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Report No: PAD3501

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 57 MILLION  
(US\$78.2 MILLION EQUIVALENT)

AND A PROPOSED GRANT

IN THE AMOUNT OF SDR 51 MILLION  
(US\$70 MILLION EQUIVALENT)

OF WHICH SDR42.3 MILLION (US\$58 MILLION EQUIVALENT) FROM THE IDA18 SUB-WINDOW  
FOR REFUGEES AND HOST COMMUNITIES

TO THE

REPUBLIC OF UGANDA

FOR A

UGANDA INVESTING IN FORESTS AND PROTECTED AREAS FOR CLIMATE-SMART  
DEVELOPMENT PROJECT

APRIL 1, 2020

Environment, Natural Resources and The Blue Economy Global Practice  
Africa Region

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CURRENCY EQUIVALENTS  
(Exchange Rate Effective February 29, 2020)

Currency Unit = Ugandan Shillings (UGX)

UGX3,779 = US\$1

US\$1 = SDR 0.72818362

FISCAL YEAR  
July 1–June 30

ABBREVIATIONS AND ACRONYMS

CEDP	Competitiveness and Enterprise Development Project	MWE	Ministry of Water and Environment
CFM	Collaborative Forest Management	NCCAC	National Climate Change Advisory Committee
CFR	Central Forest Reserve	NDP	National Development Plan
CIFOR	Center for International Forestry Research	NFA	National Forestry Authority
CPF	Country Partnership Framework	NFMS	National Forest Monitoring System
CPI	Consumer Price Index	NFTPA	National Forestry and Tree Planting Act
CRI	Corporate Results Indicator	NP	National Park
CRM	Collaborative Resource Management	NTFP	Non-timber Forest Product
CSO	Civil Society Organization	OPM	Office of the Prime Minister
DA	Designated Account	PA	Protected Area
DLG	District Local Government	PDO	Project Development Objective
EFA	Economic and Financial Analysis	PDU	Procurement and Disposal Unit
EIRR	Economic Internal Rate of Return	PIM	Project Implementation Manual
ENPV	Economic Net Present Value	PPDA	Public Procurement and Disposal of Public Assets
ESMF	Environmental and Social Management Framework	PPI	Predictive Proxy Indicator
ESMP	Environmental and Social Management Plan	PPSD	Project Procurement Strategy for Development
FAO	Food and Agriculture Organization of the United Nations	PSN	Persons with Specific Needs
FIP	Forest Investment Program	REDD+	Reduced Emissions from Deforestation and Forest Degradation and the Role of Conservation, Sustainable Management of Forests, and Enhancement of Forest Carbon Stocks in Developing Countries



FIRR	Financial Internal Rate of Return	ReHoPE	Refugee and Host Population Empowerment
FM	Financial Management	RF	Results Framework
GBV	Gender-based Violence	RSW	Refugee Sub-Window
GCF	Green Climate Fund	SLM	Sustainable Landscape Management
GDP	Gross Domestic Product	SPD	Standard Procurement Document
GHG	Greenhouse Gas	SPGS	Sawlog Production Grant Scheme
GoU	Government of Uganda	STEP	Systematic Tracking of Exchanges in Procurement
ICR	Implementation Completion and Results Report	ToR	Terms of Reference
IFMIS	Integrated Financial Management Information System	TSP	Technical Service Provider
IFR	Interim Financial Report	UNHCR	United Nations High Commissioner for Refugees
IRR	Internal Rate of Return	UWA	Uganda Wildlife Authority
IT	Information Technology	W/P	With Project
IWMDP	Integrated Water Management and Development Project	WMZ	Water Management Zone
M&E	Monitoring and Evaluation	WO/P	Without Project
METT	Management effectiveness tracking tool	WR	Wildlife Reserve
MTWA	Ministry of Tourism, Wildlife and Antiquities		

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DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name	
Uganda	Uganda Investing in Forests and Protected Areas for Climate-Smart Development Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P170466	Investment Project Financing	Moderate

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
23-Apr-2020	30-Jun-2026

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

To improve sustainable management of forests and protected areas and increase benefits to communities from forests in target landscapes



### Components

Component Name	Cost (US\$, millions)
Component 1. Improved Management of Protected Areas	46.70
Component 2. Increased Revenues and Jobs from Forests and Wildlife Protected Areas	38.50
Component 3. Improved Landscape Management in Refugee Hosting Areas	58.00
Component 4. Project Management and Monitoring	5.00

### Organizations

Borrower:	Republic of Uganda
Implementing Agency:	Ministry of Water and Environment Uganda Wildlife Authority National Forestry Authority

### PROJECT FINANCING DATA (US\$, Millions)

#### SUMMARY

<b>Total Project Cost</b>	178.20
<b>Total Financing</b>	178.20
<b>of which IBRD/IDA</b>	148.20
<b>Financing Gap</b>	0.00

#### DETAILS

##### World Bank Group Financing

International Development Association (IDA)	148.20
IDA Credit	78.20
IDA Grant	70.00

##### Non-World Bank Group Financing

Counterpart Funding	30.00
Borrower/Recipient	30.00



IDA Resources (in US\$, Millions)				
	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
<b>Uganda</b>	78.20	70.00	0.00	148.20
National PBA	78.20	12.00	0.00	90.20
Refugee	0.00	58.00	0.00	58.00
<b>Total</b>	<b>78.20</b>	<b>70.00</b>	<b>0.00</b>	<b>148.20</b>

Expected Disbursements (in US\$, Millions)									
WB Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027	
<b>Annual</b>	0.00	10.00	22.00	33.71	32.89	26.05	21.30	2.25	
<b>Cumulative</b>	0.00	10.00	32.00	65.71	98.60	124.65	145.95	148.20	

**INSTITUTIONAL DATA**

Practice Area (Lead)	Contributing Practice Areas
Environment, Natural Resources & the Blue Economy	Climate Change

**Climate Change and Disaster Screening**  
 This operation has been screened for short and long-term climate change and disaster risks

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate



8. Stakeholders	● Substantial
9. Other	● Substantial
10. Overall	● Substantial

**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No

**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant





**NOTE:** For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

**Legal Covenants**

**Conditions**

Type	Description
Effectiveness	The Association is satisfied that the Recipient has an adequate refugee protection framework (Financing Agreement Section 5.01 (a))
Effectiveness	The Recipient has prepared and adopted the Project Implementation Manual, in form and substance satisfactory to the Association (Financing Agreement Section 5.01 (b))
Effectiveness	The Recipient has established the Project Steering Committee with composition, terms of reference and resources satisfactory to the Association (Financing Agreement Section 5.01 (c))
Effectiveness	The Recipient has established the Project Coordination Unit with composition, terms of reference and resources satisfactory to the Association (Financing Agreement Section 5.01 (d))



## I. STRATEGIC CONTEXT

### A. Country Context

1. Uganda is a low-income country in East Africa with a land area of 238,535 square kilometers and estimated population of 42.7 million people in 2018.<sup>1</sup> In 2018, Uganda's Gross Domestic Product (GDP) was US\$27.5 billion. Uganda's economy remains heavily reliant on renewable natural resources.
2. **Uganda's long-term development vision is enshrined in the country's Vision 2040 that seeks to transform Uganda to a modern and prosperous country.** The Government of Uganda (GoU) aims to drive economic development through the implementation of a series of six five-year National Development Plans (NDPs). NDP 3 will start in July 2020 - it is expected to include a strong focus on sustainable environmental management, jobs, and employment.
3. **Uganda has sustained steady economic growth over the last two decades.** Under the first two NDPs, the economy expanded more than two times, from UGX64 trillion in FY 2010/11 to UGX128 trillion in FY2018/19 in nominal terms. Over the NDP 1 and NDP 2 period, the economy has remained relatively resilient in spite of a challenging global economic environment, geopolitical challenges, and the deepening impacts of climate change, as evidenced by the rebound in real GDP growth in FY2017/18 to 6.2 percent. GDP per capita has grown from US\$807 in FY2015/16 to US\$878 in FY 2018/19.
4. **Poverty reduction has not yet achieved set targets.** The percentage of people living below the national poverty line (US\$1 per day) was 21.4 percent in FY2017/18 compared to the NDP 2 target of 14.2 percent. For the first time in more than a decade, there was a reversal in the poverty levels in 2017, largely due to droughts and crop failures. Average life expectancy is 63 years<sup>2</sup>, and the fertility rate is among the highest in the world. Uganda ranked 127th out of 162 countries in the 2018 Gender Inequality Index.<sup>3</sup> Prevalence rates of gender-based violence (GBV) in Uganda are high compared to both global and regional averages.<sup>4</sup> The Government of Uganda recognizes GBV as a serious problem and approved a National Policy on the Elimination of GBV in October 2016.
5. **Poor and vulnerable people typically live in rural areas, have large families, and derive their income predominantly from farming, with high dependency on forests.** One in four rural Ugandans lives in poverty compared to just one in ten urban Ugandans. Rural poverty has become further entrenched as a disproportionate percentage of the population remains trapped in subsistence agriculture. A heavy reliance on rain-fed and subsistence agriculture continues to expose the economy to risks from adverse weather, and these risks are likely to grow under most scenarios for future climate change.<sup>5</sup> Uganda is vulnerable to climate change, and its impacts are already being experienced in the region.<sup>6</sup> Increased

<sup>1</sup> <https://data.worldbank.org/country/uganda>, accessed on January 20, 2020.

<sup>2</sup> <https://data.worldbank.org/country/uganda>, accessed on January 20, 2020.

<sup>3</sup> This index reflects gender-based inequalities in three dimensions – reproductive health, empowerment, and economic activity. [http://hdr.undp.org/sites/all/themes/hdr\\_theme/country-notes/UGA.pdf](http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/UGA.pdf). Accessed on January 20, 2020.

<sup>4</sup> It is estimated that 51 percent of women in Uganda will experience violence in their lifetime. By comparison, the global average prevalence rates for violence against women (physical or sexual) ages 15–49 is estimated by the World Health Organization at 35.6 percent and the regional (Africa) average is 37.7 percent. <http://www.noneinthree.org/uganda/policy-hub/>. Accessed on January 20, 2020.

<sup>5</sup> World Bank. 2015. *Supporting Climate Resilient Growth. Uganda Strategic Climate Diagnostic*. Report Number ACS14399.

<sup>6</sup> Ministry of Water and Environment. 2015. *Uganda's Intended Nationally Determined Contribution*.



occurrences of drought conditions and reduced or more variable rainfall across much of the country will affect agriculture, livestock, and human health. Environmental degradation and climate change pose significant challenges to Uganda's economic growth and to livelihoods, especially those of the poorest and vulnerable groups, particularly women. Women in poverty are most reliant on natural resources for their livelihoods and have fewer resources to cope with and adapt to climate shocks and natural hazards. Furthermore, increased scarcity of wood fuels requires women to travel further distances to collect these supplies, which increases their risk of exposure to GBV, and also takes their time away from other economic and household activities.

**6. Forests, wetlands, and protected areas are important for the development of rural areas, for mitigating impacts of climate change, and for building resilience of rural communities to climate change effects.** It is estimated that Uganda's natural capital contributed almost 40 percent to overall wealth in 2014, but forests and wetlands in particular are being lost and degraded rapidly. These resources provide wood fuel, timber, fish, and wetland products and also support tourism. Forests, wetlands, and protected areas (PAs) help reduce vulnerability to economic shocks and climate change, for example, by protecting water resources, slowing down soil degradation, and providing goods and services that support livelihoods and provide safety nets during extreme changes. Many PAs include important wetlands, including riverine wetlands in Katonga Wildlife Reserve (WR), which are considered of national importance, and others protect wetlands of international importance, including those designated under the Ramsar Convention.

