

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA24143

<b>Project Name</b>	Great Lakes Trade Facilitation (P151083)
<b>Region</b>	AFRICA
<b>Country</b>	Africa
<b>Sector(s)</b>	Other domestic and international trade (40%), General transportation sector (35%), General public administration sector (15%), Public administration- Industry and trade (10%)
<b>Theme(s)</b>	Trade facilitation and market access (40%), Regional integration (25%), Other public sector governance (20%), Rural markets (15%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P151083
<b>Borrower(s)</b>	DRC Ministry of Finance, Rwanda Ministry of Finance and economic planning, Uganda Minister of Finance, Planning and Economic Development, COMESA
<b>Implementing Agency</b>	Rwanda Ministry of Industry and Trade, Uganda National Roads Authority (UNRA), COMESA, Rwanda Civil Aviation Authority (RCAA), Rwanda Local Development Agency (LODA), Rwanda Transport Development Authority (RTDA), DRC Cellule Infrastructure of MITPR (CI/MITPR), DRC Ministry of Commerce (SG/MC), Uganda Ministry of Trade, Industry & Cooperatives (MTIC)
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	02-Apr-2015
<b>Date PID Approved/Disclosed</b>	29-Jun-2015
<b>Estimated Date of Appraisal Completion</b>	22-Jun-2015
<b>Estimated Date of Board Approval</b>	27-Aug-2015
<b>Appraisal Review Decision (from Decision Note)</b>	

## I. Project Context

### Country Context

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.

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.

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**

The eastern DRC holds huge potential for increased cross-border trade. In particular, the DRC has enormous agricultural potential, but political instability and insecurity have undermined production and food security. Insecurity, uncertainty about the future, pressure on land, lack of information on market opportunities and poor infrastructure have made many communities fall back on low-risk and subsistence cropping, which leaves little surplus to trade in the market. Food production in the DRC fell by between 30 and 40 per cent over the past 10 years. Still, North and South Kivu provinces are areas of high agricultural potential and are a potential “breadbaskets” for the country and the broader Great Lakes Region. There are large areas of land and markets available in the DRC that remain untapped and isolated from the broader economy. The high pressure on agricultural land in Rwanda and Burundi, but the easy availability of processing facilities in these countries, makes the DRC even more relevant as a source of agricultural production. There is enormous potential for trade to drive growth and poverty reduction in the region. The nascent peace and relative stability provides a window to deepen traditional trade links. For many communities, key markets are situated across a border. Trade across borders is essential to improve access and lower prices for critical inputs into economic activities including the exports of other goods and services. And it can have a significantly positive impact on consumers by normalizing prices for critical food staples across borders. For instance, analysis has shown considerably higher prices for certain agricultural goods in DRC markets relative to Rwandan markets just over the border (see Table 1). There are also considerable opportunities to increase trade in services, including professional services, logistics services, construction services, education and health, and financial services. Most of the trade in the Great Lakes region is small-scale and informal. 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 (Table 2). For example, the number of trucks crossing the border is a tiny fraction of the tens of thousands of people who cross official borders in eastern DRC every day for commercial purposes. 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.

## II. Proposed Development Objectives

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.

## III. Project Description

### Component Name

Component 1: Improving core trade infrastructure and facilities in the border areas

### Comments (optional)

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

### Component Name

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

### Comments (optional)

The component will support (i) to implement the COMESA regulation on standards for small-scale traders tailored to reflect the specific challenges faced by small-scale traders at targeted border crossings. The project will establish citizen engagement mechanisms, including through a toll-free hotline which will allow traders to report harassment and seek information on regulations and border procedures, (ii) to extend the Charter to small-scale trade in services by simplifying and making transparent immigration and health related procedures for crossing borders to provide or consume services. The project will also support the strengthening of Joint Border Committees to assist in the implementation and monitoring of policy and procedural reforms.

