



REPUBLIC OF UGANDA

## **Investing in Forests and Protected Areas for Climate-Smart Development Project (170466)**

### **Terms of Reference for**

### **Consultancy Services to Implement a Performance-Based Forest Sector and Wood Processing Subsidy Scheme**

#### **1. INTRODUCTION**

The Government of Uganda, through the Ministry of Water and Environment (MWE, Lead Agency, henceforth also ‘the Client’), Ministry of Tourism Wildlife and Antiquities (MTWA), Uganda Wildlife Authority (UWA) and National Forestry Authority (NFA) is implementing the "Uganda – Investing in Forests and Protected Areas for Climate-Smart Development (IFPA-CD) Project” with funding from the World Bank and Government of Uganda counterpart funding.

The objective of the project is to promote sustainable management of forests and protected areas with an aim of increasing forestry benefits to communities in the project areas. The project also includes a performance-based subsidy scheme for private forest sector and wood processing development that will be primarily implemented in ‘clusters’ of well-established commercial tree growers (see Section 3.1 below).

The MWE is promoting private sector-led establishment of forest plantations and the development of downstream processing sector value chains in Uganda. This is part of the efforts to increase plantation area through the provision of incentives that aim to expand plantation area, improve quality standards of planting stock, and promote value addition for plantation grown timber. Increasing private sector investment and participation will be key to achieving further development of the forest sector.

**The Client intends to hire a consultant firm (or a consortium of firms, henceforth the “Consultant”) to assist with the implementation of this undertaking as defined in these Terms of Reference.**

## **2. OBJECTIVES**

### **2.1 Objectives of the Subsidy Scheme**

The objective of the Performance-based Forest Sector and Wood Processing Subsidy Scheme (“the Scheme”) is to support 1) the establishment of 36,500 ha of new plantations during the IFPA-CD implementation period, and 2) the development of wood-based value chains. This aims to enable plantation forestry and wood processing to become a strong and self-sustaining economic sector in Uganda.

To accomplish this objective, two broad types of investments will be made under the project:

- a) subsidies to increase plantation area to supply the local and regional markets (“Plantation Grant Scheme”); and
- b) matching grants and/or other financial incentives to support processing and utilization of forest products to produce higher-value wood products (“Processing Grant Scheme”).

The grants will be supplemented by technical assistance to the growers and producers.

The overall management of the Scheme will be done by the Subsidy Scheme Management Committee to be established. It will, *inter alia*, have the oversight over the approval of beneficiaries and disbursements. The committee will be chaired by the Ministry of Water and Environment and have members from, of among others, the NFA and the Uganda Timber Growers’ Association (UTGA),

### **2.2 Objectives of the Consultant Assignment**

The objective of the consultant assignment is the design and technical management<sup>1</sup> of a performance-based forestry and wood processing subsidy scheme, based on the general criteria and key principles described in these Terms of Reference, and in consultation with the Client and approval of the IFPA-CD Project Steering Committee. The Consultant will be responsible for technical administration of both the Plantation Grant Scheme and the Processing Grant Program. This includes solicitation and processing of proposals, recommendation of subsidy awards to the Management Committee, provision of relevant training and extension support to grantee tree planters<sup>2</sup> and timber value chain operators, monitoring, reporting, and verification of established plantations/facilities, and monitoring of environmental and social compliance. The Consultant will also develop and manage relevant information and data management systems. Financial disbursements to the beneficiaries will be handled by the MWE directly, not by the Consultant.

## **3. DETAILED SCOPE OF THE UNDERTAKING**

### **3.1 Coverage**

The Scheme will be mainly implemented in six target clusters (Albertine, Central, Mubende, Northern, South-Western and Victoria) as shown in Table 1 and the map below.