**7. Uganda is the largest refugee-hosting country in Africa and the third largest worldwide.** Due mainly to ongoing conflicts and instability in the Democratic Republic of the Congo and South Sudan, Uganda is hosting over 1.3 million refugees and asylum-seekers, close to 200,000 of whom arrived in the last year alone.<sup>7</sup> Most refugee settlements are located in western and northern Uganda. The refugee presence has added to existing pressure on the environment, leading to an increase in the rate of degradation and tree loss, with accelerated land cover changes in bushland and woodland. A recent assessment<sup>8</sup> has shown that the inflow of refugees in northwestern Uganda has exacerbated a range of ongoing environmental impacts and associated challenges, including land degradation and woodland loss, leading to inadequate access to energy for cooking and competition with local people for woodfuel and other natural resources. Although host communities were found to consume more wood fuel than refugees per household, the added demands from refugees have widened the gap between sustainable wood yields and the level of demand in refugee-hosting districts. Also, in some cases, refugees have been settled very close to high-value PAs (central forest reserves [CFRs] and WRs), and the combined impacts of refugees and host communities on forest resources in these particular locations (such as Bugoma CFR, Katonga WR, and Ajai WR) are significant. The solutions to addressing these issues of forest loss and degradation must focus on support to host communities.

**8. Uganda's policy toward refugees is unique in Africa.** In accordance with the Refugee Act (2006) and Refugee Regulations (2010), the GoU has developed national frameworks with an inclusive approach, granting refugees freedom of movement and the right to work, establish business, and access public services such as education, on par with nationals. NDP2 provides for refugee management and protection

<sup>7</sup> <https://ugandarefugees.org/en/country/uga>. Data as of October 31, 2019.

<sup>8</sup> World Bank; FAO. 2019. *Rapid Assessment of Natural Resources Degradation in Areas Impacted by the South Sudan Refugee Influx in Northern Uganda (English)*. Washington, D.C. : World Bank Group.

World Bank. 2020. *Assessment of Forest Resource Degradation and Intervention Options in Refugee-Hosting Areas of Western and Southwestern Uganda (English)*. Washington, D.C. : World Bank Group.



as a priority in development planning. Refugee response is coordinated by the Office of the Prime Minister (OPM) and guided by the Comprehensive Refugee Response Framework, launched by the OPM and the United Nations High Commissioner for Refugees (UNHCR) in March 2017. To bridge between humanitarian and development approaches, the Refugee and Host Population Empowerment (ReHoPE) policy framework was launched in 2017 by the GoU in collaboration with United Nations agencies and the World Bank. It provides guidance for a comprehensive response to address refugees' and host communities' needs and to build the capacity of hosting districts in planning and providing services to refugee and host communities. ReHoPE encourages the GoU to address environmental degradation in refugee-hosting areas through improved natural resource management and energy access.

9. **The World Bank Group, in consultation with the UNHCR, has confirmed that Uganda's refugee protection framework is adequate.**<sup>9</sup> This is one of the determining factors for Uganda's access to grant financing under the IDA Refugee Sub-Window (RSW), including under the proposed project. Uganda is party to the 1951 Convention relating to the Status of Refugees and its 1967 Protocol, albeit with some reservations.<sup>10</sup> Uganda has also made a reservation to the right to wage-earning employment (Article 17), but the right to work is still provided under the 2006 Refugee Act.

10. **Uganda's greenhouse gas (GHG) emissions grew 50 percent from 1990 to 2012 with a substantial contribution from the forest sector.** Agriculture was the largest source of emissions at 48 percent, followed by land use change and forestry at 38 percent. Uganda's Nationally Determined Contribution submission to the United Nations Framework Convention on Climate Change proposes ambitious targets to reverse the loss and degradation of forests and wetlands to support their restoration. Better management of these resources could transform them from sources to sinks of GHG emissions.

## B. Sectoral and Institutional Context

11. **The Ministry of Water and Environment (MWE) has the mandate for forest sector policy and development and wetland resources.** Under the MWE, the Forest Sector Support Department is responsible for formulating forest policies, legislation, and standards, and the Wetlands Department is responsible for wetlands policy and regulation. The National Forestry Authority (NFA), within the MWE structure, manages CFRs. The Ministry of Tourism, Wildlife and Antiquities (MTWA) has a responsibility to sustain tourism, wildlife, and cultural heritage. The Uganda Wildlife Authority (UWA), within the MTWA's structure, has the responsibility for managing wildlife PAs in form of NPs and WRs as well as for measures to combat illegal wildlife trade and manage human-wildlife conflicts. District local governments (DLGs) are also responsible for providing advisory services to the owners of private forests.<sup>11</sup>

12. **Participatory forest management approaches, including collaborative and community forest management, are provided for in the national policy framework.** Such approaches have been effective in many countries, but in Uganda, they have been adopted rather slowly. There is increased interest in participatory forest management, driven by increasing scarcity of forest products and services, shortage

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<sup>9</sup> IDA18 Refugee Sub-window (RSW), Board consultation on eligibility, Africa, Middle East and North Africa, and South Asia (September 19, 2017); letter from UNHCR to IDA dated February 13, 2020.

<sup>10</sup> Article 7 (exemption from reciprocity); Article 8 (exemption from exceptional measures); Article 9 (exemption on provisional measures); Article 13 (movable and immovable property); Article 15 (right of association); and Article 32 (expulsion).

<sup>11</sup> Key legal and policy documents are the National Environment Act (2019), the National Forestry and Tree Planting Act (NFTPA) (2003), the National Forestry Policy (2001), the Wildlife Act (2019), the Local Government Act (1998), and the Land Act (1998).



of private land, desire to access land within forest reserves, and emerging realization of the benefits that participatory forest management can bring for local communities.<sup>12</sup>

13. **Nature-based tourism was identified as a key growth sector in the NDP 2<sup>13</sup> and will also be prioritized in the next five-year plan (NDP 3).** Tourism foreign exchange earnings have been growing in recent years, generating US\$1.6 billion in 2018 (compared to US\$1.45 billion in 2017) and providing 1.17 million jobs (8 percent of total employment). Travel and tourism are forecast to rise to 8 percent of GDP by 2027.<sup>14</sup> The forests and wildlife of the Albertine landscape are particularly important for tourism, as they attract more than 80 percent of the leisure tourists in Uganda for wildlife safaris, bird-watching tours, and gorilla and chimpanzee tracking.

14. **Nature-based tourism generates significant revenues,** which benefit local communities through a benefit-sharing mechanism used by UWA (whereby UWA shares 20 percent of all gate fees collected with park-adjacent communities) and through job creation as well as a host of community-based tourism products and services. These revenues also fund the operational costs of NPs and WRs themselves and provide communities around PAs with sources of alternative livelihoods. Unfortunately, underinvestment and lack of integrated tourism-related planning are major constraints to fully realizing the economic potential of Uganda's natural endowments. Opportunities to link wildlife attractions in PAs to nearby cultural or community-based goods and service providers are missed, and tourism products and infrastructure within the PAs are limited and have not really changed for many years.

15. **The private sector plays an important role in tourism development, and efforts are being made to leverage private sector investment, including through the 'Space for Giants' initiative,** under which nine new concessions were approved in NPs with new investments over US\$60 million. In addition, some of the NFA-managed CFRs have tourism potential, especially those located along important tourism routes. So far, ecotourism has remained a largely untapped opportunity for NFA, but there is a growing awareness within the organization that, with timber stocks falling, ecotourism represents a potentially significant source of revenue as well as an effective mechanism for preserving the many forests that are currently under severe threat posed by illegal activities. The NFA has developed a plan to further develop tourism within some of its key areas.<sup>15</sup>

16. **Establishment of timber plantations is important for providing sustainable wood sources and reducing pressures on natural forests.** The area under plantation forest in Uganda has increased from 32,225 ha in 1990 to an estimated 107,608 ha in 2015. The NFA manages around 11 percent of these plantations, and the private sector manages the balance. The vast majority (about 70 percent) of the private sector plantations has benefited from grants and other incentives, mainly delivered by the Sawlog Production Grant Scheme (SPGS). The SPGS was established in 2004 and is seen as a model of best practice for incentivizing smaller-scale commercial plantation development in Africa. It builds on a public-private partnership model based on the principle of co-investment by the beneficiary and the project. The scheme provides performance-based conditional grants to subsidize the initial costs of plantation establishment.

<sup>12</sup> MWE. 2019. *A Review of Collaborative Forest Management in Uganda*.

<sup>13</sup> NDP-II 2015/2016–2019/2020. Available at <http://npa.go.ug/wp-content/uploads/NDPII-Final.pdf>.

<sup>14</sup> World Travel and Tourism Council. 2017. *Travel & Tourism, Economic Impact 2017, Uganda*.

<sup>15</sup> NFA. 2019. *Development of Ecotourism in Central Forest Reserves*.



17. **Wood plays an important role in meeting the primary energy demand in Uganda.** Forests and woodlands were estimated to satisfy over 88 percent of Uganda’s primary energy demand in 2019 through the provision of firewood and charcoal. Employment in the wood fuels subsector is substantial, estimated at 870,000 people on a full-time equivalent basis.<sup>16,17</sup> Demand for wood fuels is expected to rise at 4.2 percent per year in fuelwood equivalent,<sup>18</sup> due to population growth, rapid urbanization, and rising wealth.

18. **Uganda has tried to address gender disparity in the forest sector through formulation of policies and laws promoting equitable participation of men and women in decision making.** The Forestry Policy, NFTP, and National Forestry Plan address gender and women’s specific needs.<sup>19</sup> The application and implementation of gender provisions in these instruments is still weak, and cultural norms, beliefs, and practices continue to pose significant constraints to women’s access and control over forest and tree resources.<sup>20</sup> This limits women’s participation in decision making and benefit-sharing and undermines their investments in the sustainable management of forest and tree resources. With respect to the refugee inflow, the high proportion of women and girls within the refugee population is a key protection challenge. According to UNHCR, children make up 54 percent of all new arrivals, while women represent 23.5 percent and men represent 22.5 percent.

### Key Issues Related to Uganda’s Forests

19. **Uganda’s natural forests are being lost and degraded at one of the highest rates in the world despite their importance for tourism and the role they play in supporting other natural resource-based activities.** The total net loss of Uganda’s forests during 2000–2015 was estimated at 1.8 million ha, equivalent to an average annual loss rate of 4 percent. In 2000, forests covered 19.4 percent of the land area, but this had reduced to 12 percent by 2015.<sup>21</sup> Implementation of the policy and legal framework has been weak, and forest laws are unevenly enforced. The lack of clearly marked boundaries, infrastructure, and equipment and limited access severely restricts efforts to conserve and manage these forests. More frequent and intense forest fires pose a growing threat exacerbated by increasing climatic variability and by forest fragmentation which leaves forests more vulnerable to damage from fires set to clear agricultural land. The spread of invasive and alien species also contributes to the decline of biodiversity. Delays in addressing the spread of invasive species can cause permanent changes to the landscape, and eradication becomes increasingly more expensive the longer the problem is left unaddressed.

20. **For tourism development, there is a need for focused planning and public investments** that can facilitate and leverage private investments for improved economic outcomes. First and foremost is a need to diversify the range of tourism products available. The Ugandan tourism sector is lacking comprehensive product development, resulting in overdependency on gorilla visits, savannah game drives, and rafting in Jinja. A wider range of high-quality tourism products would be beneficial to the entire sector. Tourism

<sup>16</sup> Assumes full-time equivalent is 250 working days per year.

<sup>17</sup> Uganda Ministry of Water and Environment. 2019. Woodfuels Overview. Technical Report.

<sup>18</sup> Uganda Bureau of Statistics. 2018. *2018 Statistical Abstract*. [https://www.ubos.org/wp-content/uploads/publications/05\\_2019STATISTICAL\\_ABSTRACT\\_2018.pdf](https://www.ubos.org/wp-content/uploads/publications/05_2019STATISTICAL_ABSTRACT_2018.pdf). Accessed May 22, 2019.

<sup>19</sup> Mukasa, et al. 2012. “Gender and Forestry in Uganda: Policy, Legal and Institutional Frameworks.” Working paper No. 89. Bogor, Indonesia: Center for International Forestry Research (CIFOR).

<sup>20</sup> Mukasa, et al. 2016. *Strengthening Women’s Tenure Rights and Participation in Community Forestry*. Infobrief, No. 155. Bogor, Indonesia: CIFOR.

