



The World Bank

Land Husbandry, Water Harvesting and Hillside Irrigation (P114931)

REPORT NO.: RES29804

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
LAND HUSBANDRY, WATER HARVESTING AND HILLSIDE IRRIGATION PROJECT
APPROVED ON DECEMBER 22, 2009
TO
REPUBLIC OF RWANDA

AGRICULTURE GLOBAL PRACTICE

AFRICA REGION

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ABBREVIATIONS AND ACRONYMS

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



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BASIC DATA

Product Information

Project ID P114931	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 22-Dec-2009	Current Closing Date 29-Jun-2018

Organizations

Borrower Republic of Rwanda	Responsible Agency MINAGRI LWH/RSSP SPIU,Rwanda Agriculture Boards
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Project Development Objective (PDO)

Original PDO

The Project Development Objective (PDO) is to increase the productivity and commercialization of hillside agriculture in target areas.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-53600	19-Dec-2013	30-Dec-2013	28-Mar-2014	29-Jun-2018	35.00	24.97	7.21
IDA-46740	22-Dec-2009	08-Feb-2010	02-Jun-2010	29-Jun-2018	34.00	29.66	2.20
TF-10953	17-Jan-2012	17-Jan-2012	14-May-2012	31-Dec-2015	13.27	13.27	0
TF-11435	17-Jan-2012	17-Jan-2012	14-May-2012	30-Dec-2015	7.80	7.80	0
TF-99108	18-Apr-2011	18-Apr-2011	15-Jun-2011	31-Dec-2015	50.00	50.00	0



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 Land Husbandry, Water Harvesting and Hillside Irrigation (LWH) project is in its eight year of implementation. The project became effective on June 2nd 2010 with USD 34 million IDA financing (IDA Credit # 46740). Additional financing from GAFSP (USD 50 million) was approved on April 18, 2011, followed by an additional financing from USAID (USD 13.2 million) and CIDA (USD 7.8 million) approved January 17th, 2012. A final additional financing with IDA financing (USD 35 million, IDA Credit # 53600) was approved on December 19th, 2013 bringing the total project financing to USD 140 million. The project closing date was first extended at the time of approval of GAFSP additional financing (on April 18, 2011) and subsequently the IDA additional financing (on December 19, 2013) to June 30, 2017. The mid-term review (MTR) was conducted in January 2013 and recommended a light restructuring of the project. The changes involved (i) increasing the indicator targets related to overall project impact (including productivity and the share of commercialized products) to reflect the strong progress made, the additional financing received and the extension of closing date. The indicator for reduction in annual soil loss was revised and new indicators added to measure the social and nutritional outcomes of the project; and (ii) reallocation between components and disbursement categories to increase the allocation for irrigation infrastructure. The restructuring was approved on November 8th, 2013. Another restructuring was approved in October 2015, which involved the reallocation between disbursement categories to allow full utilization of funds from the three trust funds that were scheduled to close by December 31, 2015. A fourth extension of the closing date was requested to complete critical infrastructure works initiated under the IDA additional financing. This third restructuring also made minor reallocation between financing categories and reflected an increase to the GOR contribution to cover a financing gap resulting from exchange rate losses due to SDR to USD exchange rate movements. This fourth restructuring was approved on June 1st, 2017. The project closing date is June 29, 2018. The proposed restructuring, which will change the implementing agency, would be the fifth project restructuring.
2. The Project Development Objective (PDO) is to increase the productivity and commercialization of hillside agriculture in target areas. The project has three components: (A) Capacity development and institutional strengthening for hillside intensification; (B) Infrastructure for hillside intensification; and (C) Implementation through the ministerial Sector Wide Approach (SWAp) structure.
3. The project is currently rated satisfactory both in progress towards achieving its development objectives and in implementation progress. The project has completed over 103 per cent of planned land husbandry activities with 83 per cent of the irrigation works completed and operational. The LWH project has disbursed 88.87 per cent of the total donor commitment of USD 140 million, which includes 100 per cent disbursement of the co-financing received from GAFSP, USAID and CIDA; 87.2 per cent of the original IDA credit (IDA #46740) and 71.3 per cent of the additional IDA credit (IDA #53600). The cumulative area developed with land-husbandry technologies reached 20,601 ha with a



further 2,371 ha developed of irrigated command areas. The total number of direct project beneficiaries increased to about 292,732 (of which 150,596 are women), which comprises 64,575 households grouped in 2,924 Self Help Groups. There is evidence of increasing incomes to farmers through improved farming practices and their membership of farmer organizations (24 cooperatives). Promotion of horticulture production has continued in partnership with private investors and this has resulted in export as well as supply to local markets. Erosion has been minimized and the sediment load from the initial LWH sites has been reduced by 76% compared to the baseline.