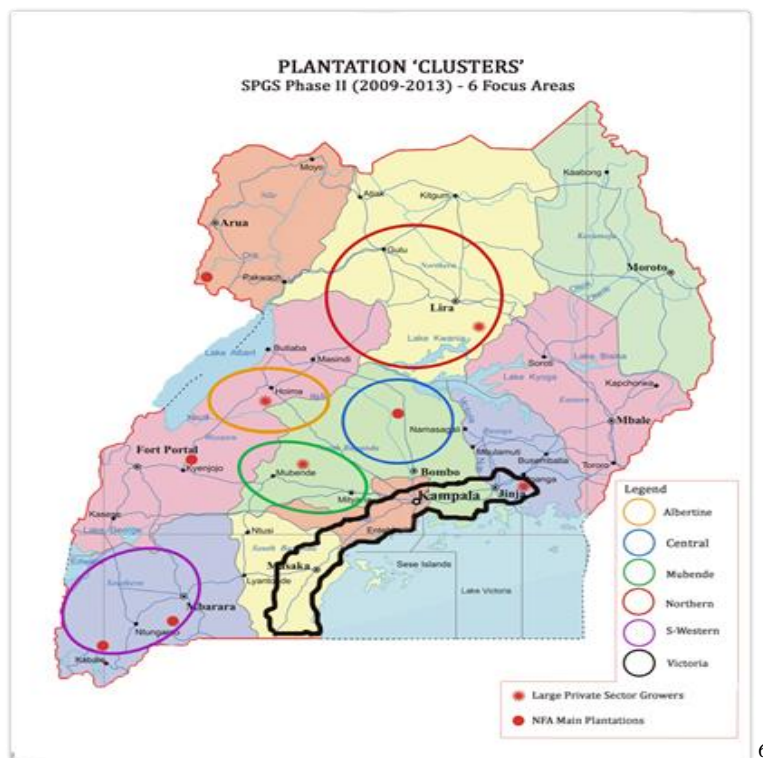
---

<sup>1</sup> The Consultant will handle only the technical management of the incentive scheme. Financial management and disbursement of the grants will be the responsibility of the Client.

<sup>2</sup> Technical support and advice, though not financing, may also be made available for plantations established through other support schemes prior to IFPA-CD.

*Table 1. Project Area Clusters*

Cluster	Districts
Albertine	Hoima, Kagadi, Kikubbe, Kibale, Kakumiro
Central	Luwero, Nakasongola, Nakaseke
Mubende	Mubende, Kasanda, Mityana, Kyegegwa
Northern	Masindi, Kiryandongo, West Nile, Acholi, Lango
South-Western	Kigezi region <sup>3</sup> , Rwenzori region <sup>4</sup> , Kyenjojo, Ankole region <sup>5</sup> districts
Victoria	Mpigi, Wakiso



6

The cluster approach is designed to enable the development of appropriate value chains and to assist smaller growers to access markets for plantation-grown timber. It is expected that Plantation Grant Scheme will be built on experiences and lessons from the Sawlog Production Grant Scheme (SPGS) that has been operating in Uganda since 2004.

<sup>3</sup> Kigezi districts include Rukungiri, Rukiga, Kabale, Rubanda, Kisoro and Kanungu

<sup>4</sup> Rwenzori Districts include Kasese, Bunyangabu, Kabarole, Ntoroko and Bundibugyo

<sup>5</sup> Ankole districts include Mitooma, Bushenyi, Ntungamo, Isingiro, Kiruhura, Ibanda, Kazo, Buhweju, Sheema, Rubirizi, Kitagwenda and Kamwenge

### **3.2 Scope**

The scope for the Performance-based Subsidy Scheme and the Scheme Management Consultant assignment is to target eligible (for eligibility criteria, see Section 3.3 below) tree growers, contractors, and wood processors in the six cluster areas in two types of support activities:

#### ***a) Plantation Grant Scheme***

The non-refundable plantation establishment grants are estimated to cover approximately 50% of direct plantation development costs.<sup>7</sup> Award of the grants will be conditional upon various quality and performance criteria, to be established during implementation, and will be awarded on a “plant/prune/thin/inspect/pay” basis.