<sup>21</sup> MWE. 2018. *Proposed Forest Reference Level for Uganda*. Republic of Uganda.



product development should reflect the unique attributes of the destination, have the support of the host community, be different from competitors, and have a scale sufficient to make a significant economic contribution.

21. **Both UWA and the NFA recognize that more value could be generated from PAs through tourism.** They have identified the need for improved tourism infrastructure and facilities which include, among others, visitor centers, tracks, trails, bridges, and boardwalks. Furthermore, both UWA and the NFA foresee the development of new and improved tourism products such as canopy walks, bird-viewing hides and platforms, and cable cars, among others, to enhance diversification of tourism products. Even where investments are proposed by the private sector, such as under the ‘Space for Giants’ initiative, there is a need for government agencies to invest in access roads, utilities, and other basic infrastructure to unlock the private sector investments. To date, funding constraints and lack of adequate tourism planning have stalled these new opportunities. There is, therefore, a need for the government to further invest in tourism infrastructure in forest and wildlife PAs to increase tourism revenues and enable private sector investments.

22. **In spite of the increase in plantation forest, the potential for productive forestry to become a strong economic sector is underutilized.** The current plantation resource in Uganda is well below what is needed to meet the country’s anticipated demand for timber, poles, and especially woodfuel. Even excluding woodfuel, the predicted demand<sup>22</sup> indicates a minimum requirement of 200,000 ha of forest plantations in total, though this depends on a number of factors—notably, Uganda’s GDP growth, the further development of local value chains, and the regional demand. In addition, there are growing export opportunities as neighboring countries such as Kenya offer a potential market for Uganda’s wood-based industries. The private sector investments are required to meet the shortfall of supply. The use of financial incentives coupled with technical assistance and extension has proved to be successful in leveraging private sector investments<sup>23</sup>; however, the current phase of the SPGS is due to end mid-2021 with no indication of further funding. Private sector investments in plantation establishments outside the SPGS remain limited.

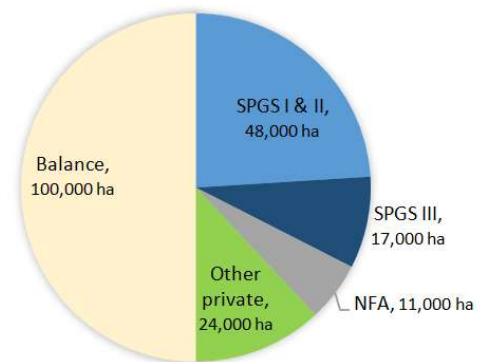


Figure 1: Estimated plantation area

23. **Appropriate public and private sector investments and incentives would need to be introduced to encourage the development of the forestry sector and reach a critical mass both in terms of wood volume and processing capacity.** The vast majority of production from Uganda’s forests is for low-value wood products. This is partly because some of the value chains are either not developed well (for example, poor-quality sawmills and no timber drying) or not easily accessible for smaller growers (for example,

<sup>22</sup> Projections based on UNIQUE. 2010. *Timber Market Study for SPGS* and adjusted based on current population numbers. Main assumptions: rotation of 20 years, 30 percent harvesting losses, and final crop standing volumes of 200 m<sup>3</sup> per ha.

<sup>23</sup> The first two phases of the SPGS established 42,000 ha of plantations. The third phase of the SPGS is underway, and by 2020 targets the establishment of a further 31,500 ha of forest plantations, including 4,000 by smallholder community groups. Total funding for three phases of SPGS is approximately US\$41 million (US\$34 million from the EU, US\$5 million from Norway, and US\$2 million from GoU). Using the same cost assumptions, establishment of 100,000 ha of plantations would require US\$55.8 million.



electricity transmission poles). Lack of vocational skills is also a constraint to developing wood value chains. A current ban on exporting processed timber (included in the NFTP) is also negatively affecting the timber price and turning potential investors away. Because of this, confidence in a sustainable, long-term commercial forestry sector is low, with some growers selling their standing crops early, flooding the local market with low-quality timber and thus further deflating the price. An expanded plantation sector in combination with value chain addition—such as in sawmills and wood dryers—could substantially boost employment and revenue generation from productive forests.

**24. Supporting more sustainable use of forest resources in refugee-hosting areas, in combination with an expansion of tree cover on individual land, could help address environmental degradation and improve energy access.** While there have been numerous initiatives in Uganda to promote tree planting on private land, there has been a disproportionate focus on target-driven seedling distribution—an approach which has given insufficient consideration to who will own, manage, and benefit from such tree growing over the medium to longer term. As a result, seedling and sapling survival rates have been poor. In addition, the natural forests that remain on customary land are threatened and suffer from a lack of collective rights and benefits for their sustainable management. The result is that the short-term economic rewards from unsustainable harvesting outweigh the incentive for long-term sustainable utilization. In view of Uganda’s own development challenges, the need for medium- and long-term socioeconomic support to refugees and local populations is central to ensuring social cohesion and sustained refugee protection. This is even more important in view of the protracted stay of many of the refugees and the limited prospects for early resolution of the circumstances that generated refugee population inflow into Uganda.

**25. While tree planting specifically to generate fuel is not commercially attractive in the refugee-hosting areas, fuel is a useful by-product of timber and pole production generated during thinning, pruning, felling and quality grading.** Providing a commercial market for these residues can provide supplementary revenue for private forestry and motivate more farmers to plant trees to meet current and future demand and create economic opportunities, especially in refugee-hosting areas where commercial tree growing may currently be of marginal profitability and would benefit from market stimulus. Meanwhile, demand for firewood from refugees and nearby host communities exceeds sustainable annual yield in the zone up to 5 km from the settlement boundaries, according to the World Bank-supported analytical work.<sup>24</sup> Refugees are experiencing increasing fuel shortage, especially in the settlements situated in more densely populated areas.

**26. Forests play an important role in the resilience of local communities.** Sustainable forest management and access to services and benefits from forest and wildlife PAs can help vulnerable communities to better absorb and adapt to the impacts of shocks and stressors, among them, climate change.<sup>25</sup> Uganda’s Nationally Determined Contributions to the Paris Climate Agreement place a strong emphasis on adaptation to ensure that all people and communities are resilient to climate impacts.<sup>26</sup>

<sup>24</sup> World Bank; FAO. 2019. *Rapid Assessment of Natural Resources Degradation in Areas Impacted by the South Sudan Refugee Influx in Northern Uganda (English)*. Washington, D.C. : World Bank Group.

World Bank. 2020. *Assessment of Forest Resource Degradation and Intervention Options in Refugee-Hosting Areas of Western and Southwestern Uganda (English)*. Washington, D.C. : World Bank Group.

<sup>25</sup> Braatz, S. 2012. “Building Resilience for Adaptation to Climate Change through Sustainable Forest Management.” In *Building Resilience for Adaptation to Climate Change in the Agriculture Sector*, edited by A. Meybeck, J. Lankoski, S. Redfern, N. Azzuand, and V. Gitz, 117–28. Proceedings of a Joint FAO/OECD Workshop. <http://www.fao.org/3/i3084e/i3084e09.pdf>.

<sup>26</sup> Uganda’s Nationally Determined Contributions includes actions that Uganda has committed to undertake as part of its





Resilience is also part of Uganda’s Strategic Program for Climate Resilience, which identifies the enhancement of climate-resilient agricultural production and other investment opportunities to build a climate-resilient and more productive and sustainable forest subsector, to gain both climate change adaptation and mitigation co-benefits.<sup>27</sup>

### C. Relevance to Higher Level Objectives

27. **The proposed project contributes to the World Bank Group’s (WBG) twin goals of ending extreme poverty and boosting shared prosperity in a sustainable manner.** The project is also closely aligned with the Uganda Country Partnership Framework (CPF) (FY16–21).<sup>28</sup> The project area targets some of the poorest districts in Uganda, which are also some of the most affected by the refugee inflow. Specifically, the project concept is aligned to support the CPF Strategic Focus Area B: Raising Incomes in Rural Areas and seeks to strengthen natural resources management and build resilience, with particular attention to growing incomes of women.

28. **The project contributes to achieving objectives set out in Uganda’s Vision 2040 and NDP 3.** The project objectives are aligned to all the NDP 3 strategic objectives, in particular objective 1 “Enhance value addition in Key Growth Opportunities during 2020-2024” and objective 4 “Strengthening the private sector to drive economic growth”. Furthermore, the project directly contributes to two NDP 3 programs: a) Water, Environment and Natural Resource and Climate Change Management Program and b) Tourism Development Program. The project is also consistent with the vision of the Green Development Growth Strategy.

29. **The project is a priority investment for the Water and Environment sector** and contributes to the implementation of Uganda’s National REDD+<sup>29</sup> Strategy and Action Plan (2017), Uganda’s Forest Investment Program and Strategic Program for Climate Resilience. The project will apply landscape approaches that are consistent with national policy on catchment-based management and on integration of development plans and processes in the landscape.

30. **The project supports international and national-level priorities for the sustainable management of wetlands and forests.** For wetlands, the project will complement Uganda’s national wetland program that seeks to restore and support sustainable management of Uganda’s wetlands. These efforts are already supported by the Green Climate Fund (GCF),<sup>30</sup> and the proposed project will provide additional support for wetlands of national and international importance in the Albertine landscape. More broadly, the project will support forested watersheds and riparian forests that protect key riverine and lacustrine wetlands. For forests, this project supports the top-priority intervention included in the Forest Investment

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climate change mitigation and adaptation agenda. These are focused on the following priority sectors: agriculture, forestry, water, infrastructure, energy, health, wetlands, and risk management (particularly in urban areas).

<sup>27</sup> Strategic Program for Climate Resilience for Uganda, 2017.

[https://www.climateinvestmentfunds.org/sites/cif\\_enc/files/ppcr\\_20\\_6\\_strategic\\_program\\_for\\_climate\\_resilience\\_for\\_uganda\\_final\\_2.pdf](https://www.climateinvestmentfunds.org/sites/cif_enc/files/ppcr_20_6_strategic_program_for_climate_resilience_for_uganda_final_2.pdf).

<sup>28</sup> World Bank. 2016. *Country Partnership Framework for the Republic of Uganda for the Period FY16–21*. (Report #101173-UG).

<sup>29</sup> REDD+ stands for Reduced Emissions from Deforestation and Forest Degradation and the Role of Conservation, Sustainable Management of Forests, and Enhancement of Forest Carbon Stocks in Developing Countries.

<sup>30</sup> FP034 Building Resilient Communities, Wetlands Ecosystems and Associated Catchments in Uganda, implemented by the United Nations Development Programme.



Program (FIP)<sup>31</sup> and the Strategic Program for Climate Resilience.<sup>32</sup> Both investment programs identify priorities for transformational investments with regard to building resilience to climate change and, in the case of the FIP, also mitigating GHG emissions from the forestry sector. The proposed project is Project 1 in the FIP and Project 2a in Uganda’s Strategic Program for Climate Resilience.

**31. The project contributes to Uganda’s Comprehensive Refugee Response Framework and the related Water and Environment Sector Response Plan for Refugees and Host Communities in Uganda.** In particular, it will address wood fuels-based energy security for both host communities and refugee settlements and growing environmental degradation. Close coordination will be undertaken with the Development Response to Displacement Impacts Project in the Horn of Africa (P152822), especially with regard to improving environmental management in refugee-hosting districts. This project is expected to pursue different outcomes and implementation arrangements from the Development Response to Displacement Impacts Project in the Horn of Africa, but coordination between the two will be important. The project team will also maintain communication with the team responsible for the proposed Energy Access Scale-Up Project (P166685) which is addressing the consumption side of biomass energy in refugee response.

**32. The project is aligned with the objectives of the IDA18 sub-window for refugees and host communities,** including (a) mitigating the shocks caused by an inflow of refugees and creating social and economic development opportunities for refugees and host communities, (b) facilitating sustainable solutions to protracted refugee situations including through the sustainable socioeconomic inclusion of refugees in the host country, and (c) strengthening preparedness for increased or potential new refugee flows.