### Component Name

Component 3: Performance Based Management in Cross Border Administration

### Comments (optional)

Component 3 will support strengthening technical and management capacity of the border agencies and improve their performance to increase the quality of the services. The component will improve governance in cross-border administration and address political economy resistance to change. Following a functional review of the border agencies to assess the existing organizational functions and staff skills and identify functional and skills' gaps, the project will provide hands-on coaching and extensive training by a coach on the ground and strengthen the existing Performance Based Management (PBM) systems to improve the application of rules and regulations and create a secure environment for traders crossing borders. PBM will be accompanied by appropriate incentive mechanisms as well as effec

### Component Name

Component 4: Implementation support, Communication and M&E

### Comments (optional)

The Component 4 will include support for building the implementation capacity of government agencies and COMESA, communication activities and the development of a robust system of project monitoring and collecting data on cross-border trade flows. A common challenge of multi-sectoral projects is having in place effective mechanisms to coordinate project implementation across sectors and between countries. The capacity of agencies, especially in the DRC, may be insufficient to: (i) coordinate and implement multi-sectoral activities; (ii) channel funds to other

institutions; and (iii) monitor progress in the eastern provinces as well as procure specialized equipment and services.

#### IV. Financing (*in USD Million*)

Total Project Cost:	79.00	Total Bank Financing:	79.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			79.00
Total			79.00

#### V. Implementation

##### Institutional and Implementation Arrangements

##### Regional mechanism

Regional Implementation Arrangements. While countries will have the overriding responsibility for implementing activities at the national level, COMESA, through the Division of Trade, will play a critical convening role, supporting regional knowledge sharing and advocacy efforts on facilitating small-scale cross-border trade. COMESA is the most appropriate regional institution to support this project, given wider membership and its established work program supporting small traders through the Simplified Trade Regime and the Traders Charter, which are at the heart of the project. The decision to include a regional implementing body is based upon lessons learned from past experience that regional trade facilitation programs such as this benefit considerably from a centralized coordinating mechanism which enables consistency of implementation of regional policy. The Trading for Peace department within COMESA has operational capacity for the similar projects funded by various donors and will play a key role in coordinating activities across the three countries and be primarily responsible for implementing components 2, 3 and 4. The Gender and Social Affairs Division in the COMESA Secretariat will also contribute to the project, including oversight of the gender awareness raising activities. The project will finance half salary of the coordinator, to add one project officer, one procurement specialist and one accountant to strengthen operational and financial management capacity.

##### Project Implementation at the Country Level

In DRC, at the national level, there will be Steering Committees in each country to guide implementation and approve AWPBs. In all countries the project will require effective cross-ministry and agency coordination. In the DRC the project inter-ministerial project steering committee will be chaired by the Ministry of Commerce and consist of dedicated representatives from each of the following ministries and agencies: Commerce (secretariat), Finance, Interior, Public Works, Agriculture, DGDA, DGM, OCC and Health/Hygiene, to oversee and provide guidance to the project, ensure the coordination for border management and oversee related actions at the national level. The project will be implemented under the overall coordination of the Ministry of Commerce. It will be responsible for planning, implementation, monitoring and evaluation and coordination with other beneficiaries. Given that the largest proportion of the financing of the project will go towards infrastructure improvements the Cellule Infrastructures (CI) will be

responsible for the management of Component 1. CI is a technical body of the Ministry of Infrastructure, Public Works and Reconstruction (MITPR) and has administrative, operational and financial management capacity. It has gained considerable experience in implementing other donor and Bank financed development projects in the country. A separate designated account will be opened to manage the infrastructure improvements. The Ministry of Commerce will coordinate implementation of components 2, 3, and 4 under a separate designated account.

At the provincial level, the Project Steering Committee will be advised by a Provincial Implementation Committee (PIC) that will take a lead in the coordination of the border management agencies and project implementation activities on the ground. The PIC will be created in the Department of Foreign Trade at the Provincial Ministry of Finance, Economy, Commerce and Industry of North Kivu and South Kivu. The PIC will play a role of coordination, implementation and supervision of activities. The PIC will be strengthened with additional staff: the provincial project officer, regional coordinator for Trade Information Desk seconded from COMESA and an accountant. A detailed schematic of the proposed implementation arrangement can be found in Annex 3.

In Rwanda, the overall coordination of the project will be the responsibility of MINICOM, who will chair the Steering Committee comprising other key ministries (i.e. Ministry of Finance, Rwanda Revenue Authority, and Immigration). The steering committee will meet every six months to assess progress and approve annual work plan and budget. The Single Project Implementation Unit (SPIU) of MINICOM will serve as the project management team, coordinating day to day activities and implementing key activities under Components 2, 3 and 4. Given that the largest proportion of the financing of the project will go towards infrastructure improvements specific implementation arrangements will be used for the airport, border and markets infrastructure component of the project. The Ministry of Infrastructure will provide overall coordination of Component 1. Within this, and consistent with their roles and experience, RCAA will have specific responsibility for the works at Kamembe Airport while RTDA will oversee the implementation of works at the border. A detailed schematic of the proposed implementation arrangement can be found in the Annex 3.