4. The LWH project has made significant progress against its indicators and has surpassed the end of project targets for three out of four of its PDO level indicators and several of its intermediate outcome indicators. Good progress has been made against the PDO indicator on productivity of targeted irrigated command area, with a current estimate of USD 5,143/ha. The indicator on share of commercialized products from targeted areas is now 79 per cent, which exceeds the end of project target (70%).
5. The project is also rated satisfactory in financial management, project management, and monitoring evaluation, while moderately satisfactory in procurement. The project has an adequate financial team and has managed satisfactorily the project on FM aspects; regularly submitting the financial reports and all project audit reports were submitted on a timely basis with clean audit opinion. The project's procurement team is appropriate to manage the current workload.

B. Rationale for Restructuring

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

II. DESCRIPTION OF PROPOSED CHANGES

7. The LWH project has been implemented through the SPIU, which has responsibility for day to day project implementation including financial management, procurement and monitoring and evaluation, with an oversight from MINAGRI. An inter-ministerial steering committee (ISC) provides policy and strategic orientation to the Project. The SPIU has built strong teams at the headquarter and at decentralized Level and had continuously good performance has been rated satisfactory over time.
8. The proposed restructuring is to change the implementing agency of the LWH project from MINAGRI to RAB. The existing SPIU under MINAGRI will entirely move to RAB with all its technical, fiduciary and safeguards departments staff. The Designated Account (DA) will be kept at the National Bank of Rwanda (BNR) with the same ceiling in United States Dollars (USD). The signatories of the DA, if changed, will require an update of the signatories' letter that will be



sent by MINECOFIN to the World Bank. The Chief Budget Officer will change from MINAGRI Permanent Secretary (PS) to RAB Director General (DG) and the project implementing manual shall be revised to reflect these changes.

- 9. RAB is an implementing agency of MINAGRI and has a national network of research stations and extensions services providing services to farmers. RAB has been providing technical assistance to the SPIU in different areas such as seed multiplication, agro-forestry and soil fertility management, largely through MoUs facilitated by MINAGRI. The transfer of the SPIU to RAB is likely to improve the collaboration between RAB and the SPIU as the two will be hosted in the same institution.
- 10. The RAB structure has a Finance unit headed by the Finance Director and comprising of one Chief Accountant, two accountants at the RAB Headquarter and two accountants by zone. The Internal Audit is composed of two Internal Auditors. The Finance unit manages RAB resources from government funds. For the past two fiscal years (2014/15 and 2015/16), the Office of Auditor General (OAG) expressed adverse audit opinions for RAB due to internal control weaknesses. An action plan to address the audit issues has been designed and its implementation is regularly reviewed by the World Bank. Currently, technical assistance from the European Union is supporting RAB to improve its fiduciary system. To mitigate the risks and avoid adding to the workload of RAB’s Finance Unit, the current SPIU managing the LWH and RSSP projects at MINAGRI would be moved entirely from MINAGRI to RAB - this means that the existing FM staff in the SPIU who are experienced in World Bank financed project (Finance Manager, Chief Accountant, two accountants), FM systems and procedures would move to RAB as an integral unit. The SPIU has satisfactorily managed the project on FM aspects and the project audit reports have been submitted on a timely basis with clean audit opinion. The team’s assessment is that - with the effective move of the MINAGRI SPIU FM system to RAB - the FM system for budgeting, financial reporting, audit, internal control and disbursement would continue to be adequate as per the Bank policy and Directive on Investment Project Financing.
- 11. Similarly, RAB has a Procurement Unit Head and two procurement officers. The procurement unit is structured under corporate service. The working relation between the procurement unit of the SPIU and procurement unit under the corporate service is only collaboration, as the SPIU will remain independent in its functioning. Currently, the SPIU is staffed with five procurement specialists comprising of the Procurement Unit Head, two procurement specialists and two procurement officers (one on temporary basis). The existing procurement staff in the SPIU are assessed to be adequate for the workload. The procurement arrangement of SPIU will remain unchanged for the smooth implementation of ongoing projects. This means implementation of the procurement plan including bidding process, composition of internal tender committee (ITC) within the SPIU and internal approval system will remain unchanged, with the exception that the Chief Budget Manager (CBM) would be the DG-RAB as opposed to the PS under MINAGRI.

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III. SUMMARY OF CHANGES

	Changed	Not Changed
Change in Implementing Agency	✓	
Change in DDO Status		✓



Change in Project's Development Objectives		✓
Change in Results Framework		✓
Change in Components and Cost		✓
Change in Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Disbursement Estimates		✓
Change in Overall Risk Rating		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Change in Implementation Schedule		✓
Other Change(s)		✓
Change in Economic and Financial Analysis		✓
Change in Technical Analysis		✓
Change in Social Analysis		✓
Change in Environmental Analysis		✓

IV. DETAILED CHANGE(S)

IMPLEMENTING AGENCY

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



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