**33. The project will address the World Bank’s high-level corporate priorities on climate change which aim to increase the level of ambition and commitments on both adaptation and resilience.**<sup>33</sup> The project will make a substantial contribution to addressing priorities of the World Bank’s Africa Climate Business Plan.<sup>34</sup> In particular, the project will contribute to ‘Scaled-up and transformational investments in key sectors and areas’ which places a strong emphasis on support for climate-resilient landscape management and comprises one of four emerging strategic priorities. Implementation of the recently launched World Bank Action Plan on Climate Change Adaptation and Resilience<sup>35</sup> will also be supported at scale by this project.<sup>36</sup>

**34. The proposed project will work in synergy with the Additional Financing phase of the Competitiveness and Enterprise Development Project (CEDP) (P169435).** The CEDP will address

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<sup>31</sup> [https://www.climateinvestmentfunds.org/sites/cif\\_enc/files/fip\\_18\\_7\\_investment\\_plan\\_for\\_uganda\\_final.pdf](https://www.climateinvestmentfunds.org/sites/cif_enc/files/fip_18_7_investment_plan_for_uganda_final.pdf).

<sup>32</sup>

[https://www.climateinvestmentfunds.org/sites/cif\\_enc/files/ppcr\\_20\\_6\\_strategic\\_program\\_for\\_climate\\_resilience\\_for\\_uganda\\_final\\_2.pdf](https://www.climateinvestmentfunds.org/sites/cif_enc/files/ppcr_20_6_strategic_program_for_climate_resilience_for_uganda_final_2.pdf).

<sup>33</sup> World Bank. 2017. “Additions to IDA Resources: Eighteenth Replenishment - Towards 2030: Investing in Growth, Resilience and Opportunity.”

<sup>34</sup> World Bank. 2018. *Accelerating Climate-Resilient and Low-Carbon Development: The Africa Climate Business Plan*.

<sup>35</sup> World Bank. 2019. *The World Bank Group Action Plan on Climate Change Adaptation and Resilience*.

<sup>36</sup> The action plan prioritizes the mainstreaming of climate action through programmatic operations. Among the high-potential areas identified are support for (a) integrated landscape management approaches; (b) ‘triple-win’ approaches such as climate-smart agriculture and afforestation that seek to capture benefits from development, emissions reduction, and enhanced resilience; and (c) nature-based solutions (also referred to as ecosystem-based adaptation approaches) that reduce risks, protect environmental services, and generate income-generation co-benefits.



upstream aspects of the enabling environment for increasing private sector investment in the tourism sector, such as developing a tourism information management system, implementing a quality assurance framework, developing the applicable regulations for tourism enterprises, conducting destination planning and identifying and supporting evaluation of investment opportunities in tourism. Under the land component of the CEDP, investments are proposed to strengthen the capacity of communities adjacent to NPs. Both projects will contribute to the Tourism Sector Development Plan (2015/2016–2019/2020) which focuses on unlocking the binding constraints in the sector<sup>37</sup>, and the two projects will coordinate closely.

35. **The project is responsive to the Uganda Gender Policy and World Bank Group Gender Strategy.** The project design includes targeted interventions for generating better jobs, ownership and control over assets, and voice and agency within local-level forest management institutions. The project will pay particular attention to the factors that might impede women from participating in productive activities in forest landscape and other value-added activities. This focus echoes the water and environment sector’s commitment towards the promotion of gender equality and women empowerment, as expressed in the Water and Sanitation Gender Strategy (2018-2022).

## II. PROJECT DESCRIPTION

### A. Project Development Objective

#### PDO Statement

36. The Project Development Objective (PDO) is to improve sustainable management of forests and protected areas and increase benefits to communities from forests in target landscapes.<sup>38</sup>

The project will support the government agenda of increasing forest cover through afforestation and reforestation and slowing down the loss and degradation of the nation’s forests.

#### PDO Level Indicators

##### *Measuring Improved Sustainable Management of Forests and Protected Areas*

- (a) Management effectiveness of target protected areas within targeted forest landscapes (using METT<sup>39</sup> score) (number)

<sup>37</sup> The five priority areas identified in the Plan are (a) marketing and promotion, (b) human resource development, (c) product development, (d) natural and cultural resource conservation, and (e) tourism management and regulation. Specifically, the project directly contributes to the implementation of the following priority investments: (a) tourism product development, (b) access infrastructure and hospitality facilities, and (c) conservation of natural tourist attractions in the targeted PAs.

<sup>38</sup> Target landscapes include Albertine Rift, the refugee-hosting areas of West Nile Region, and Lamwo district.

<sup>39</sup> The Management Effectiveness Tracking Tool (METT) score is widely used by the Bank and other organizations to assess how effectively protected areas are being managed. It was designed as one of a series of management effectiveness assessment tools around the World Commission on Protected Areas Framework. It comprises a detailed questionnaire (30 questions) that covers a broad range of management effectiveness issues, with the total score for each protected area ranging from 0 to about 100.



- (b) Land area under sustainable landscape management practices (CRI<sup>40</sup>), with sub-indicators:
  - (i) Area under agroforestry systems - in refugee-hosting areas (ha)
  - (ii) Area under improved natural resource management (community forests registered and implementing activities under management plans) - in refugee-hosting areas (ha)
  - (iii) Area under plantations and re-forestation (outside of gazetted areas) (ha)
  - (iv) Protected areas under effective management (with project support) (ha)

*Measuring Increased Benefits to Communities from Forests<sup>41</sup>*

- (c) Visitors at National Parks and Central Forest Reserves in target areas (annually) (number)<sup>42</sup>
- (d) People employed in production and processing of forest products (number), including female (number)
- (e) People that participated in consultations on use of forest resources in targeted landscapes, including female (number) and including refugees (number)<sup>43</sup>
- (f) Refugee households benefitting from the woodfuel scheme for refugee settlements<sup>44</sup> (number)

## B. Project Components

37. **The project's geographical focus is on selected priority areas in western and northwestern Uganda.** Project target landscapes include Albertine Rift (within Albert Water Management Zone (WMZ), the refugee-hosting districts of West Nile Region, and Lamwo district (within Upper Nile MWZ) (see annex 3 for project area map). The plantation forestry scheme under component 2.2. has nationwide coverage. The Albert Nile WMZ contains the Albertine Rift, which supports the most carbon-dense forests remaining in Uganda and is also a global biodiversity hotspot. Many intact areas of forest remain in this landscape, but most are under high pressure and forest areas are becoming increasingly fragmented. As these forests fragment, they become increasingly vulnerable to forest fires - a trend exacerbated by longer dry periods being experienced countrywide and in the Albertine region. Fragmentation is also leading to biodiversity loss and, increasingly, human-wildlife conflicts, as wildlife, such as African elephant and chimpanzees which require large ranges, move between remaining blocks of habitat. The Albertine Rift is also home to

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<sup>40</sup> CRIs are Corporate Results Indicators. CRIs are required for all active and pipeline operations of more than US\$5 million for which one or more CRIs are relevant to the content of their interventions irrespective of the instrument. CRIs are aggregated to report World Bank and IDA results to internal and external stakeholders.

<sup>41</sup> While communities will be the primary beneficiaries of improved forest management, the project is also expected to generate economic and employment benefits for a wider group of stakeholders, economic benefits to businesses, and benefits to all stakeholders (local, regional and national level including communities, district forest offices, private sector, and national exchequer).

<sup>42</sup> A proxy indicator for measuring increased tourism-related benefits. Specifically, communities adjacent to protected areas benefit under UWA's benefit sharing scheme, whereby UWA shared 20 percent of gate revenue with adjacent districts. Global analysis shows that for every US\$1 of direct spending in protected areas, including park fees, lodge nights, activities booked at lodges/camps and so on, an additional \$0.79 is spent in the local economy.

<sup>43</sup> A citizen engagement and gender indicator.

<sup>44</sup> Only refugee households will receive woodfuels under the scheme; host communities will benefit from cash flows through purchase of the fuelwood.



a number of protected areas with high tourism potential – Queen Elizabeth NP and Murchison Falls NP, the most visited parks in Uganda, are located in this landscape.

38. The project will support a landscape approach<sup>45</sup> to improve management and economic productivity of forest ecosystems in the targeted landscapes. It will combine investments in forest management in state- and community-managed lands and will focus on improving the management of forests, increasing revenues for sustaining forests and supporting resilient livelihoods. The components are briefly summarized as follows:

- **Component 1** will focus on improving management of government-managed forest and wildlife PAs to ensure they can continue to generate revenues and provide important environmental services.
- **Component 2** will increase revenues and jobs from these forest and wildlife PAs through targeted investments in tourism and productive forests.
- **Component 3** will encourage establishment of greater tree cover in refugee-hosting landscapes on host community land outside PAs, supporting sustainable forest management and landscape resilience on private and customary land. The project will work in clusters of districts, based on the boundaries set as of July 1, 2010. This will allow the project to benefit from the technical capacity of DLG staff in the original districts while securing continuity in cases of creation of new districts. These districts either host refugee settlements or are within 5 km of a refugee settlement boundary. This component will be wholly funded by the IDA18 RSW and IDA grant, supporting project activities in 17 districts (Table 1).
- **Component 4** will support overall project management and monitoring.

**Table 1. Districts Included in Component 3 Activities**

Districts as of July 1, 2010	Districts as of July 1, 2019
<i>Albert WMZ</i>	
Hoima	1. Hoima 2. Kikuube
Kamwenge	3. Kamwenge
Kibaale	4. Kakumiro 5. Kagadi 6. Kibaale
Kiryandongo	7. Kiryandongo
Kyegegwa	8. Kyegegwa
<i>West Nile/Upper Nile WMZ</i>	
Adjumani	9. Adjumani
Amuru	10. Amuru
Arua	11. Arua 12. Madi Okollo
Koboko	13. Koboko
Lamwo	14. Lamwo

<sup>45</sup> Landscape approaches typically integrate environmental, agricultural, and or other sectoral approaches and are often undertaken at scale in areas defined by logical hydrological, ecosystem, or topographical boundaries.



Districts as of July 1, 2010	Districts as of July 1, 2019
Moyo	15. Moyo 16. Obongi
Yumbe	17. Yumbe

39. **Table 2 provides a summary of indicative IDA financing by component.** The proposed project will be funded using a blend of credit and grant financing from IDA (including financing from the RSW), as well as a contribution from the GoU resources which will be spread over all four components and is not included in the table.

**Table 2. Indicative Financing by Component (US\$)**

	IDA Credit	IDA Grant	RSW grant	Total
<b>Component 1. Improved management of protected areas</b>				<b>46,700,000</b>
1.1. Improvement of infrastructure and equipment for the management of forest protected areas	24,000,000			<b>24,000,000</b>
1.2. Increasing the involvement of local communities in the management of forest and wildlife areas by increasing their access and benefits from these areas	6,700,000			<b>6,700,000</b>
1.3. Restoration of degraded natural forests and habitats in Wildlife and Forest Protected Areas	4,000,000			<b>4,000,000</b>
1.4. Increased forest protection in CFRs and WRs in close proximity to refugee settlements		6,000,000	6,000,000	<b>12,000,000</b>
<b>Component 2. Increased Revenues and Jobs from Forests and Wildlife Protected Areas</b>				<b>38,500,000</b>
2.1. Investments in tourism	16,000,000			<b>16,000,000</b>
2.2. Investments in productive forestry	22,500,000			<b>22,500,000</b>
<b>Component 3. Improved landscape management in refugee-hosting areas</b>				<b>58,000,000</b>
3.1. Increased tree cover on community and private land		6,000,000	38,000,000	<b>44,000,000</b>
3.2. Supporting farm forestry for refugee fuel supply			14,000,000	<b>14,000,000</b>
<b>Component 4. Project management and monitoring</b>				<b>5,000,000</b>
	5,000,000			
<b>Totals</b>	<b>78,200,000</b>	<b>12,000,000</b>	<b>58,000,000</b>	<b>148,200,000</b>

Note: The GoU counterpart financing is not included in this financing table.