In Uganda, the Ministry of Trade, Industry and Cooperatives (MTIC) will be responsible for the overall coordination of the project and will chair the Steering Committee comprising other key ministries (i.e. Ministry of Finance, Uganda, Revenue Authority, and Internal Affairs). Uganda National Roads Authority (UNRA) will be responsible for the implementation and management of Component 1. UNRA is a technical body of the Ministry of Works and Transportation and has the administrative, technical and financial management expertise to execute infrastructure projects. It already has been providing technical inputs to the MoWT in implementing the border infrastructure improvement projects financed by the Bank and other development agencies. The Ministry of Trade, Industry and Cooperatives (MTIC) will be coordinate day to day activities and implement activities under Components 2, 3 and 4.

At COMESA, the Department of Trade will be responsible for the overall coordination of activities under the project by COMESA. A project steering committee will be established by the Assistant Secretary General responsible for Programs, and the members will include the directors of Trade, Investment, infrastructure, IT, and Gender. Additionally, relevant officers will be incorporated from the operational divisions who work as a subcommittee, namely, Finance and Procurement as well as experts from the line division (the Trade Department).

## VI. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
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

### Comments (optional)

## VII. Contact point

### World Bank

Contact: Paul Brenton  
 Title: Lead Economist  
 Tel:  
 Email: pbrenton@worldbank.org

Contact: Charles Kunaka  
 Title: Senior Trade Specialist  
 Tel: 473-3018  
 Email: ckunaka@worldbank.org

Contact: Shiho Nagaki  
 Title: Senior Public Sector Specialis  
 Tel: 473-2803  
 Email: snagaki@worldbank.org

### Borrower/Client/Recipient

Name: DRC Ministry of Finance  
 Contact: Henri Zav Mulang  
 Title: Minister  
 Tel: 243  
 Email: cabinet@finances.gouv.cd

Name: Rwanda Ministry of Finance and economic planning  
 Contact: Claver GATETE  
 Title: Minister  
 Tel: 250252575756  
 Email: mfin@minecofin.gov.rw

Name: Uganda Minister of Finance, Planning and Economic Development  
 Contact: Maria Kiwanuka  
 Title: Minister  
 Tel: 256414707000



Email:  
 Name: COMESA  
 Contact: Francis Mangeni  
 Title: Director of Trade  
 Tel: 260211229725  
 Email: FMangeni@comesa.int

#### **Implementing Agencies**

Name: Rwanda Ministry of Industry and Trade  
 Contact: Jean Louis Uwitonze  
 Title: DG planning  
 Tel: 0785491031  
 Email: Uwitonze.jeanlouis@gmail.com

Name: Uganda National Roads Authority (UNRA)  
 Contact: B. Ssebugga-Kimeze  
 Title: Ag. Executive Director  
 Tel: 256-312-233-100  
 Email: executive@unra.go.ug

Name: COMESA  
 Contact: Francis Mangeni  
 Title: Director of Trade  
 Tel: 260211229725  
 Email: fmangeni@comesa.int

Name: Rwanda Civil Aviation Authority (RCAA)  
 Contact: Silas Udahemuka  
 Title: CEO  
 Tel: 250252585845  
 Email: info@caa.gov.rw

Name: Rwanda Local Development Agency (LODA)  
 Contact: Laetitia Nkunda  
 Title: Director General  
 Tel: 250788547212  
 Email: info@loda.gov.rw

Name: Rwanda Transport Development Authority (RTDA)  
 Contact: Guy Kalisa  
 Title: Director General  
 Tel: 250788437293  
 Email: info@rtda.gov.rw

Name: DRC Cellule Infrastructure of MITPR (CI/MITPR)  
 Contact: Billy Tshibambe  
 Title: Directeur  
 Tel: 243992907453  
 Email: tshibambe@celleinfra.org

Name: DRC Ministry of Commerce (SG/MC)  
 Contact: Marcelin Minaku  
 Title: Directeur de Cabinet Adjoint  
 Tel: 243998511812  
 Email: marcominaku@yahoo.fr

Name: Uganda Ministry of Trade, Industry & Cooperatives (MTIC)

Contact: Patrick Okilangole  
Title: Assistant Commissioner  
Tel: 414314221  
Email: okilangole@yahoo.com

**VIII. 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>