



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
AFR RI-GREAT LAKES TRADE FACILITATION
APPROVED ON SEPTEMBER 25, 2015
TO
GOVERNMENT OF RWANDA

MACROECONOMICS, TRADE AND INVESTMENT

AFRICA

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The World Bank

AFR RI-Great Lakes Trade Facilitation (P151083)



ABBREVIATIONS AND ACRONYMS

COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of Congo
FA	Financing Agreement
GLI	Great Lakes Initiative
GLTFP	Great Lakes Trade Facilitation project
ICBT	Informal Cross Border Trade
IT	Information technology
JBC	Joint border committee
LODA	Local Authorities Development Agency
M&E	Monitoring and Evaluation
MINICOM	Ministry of Trade
MTR	Mid-Term review
OSBP	One Stop Border Post
PDO	Project Development Objective
RAC	Rwanda Airports Company Limited
RCAA	Rwanda Civil Aviation Authority
SPIU	Single Project Implementation Unit
STR	Simplified Trade Regime
TIDO	Trade Information Desk Officer
USD	United States Dollar



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BASIC DATA

Product Information

Project ID P151083	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 25-Sep-2015	Current Closing Date 31-Dec-2020

Organizations

Borrower DRC Ministry of Finance, Government of Rwanda, Uganda Minister of Finance, Planning and Economic Development	Responsible Agency Rwanda Ministry of Industry and Trade, COMESA, Rwanda Local Development Agency (LODA), Rwanda Transport Development Agency (RTDA), DRC Cellule Infrastructure of MITPR (CI/MITPR), DRC Ministry of Commerce (SG/MC), Uganda Ministry of Trade, Industry & Cooperatives (MTIC), Rwanda Airports Company Ltd (RAC)
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Project Development Objective (PDO)

Original PDO

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.



Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-57210	25-Sep-2015	26-Oct-2015	25-Jan-2016	31-Dec-2020	26.00	7.06	18.92
IDA-57220	25-Sep-2015	23-Mar-2017	17-Apr-2017	31-Dec-2020	14.00	2.76	11.34
IDA-57240	25-Sep-2015	27-Oct-2015	15-Sep-2016	31-Dec-2020	34.00	13.08	20.68
IDA-D0890	25-Sep-2015	19-Nov-2015	04-Apr-2016	31-Dec-2020	5.00	3.29	1.77

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 Great Lakes Trade Facilitation Project (GLTFP) (P151083) was approved by the Board of the World Bank on September 25, 2015 and became effective in Rwanda on January 25, 2016. It is a regional project that includes two other countries in addition to Rwanda, namely, the Democratic Republic of Congo (DRC) and Uganda, and a regional organization, the Common Market for Eastern and Southern Africa (COMESA). The project is part of the wider World Bank Great Lakes Initiative (GLI) that seeks to bring peace and stability in the Great Lakes Region by supporting initiatives aimed at improving livelihoods in the border areas, promoting cross-border trade and strengthening economic interdependence. It reflects the commitment of the World Bank to assist countries of the Great Lakes Region to reduce poverty and promote common prosperity by targeting some of the most vulnerable groups in the border regions of the Democratic Republic of Congo (DRC) and neighboring countries.

2. The Project is organized in four components: (a) Improving core trade infrastructure and facilities in the border areas; (b) Implementation of policy and procedural reforms and capacity building to facilitate cross-border trade in goods and services; (c) Performance based management in cross-border administration; and (d) Implementation support, communication, monitoring and evaluation. In Rwanda progress in implementing the project has been proceeding well, albeit several months behind schedule.