40. **Gender.** As part of the project design, a gender gap analysis<sup>46</sup> was conducted to provide insight into existing gender disparities in the target areas and to inform project design. Attention will be given to a range of technical options for addressing gender gaps. The project will support higher levels of inclusion and equitable participation of women, men, boys, and girls, as well as the historically marginalized communities of Batwa. Women and historically marginalized groups will be targeted and encouraged to have membership/enrollment in community associations and other private sector entities and networks. This will promote opportunities for accessing skills development and capacity-building training,

<sup>46</sup> Available in the project file.



strengthening voice and participation, negotiation, and collective bargaining power. It will also lead to more equitable benefits from forests. This should result in economically and socially empowered individuals and groups in the project landscape.

41. **Gender gaps/issues.** The gender gap analysis noted that women and men have differentiated roles and responsibilities, which structure their priorities and preferences in planting trees and choice of species. This also tends to shape the use and management of the resources and access to forests. Women tend to focus on low-return products and activities while men control production and commercialization of more profitable forest resources. Men and women also play different roles in the tourism-related enterprise value chains. Women's participation is usually limited to harvesting and small-scale retail trade, while men dominate larger businesses and engage in higher-value chains. A larger majority of women do not own land, reducing their opportunities in accessing and controlling capital and credit, which is critical in forestry sectors investments.

42. **Consequently, in forest management and use, women are limited in active participation in decision making and leadership and tend to receive fewer benefits.** Such limitations are attributed to negative cultural beliefs and norms, lower levels of literacy and education, and disproportionate access to information (for example, technology) which facilitate exclusion of women, poor households, and vulnerable populations. Women, therefore, have been limited in economically investing in forest enterprises and activities and are burdened more by the household chores and responsibilities, reducing their time which can be allocated to forestry and agroforestry income-generating activities. For these reasons, actions are focused on removing constraints for more and better jobs, removing barriers to women's ownership and control of assets, and enhancing women's voice and agency (and engaging men and boys) to close gender gaps. The project includes a Gender Action Plan (see annex 2) that addresses the gender aspects of inclusive and sustainable forest resource management.

43. **The project will contribute to strengthening the resilience of vulnerable communities through improvements in forest management and in the productivity of forests and their surrounding landscapes.** By enhancing forest management, enhancing ecosystem services, and generating jobs and revenues from forest and wildlife areas the project will strengthen key characteristics or 'attributes' of resilient communities (for example, robustness, flexibility, diversity, and inclusion). Integrating these attributes will deepen the links between the project's activities and the resilience of vulnerable (host and refugee) communities.

44. **The project has been designed to advance the absorptive, adaptive, and transformative capacity of the landscape as a whole and the communities that depend on landscape resources.** By focusing on improving management of government-managed forest and wildlife PAs to ensure they can continue to generate revenues and provide important environmental services, Component 1 contributes mainly to the following attributes: (i) **Robustness** by strengthening physical infrastructure through grading and maintenance of tracks in PAs and strengthening institutional capacities through improvement in PA management, (ii) **Redundancy** by fostering the availability of supplemental services through restoration, natural regeneration, and enrichment planting, (iii) **Learning** by providing training and skills development to participate and benefit from forest management, (iv) **Inclusion** by supporting women to participate and take leadership roles, fostering community engagement.<sup>47</sup>

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<sup>47</sup> Detailed project resilience analysis was conducted as part of project preparation and is available in project file.



45. **By increasing revenues and jobs from these forest and wildlife PAs through targeted investments in tourism and productive forests, Component 2** contributes mainly to the following attributes: (i) **Redundancy** by fostering income-generation opportunities through investment in tourism, leveraging investment, and diversifying tourism products, (ii) **Connectedness** by investing in plantation forestry and wood value chains and fostering new investments to increase plantation areas.

46. **By encouraging the establishment of greater tree cover in refugee-hosting landscapes outside PAs and supporting sustainable forest management and landscape resilience on private and customary land, Component 3** contributes mainly to the following attributes: (i) **Robustness** by supporting the development of community forest regulations, (ii) **Diversity** by developing mixed-use agroforestry systems on household plots, (iii) **Redundancy** by fostering supplementary revenue through a program to purchase fuelwood from communities and supply it to refugees.

47. **Maximizing Finance for Development.** Under Component 2, the project will leverage private sector investment into nature-based tourism and sustainable commercial timber plantations. The Government intends to negotiate private sector concessions in PAs — with anticipated new investments of over US\$60 million. The lack of adequate infrastructure is constraining the final decisions of potential investors. Further investment is also needed to enable the productive forestry sector to become a strong and self-sustaining economic sector. The current plantation resource in Uganda is well below what is needed to meet the country's anticipated demand for timber and timber products. The project will promote sustainable commercial timber plantation development, and a grant facility will be implemented to leverage private sector finance for plantation establishment. Under Component 3, support will be provided for the establishment of private nurseries through the development and transfer of technology such as access to improved seeds and training for nursery operations and the introduction of quality standards for private nurseries.

**Component 1. Improved management of protected areas (US\$46.7 million, including IDA credit US\$34.7 million equivalent, IDA grant US\$6 million, and IDA RSW grant US\$6 million)**

48. **This component will provide support to NPs, WRs, and CFRs in the project area to strengthen their on-the-ground management.** Geographically, investments under this component will focus on NPs, WRs, and CFRs selected on the basis of agreed selection criteria.<sup>48</sup> Activities under this component will be implemented by UWA in NPs and WRs and the NFA in CFRs. It is expected that the enhancements in management of forests and improvements in forest stock as a result of activities under this component will also increase the forests' climate change mitigation capacity.

<sup>48</sup> The criteria included: (a) Absence of social risks requiring involuntary resettlement/land compensation (encroachment); (b) high potential for carbon abatement, high provisions of ecosystem goods and services (especially, water), biodiversity protection; (c) high potential for revenue generation from nature-based tourism; (d) potential for plantation development/value chains investments; (e) reducing barriers to biodiversity conservation; (f) reducing impact of refugees on forests/woody biomass availability; (g) landscape connectivity; and (h) value addition and complementarity.





*Subcomponent 1.1. Improvement of infrastructure and equipment for the management of PAs (US\$24 million equivalent, all IDA credit)*

49. This subcomponent will provide investments and maintenance support costs for
- (a) Grading and maintenance of tracks and trails, including climate-proofing, within PAs to improve access for park management;
  - (b) Boundary planning (including community consultations) and demarcation where needed/appropriate;<sup>49</sup>
  - (c) Infrastructure (such as fencing and walls to reduce human-wildlife conflicts, staff accommodation, and ranger posts);
  - (d) Field communication equipment, field equipment for PA operations, and office equipment;
  - (e) Field vehicles for protected area operations; and
  - (f) Support for the National Forest Monitoring System (NFMS) which was established with the support of the World Bank through the Forest Carbon Partnership Facility readiness mechanism (Uganda FCPF Readiness [P124296]).
50. To address wildfire management and control of invasive plants, the project will support
- (a) Consultancy services to support development of landscape-level strategies for fire management<sup>50</sup> and eradication of invasive species;
  - (b) Training and equipping NFA and UWA staff for fire management;
  - (c) Establishment and maintenance of fire breaks in target forest reserves, NPs and Wildlife areas and savannah woodlands;
  - (d) Equipment and construction of fire towers for fire detection and suppression;
  - (e) Community sensitization, response, and monitoring;
  - (f) Introduction of more efficient fire management systems at the landscape level; and
  - (g) Implementation of appropriate invasive species eradication measures.
51. This will also include consideration of satellite-based monitoring systems. The invasive species strategy will recommend cost-effective eradication techniques for specific sites and propose partnership with institutions experienced with invasive species removal. The project will finance removal of invasive species through community collaboration.

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<sup>49</sup> Boundary demarcation will not be supported in the wildlife PAs (NPs and WRs) and in the following CFRs where complete boundary demarcation is currently ongoing with support from the United States Agency for International Development: Budongo, Bugoma, Buhunjiro, Echuya, Eria, Era, Itwara, Kalinzu, Kasyoha-Kitomi, Mpanga, Mt. Kei, Otzi East, and Otzi West.

<sup>50</sup> Uganda's National REDD+ Strategy identifies fire as the lead factor of GHG emissions from forests in Uganda.



*Subcomponent 1.2. Increasing the involvement of local communities in the management of forest and wildlife areas by increasing their access and benefits from these areas (US\$6.7 million equivalent, all IDA credit)*

52. This subcomponent will support technical assistance packages and training aimed at developing the skills at the community level to actively participate in and benefit from the management of forest and wildlife resources, including to enhance the adaptive capacity of forest dependent communities for climate resilience by strengthening their coping strategies, diversifying forest management-related employment opportunities and livelihoods, and supporting adaptive forest planning and management. The technical assistance packages will include targeted support for women to empower them to participate and take leadership roles in natural resources management. At the field level, support will be provided for community engagement in the management of forest resources within PAs. This will include establishment of up to 75 new CRM groups and at least 28 new CFM groups and support of livelihood activities within existing groups.

*Subcomponent 1.3. Restoration of degraded natural forests and habitats in forest reserves (US\$4 million equivalent, all IDA credit)*

53. This subcomponent will target degraded areas in key CFRs, including areas where invasive species management (including operations supported under Subcomponent 1.1) has led to the removal of vegetation. The project aims to restore up to 15,000 ha of forest. Restoration will be implemented through natural regeneration (based on enclosure of areas) and, where needed, enrichment planting, to enhance integrity of forests and their mitigation capacity, through engaging and employing local communities.

*Subcomponent 1.4. Increased forest protection in CFRs and WRs in close proximity to refugee settlements (US\$12 million equivalent, including US\$6 million IDA grant and US\$6 million IDA RSW grant)*

54. At a small number of locations in close proximity to refugee settlements<sup>51</sup>, the project will deploy additional resources to improve PA management where there are site-specific threats to high-value forest assets, either as a direct result of refugee incursion or indirectly by the added commercial demand for forest products arising from their presence. These resources will enable UWA and the NFA to engage local communities in resource management efforts, including forest restoration, and strengthen enforcement efforts to better protect the remaining natural forests in these PAs. Project-supported activities will include

- (a) Community livelihood activities (such as beekeeping and wild mushroom growing);
- (b) Removal of invasive species;
- (c) Forest restoration;
- (d) Improvements for basic PA management (communication and other equipment, vehicles, ranger posts, and essential infrastructure);
- (e) Improvements for wildfire management (fire observation towers and equipment); and
- (f) Boundary demarcation where required and appropriate.

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<sup>51</sup> These are Ajai and Katonga WRs and Bugoma, Era, Kagombe, and Rwensambiya CFRs.



**Component 2. Increased revenues and jobs from forests and wildlife protected areas (US\$38.5 million equivalent, all IDA credit)**

55. This component will increase revenues and jobs from PAs through targeted investments in tourism and productive forestry and will include the following sub-components.

*Subcomponent 2.1. Investments in tourism (US\$16 million equivalent, all IDA credit)*

56. **This subcomponent, implemented by UWA and the NFA, will invest in tourism infrastructure and products in select NPs and CFRs in the project area.** Although the individual General Management Plans<sup>52</sup> of NPs and Forest Management Plans of CFRs already identify some investment priorities, the project will rely on a more informed and comprehensive process (by the marketing, planning, and product development specialists) to define and plan investments that can achieve the aim of adding value to the tourist experience and helping Uganda reach and sustain new and more diverse markets. Direct investments will fall into two broad categories: (a) tourist reception, information, and interpretive facilities in identified PAs and (b) infrastructure for new (or improving existing) tourist products and activities. It is expected that investments in the infrastructure for tourist products and activities will increase climate resilience of target protected areas as well as communities involved in these tourism activities.