The Consultant’s role will be to design and manage the plantation subsidy scheme, building on existing examples.<sup>8</sup> This includes developing the operating procedures, eligibility criteria, performance assessment criteria and environmental and social compliance requirements.

#### ***b) Processing Grant Scheme***

The Consultant’s role will be to:

- 1) Design and manage a support scheme for downstream wood processors (building on good practices and existing examples) that includes appropriate financial instruments, operating procedures, detailed eligibility criteria, performance assessment criteria, and environmental and social compliance requirements.
- 2) Identify, by using agreed criteria and based on sound wood product market analysis, potential private sector companies – preferably in the above-mentioned six clusters – in wood processing industries that would be interested in participating in the Program.

The scheme design and operating procedures and principles will be approved by the IFPA-CD Project Steering Committee and World Bank prior to finalization and application. See Section 4 for detailed tasks.

### **3.3 Principles**

The Consultant needs to consider the proposed general principles listed below when developing the Scheme and its procedures for selecting beneficiaries. In addition to the listed sector-specific criteria, the beneficiaries need to meet the generic requirements for conducting business in Uganda. All beneficiaries also need to adhere to the relevant World Bank Environmental and Social Standards and Government of Uganda environmental and social requirements – as further detailed in project-specific environmental and social risk management instruments such as the Environmental and Social Management Framework, Stakeholder Engagement Plan, Labor Management Procedures, and the Vulnerable and Marginalized Groups Framework.

---

<sup>7</sup> Cost of land purchase cannot be included. The subsidy may also include support to the first years of maintenance depending on the species planted. The level of support may also depend on selected technical criteria (e.g., the share of non-exotic species in plantations).

<sup>8</sup> For example, from the SPGS and other ongoing plantation support programs in Africa.

### **3.3.1 Proposed beneficiary eligibility criteria – Plantations**

- a. (i) Private landowners (with proof of ownership by village leader/ LC1 at a minimum) or (ii) individuals or business entities with a long-term license (with the remaining license period covering at least one full rotation of the selected species) from the National Forestry Authority within a Central Forest Reserve.
- b. Minimum land area of 10 ha, preferably in one parcel, available for planting, located in one of the geographical clusters mentioned above. Areas immediately outside these clusters may also be considered, depending on acreage, species, market access, and economic viability.
- c. Demonstrated availability of sufficient capital for the non-subsidized share of the investment cost and a commitment to the plantation development. The subsidy will cover part of the direct development costs, will only be provided after investment by the beneficiary and will be based on assessed performance.
- d. A forest management plan and a business development plan reviewed by the Consultant indicating clear objectives, commercial case and timelines of management activities, etc.

### **3.3.2 Proposed beneficiary eligibility criteria – Processing**

- a. Detailed investment proposal and business plan reviewed by the Consultant indicating a clear business case.
- b. Evidence that the proposed investments will result in value-addition in production; introduce new and innovative products and processes (improved product mix); improve the environmental performance of the applicant; and/or increase the use of production by-products/residues.<sup>9</sup>
- c. Demonstrated access to co-finance for the portion of investments not covered by the grants.
- d. Demonstrated willingness to partner with smallholders for example through out-grower schemes.

## **4. CONSULTANT TASKS**

The Consultant will undertake the following specific tasks:

- a. Design components of both the Plantation Grant Scheme and the Processing Grant Scheme and their operational structures and processes (including information management systems);

---

<sup>9</sup> Simple expansion of current low value production will not be eligible for support. The level of support (e.g., rate of cost sharing) may also vary depending on the type of investment.