3. Overall progress towards meeting the Project Development Objective (PDO) in Rwanda is rated at “*Moderately Satisfactory*”. As described below, recent developments across all key components of the project are encouraging with respect to the achievement of the PDO.

a) **Component 1: Improving Core Trade Infrastructure and Facilities in the Border Areas.**



4. Under Component 1, the project is financing: (i) two border markets; (ii) limited civil works for the proposed one stop border post (OSBP) at Rusizi I; and (iii) improvements to Kamembe Airport:

- i). **Border markets:** a civil works contract is being executed for one of the border markets, at Nyamasheke. Progress by April 30, 2019 was at approximately 15%. The civil works should be completed by October 21, 2019. Design studies are ongoing for a second market at Bugarama and an invitation for bids is scheduled to be launched by July 31, 2019.
- ii). **One Stop Border Post (OSBP):** design studies for the facility at Rusizi I were completed in April 2019 and validated by the stakeholders. The project will finance limited works for which tendering is scheduled to start by July 31, 2019. The OSBP in Rwanda will be one side of juxtaposed facilities with another proposed OSBP on the DRC side of the border. A design and build contract for the DRC facility was signed in the last week of April 2019.
- iii). **Kamembe Airport:** Improvements to Kamembe Airport, close to the border with DRC, are the single largest sub-component of the project, accounting for more than half of the project proceeds in Rwanda. The first activity under the sub-component, fencing of the airport, was completed in November 2017. A warehouse that was originally part of the interventions at the airport was dropped after it was determined to not be viable. There is a private commercial facility adjacent to the airport which will serve the same purpose as the warehouse that had been part of the project. Contracts for two of the four remaining tender packages, worth USD 7 million, were negotiated in early June 2019 and are scheduled to be signed by mid-July 2019. The other two remaining packages (worth USD 3.5 million) had to be retendered after the prices of previous bids were above the resources that are available. Adjustments have been made to the specifications of the two packages to fit within the available resources while remaining consistent with the development objective of the project. It is projected that contracts for these last two packages will be signed by the end of August 2019.

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

5. Several contracts are under implementation for this Component. These include: (1) deployment of ICT Tools to include SMS and feature phones; (2) installation of Happy-or-Not devices, training and data provision; (3) launch of the Rwanda GLTFP website; and (4) a functional review of border agencies. The functional review of border agencies has been carried out and the results are being considered by the Government. Once the results are adopted they will be followed by training for border officials and traders on identified gaps with respect to handling and processing of small scale traders. The Governments of Rwanda and DRC have been holding consultative meetings on regional trade. Some of the meetings have been bilateral while others have been convened by COMESA in its role as the regional organization in the project.

c) Component 3: Performance Based Management in Cross-Border Administration

6. Performance management in cross border agencies was included in the functional review that is being executed under Component 2 of the project. Rwanda already has a performance management system for the civil service. The prioritization of possible improvements in the context of border management is being led by the Project Steering Committee. At the same time, the project is financing an appropriate feedback mechanism and considering the introduction of a third-party monitoring mechanism for the project, using Information Technology (IT) tools. In that regard, the lead agency, Ministry of Trade (MINICOM), has signed a contract for a simple IT tool to monitor traders' satisfaction and service performance at the borders. In addition, a perception survey by traders on an annual basis is being conducted by using mobile phone technology to provide more accurate feedback on the performance of agencies and agents and the quality of services provided. These activities will provide actionable information on the performance of border services on both sides of the border.

d) Component 4: Implementation Support, Communication and Monitoring and Evaluation

7. The PAD provides for the project to finance several staff in the SPIU/MINICOM, including (i) SPIU coordinator; (ii) finance manager; (iii) procurement specialist; (iv) environmental safeguards specialist; (v) social development specialist; (vi) M&E specialist; (vii) trade specialist; (viii) accountant; (ix) internal auditor; (x) administrative assistant; and (xi) office messenger. In addition, the project also provides for three positions in the Local Authorities Development Agency (LODA): (xii)



a civil engineer; (xiii) procurement specialist; and (xiv) accountant and three technical positions at the Rwanda Civil Aviation Authority (RCAA): (xv) a civil engineer who will act as project manager at Kamembe Airport; (xvi) one specialist for airport ground lighting; and (xvii) a navigational aids expert. However, the last two positions at RCAA were dropped as the agency had sufficient in-house capacity in the two areas while economist and legal specialist positions were added to the project staff complement at SPIU/MINICOM. Seven of the positions in MINICOM have been vacant since October 2018. Selection for the positions is currently underway and the vacancies should be filled by mid-July 2019.