57. **Tourist reception, information, and interpretive facilities will be used to improve the visitor experience in the PAs and to encourage visitors to stay longer at each site.** The project will support the development of this infrastructure in the following PAs: Bwindi Impenetrable, Queen Elizabeth, Kibale, Rwenzori Mountains, Semuliki, and Murchison Falls NPs and Kasyoha-Kitomi and Echuya CFRs. Other sites may be added as new priorities emerge.

58. **The project will provide investments in infrastructure that leverage private and community investment and support for the diversification of tourism products.** These investments fall into three categories:

- **Infrastructure investments to unlock confirmed private sector investment in PA-based tourism.** These investments will complement already-confirmed private sector investment, for example, through the ‘Space for Giants’ program. Many of the new concessions under this initiative will be in areas of NPs that have poor access or game viewing tracks. Investors are negotiating these concessions with the condition that the GoU (through UWA) provide required access and other infrastructure (for example water, and electricity connections). Project investments will include visitor centers, access gates, tracks, trails, bridges, climbing ladders, and boardwalks. In some areas near the boundaries of the NPs fencing may also be required.
- **Infrastructure investments for new or for improving existing tourism products.** This will include the development or enhancement of a range of products such as picnic sites, canopy walks, hiking trails, jetties, zip lines, bird hides, and multipurpose tourism centers to enhance diversification and overall quality of tourism products.

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<sup>52</sup> General Management Plans are prepared for all UWA-managed PAs such as NPs and WRs. Forest Management Plans are prepared for NFA-managed areas such as CFRs.



- **Provision of support** to community-based enterprises that could add value to the overall tourism offerings. The Project Implementation Manual (PIM) will include criteria for selection of recipients of this support.

*Subcomponent 2.2. Investments in productive forestry (US\$ 22.5 million equivalent, all IDA credit)*

59. This subcomponent will be implemented by the MWE and will invest in plantation forestry and wood value chains with the aim of enabling plantation forestry to become a strong and self-sustaining economic sector in Uganda. To accomplish this, two types of investments will be made: (a) investments to further increase plantation areas to reach a critical mass that can meet the demands of the local and regional markets (with most subcomponent investments dedicated to these activities) and (b) investments to support processing and utilization of forest products to produce higher-value wood products. This subcomponent will build on the successful model developed by the SPGS.

60. **Investments to further increase plantation area.** This will address about half of the current shortfall in supply from timber plantations through the provision of incentives that will continue to expand plantation area and improve quality standards of planting stock. Key to achieving this objective will be to increase private sector investment and participation. This subcomponent will fund a performance-based subsidy scheme that will focus on 'clusters' around well-established commercial tree growers. Supporting such participation with a public subsidy scheme that provides partial financing and extension support offers a cost-effective way of achieving this and has demonstrated impressive results to date (under the SPGS) by leveraging substantial private sector investment. This approach is designed to strengthen the integration of smallholder growers into wood value chains while also creating improved economies of scale for commercial tree growers. Specifically, the project will

- Provide conditional grants<sup>53</sup> to private tree growers for the establishment of over 36,000 additional hectares of plantations with commercial timber species, matching grants to investors in wood processing, and co-financing for skilling and training in vocational skills for wood processing;
- Support the functioning of a new plantation scheme operator that will (a) manage the issuance of calls for performance-based contracts, (b) manage and monitor performance-based contracts including quality assurance, and (c) provide technical support for silvicultural and value chain development;
- Provide capacity-building and technical support to the NFA for improved oversight of plantation concessions in CFRs. The implementation unit will support the NFA to ensure that CFR concessions are better managed, performance targets are met, and permits are annulled for planters who do not meet their agreed targets;
- Support the improvement of wood processing training facilities at Nyabyeya Forestry College and co-financing of skilling and training of operators of the new equipment;
- Support training on safe tree felling and extraction and loading; and
- Conduct a study on the feasibility of harnessing revenues from plantations for future investments in production forestry. It will draw upon experience and evaluation of the

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<sup>53</sup> Criteria for these grants will be included in the PIM.



performance grants under the existing plantation subsidy scheme. Such a mechanism could be introduced under the ongoing Forest Policy Review process.

**Component 3. Improved landscape management in refugee-hosting areas (US\$58 million equivalent, including IDA Grant US\$6 million and IDA RSW grant US\$52 million)**

61. **This component will improve forest landscape management in refugee-hosting areas** by supporting forestry development and sustainable woodland management on both private and customary land to enhance the resilience of local communities and landscapes to climatic changes and to refugee-related environmental impacts. The activity package is informed by two analytical studies commissioned by the World Bank that show growing deficits of wood fuels around refugee settlements.<sup>54</sup> These studies identified priority interventions to improve environmental management, ensure access to woodfuel resources for the host and refugee communities, and contribute to building livelihood resilience.

62. **Activities under this component will be led by the MWE**, which will engage qualified technical service providers (TSPs) to implement activities in close coordination with and involvement of DLGs (through the District Forest Service). The selected TSPs will work closely with district forest officers to draw upon their expertise and local knowledge and to build their capacity for providing support to the development of community-level forestry interventions in the longer term.

*Subcomponent 3.1. Increased tree cover on community and refugee-hosting areas (US\$44 million equivalent, including US\$6 million IDA grant and US\$38 million IDA RSW grant)*

63. This subcomponent will support residents of refugee-hosting areas to develop agroforestry systems, commercial woodlots, and community institutions for the sustainable management of natural woodlands. More specifically, the project will support the following:

- **Development of intensive, mixed-use agroforestry systems on household plots, with a strong orientation toward multipurpose woody species for fruit, fodder, fencing, fuel, shade, and nitrogen-fixing, in intensive, multilayered systems suitable for small areas.** The chosen TSP will work with the DLG staff to (a) identify interested households, raise awareness, and provide training in agroforestry techniques; (b) identify context-appropriate species of multipurpose trees and shrubs for mixed-use agroforestry systems; and (c) extend the existing network of tree nurseries for agroforestry species and design a strategy for disseminating seedlings. In addition to responding to demand for favored fast-growing trees, these systems will incorporate woody perennials that are often overlooked, such as pigeon pea, *Calliandra*, *Leucaena*, and okra, which can provide food, fuel, and nitrogen-fixing services. The project will aim to reach approximately 9 percent of rural households in target districts with a target of 0.2 ha per household for agroforestry development (thus a total of approximately 17,500 ha).
- **Support for development of woodlots on private land to enhance the supply of timber, poles, fuel, and other plantation products.** Context-appropriate seedlings, including

<sup>54</sup> World Bank; FAO. 2019. *Rapid Assessment of Natural Resources Degradation in Areas Impacted by the South Sudan Refugee Influx in Northern Uganda (English)*. Washington, D.C. : World Bank Group.

World Bank. 2020. *Assessment of Forest Resource Degradation and Intervention Options in Refugee-Hosting Areas of Western and Southwestern Uganda (English)*. Washington, D.C. : World Bank Group.



indigenous tree species, will be supplied from a quality-controlled private nursery network. The project will also provide training and extension support to maintain technical standards and maximize seedling survival. To ensure sustainability and engagement, a performance-based grant (equivalent to 50 percent of labor costs over the first four years) will be paid to qualifying woodlot owners upon physical verification at one year. Only woodlots with survival of at least 60 percent of seedlings will qualify for the grant. The project aims to establish woodlots of average size of 0.25 ha per household covering about 4 percent of rural households in the target area, for a total of about 9,700 ha.

- **Enhanced management and protection of natural forests outside PAs.** Natural forests on customary, leasehold, and freehold land are crucial for protecting ecosystem services but are under ongoing threat of degradation and deforestation from the related processes of agricultural expansion and removals for timber and woodfuel. Under this subcomponent, the project will first develop and secure assent for community forest regulations under the framework of the NFTP (2003) and ensure dissemination and awareness-raising. This will be undertaken through a consultative process that builds on existing guidelines and experiences, working with legal experts and the GoU. Formation of community forests is a bottom-up consultative process; only communities interested in pursuing a community forest will be supported by the project. The project will then facilitate the implementation of community forest management by (a) raising wider awareness of the community forestry model; (b) identifying priority areas; (c) supporting resource assessment, management planning, gazettement, and demarcation; (d) supporting institutional development (building on existing clan and elder structures where possible), providing training, and developing financial sustainability plans; and (e) providing inputs to assist in the restoration, protection, and sustainable management of these forests. The regulations will support implementation and allow community institutions to legitimize their rights and responsibilities for natural forests on their land. Registration of community forests is an important element of reducing the unsustainable use of forest resources.

**Community forestry support will be directed to specific districts:** Kiryandongo, Hoima, and Kikuube districts will be targeted, as they are relatively well endowed with natural forest and also well connected to the wood product markets of central Uganda. This should ensure sufficient commercial demand to generate the necessary revenue flows to support community-based forestry institutions and their forest management operations. Fifteen community forests averaging 250 ha in area will be supported under this subcomponent.

- **The project will also provide support for target District Forest Officers** through the provision of basic support packages of office equipment, motorbikes, and incremental operational costs, as well as capacity-building support to facilitate their participation in the above activities.

*Subcomponent 3.2. Supporting farm forestry for refugee fuel supply (US\$14 million equivalent, all from IDA RSW)*

64. **The project will set up a program to purchase fuelwood from Ugandan landowners and supply it to persons with specific needs (PSN)<sup>55</sup> within the refugee settlements** in the project areas, as agreed

<sup>55</sup> UNHCR and OPM have well-defined criteria for identifying PSNs. The following are groups generally considered to have



with the OPM and UNHCR, and consistent with the Water and Environment Sector Refugee Response Plan. This will simultaneously stimulate farm forestry, provide an energy lifeline to the most vulnerable refugees to help them cope with increasing woodfuel scarcity, and reduce pressure on natural woodlands. The program will be scaled to provide about 50 percent of the woodfuel needs of PSNs.<sup>56</sup> This scheme will be operated for the first three years of the project, to cover the acute emerging woodfuel shortages.

65. **The project will engage one group of service providers, under competitive tender, to organize and manage the firewood supply, and another to verify quantities and quality, and ensure fair and equitable allocation at settlement level.** Firewood will be purchased in bulk, using cubic meter stacks as measurement units. Private sector cooperatives or tree growing associations may be engaged to aggregate supply from multiple producers. Wood will be sole-sourced from eucalyptus<sup>57</sup>, as this is readily identifiable, produces good-quality fuelwood, and stacks with minimal air space. A minimum harvesting distance from each settlement will be defined, ideally at least 10 km (twice the maximum distance that refugees currently travel on foot), to avoid overlapping harvesting zones. Refugees will benefit from the distributed fuel, though they will not be engaged as wood suppliers as they do not own land in the proposed source areas or have well-established tree plantations. Distribution within the settlements will be managed by a team of supervisory staff and distribution clerks based on guidance from the OPM and UNHCR. The PIM will provide more details of how the firewood purchase and distribution scheme will operate.

#### **Component 4. Project management and monitoring (US\$5 million equivalent, all from IDA credit)**

66. This component will support project management support activities to ensure cost-efficient, timely, and quality delivery of project activities and results, including monitoring and evaluation (M&E) and project reporting. This will include support for overall project management, fiduciary management aspects, including procurement and financial management (FM), environmental and social risk management, social inclusion and gender competency development including a monitoring implementation of the gender action plan, M&E and reporting. This component will provide support for the preparation of midterm and project completion reports.

#### **C. Project Beneficiaries**

67. The main beneficiaries of the proposed project are Ugandan communities that depend on forest resources, including smallholders prepared to invest in productive forestry through plantations, agroforestry, community forestry, and ecotourism. Refugee host communities in the target project areas will additionally enjoy multiple benefits from enhanced tree cover on private and customary land, including sustainable access to food, fruits, fodder, fuel, building materials, medicines, and revenue from tree products sales (including sales of firewood destined for refugees). The tourism sector and wood value chain players will also be important beneficiaries. Support to the creation of new small-scale natural-resource-based enterprises will create gainful employment. Project interventions will also enhance

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specific needs: girls and boys at risk, including unaccompanied and separated children, persons with serious health conditions, persons with special legal or physical protection needs, single women, women-headed households, older persons (persons over 60 years), persons with disabilities, and persons with a diverse sexual orientation or gender identity.