- b. Develop detailed operating procedures, eligibility criteria, performance assessment criteria and operational principles for both Schemes. These will be subject to approval by the Project Steering Committee. Such procedures should be risk-assessed and meet the requirements of nationally accepted certification standards, e.g., the National Forestry Stewardship Standard for Uganda (NFSS). Based on the operating procedures, the Consultant will propose amendments to the World Bank approved Grant Manual for the Scheme to capture the technical design, operating procedures, etc. designed by the Consultant.<sup>10</sup>
- c. Organize Calls for Proposals or other approaches to invite applications for Scheme support, as agreed with the Subsidy Scheme Management Committee;
- d. Promote the subsidy scheme and provide guidance to interested applicants;
- e. Undertake initial screening of applications, make recommendation to the Subsidy Scheme Management Committee for approval. The contracts will be between the beneficiaries and the Client;
- f. Monitor performance-based contracts, ensuring quality assurance and compliance with agreed management and business plans, and with relevant environmental and social standards, including labor management procedures and occupational and health standards;
- g. Provide technical support to improve and maintain silvicultural standards (including annual tree nursery verification and publication), and provide advice on implementation of fire risk management, harvesting, road and transport development programs, and other elements of plantation management;<sup>11</sup>
- h. Provide relevant training, including on efficient operational procedures relevant to the value chain as well as occupational health and safety;
- i. Establish and manage a digital Information Management System with georeferenced data on the plantations and other Scheme activities, which is compatible with the overall IFPA-CD Geo-Enabling initiative for Monitoring and Supervision (GEMS) framework for project management and monitoring.
- j. Undertake data collection and publication of statistical and other information about the plantations;<sup>12</sup>
- k. Provide technical support and market advice to growers, contractors and processors; and advice on how to enable smallholder tree farmers to benefit from the wood processing industry;
- l. Advise the Government of Uganda in developing systems to support the plantation sector and wood-based value chain development after project closure.<sup>13</sup>

---

<sup>10</sup> MWE has prepared the first version of the Scheme's Grant Manual focusing on financing management and funds flow. This manual need to be updated after the Consultant has prepared a detailed technical design for the Scheme. The final Grant Manual will incorporate both the technical design (prepared by the Consultant) and financial management (prepared by MWE) for the Scheme.

<sup>11</sup> The advice includes, among others, training on safe tree felling, extraction and loading, winching, skidding, etc. Technical support and advice, though not financing, may also be made available to plantations that have been established through other plantation support schemes prior to IFPA-CD.

<sup>12</sup> If national authorities produce national statistics, the Consultant will provide the relevant data.

<sup>13</sup> The advice includes, among others, managing the information and monitoring systems developed by the Consultant.

- m. Promote a variety of commercial trees species with high production potential.<sup>14</sup> The selection of species will be determined by the private planters themselves, with advice from the Consultant.

## 5. QUALIFICATIONS AND EXPERIENCE

### 5.1 General Qualifications and Experience of the Consultant

The Consultant firm(s)<sup>15</sup> should demonstrate that they meet the following minimum standards:

- a. *Qualified in the field of the assignment:* The Consultant needs to have demonstrated experience knowledge in the forest sector (particularly plantations and processing industries) and private sector development; and of forestry-related subsidy and technical assistance schemes, with a preference for experience in East Africa; and a proven experience in wood processing technologies and product development.
- b. *Qualifications of the firm:* Ability to field a team (for team composition, see Section 5.2 below) skilled in relevant aspects of commercial plantation forest development and management, forest and forestry enterprise business planning and investment analysis. The team needs to have experience in stakeholder engagement and outreach/communication, training and capacity building, project/contract management; project monitoring and evaluation, environmental and social safeguards, and knowledge transfer. The team should have practical experience from the East African region;
- c. *Managerial and technical capabilities:* Sufficient organizational, managerial and staffing capacity to operate across diverse landscapes with a program of consistent quality. Demonstrated experience in managing grant subsidy and technical assistance schemes and/or contracts of comparable value and scope; demonstrated capacity to deliver well-designed written and visual materials; and
- d. *Core business and years in business:* Demonstrated experience of at least 10 years working closely and effectively with national institutions, including government ministries, private sector, research and development institutions in managing forestry-related subsidy schemes.