8. Data for project M&E are regularly collected through surveys by SPIU/MINICOM and on an ongoing basis by the National Bank of Rwanda (BNR).

B. Rationale for Restructuring

9. The Government of Rwanda between 2015 and 2017 reformed the institutional arrangements for the air transport sector and split responsibilities for regulation and operation of air transport infrastructure between two agencies, the Rwanda Civil Aviation Authority (RCAA) and a newly formed Rwanda Airports Company Limited (RAC), respectively. RCAA, which is the implementing entity of the airport sub-component of the project, had its role limited to regulation of the sector while airport and other operational activities were transferred to RAC. Subsequently, in November 2018 the Government requested a change of the implementing entity of the airport sub-component, from RCAA to RAC. This is the main rationale for the proposed restructuring. A second reason is that the bid prices of the civil works and goods contracts for the airport sub-component have been much higher than originally anticipated while at the same time, there have been savings under other sub-components, especially the one on capacity building. As such, it is proposed to transfer some resources from the general category for capacity building to the airport sub-component of the project.

10. The proposed restructuring of the project therefore:

- a) Changing the implementing entity of the airport sub-component of the project; and
- b) Reallocating resources between two categories, to use savings under the category for capacity building to meet increased costs of implementing the airport sub-component.

The proposed changes are explained in the next section.

II. DESCRIPTION OF PROPOSED CHANGES

11. The proposed changes through this restructuring are the following.

- a) ***Transfer of Airport Sub-Component from Rwanda Civil Aviation Authority (RCAA) to Rwanda Airports Company Limited (RAC):***

12. In a Cabinet Decision on February 14, 2015 the Government of Rwanda established Aviation, Travel and Logistics Holding (Ltd) (ATL as a holding company for government operations in transport and logistics). ATL has several subsidiaries, of which the Rwanda Airports Company (RAC) is responsible for airports and aviation related ground operations. Subsequently, in 2017 the Government enacted a new law (No 03/2017) where it revised the role of the RCAA and limited it to regulatory functions and safety oversight of the aviation industry and activities in Rwanda. Responsibility for movable and immovable assets, contracts and liabilities in connection with aviation were transferred to RAC. Ownership and operation of all airports in the country, including Kamembe Airport were therefore transferred to RAC as a wholly owned government entity. Following this decision, the Government in November 2018 requested the Bank to transfer the Airport sub-component of the project from RCAA so that RAC becomes the implementing entity.



13. Following receipt of the Government request, the Bank team assessed the capacity of RAC and established that the agency has the technical and fiduciary capacity to manage the airport sub-component of the project. Several technical staff that were under RCAA were transferred to RAC. However, as per the provisions of the FA, before the change of implementing agencies becomes effective, there will be need to transfer from RCAA to RAC, the Project Manager (civil engineer) and accounting software that was acquired through the project. In addition, there will be need for a new Subsidiary Agreement to be signed between MINECOFIN and RAC and also changes to the Project Implementation Manual. The Government has committed to meet these conditions either just before or soon after the signing of the amendments to the Financing Agreement (FA).

b) Reallocation of resources

14. Section IV of the FA “Withdrawal of the Proceeds of the Financing” provides that all costs associated with the airport sub-component of the project, 1(c), are to be paid out of Category 3. However, the bid prices of several items that are part of project interventions at the airport, and that are under procurement, have been much higher than originally estimated. The original estimates were obtained in 2015, during preparation of the project, and prices have gone up in the interim. Some savings were obtained by dropping a warehouse that had been proposed at the airport, but which was later found neither necessary nor viable. Even with those savings, the resources that are available are not enough to cover all the remaining items including project management. However and at the same time, the costs of staff in the SPIU/MINICOM (under Category 4) have been lower than originally estimated. As such, it is proposed to reallocate some resources (SDR 400,000) from Category (4) to Category (3). The additional resources allocated for the airport sub-component are to meet the costs of the Project Manager until the completion of project financed interventions at the airport.

