

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC11604

Project Name	Great Lakes Trade Facilitation (P151083)
Region	AFRICA
Country	Africa
Sector(s)	Agro-industry, marketing, and trade (40%), General transportation sector (35%), General public administration sector (15%), Public administration-Industry and trade (10%)
Theme(s)	Other public sector governance (20%), Regional integration (25%), Trade facilitation and market access (40%), Rural markets (15%)
Lending Instrument	Investment Project Financing
Project ID	P151083
Borrower(s)	Government of Democratic Republic of Congo, Government of Rwanda, Government of Uganda
Implementing Agency	Ministry of Finance
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	03-Nov-2014
Date PID Approved/ Disclosed	19-Nov-2014
Estimated Date of Appraisal Completion	31-Mar-2015
Estimated Date of Board Approval	25-Jun-2015
Concept Review Decision	

I. Introduction and Context

Country Context

A. Regional Context – Promoting Intra-regional Trade

The economies of eastern DRC, Burundi, Rwanda, and western areas of Uganda, Tanzania and Zambia 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. Many border communities have remained in a state of acute socio-economic vulnerability and suffer disproportionately from poverty and displacement. Poverty and mistrust of state institutions and regional neighbors are fertile ground for conflict. Improved economic opportunities and security for these households and facilitation of cross-border commerce will be essential to improve stability in the region.

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, Conflict and Violence (FCV) states 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. 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. 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 and build cross-border cohesion.

Informal cross-border trade in the Great Lakes region is dominated by women. Cross-border exchange provides the main source of income for a large number of informal 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).

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 women 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.

FCS countries often rely on air transport to overcome difficulties of overland connectivity. For the DRC, air transport is the main form of long distance movement. However, poor air transport infrastructure and low availability of services makes it difficult to access such services. In fact, many residents in eastern DRC access air services in neighboring countries, especially in Rwanda, Uganda and Burundi. Poor access to such services in these countries hampers growth and minimizes the potential for trade in products, such as horticulture, that could be traded by air. Often travelers from DRC are forced to spend additional nights in transit and incur higher costs to clear their goods through the land border crossing points. There is a close link between the efficiency of

clearance of passengers and goods through the border posts and their access to air services at the Kigali, Entebbe and Bujumbura airports.

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. However, it also has to be acknowledged that increased integration of eastern DRC with the neighboring countries may reduce the interdependence of Eastern DRC with the rest of the country. In the absence of a concomitant increase in domestic market integration this has the potential to raise the risk of increasing separatism tendencies.

The linkages between trade and conflict can have very localized effects in the GLR. 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 consumed goods and services, and increase real incomes. Reduced border crossing times mean more time for trading activities and higher potential returns while trade can also raise the opportunity cost of conflict. , 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.

While informal 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.

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, and (iii) lack of transparency and knowledge of trade regimes and procedures. These constraints raise costs for traders and make for an insecure trading environment.

B. Country Contexts – Environment for Increasing Trade

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 40% of the world's poor will live in fragile and conflict situations (IEG, 2013).

Economic development in the eastern Democratic Republic of Congo continues to be undermined by recurring cycles of conflict and instability. This reflects the continuing weakness of the state and its inability 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 stalled, and state capacity building has been a slow process. The country's economic growth (some 7% per year) has had few benefits for the majority of the population, and the DRC was ranked 186 (out of 187) in the 2014 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.

Rwanda's economy performed strongly during the past decade, accompanied by significant poverty reduction. Between 2001 and 2011, Rwanda's economy grew at rate of 8.2 percent per annum. The poverty headcount dropped from 59 to 45 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.

Rwanda is one of the countries in the Great Lakes region with an explicit strategy to grow cross-border trade. The government has recognized the importance of informal small scale trade, based upon extensive survey work by the National Bank of Rwanda, and has developed a National Cross-Border Trade Strategy. The authorities have requested for support from various donors, including the Bank, for its implementation. In general, all governments in the region recognize the importance of informal small scale trade.

In Uganda the proportion of the population living below the official poverty line declined from 56% 1992/93 to 24% in 2009/10. 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 importance 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.).

Sectoral and Institutional Context

There is enormous potential for trade to drive growth and poverty reduction in the region. For conflict affected households in all countries and provinces 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 of the past 20 years has caused serious disruption to cross-border trade, substantial flows of people and goods continued to traverse the borders between these countries every day. Now that a degree of stability has returned, trade flows are again increasing. Trade can contribute 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.

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 in the DRC is being met by movement of consumers to providers across the border.