### 5.2 Expertise Required

The Consultant will be required to provide a team of experts with the following qualifications and experience.<sup>16</sup> All experts need to have excellent command of spoken and written English:

- **Plantation Development and Management Specialist/Team Leader:** Master's degree in forestry, forest products processing or a related field, preferably with a specialization in forest plantation management, forest utilization or wood technologies. Working experience of over 15 years of leading multi-disciplinary teams in commercial plantation development and management. Working knowledge of forest products processing in tropical geographies and developing economies.

---

<sup>14</sup> These could include species such as: *Pinus caribaea*, *Pinus patula*, *Pinus oocarpa*, *Terminalia spp.*, *Tectona grandis* (teak), *Eucalyptus spp* and *Eucalyptus* clones, *Araucaria cunninghamii*, *Cupressus lusitanica*, *Melia volkensii*, *Gmelina arborea*, *Swietenia macrophylla* (mahogany), etc.

<sup>15</sup> Consultant firms may associate to form a consortium in order to enhance their competitiveness.

<sup>16</sup> The team as a whole needs to cover the listed expertise, though individual experts' profiles may be different from those listed.

- **Forest Engineering/Technology expert:** Bachelor's degree in forestry, forestry processing technology or a related field, with sound knowledge of harvesting, road construction and logistics. Working experience of at least 10 years of field-based commercial operations.
- **Forest Management Expert:** Bachelor's degree in forestry or related field with a focus on production forestry. Working experience of at least 10 years of field-based commercial plantation development and management.
- **Forestry Planning/Information System Development Expert:** Master's degree in natural resources mapping and geographic information systems (GIS) or a related field, with at least 5 years of practical experience in commercial forest planning and mapping. Sound knowledge of Forest Management Information Systems, wood flows and modelling.
- **Forest Utilization and Wood Technology Expert:** Bachelor's degree in wood science technology or forestry or a related field, with specializations in forest utilization and wood-based value chains. Working experience of at least 10 years in the field at a supervisory /management level.
- **Communication and Stakeholder Engagement Expert:** Bachelor's degree in a social sciences, community development journalism, or related field. At least 10 years of demonstrated experience related to any of the following: stakeholder engagement processes, communication, community development, and/or institutional promotion. Ability to communicate in the local languages in the project areas is desirable.
- **Project Monitoring and Evaluation Specialist:** Master's degree in a relevant field (e.g., statistics, forestry, natural resources management/economics, economics) with specialized training in monitoring and evaluation (M&E). Working experience of at least 10 years of practicing M&E in development work/project environment.
- **Environmental and Social Safeguards Expert:** Master's degree in environment, forestry or natural resources management or in social sciences with extensive experience in the forest sector. This will include attention to health and occupational safety aspects. Specialized training in social and environmental safeguards. Working experience of 8 years in assessment or monitoring or supporting compliance with environmental and social safeguards. Familiarity with World Bank Environmental and Social Framework (ESF), will be an added advantage.
- **Forest Economist/Investment analyst:** Master's degree in forest economics or a related field and 5 years of relevant experience in forest investment analysis or related fields. Working knowledge of forest investments in East African countries.

The Consultant is expected to provide other staff as necessary to execute the assignment successfully.

## **6. REPORTING REQUIREMENTS**

### **6.1 Supervision**

The Consultant is required to establish a detailed work program at the outset for the duration of the assignment, taking into consideration the estimated person-month requirements. This should be guided by professional judgment of the assignment's requirements and knowledge of local conditions and needs. The work program may be revised and updated periodically with the Client.



The Consultant's team – represented by the Team Leader – will report to the National Project Coordinator. The Consultant will be required to participate in relevant coordination, supervision and monitoring meetings organized by MWE. The Consultant and the National Project Coordinator will have periodic (for example, monthly) progress review meetings, as agreed at the beginning of the assignment.