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I. SUMMARY OF CHANGES

	Changed	Not Changed
Implementing Agency	✓	
Reallocation between Disbursement Categories	✓	
Legal Covenants	✓	
Institutional Arrangements	✓	
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓



Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)**IMPLEMENTING AGENCY**

Implementing Agency Name	Type	Action
Rwanda Ministry of Industry and Trade	Implementing Agency	No Change
COMESA	Implementing Agency	No Change
Rwanda Civil Aviation Authority (RCAA)	Implementing Agency	Marked for Deletion
Rwanda Local Development Agency (LODA)	Implementing Agency	No Change
Rwanda Transport Development Agency (RTDA)	Implementing Agency	No Change
DRC Cellule Infrastructure of MITPR (CI/MITPR)	Implementing Agency	No Change
DRC Ministry of Commerce (SG/MC)	Implementing Agency	No Change
Uganda Ministry of Trade, Industry & Cooperatives (MTIC)	Implementing Agency	No Change
Rwanda Airports Company Ltd (RAC)	Implementing Agency	New



REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-57210-001 Currency: XDR				
iLap Category Sequence No: 1	Current Expenditure Category: GD,WK,NCS,CS,TR & OC - Pt 1ai, 1dii			
800,000.00	3,257.63	800,000.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: GD,WK,NCS,CS,TR & OC - Pt 1(b) ii			
3,600,000.00	1,264,140.07	3,600,000.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: GD,WK,NCS,CS,TR & OC - Pt 1 (c)			
10,200,000.00	1,787,906.92	10,600,000.00	100.00	100.00
iLap Category Sequence No: 4	Current Expenditure Category: Pt 2a,2b,3aiA,3aii,3biA,3bii,iii,4ab			
4,100,000.00	1,041,935.43	3,700,000.00	100.00	100.00
Total	18,700,000.00	4,097,240.05	18,700,000.00	

LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
IDA-57240	Finance Agreement :DRC: Recruitment of staff for the PCU at the Ministry of Commerce Description :The Recipient shall, by no later than three (3) months after the Effective Date, recruit a technical project management expert, monitoring and evaluation specialist, and internal auditor for the Project Coordination Unit, in each case with qualifications and terms of reference acceptable to the Association. Due Date : within 3 months after the effectiveness date	Complied with	No Change



IDA-57240	Finance Agreement :DRC: Recruitment of staff for the Cellule Infrastructure Description :The Recipient shall, by no later than three (3) months after the Effective Date, recruit a project leader, procurement assistant, internal auditor, and accountant for the Cellule Infrastructure, in each case with qualifications and terms of reference acceptable to the Association. Due Date : within 3 months after the effectiveness date	Complied with	No Change
IDA-57240	Finance Agreement :DRC: Establishment of Provincial Technical Committee and recruitment of staff Description :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 Technical Committee in the provinces of North Kivu and South Kivu; and (b) to this end shall recruit a provincial Project coordinator, monitoring and evaluation specialist, and accountant. Due Date : within 6 months after the effectiveness date	Complied with	No Change
IDA-57240	Finance Agreement :DRC: Acquiring an accounting software for the Ministry of Commerce Description :The Recipient shall acquire and install in the Ministry of Commerce accounting software with specifications satisfactory to the Association. Due Date : within 3 months after the effectiveness date	Complied with	No Change
IDA-57240	Finance Agreement :DRC: Safeguards requirement Description :The Recipient shall, prior to commencing civil works for any activity under the Project, if such Project activity would, in the Association’s determination, require the carrying out of an ESIA, an ESMP and a RAP. Due Date : within 6 months after the effectiveness date	Expected soon	No Change
IDA-57210	Finance Agreement :Rwanda: Recruitment of staff for the SPIU at MINICOM Description :The Recipient shall, by no later than three (3) months after the Effective Date, recruit a finance manager, procurement specialist,	Complied with	No Change