Informal cross-border trade plays the main role in linking producers to markets in the Great Lakes region 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 Great Lakes region. Official statistics vastly understate the amount of trade that crosses borders in the region. 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. This informal trade is not illegal trade but is unorganized small scale trade which does not appear in the customs record. It has to be clear that this small scale informal trade is “official” in the sense that traders go through official border posts, pay a crossing fee to the immigration office, and, if processed appropriately, pay a duty on imports.

Cross-border exchange provides the main source of income for a large number of informal traders who are predominantly poor women carrying agricultural products and hence there is an important gender dimension to this issue. However, lack of governance at the border has led to a situation in which these traders are often subject to extortion and physical harassment including rape (see Box 1).

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

Cross-border trade between the DRC and neighbors in the Great Lakes region 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. 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 typical account of every day conditions is provided by an egg and sugar trader from Goma: “I buy my eggs in Rwanda; as soon as I cross to Congo I give one

egg to every official who asks me. Some days I give away more than 30 eggs!” A large number of traders report 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. Cross-border traders face regular losses in the form of the almost mandatory payment of bribes and are regularly subject to harassment and physical abuse. 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.

There is a pressing need to improve physical conditions at the borders between Burundi, Rwanda and Uganda and the east of the DRC. This is of particular importance for small traders; most of whom are women. The very poor quality and condition of the infrastructure at the border, usually on the DRC side, 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 need to be rehabilitated, including the provision of basic facilities such as electricity and water. Work is immediately required 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.

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.

Facilitating trade is in the common interest of all countries in the region and will enhance the effectiveness of national development policies. There would be very large economic pay-offs 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 the border.

Relationship to CAS

A. Relationship to CAS

The project is consistent with distinct pillars of the Country Assistance Strategies of all the project countries in the first phase of the Program as well as with the RIAS of the WBG as outlined below:

The current CAS of the DRC was approved by the Board in May 2013 and is for the period 2011-2015. It has four strategic objectives: (i) increase state effectiveness and improve good governance; (ii) boost competitiveness to accelerate private-sector-led growth and job creation; (iii) improve social services delivery and increase human development indicators and (iv) address fragility and conflict in the Eastern provinces. The project seeks to support attainment of the fourth objective by tackling some of the causes and consequences of fragility and conflict in the eastern provinces. This will be done by leveraging the IDA resources to support practical and visible interventions that, if successful, could raise producer incomes and lower consumer prices. The project would also contribute to objective 1 by improving governance at border crossings and objective 2 by facilitating trade and supporting private sector development in the borderlands areas.

The operation would support the overall objectives of the Rwanda Country Partnership Strategy

(FY14-18), 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. The areas of Rwanda bordering the DRC have high incidence of poverty and facilitating trade would play an important role in poverty reduction in these areas.

The project would contribute to the achievement of three of the four strategic objectives of the Uganda CAS (2011-2015) 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.

B. Relationship to the Regional Integration Assistance Strategy

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.

C. Link to the Great Lakes Initiative

The project is consistent with the overall WBG strategy for the Great Lakes Region 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's interventions have been identified through a consultation process in the different countries, including discussions with governments, farmers and traders, 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 the only development agency in the GLR engaged in all project countries and can build on its strong analytical base, and on its country engagement in the DRC and the other countries.

The main ways in which cross-border trade can impact on conflict dynamics is through stimulating and facilitating agricultural trade and increasing resilience and social cohesion. This project should have the following beneficial effects on conflict dynamics:

(i) Interventions that enable agricultural producers to sell their produce faster and more easily should raise returns to farmers and wages for agricultural workers and lower prices for consumers. Higher earnings, more employment and increased real incomes should raise the beneficiaries' opportunity cost of conflict. Increased incomes in the agricultural sector may also lead young men to stay in their communities rather than be tempted away by easy incomes offered by armed groups.

- (ii) Facilitating trade improve access to critical inputs into production, particularly seeds and fertilizers. This may act as a ‘multiplier’, allowing communities to increase their productivity and move away from short-term cropping which leaves them vulnerable to outside shocks.
- (iii) Enhanced trade integration should lower the costs to traders and raise their incomes. Decreased border crossing times mean more time for trading activities and thus greater returns. As most of the traders are women, these benefits are most likely to be directly invested in the household, thereby decreasing vulnerability to shocks.
- (iv) Trade increases social cohesion and solidarity between communities across borders at the grassroots level, even if they belong to supposedly ‘conflicting’ groups. Trade can lead to dialogue around regional ‘peace markets’ and traders can play an important role in dispelling (often ethnic) stereotypes, decreasing the possibilities for political or armed mobilization.
- (v) By strengthening border-crossing mechanisms, states will be better able to filter out and intercept conflict goods, depriving armed groups and political interests of a source of income.
- (vi) Supporting joint trainings and workshops between small traders and state agents, and giving traders a role in the monitoring of state performance on border crossings will not only allow both to pursue their basic rights, but increase agents’ understanding of the plight of the traders and improve interaction. This, in turn, may improve traders’ faith in state institutions, and decrease smuggling for private political/armed groups.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Development Objective of this project is to facilitate cross-border trade by reducing costs, time and harassment, especially of women, to improve the operating environment at the border for traders in the Great Lakes Region.