## **6.2 Deliverables/Outputs**

The Consultant shall submit the following reports in accordance with the schedule in Table 2 below:

1. Inception Report, including a detailed work plan for the assignment.
2. Report on the design of the Scheme operating structures and procedures, eligibility principles, and performance assessment criteria and principles. Proposed changes, as needed, to the Grant Manual.
3. Semi-annual Reports of inputs provided, activities conducted, and outputs delivered, including database of information on plantations and value chains supported. Troubleshooting notes and recommendations for improvements in implementation arrangements as well as statistical data reports.
4. Annual Reports tracking progress towards achieving the project targets and objectives, and technical support provided for silvicultural activities and value chain development.
5. End of Assignment Report.
6. Other Technical reports as agreed with the Client.

Cost of production (preparation and printing) of all required training materials shall be borne by the Consultant and should be included in the financial proposal. All reports will be prepared in English language and submitted in draft as electronic copies (on a flash disc/CD) for review and comments before finalization.

Final versions need to be professionally copy-edited and, for publications with public dissemination, the layout professionally designed (by the Consultant).

A Powerpoint presentation summarizing key content needs to be prepared for each deliverable.

All final documents must be submitted in both hardcopy and softcopy formats (MS-Word/Powerpoint/Excel and PDF and, when needed, appropriate GIS-file formats). The Consultant will submit 5 hard bound copies (where appropriate) and 1 CD/flash disk copies of the final deliverables.

All documents shall be submitted to the client at the following address:

The Permanent Secretary, Ministry of Water & Environment  
Attn: National Project Coordinator – IFPA-CD  
Telephone: +256 772 470 023  
E-mail: margathieno@gmail.com with a copy to Contract Manager (to be designated)  
Ministry of Water and Environment  
Plot 3-7 Kabalega Crescent  
P. O. Box 20026  
Kampala – Uganda

The consultant(s) shall honor invitation by the Client to attend and or facilitate discussion in *fora* regarding this assignment and deliverables, as appropriate.

At the end of the assignment, the Consultant cannot claim any right of authorship or design patent of the reports and other deliverables submitted as part of this assignment.

## **7. DURATION, LEVEL OF EFFORT**

The Consultant will be expected to accomplish this assignment over a period of not more than 48 months and a total of combined 337 person-months for all the Consultant team members (see Chapter 5.2 above).

## **8. FACILITIES AND INFORMATION TO BE PROVIDED BY THE CLIENT**

Detailed information on SPGS, including documents regarding scheme operation and selection criteria, will be provided by the Client to the short-listed firms. The Client shall also provide or facilitate the Consultant to access relevant information including but not limited to documentation from SPGS II, Forestry Sector Support Department (FSSD) and other sources such as NFA, National Environment Management Authority (NEMA), District Local Governments and Ministry of Lands, Housing and Urban Development (MLHUD), among others.

It will be the responsibility of the Consultant to secure appropriate office space and equipment. The scheme management office needs to provide permanent workspace for most team members, and it needs to have facilities to receive visitors interested in Scheme activities<sup>17</sup>. The Consultant will be responsible for their own transportation.

---

<sup>17</sup> For example, extensive remote working arrangements with no “fixed address” are not accepted.

*Table 2. Deliverables*

Note: Draft reports are reports are required one month prior to the submission of the Final reports

ITEM	REPORT/DOCUMENT TITLE	TIMING AFTER COMMENCEMENT (draft)	CONTENT	NO. OF COPIES <sup>18</sup>
A.1	Inception Report	2 Months	<p>The inception report should include:</p> <ul style="list-style-type: none"> <li>a. Outline of the proposed approach/methods and Scheme structure</li> <li>b. Stakeholder/beneficiary Engagement Plan</li> <li>c. Safeguards standards and guidelines for a) Plantation forestry development and management; b) Processing industry development</li> <li>d. Communication Strategy and Plan</li> <li>e. List of outputs, schedule for their delivery and detailed work plan</li> <li>f. Summary description of priority issues for consideration to ensure an efficient Scheme design and implementation.</li> <li>g. Assessment of the plantation establishment costs per ha for each identified tree species, to inform determination of the subsidy size.</li> <li>h. Industry analysis and needs assessment</li> </ul>	5

