



The World Bank

AFR RI-Great Lakes Trade Facilitation (P151083)

REPORT NO.: RES48079

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

AFR RI-GREAT LAKES TRADE FACILITATION

APPROVED ON SEPTEMBER 25, 2015

TO

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA, DEMOCRATIC REPUBLIC OF CONGO, REPUBLIC OF
RWANDA, REPUBLIC OF UGANDA

FINANCE, COMPETITIVENESS AND INNOVATION

EASTERN AND SOUTHERN AFRICA

| | |
|---------------------------|--------------------|
| Regional Vice President: | Hafez M. H. Ghanem |
| Country Director: | Boutheina Guermazi |
| Regional Director: | Asad Alam |
| Practice Manager/Manager: | Douglas Pearce |
| Task Team Leader(s): | Charles Kunaka |

**I. BASIC DATA****Product Information**

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|--|--|
| 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 30-Jun-2022 |

Organizations

| | |
|---|--|
| Borrower Common Market for Eastern and Southern Africa, Democratic Republic of Congo, Republic of Rwanda, Republic of Uganda | Responsible Agency DRC Cellule Infrastructure of MITPR (CI/MITPR), DRC Ministry of Commerce (SG/MC), Rwanda Airports Company Ltd (RAC), Rwanda Local Development Agency (LODA), Rwanda Ministry of Industry and Trade, Rwanda Transport Development Agency (RTDA), Uganda Ministry of Trade, Industry & Cooperatives (MTIC) |
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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 (US\$, Millions)

| Ln/Cr/Tf | Approval | Signing | Effectiveness | Closing | Net | | |
|-----------|-------------|-------------|---------------|-------------|------------|-----------|-------------|
| | | | | | Commitment | Disbursed | Undisbursed |
| IDA-57210 | 25-Sep-2015 | 26-Oct-2015 | 25-Jan-2016 | 30-Jun-2022 | 26.00 | 24.70 | 1.55 |
| IDA-57220 | 25-Sep-2015 | 23-Mar-2017 | 17-Apr-2017 | 30-Jun-2022 | 14.00 | 14.16 | .04 |



| | | | | | | | |
|-----------|-------------|-------------|-------------|-------------|-------|-------|------|
| IDA-57240 | 25-Sep-2015 | 27-Oct-2015 | 15-Sep-2016 | 30-Jun-2022 | 34.00 | 29.20 | 4.56 |
| IDA-D0890 | 25-Sep-2015 | 19-Nov-2015 | 04-Apr-2016 | 31-Dec-2021 | 5.00 | 5.05 | 0 |

Policy Waiver(s)

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

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

Project Status

This Restructuring Paper proposes an extension of the closing date of the Great Lakes Trade Facilitation Project (GLTFP) (P151083) in Uganda. The GLTFP is a regional project that involves Democratic Republic of Congo (DRC), Rwanda, Uganda and the Common Market for Eastern and Southern Africa (COMESA). Its development objective 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. The project was approved by the Board on September 25, 2015 and is due to close on June 30, 2022 in Rwanda and Uganda and June 30, 2024 in DRC.

The GLTFP is organized in four components: (a) improvements to core trade and commercial infrastructure in the border areas (specifically upgrading border facilities); (b) policy and procedural reforms and capacity building to simplify border crossing procedures and improve the standards of treatment of traders and officials; (c) improved border management through application and enhancement of a performance-based management approach; and (d) the development of robust monitoring and evaluation systems for the project and for small-scale cross-border trade, as well as support for project implementation, communication and regional coordination.

Implementation of the project is quite advanced. The overall rate of disbursement is 89 percent. An additional financing, including an extension of the closing date by two years to June 30, 2024, was approved on June 9, 2022 for the DRC to allow time to implement one specific outstanding activity, namely a resettlement action plan (RAP) and civil works for a border post at Petite Barrière in Goma.