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.

Key Results (From PCN)

The expected results of implementing the project would be:

- i) improved and faster border crossing conditions through application of transparent and consistent customs, immigration and other border management procedures.
- ii) the rationalization and coordination of border procedures by agencies at the border, and especially those that have a particular importance in the control of agricultural products: Ministries of Agricultural and Heath and Standards Bureaux;
- iii) movement towards coordinated one stop border processing for both formal large scale consignments and small scale traders;

- iv) improved official control and revenue collection at key border crossings;
- v) improved air transport infrastructure and facilities for passengers; and
- vi) increased regulatory cooperation to facilitate trade in services, especially logistics, financial, education and health, and key professional services.

A number of intermediate indicators will be used including (a) increased volume of cross border trade in goods and services; (b) increased participation of women in intra-regional trade (Core Indicator) and (c) Improved perception by traders and other stakeholders regarding the quality of service, responsiveness to complaints, and/or integrity of agencies at the border, especially customs (Core Indicator).

III. Preliminary Description

Concept Description

The project would support a holistic and multi-sectoral approach to integrating communities across borders in the Great Lakes and improving access of conflict affected households to markets. The project would utilize the expertise in the Trade and Competitiveness, Agriculture, Governance and Transport and ICT Global Practices as well as from the Fragile and Conflict States Cross-Cutting Solutions Area. The project would include the following components:

Component 1 : Infrastructure Improvement (70 million USD)

Component 2 : Policy Reforms to Facilitate Cross Border Trade (10 million USD)

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, while essential, cannot deliver significant reductions in time and costs alone. Often the biggest impacts for traders come from improved policies and better implementation. Therefore, the project would include policy and procedural reforms to improve the efficiency, capacity, and security of border operations. The project should improve border crossing conditions by ensuring the application of transparent and consistent procedures by customs and other agencies at the border. The project should support the implementation of reforms at the border that will enhance the benefits from investments in border infrastructure and from the GoRs strategy to create and improve markets in the border areas.

Given the particular context in the borderlands of the Great Lakes region, the project would address the problems faced by small-scale traders, including implementation of the Charter for Cross-Border Traders. All governments in the region have recognized the importance of informal small scale trade, and some countries, such as Rwanda, have developed an explicit National Cross-Border Trade Strategy.

The basic set of rights and obligations for traders and officials in the Charter will improve behavior at borders and provide a base for the gradual formalization of informal cross-border trade. The project should tailor the Charter to reflect the specific challenges faced by small-scale traders, and especially women, at targeted border crossings. The project should build on the implementation of the Charter to support the increasing use of the COMESA Simplified Trade Regime at the border crossings in the Great Lakes Region and at other borders in the six countries of the project.

Policy reforms should also target formal and informal trade in services with emphasis on sectors such as logistics, financial services (namely, mobile banking), consulting, professional services, health and education services, and agricultural support services. Financial services will play a key role in the regeneration of the Great Lakes and there is an opportunity to build on the progress that has been made in the EAC. Movement of professionals is already occurring extensively across borders in the Great Lakes, and countries in the EAC are taking steps to develop such trade through regulatory cooperation and mutual recognition of qualifications.

Given that the majority of passengers passing through Kamembe Airport are Congolese, the policy and procedure reforms and border infrastructure improvements would have to facilitate the expeditious processing of air travelers and air freight through the border post. It was agreed that the project should support the design and implementation of measures for such processing.

The expected outcomes of these policy changes would be as follows:

- (i) improved border crossing conditions through application of transparent and consistent customs procedures.
- (ii) the rationalization and coordination of border procedures by agencies at the border, and especially those that have a particular importance in the control of agricultural products: Ministries of Agricultural and Heath and Standards Bureau's;
- (iii) movement towards coordinated one stop border processing for both formal large scale consignments and small scale traders;.
- (iv) support for regulatory cooperation to facilitate trade in services, especially logistics, financial and key professional services.

These reforms are essential to make border crossing procedures more transparent and predictable. This will be 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 recourse to a functioning mechanism for addressing complaints and resolving disputes for small traders.