	environmental safeguards specialist, social development specialist, monitoring and evaluation specialist, trade specialist, accountant, internal auditor and administrative assistant for the SPIU, in each case with qualifications and terms of reference acceptable. Due Date :24-April-2016		
IDA-57210	Finance Agreement :Rwanda: Recruitment of staff for RCAA Description :The Recipient shall, by no later than three (3) months after the Effective Date recruit a civil engineer with qualifications and terms of reference acceptable to the Association. Due Date :24-April-2016	Complied with	Revised
Proposed	Finance Agreement :Rwanda: Transfer of staff to RAC Description :The Recipient shall, by no later than thirty(30) days after the Effective Date, transfer the civil engineer (project manager) from RCAA to RAC. Due Date :Within thirty (30) days after the Effective Date of the amendment.	Expected soon	
IDA-57210	Finance Agreement :Rwanda: Recruitment of staff for LODA Description :The Recipient shall, by no later than three (3) months after the Effective Date, recruit a civil engineer, procurement specialist, and accountant for LODA, in each case with qualifications and terms of reference acceptable to the Association. Due Date :24-April-2016	Complied with	No Change
IDA-57210	Finance Agreement :Rwanda: Preparation of FM manual for LODA Description :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. Due Date :24-April-2016	Complied with	No Change
IDA-57210	Finance Agreement :Rwanda: acquiring an accounting software for RCAA Description :The Recipient shall acquire and install in the RCAA a TOMPRO accounting software with specifications satisfactory to the Association. Due Date :24-April-2016	Complied with	Revised



Proposed	Finance Agreement :Rwanda: acquiring an accounting software for RAC Description :The Recipient shall transfer from RCAA to RAC, a TOMPRO accounting software with specifications satisfactory to the Association. Due date: Within thirty (30) days after the Effective Date of the amendment.	Expected soon	
IDA-57220	Finance Agreement :Uganda Designation of a Component Manager for the project at MoWT Description :The Recipient shall, by no later than three (3) months after the Effective Date, recruit a Project officer, safeguards specialist, procurement specialist, and administrative assistant for the Project Implementation Unit, in each case with qualifications and terms of reference acceptable to the Association. Due Date : within 3 months after the effectiveness date	Complied with	No Change
IDA-57220	Finance Agreement :Uganda Recruitment of staff for MoWT Description :The Recipient shall, by no later than three (3) months after the Effective Date designate a Component Manager in the Ministry of Works and Transport who will be responsible for coordinating project activities. Due Date : within 3 months after the effectiveness date	Complied with	No Change
IDA-D0890	Finance Agreement :COMESA Recruitment of staff for Project Implementation Team Description :The Recipient shall, by no later than three (3) months after the Effective Date, recruit a Project officer, procurement assistant, and an accountant, in each case with qualifications and terms of reference acceptable to the Association. Due Date : within 3 months after the effectiveness date	Complied with	No Change
IDA-D0890	Finance Agreement :COMESA Establishment of a secretariat for the Regional Coordination Committee Description :The Recipient shall, by no later than three (3) months after the Effective Date, establish and thereafter maintain at all times during the implementation of the Project, a secretariat to be responsible for supporting the functioning of the	Complied with	No Change



	Regional Coordination Committee. Due Date :4-July-2016		
IDA-57240	Finance Agreement :Rwanda, Uganda and COMESA: Preparation of the Project Implementation Manual Description :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, which shall include operational, administrative, procurement management procedures, FM, M&E, reporting, communication, safeguards guidelines. Due Date : 24-April-2016 (Rwanda), 3-July-2016 (COMESA) - Complied with - N/A (Uganda)	Complied with	No Change
IDA-57240	Finance Agreement :DRC, Rwanda, Uganda and COMESA: Annual Work Plan and Budget Description :The Recipient shall prepare and furnish to the Association not later than two (2) months prior to the start of each calendar during the implementation of the Project, a work plan and budget containing all activities proposed to be included in the Project during the following calendar year. Frequency :Yearly	Complied with	No Change
IDA-57240	Finance Agreement :DRC, Rwanda, Uganda and COMESA: Mid-Term Review Description :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. Due Date : 2019	Partially complied with	No Change
IDA-57240	Finance Agreement :Rwanda and Uganda: Safeguards requirement Description :The Recipient shall ensure that the following actions are taken in a manner acceptable to the Association, prior to commencing civil works for any activity under the Project, if such activity would, pursuant to the ESMF, require the carrying out of an ESIA, an ESMF and a RAP. Due Date : Yearly	Partially complied with	No Change



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