<sup>56</sup> As of December 2019, there are 147,282 refugees classified as PSNs by UNHCR/OPM, in 80,897 households. Population data is updated regularly by UNHCR and will be reflected in adjustments to firewood supply volumes and targeting.

<sup>57</sup> Grown on the planting area of approximately 10,000 ha.



ecosystem services from the landscape, for example, watershed protection, indirectly benefitting downstream water users through improved water flow, better water quality, and reduced soil erosion.

68. The GoU agencies in the natural resources sector and their staff (mainly UWA and the NFA as well as district natural resource office staff in target districts) will benefit from improved capacity for service delivery. Both technical staff and communities will benefit from improved capacity for gender-responsive approaches to sustainable forest management. The project will support higher inclusion and participation of women, boys, and girls as well as the historically marginalized communities of Batwa through specific activities across the three substantive components.

#### **D. Results Chain**

69. The logic of the project's Theory of Change (see Figure 2) is that with strengthened management of PAs and improvements in participatory resource management, tourism opportunities and forest products value chains will increase incentives for sustainable forest management, increase diversification of incomes toward conservation-compatible livelihoods, improve value addition (including export potential), and increase revenues from forests. Medium and long-term project outcomes are expected to enhance the climate resilience of forest, landscapes and communities in targeted areas by strengthening core resilience capacities - absorptive, adaptive and transformative capacities. Critical assumptions are indicated in the diagram. Sustainability will be addressed by supporting critical activities relating to PA planning, management, enforcement, and financing, and these will be complemented by activities aimed at improving the enabling environment. Investments in infrastructure will help attract the private sector and improve community-based opportunities. The PIM will include more detailed information on planned project outcomes and outputs.

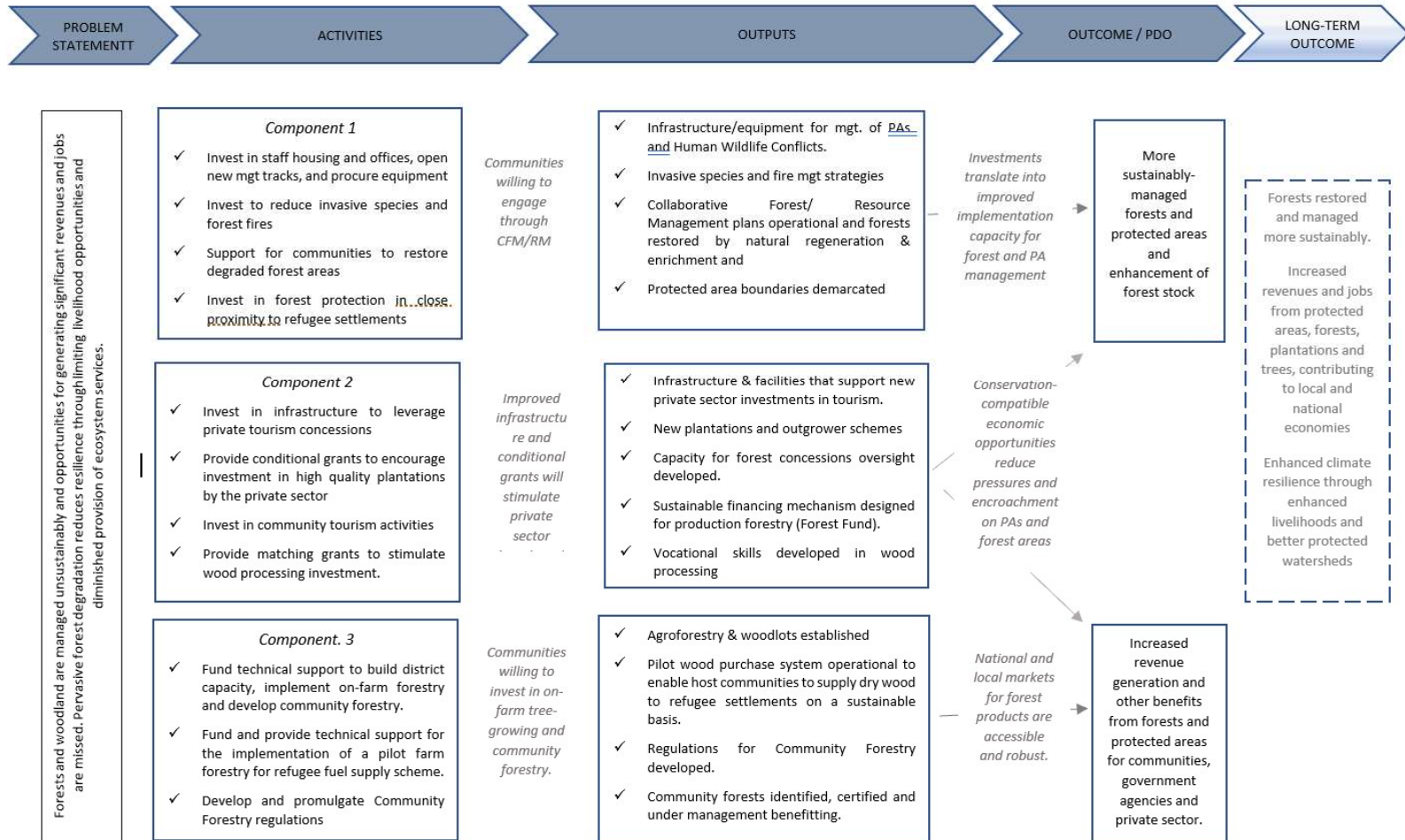




Figure 2. Theory of Change

PDO: To improve sustainable management of forests and protected areas and increase benefits to communities from forests in target landscapes.

(Critical assumptions shown in italics between boxes).





## E. Rationale for Bank Involvement and Role of Partners

70. **The World Bank brings significant value addition to the project based on experience from operations supported at the national, regional, and global levels.** The REDD+ Readiness process put in place a solid platform of capacity and has improved data availability on Uganda's forest resources, including the update of its forest inventories and baselines for forest loss and degradation. This process also supported extensive stakeholder consultations on future options for sector development. The World Bank also supported two national-level priority-setting exercises—the FIP and Strategic Program for Climate Resilience, both financed by the Climate Investment Funds and both of which identified this operation as a priority intervention. Ongoing support to the Ministry of Finance, Planning and Economic Development and other agencies supported by the Wealth Accounting and Valuation of Ecosystem Services Program is also improving the collection and use of statistics on Uganda's natural capital for national economic planning. Data from this work have been used to inform the design of this operation. More broadly, the World Bank has been a long-standing partner in Uganda's water, agriculture, energy, tourism, and environment sectors.

71. **Close consultations and engagement have been undertaken with a range of development partners active in the forest sector during the identification and design process for this operation,** including with the African Development Bank, United States Agency for International Development, UNHCR, United Nations Development Programme, FAO, Swedish International Development Agency, and the European Union Delegation in Uganda. A wide range of CSOs have also been engaged, including Nature Uganda, the Wildlife Conservation Society, World Wide Fund for Nature, Ecotrust, Bwindi Mgahinga Conservation Trust, and others. These consultations will continue as the project becomes operational. During implementation, activities in the refugee-hosting space will be closely coordinated with the UNHCR as the international development partner leading on refugee response, building on close cooperation in project preparation.

72. **The participation of the World Bank is also expected to help catalyze additional finance from other sources.** A concept proposal for support from the GCF has been prepared for submission, and discussions are ongoing regarding potential co-financing from one bilateral development partner. This packaging of financial, knowledge, and convening services is at the heart of the World Bank's value proposition in this project.

## F. Lessons Learned and Reflected in the Project Design

73. **The proposed project has benefited substantially from ongoing and completed World Bank analytical activities** including work undertaken as part of the Programmatic Advisory Services and Analytics for Uganda Natural Capital, Environment and Climate Change Advisory Support Program (P169160). This has included (a) two analyses on the impacts of refugees and host communities on forest and woodland resources which has informed design of Component 3 activities in the context of forced displacement, (b) an assessment of Uganda's country systems for environmental assessment that has informed preparation of environmental and social risk management instruments, (c) ongoing work on natural capital accounting that has informed analysis of wood fuels supply and demand and which supports the modelling of the contribution of this project for protecting ecosystem services, and (d) analytical and advisory work on climate change which has informed resilience-building aspects of project



design. Recent analytical work financed by the World Bank on land degradation provided the data for the targeting of interventions and for economic assessment. On climate resilience, the project team is collaborating with the team working on the Enhancing Climate Resilience through Resilience Attributes - Good Practices and Guidance Note (P170863) to strengthen the integration/assessment of resilience considerations.

74. **There are several recent and ongoing World Bank-financed projects of relevance to this operation.** These include the Protected Areas Management and Sustainable Use Project (P065437, which closed in 2011); the ongoing Water Management and Development Project (P160188), the CEDP (P130471), and the Development Response to Displacement Impacts Project in the Horn of Africa (P164101). Globally, the project takes lessons from implementation of the World Bank's Forest Action Plan and projects supporting similar interventions, such as the Liberia Forest Sector Project (P154114) and the Transforming Landscapes for Resilience and Development in Zambia (P164764) project.

75. **The recently completed review of CFM in Uganda<sup>58</sup> has provided a good basis for informing design of the activities in support of CFM activities by the NFA as well as community engagement activities by UWA.** Key lessons from this review include the need to (a) build adequate capacity within the NFA (both human and financial resources) to adequately support rollout of CFM, (b) support all CFM groups in formalization of the arrangement, (c) fund basic livelihoods and business/value addition activities, and (d) ensure adequate benefit sharing, especially for monetary benefits.

76. Some of the specific lessons informing project design are provided as follows:

- (a) **Building subnational-level capacity and support within existing institutional structures.** Implementation arrangements that are not anchored in the existing government structures are not sustainable and also usually fail to create the sense of government ownership of project outputs. The project will work through existing government institutions, along their mandate lines, both at the national and decentralized levels.
- (b) **Including quality technical assistance and extension for interventions on the ground.** Many forestry interventions fail due to a focus on provision of inputs (such as seedlings) without the adequate extension support needed to ensure that the species provided are matched to specific conditions at the site level, that the seeds used in the nurseries are of good quality and provenance, and that the tree growers are provided with adequate knowledge and information. The project will work with qualified TSPs to provide quality assurance and extension support.
- (c) **Empowering communities to manage forests and become custodians of the forests represents a fundamental element to reducing the unsustainable use of forest resources.** The project will invest in promoting participatory management of forest resources using models acceptable in Uganda.
- (d) **Ensuring that interventions at the community level are adaptable and replicable so that these can be sustained in the future by the communities themselves.** They also need to be

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<sup>58</sup> MWE. 2019. *A Review of Collaborative Forest Management in Uganda, 2019.*



able to demonstrate benefits fast—considering that landholdings in Uganda are fairly small and most landowners cannot allocate significant land areas to tree planting.

- (e) **Strengthening women’s land tenure rights and participation in forests (especially community forests) is critical for sustainable (community) forest conservation and management.** Plans and intervention should be matched by budgets. Male champions and their involvement are important factors for strengthening women’s rights and empowerment.
- (f) **Promoting gender-responsive approaches in the forest sector lacks qualitative and gender-disaggregated data/information.** Therefore, the project will support efforts toward disaggregating data by sex, to sufficiently track progress on men and women involved in various forest-related businesses and value chains and gender-sensitive benefit sharing and leadership.

### III. IMPLEMENTATION ARRANGEMENTS

#### A. Institutional and Implementation Arrangements

77. **Implementation of the project activities will be carried out by the MWE, NFA, and UWA, with the close cooperation of the MTWA in tourism-related activities and OPM<sup>59</sup> in activities in the refugee-hosting areas.** Overall coordination of the project will be led by the MWE on behalf of the Government. Strategic guidance and oversight will be provided by the Project Steering Committee, co-chaired by the MWE and MTWA. Annex 1 includes detailed information on the implementation arrangements. The PIM will include financial and administrative policies and procedures for managers, administrators, staff, and consultants responsible for project implementation. It covers aspects related to project management, institutional responsibilities, fiduciary procedures and responsibilities, M&E, environmental and social risk management, and other specific implementation and reporting requirements. It also describes implementation arrangements for specific activities of the project.