The reforms will contribute to increasing safety and reducing the scope for harassment at the border, especially for women, to reducing time to cross the border (longer crossing times increase the costs of traders and limit time available for trading activities, especially for women, given the time they need for tasks in the household), and to allowing improved control and revenue generation at key border crossings.

Component 3 : Capacity Building to Facilitate Cross Border Trade (15 mil)

The project would support strengthening the capacity of agencies and traders at the border, with the aim to improve border crossing conditions for traders and services provided at the borders in the Great Lakes region. Within the context of improving the application of rules and regulations and creating a secure environment for traders crossing borders, this component would strengthen capacity so as to improve governance and address political economy resistance to measures that promote stability. The project would provide a holistic capacity building program with innovative approaches.

A. National and Regional Training

The project would support customized training in each country to strengthen the basic capacities and skills of agencies for improved border management as well as for traders for empowerment. The focus would be on a comprehensive program of training for officials at the border, including gender awareness raising, to support improved governance, reduced levels of harassment and more efficient control and processing of goods and people. This would be complemented by support to traders and traders associations on trade procedures, access to market information, access to finance and so on.

In addition, the project would explore the possibility of organizing regional training for peer to peer learning. The training could be implemented through a formal regional institution, such as CEPGL, or through an academic institution such as the Catholic University of Bukavu as a center of excellence, which are conveniently located at the border of Eastern DRC and neighboring countries. The regional training would be completed by the field and on-the-job training at the borders as requested by the authorities during the identification mission.

B. Performance Based Management

The project would support authorities in implementing Performance-Based Management (PBM) to support improved border management, a more secure trade environment and increased revenue.

(i) In the DRC, North Kivu Province has been piloting Performance-Based Border Management in customs from the beginning this year, with monthly monitoring by the Governor of North Kivu, four heads of border agencies and the Central Bank. The pilot appears to have led to significant improvements in the behavior of border officials and an increase in the customs revenues .

(ii) In Uganda, a performance appraisal system has been introduced, particularly to measure clearing time at the border and is part of the monitoring of the One Stop Border Posts (OSBP). In addition, a Rapid Response Team (RRT) is available to respond to emergency situations, including theft from trucks, whereby the RRT can block automatically the container seal in case of such incidents.

(iii) In Rwanda, as part of the Performance Based-Contract (PBC) to which all civil servants are committed and sign with the Prime Minister at the beginning of the fiscal year, the Ministry of Trade and Industry is regularly monitoring progress on the commitments made by the central administration to the district levels (such as the creation of the cross border markets).

Building on the current PBM, the project would explore a phased approach towards further improvement of PBM for all border agencies and implementation in other regions. Building on other international experiences , the team would further discuss the improved PBM with a mechanism that included both financial (i.e. special bonus if budget permits) and non-financial incentives (i.e. promotion, reward for the best management border in the region etc) for better performers. In the course of a pilot project, the team will measure the effect of improvement of border services in terms of processing time, clearance procedures, client-oriented behaviors etc. This approach can be addressed to both individual and institution levels. The project will test it first at 2 or 3 borders. Building on this pilot phase, the established model will be rolled out to other border posts.

C. Rapid Result Approach for Change Management

In the PBM, the project would drive a change in the ‘business as usual’ management of the cross border administration. Experience shows, while technical support is important, it has a limited impact on changing business-as-usual management, particularly in a complex political economy environment. One of the keys for the public administration management reform to be successful is to create momentum for changes, address resistance to changes by providing incentives and develop capacities to change behaviors. Targeted behavior changes range from attitudes to daily business practice.

The project would explore a Rapid Results Approach (RRA) for stakeholders themselves to identify key constraints and bottlenecks in border crossing. The traditional methodology of RRA suggests creating the team consisting of key stakeholders and/or leaders and elaborating the goal they will commit to achieve in bounded time (relatively short from 100 to 150 days). The team will be accompanied by a coaching in the course of this process. RRA should be applied to PBM too.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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	

V. Financing (in USD Million)

Total Project Cost:	86.00	Total Bank Financing:	86.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			86.00
Total			86.00

VI. Contact point

World Bank

Contact: Paul Brenton

Title: Lead Economist

Tel:
Email: pbrenton@worldbank.org

Borrower/Client/Recipient

Name: Government of Democratic Republic of Congo
Contact:
Title:
Tel:
Email:

Name: Government of Rwanda
Contact:
Title:
Tel:
Email:

Name: Government of Uganda
Contact:
Title:
Tel:
Email:

Implementing Agencies

Name: Ministry of Finance
Contact:
Title:
Tel:
Email:

VII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>