

Our Ref. CL. No: 039/2021

March 3, 2021

Honorable Dr. Uzziel Ndagijimana
Minister of Finance and Economic Planning

Honorable Dr. Gerardine Mukeshimana
Minister of Agriculture and Animal Resources

Kigali, Rwanda

Honorable Ministers,

***Subject : Transformation of Agriculture Sector Program 4 PforR-2 (P161876)
Implementation Support Mission November 16 - 25, 2021
Management Letter***

I am pleased to share with you the main findings and recommendations of the implementation support mission of the Transformation of Agriculture Sector Program 4 PforR-2 (Credit No. 6256-RW) and its Additional Financing (Grant No. TF0B0153), which was conducted virtually from November 16 to 25, 2021. On behalf of the joint mission, I wish to thank you and your teams for the cooperation accorded to the World Bank and Development Partners (DPs) during this unprecedented time.

We are pleased to note that overall progress towards achievement of the Program Development Objective (PDO) is “**Satisfactory**” and implementation progress is rated “**Moderately Satisfactory**”. All the year 1 Disbursement Linked Indicators (DLIs), seven of the year 2 DLIs, and Program Action Plan (PAP) activities were met, and corresponding disbursements have been made. Program implementation is now in the 3rd and final year. Key issues, outstanding actions and agreed on next steps to ensure full achievement of the year 3 targets are detailed in the attached aide-memoire.

Strategically and operationally, program implementation is at a critical point, in particular in light of the wide-ranging impacts of COVID-19 on the agri-food sector (economic downturn, social and health/nutrition impacts, effects on new investments and new Public-Private-Partnerships, and financial performance of public agencies), which have yet to be fully measured. We and the DPs urge MINAGRI to focus on ensuring long-term results, sustainability of the program’s impacts and other critical factors to safeguard and advance the resilience of the agri-food sector. This includes among others, scaling up ongoing program interventions; implementing the MINAGRI reforms as laid out in its Organizational Development Plan; strengthening MINAGRI’s/RAB’s cooperatives’ capacity and continuing a well-coordinated strategic engagement with the private sector and DPs to support the Government’s management of the consequences of the pandemic.

Additionally, we would like to bring to your urgent attention several critical concerns for which we request your continued support and close follow-up:

➤ The Program’s Environmental and Social Safeguards (E&S) performance has been upgraded from “**Moderately Unsatisfactory**” to “**Moderately Satisfactory**” following progress made in the last 6 months. Nevertheless, a number of challenges in MINAGRI’s current safeguards arrangement continue to affect general ES monitoring and reporting. Key among them is MINAGRI’s lack of dedicated ES staff for the Program and inadequate ES reporting and monitoring. The Bank has not yet received a progress report on ES compliance. As agreed, it is urgent that MINAGRI conduct field visits to assess ES implementation for approved projects and performance/existence of Environment and Social Management System (ESMS) for private entities engaged in the program and prepare and share a progress report with the Bank. MINAGRI has requested and we have accepted to provide short-term TA to strengthen E&S implementation and monitoring.

➤ As noted in previous support missions, MINAGRI’s internal IT capacity remains limited with only a few IT professionals performing a broad range of responsibilities. This continues to put at risk the DLI 3 final deliverable which would prevent full disbursement of both the loan and the grant. As a short-term measure, we have committed to providing additional technical support to MINAGRI by hiring a local ICT specialist to collaborate with a MINAGRI Working Group and IT team. However, the urgency of adding the recommended additional IT expertise remains critical. MINAGRI’s investment in its long-term IT capacity building is fundamental for successful implementation of MINAGRI’s ambitious sector digitization agenda.

We remain strongly committed to working with you and MINAGRI to successfully complete implementation of the PForR-2.

Please do not hesitate to contact Winston Dawes (wdawes@worldbank.org) or if necessary myself, should you have any questions regarding this mission. We look forward to our continued collaboration in the agriculture sector.

Sincerely,



Rolande Pryce
Country Manager

Cc:

- Honorable Jean Chrysostome Ngabitsinze, Minister of State, MINAGRI
- Honorable Richard Tusabe, Minister of State in charge of National Treasury, MINECOFIN
- Mr. Jean-Claude Musabyimana, Permanent Secretary, MINAGRI
- Dr. Octave Semwaga, Director General, Planning, MINAGRI
- Dr. Patrick Karangwa, Director General, RAB
- Mr. Claude Bizimana, Chief Executive Officer, NAEB
- Mr. Gerald Mugabe, Acting Division Manager, External Finance Division, MINECOFIN
- Mr. Taufila Nyamadzabo, Executive Director, World Bank, Washington DC