---

<sup>18</sup> Applies to the final version

ITEM	REPORT/DOCUMENT TITLE	TIMING AFTER COMMENCEMENT (draft)	CONTENT	NO. OF COPIES <sup>18</sup>
A.2a	Draft Report on the establishment of the Scheme operating structures and operating procedures, eligibility principles, and performance assessment criteria and principles	4 months	<p>The consultant shall submit a draft Report on:</p> <ol style="list-style-type: none"> <li>a. Establishment of the Scheme operating structures and operating procedures</li> <li>b. Eligibility principles</li> <li>c. Performance assessment criteria and principles</li> </ol> <p>The Report will be reviewed/approved by the Project Steering Committee</p> <p><i>Note:</i> The Consultant shall be required to engage stakeholders and prospective grantees at national and field level in order to:</p> <ul style="list-style-type: none"> <li>• Mobilize stakeholders and prospective grantees to understand and appreciate the Grant Scheme (objectives, operating procedures, eligibility principles, performance assessment and principles, etc.)</li> <li>• Sensitize stakeholders /prospective grantees on the safeguard standards and guidelines.</li> </ul> <p>Engagement of stakeholders/prospective grantees will be targeted so as not to raise expectations unnecessarily. All stakeholder/prospective grantees engagement will follow the key principles of the project Stakeholder/Grantees Engagement Plan and will be respectful of government policy on commercial forestry, wood value chains, biodiversity conservation, etc.</p>	n/a

<b>ITEM</b>	<b>REPORT/DOCUMENT TITLE</b>	<b>TIMING AFTER COMMENCEMENT (draft)</b>	<b>CONTENT</b>	<b>NO. OF COPIES<sup>18</sup></b>
A.2b	Final Report on the establishment of the Grant Scheme operating structures and operating procedures, eligibility principles, and performance assessment criteria and principles. Recommended revisions for the Grant Manual	6 months	The Consultant shall submit a Final Report within one month after receiving feedback from Steering Committee. The Final Report shall incorporate all decisions and recommendations of the Project Steering Committee. The final report will be disclosed by the Client.	5
A.3	Semi-Annual Reports on Technical support provided for silvicultural activities and value chain development.	Semi-annual	The reports shall provide information on silvicultural and value chain development activities supported, their extent, status and performance.  Semi-Annual reports will provide information on progress towards achieving the component targets and project objectives, and it should include also latest database report (see below). <sup>19</sup>	5
	Database of information on plantations and value chains supported	Semi-annual	The database which will form part of a forest information management system, meeting the requirements of responsible forest management and planning of plantation forests supported, the geographic information system integrated with existing national forestry and geographic datasets, with shape files and GIS data layers on plantation forests, their extent, status and performance. The Database shall be updated every 6 months or more frequently as required.	5 (reports based on the database)

<sup>19</sup> The timing should align with the World Bank Implementation Support Missions and related ISRs.

ITEM	REPORT/DOCUMENT TITLE	TIMING AFTER COMMENCEMENT (draft)	CONTENT	NO. OF COPIES <sup>18</sup>
A.4	Annual Reports	Annual	The Consultant shall submit four annual reports detailing inputs provided, activities conducted and outputs delivered, including troubleshooting notes and recommendations for improvements in implementation arrangements. The 4 <sup>th</sup> Annual report shall be incorporated in the End-of-Assignment Report.	5
A.5	End of Assignment report	The draft report at 45 months and the final report at 48 months	<p>The Consultant shall submit an End-of-Assignment Report which should include information on how each aspect of the scope of works and tasks of the assignment were undertaken and lessons learned.</p> <p>The MWE will be given 2 months for review and approval. The draft End- of-Assignment report shall also be reviewed and commented upon by the Project Steering Committee and the World Bank.</p>	5
#	Technical reports	n/a	Technical and periodic reports as agreed in the workplan and during the assignment.	