, financial reporting, audit, internal control and disbursement would continue to be adequate as per the Bank policy and Directive on Investment Project Financing.



10. Similarly, RAB has a Procurement Unit Head and two procurement officers. The procurement unit is structured under corporate service. The working relation between the procurement unit of the SPIU and procurement unit under the corporate service is only collaboration, as the SPIU will remain independent in its functioning. Currently, the SPIU is staffed with five procurement specialists comprising of the Procurement Unit Head, two procurement specialists and two procurement officers (one on a temporary basis). The existing procurement staff in the SPIU are assessed to be adequate for the workload. The procurement arrangement of the SPIU will remain unchanged for the smooth implementation of ongoing projects. This means implementation of the procurement plan including bidding process, composition of internal tender committee (ITC) within the SPIU and internal approval system will remain unchanged, with the exception that the Chief Budget Manager (CBM) who would be the DG-RAB as opposed to the PS under MINAGRI.

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**III. SUMMARY OF CHANGES**

	Changed	Not Changed
Change in Implementing Agency	✓	
Change in DDO Status		✓
Change in Project's Development Objectives		✓
Change in Results Framework		✓
Change in Components and Cost		✓
Change in Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Disbursement Estimates		✓
Change in Overall Risk Rating		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Change in Implementation Schedule		✓



Other Change(s)		✓
Change in Economic and Financial Analysis		✓
Change in Technical Analysis		✓
Change in Social Analysis		✓
Change in Environmental Analysis		✓

**IV. DETAILED CHANGE(S)**

**IMPLEMENTING AGENCY**

Implementing Agency Name	Type	Action
MINAGRI LWH/RSSP SPIU	Implementing Agency	Marked for Deletion
Rwanda Agriculture Board	Implementing Agency	New

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