The project has made significant progress towards meeting its development objective. Notable achievements include: (a) improved relations between traders and officials who now place a greater focus on facilitating trade; (b) greater accountability and less impunity of officials at the border, reflected in declining rates of perceived harassment at key borders (for example, from 78 percent to 45 percent in South Kivu, 95 percent to 48 percent in North Kivu); (c) extension of opening hours of borders between DRC and Rwanda following the construction of provisional border facilities in DRC; (d) increased trade flows at project sites; and (e) improved coordination and consultation on trade issues between DRC, Rwanda and Uganda. The countries are now discussing deepening their cooperation on small scale trade with a focus on trade in manufactured products and trade in services. This is opening up opportunities to new types of trade.

Rationale for Restructuring

Implementation of the project is very advanced in Uganda, although there are residual activities that need to be implemented at the Mpondwe over a period of a few months. Under Component 1 the project financed the



renovation of one border post at Bunagana and construction of a border post facility at Mpondwe. It also financed the redesign and redevelopment of a border market at Mpondwe. The three facilities are all in Uganda at the border with DRC.

The work on the market at Mpondwe involved a redesign and redevelopment of an existing market facility. There were delays with the completion of the civil works for the market. The delays were due to the impact of measures that were adopted to control the spread of Covid-19 pandemic. The measures included the prohibition of gathering of large groups of people, and the prevention of inter-district movements. Consequently, progress with construction of the market took much longer than planned. While the market is substantially completed, the authorities decided to include additional works to address environmental hazards at the site. The additional works at the market are ongoing and are expected to be completed by mid-July, 2022.

As part of the construction of the market, existing traders were relocated to a temporary area in accordance with a resettlement action plan (RAP). The RAP also includes the process by which the traders will be relocated back to the market after its reconstruction.

The proposed extension will help the authorities complete the construction activities, and it will ensure the completion of the implementation of the RAP including the return of the traders to market from their current temporary location. It will also ensure World Bank's implementation support is provided during this important stage.

More specifically, the extension would enable the authorities to: (a) complete the remaining works at the market and border post in Mpondwe; (b) prepare rules for the allocation of space in the market; (c) relocate traders to the new facility making sure the needs of vulnerable groups are reflected; (d) put in place a proper management arrangement for the market and ensure an affordable child development center is accessible to vendors; (e) restore the temporary site that has been used for trading to its owners in accordance with the RAP; (f) continue collecting and reporting data on monitoring and evaluation of the project in Uganda; and (g) train and capacitate the grievance redress committee to support utilization and operation of the market. The activities to be implemented over the period of the extension would be financed by savings that have been realized under the project, estimated at US\$ 675,000. No reallocation of resources or a change in implementation arrangements is necessary to complete the proposed activities.

The risks to achieving project results in Uganda under this extension include those related to the completion of the implementation of the RAP, especially regarding the allocation of space and operation of the market. However, the risks are considered to be moderate as in the first instance space will be allocated to traders who were relocated during its renovation. In addition, specific training will be provided to the members of the Grievance Redress Committee so they can handle and help address any issues that may arise.

Project Extension

This restructuring paper seeks an extension of the closing date of the project in Uganda by 6 months from June 30, 2022 to December 30, 2022. This will be the second extension of the closing date after it was first extended by 18 months, from the original December 31, 2020 to June 30, 2022. As of June 2022, all requirements related to the IPF Directive regarding extension of closing dates have been met. The project's development objective remains achievable, the performance of Uganda remains satisfactory, and the Bank and the Client have agreed a plan of actions that will be undertaken by the authorities to complete the Project.



III. DETAILED CHANGES

LOAN CLOSING DATE(S)

| Ln/Cr/Tf | Status | Original Closing | Revised Closing(s) | Proposed Closing | Proposed Deadline for Withdrawal Applications |
|-----------------|---------------|-------------------------|---------------------------|-------------------------|--|
| IDA-57210 | Effective | 31-Dec-2020 | 30-Jun-2022 | | |
| IDA-57220 | Effective | 31-Dec-2020 | 30-Jun-2022 | 30-Dec-2022 | 30-Apr-2023 |
| IDA-57240 | Effective | 31-Dec-2020 | 30-Jun-2022 | | |
| IDA-D0890 | Closed | 31-Dec-2020 | 31-Dec-2021 | | |