#### Disbursements/Cash Flow

78. The flow of funds and disbursement arrangements have been designed to facilitate project implementation. Three Designated Accounts (DAs) will be opened for the MWE, NFA, and UWA — the DAs will receive transfers from the IDA credit and grant. The entities will also open and operate corresponding local currency project bank accounts. Funds in these accounts will be used to meet local payments.

#### Procurement Responsibilities

79. Procurement under the project will be handled by the MWE, NFA, and UWA. The borrower will carry out procurement under the project in accordance with the World Bank’s ‘Procurement Regulations for IPF Borrowers’, dated July 2016, revised in November 2017 and August 2018, hereafter referred to as ‘Procurement Regulations’; the ‘Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated July 1, 2016; and other provisions stipulated in

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<sup>59</sup> OPM will coordinate closely with the UNHCR.



the Financing Agreement. To improve project implementation and to achieve results, the borrower has prepared a Project Procurement Strategy for Development (PPSD).

## **B. Results Monitoring and Evaluation Arrangements**

80. The Results Framework (RF) will guide day-to-day M&E and also evaluation analysis and reporting at midterm and completion. The MWE has the overall responsibility for coordinating M&E and ensuring that data and information are produced on time and to the necessary quality. Project performance and results will be reported on a semiannual basis to the World Bank consistent with the Financing Agreement. UWA, NFA, and TSPs will produce regular activity reports that inform project-level M&E.

## **C. Sustainability**

81. **Institutional sustainability will be supported through enhancing the capacities of the implementing agencies in PA planning, management, and enforcement; managing of tourism development in PAs; timber value addition; and activities promoting small-scale reforestation activities on community and private land.** Investments in NPs and WRs will enable UWA to enhance revenue generation from these sites, and these revenues can be reinvested into PA management. The project will also prepare a feasibility study for harnessing revenues from plantation forests for future investments in production forestry.

82. **Sustainability of the livelihood investments will be ensured through the following:**

- (a) The first key factor for sustainability is that the project activities on the ground will be implemented following the existing GoU structures (i) through the DLGs that have mandate and authority to manage their own natural resources and investments for socioeconomic development and (ii) through UWA and the NFA that have mandate for managing activities with communities within/around their estate.
- (b) Third-party technical and capacity support will ensure improvements to the institutional, technical, and implementation capacity at the district level, with an emphasis on a participatory cross-sectoral landscape approach.
- (c) Tangible and intangible incentives will result from better management of natural resources. Hence, all the project investments are intended to not only better manage resources but also to generate incremental income for communities. Where communities can expect to derive benefit, they will be more likely to maintain those management practices.
- (d) At the local level, the livelihood investments will only be successful if the participatory process and capacity building are part of the community natural resource landscape planning, ownership, control, and management of their surrounding natural resources. Project investments in these areas will have long-term value for targeted communities with inclusiveness in the process.
- (e) Capacity enhancement for smallholders' resilience through increased adoption of climate-resilient agro-practices that include focus on how to exercise prudent risk taking, risk



reduction, risk transfer, and risk reserves will have a long-term, sustained, lasting, and multiplier effect.

83. **Sustainability of the climate-resilient infrastructure.** This part of the project design has good prospects for sustainability because of the current focus and interest of the GoU to have climate-resilient infrastructure institutionalized, as part of the agenda on mainstreaming climate change in various economic sectors, including public works.

84. **Sustainability of the PA/forest reserve conservation investments.** The sustainability of these investments is underpinned by the collaboration between UWA and the NFA and the partners engaged in the ongoing concession management of the parks. The major constraint has been the lack of staff housing and basic infrastructure, both of which will be addressed under the project. At a higher and broader level, sustainability of wildlife conservation in the landscape depends on (a) empowerment of communities to allow them to derive financial benefits from forests and wildlife under their authority and (b) enhancing the links between national tourism development and wildlife conservation. Both UWA and NFA generate revenue adequate to cater for operations and maintenance of the capital investments financed by the project.

#### IV. PROJECT APPRAISAL SUMMARY

##### A. Technical, Economic and Financial Analysis (if applicable)

85. **Technical design of the project.** The project design builds on similar projects with a good track record of implementation, and there has been intensive collaboration with the GoU in the preparation stage to ensure appropriate design and inclusiveness across all the relevant ministries for strong ownership. In addition, the project structure and components have been designed to ensure complementarities among all the components in an integrated landscape and ecosystem approach to ensure implementation feasibility of each subcomponent by creating cumulative benefit accrual to the beneficiaries, environment, and the country from the different activities financed.

86. **Economic and financial analysis (EFA) summary.**<sup>60</sup> A cost-benefit model was used to assess the ex-ante efficiency of the project investment by quantifying incremental net benefits between the without-project and with-project situations. It is expected that without the project, natural resource use and management will continue on its current path. If the condition of PAs deteriorates further, there will be direct losses to those that rely on tourism visitations, affecting revenue flows to PAs and communities (through decreases in gate revenues), and also losses to businesses that serve the tourist visitors. Continued intensive land use and deforestation lead to land degradation and a more fragmented landscape that is less able to provide ecosystem services. To stop deforestation and increase resilience, project interventions lead to direct net benefits to tourism, forestry, fuelwood production, agro-forestry, biodiversity, and water catchments through improved forest management and afforestation. Project activities will also constitute a net carbon sink when estimating their impact on the GHG emissions. Aside from the impact on forests and tourism, total economic value of impact on water flows and biodiversity has not been quantified in this analysis.

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<sup>60</sup> Complete economic and financial analysis is available in project file.



87. The estimated net economic project return over a 25-year period using a 5 percent discount rate is US\$2 billion with a benefit-cost ratio of 7.0, an economic internal rate of return (EIRR) of 82 percent, and a payback period of 3.6 years. When excluding the social value of carbon, the project yields an economic net present value (NPV) of US\$528 million and has a benefit-cost ratio of 2.6. The EIRR is 40 percent. The payback period is 5.3 years. This is 1.9 percent of Uganda's GDP in 2018. In financial terms, the net present value is US\$88 million using a 21 percent discount rate. The financial internal rate of return is 42 percent, and the benefit-cost ratio is 1.7 with a payback period of 5.2 years. This estimated net return constitutes 0.3 percent of Uganda's GDP in 2018. The planned investment project is expected to yield long-term returns even when considering key risk factors. A sensitivity analysis reveals the importance of verifying and monitoring key issues as part of the project's risk management plan. Key issues are related to (a) tourism (spending per visit and number of tourists), (b) forest plantations (area converted, achieving yields for the assumed price of firewood, transmission poles, and timber), and (c) the estimated impact on GHG emissions as valued by the social value of carbon.

88. **Based on the available data analysis using the Ex-Ante Carbon-balance Tool, the project will generate net GHG emissions reductions of around 62.5 million tons.**<sup>61</sup>

## B. Fiduciary

89. **FM.** An FM assessment of the MWE, UWA, and NFA as three entities responsible for managing the project funds was conducted. The assessment determined whether (a) the three entities have adequate FM arrangements to ensure that project funds will be used for purposes intended in an efficient and economical way; (b) the financial reports will be prepared in an accurate, reliable, and timely manner; and (c) the project assets will be safeguarded. The assessment was carried out in accordance with the World Bank Directive: Financial Management Manual for World Bank Investment Project Financing Operations, issued February 4, 2015, and effective from March 1, 2010, and the World Bank Guidance: Financial Management in World Bank Investment Project Financing Operations, issued and effective November 10, 2017. The arrangements are adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by IDA. FM arrangements should be strengthened through implementation of the action plan.

90. **Procurement.** Procurement under the project will be handled by the three implementing agencies, namely the MWE, NFA, and UWA (under overall coordination by the MWE with support from a dedicated procurement consultant). Procurement for the project will be carried out in accordance with the Procurement Regulations. The project will also be subject to the World Bank's Anticorruption Guidelines, dated July 1, 2016. A PPSD including the Procurement Plan was prepared. All procurement processing under the project will be done through Systematic Tracking of Exchanges in Procurement (STEP).

## C. Legal Operational Policies

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<sup>61</sup> Project activities will mainly provide emission reductions resulting from the avoidance of deforestation through improvement of management of PAs, forest reserves, and natural forests on community land; restoration of degraded forests through regeneration; establishment of timber plantations; agroforestry and woodlot establishment activities; and avoidance of emissions through fire prevention and management.



	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

#### D. Environmental and Social

91. **Overall, the proposed project activities are expected to generate positive environmental and social impacts that will outweigh negative ones.** Expected positive impacts include ecosystem services benefits; improved law enforcement; direct project benefits to local communities; creation of employment; reduced costs/risks in restoration of the protected areas; and reduced climate change effects on community livelihoods. The project will therefore contribute to reduced deforestation and forest degradation within target landscapes of Uganda through financing of a variety of planning, capacity building, as well as on-the-ground interventions, which will promote the conservation and sustainable use of forests in Uganda’s region of operation. On the other hand, investments under Components 1, 2 and 3 are likely to generate negative environmental and social risks and impacts, albeit site-specific and temporary, that could arise mainly from the proposed forest restoration and management activities, infrastructure development in and around protected areas, and livelihoods support activities. Such risks may include potential gender discrimination and marginalization of some vulnerable groups in the region; soil, vegetation and fauna disturbance and degradation mainly during construction activities; waste generation (both solid and sewage); air pollution, as well as occupational health and safety issues to direct and indirect contracted workers. Risks of women’s exclusion from project benefits due to cultural norms, workloads, etc. and increased risk of loss of access rights or impacts from loss of access rights, for Batwa women specifically, have been noted.

92. **A gender analysis was carried out as part of the environmental and social assessment process to specifically identify and mitigate potential gender impacts.** The project will apply the requirements of the Environmental Health and Safety Guidelines to civil works’ activities, and contractors will be required, as a condition of their contracts under the project, to implement and comply with requirements of Environmental and Social Management Plan (ESMP) prepared in line with ESS1. The Environmental and Social Management Framework (ESMF) (disclosed on March 18, 2020), the Process Framework (disclosed on January 21, 2020), the Stakeholder Engagement Framework (disclosed on January 27, 2020), and Labor Management Procedures (disclosed on January 21, 2020) which were elaborated and agreed upon with the Borrower and disclosed before project appraisal, underpin different measures and actions that will be required for the project to meet ESS requirements. A Vulnerable and Marginalized Groups Framework (disclosed on March 18, 2020) guides how site-level consultations with the Batwa will be undertaken prior to implementing activities in and around PAs to which the Batwa have cultural attachment.<sup>62</sup> Since the project will likely involve direct workers, contracted workers and possibly community workers, the project ESMF also includes a workers’ GRM as part of the Labor Management Plan that will be part of HSE-plan. The standards explained in the ESMF will also be included in work-specific ESMPs, including the Contractors’ ESMP. Key commitments related to environmental and social risks are recorded in the Environmental and Social Commitment Plan (disclosed on March 23, 2020).

<sup>62</sup> Echuya CFR, Bwindi Impenetrable, Mgahinga Gorilla, and Semuliki NPs.





93. To address such risks, the borrower prepared an ESMF that contains a set of mitigation measures following ESF mitigation hierarchy for each anticipated impact in order to avoid, minimize or reduce the risks and mitigate effects of the anticipated impacts. The ESMF also includes a framework of the borrower's capacity, roles and responsibilities in addressing the assessed social and environmental risks and impacts and presents sufficient guidance for the selection, preparation, and implementation of project activities as well as budget to ensure its sound implementation. During implementation stage, site specific ESAs and ESMPs shall be developed based on the screening guidance and risk level of each specific activity. These measures shall be implemented, and their status of implementation shall be reviewed as part of project monitoring and evaluation. The project's likely risks and impacts shall be further assessed in greater depth based on the site-specific details of project activities to be developed during project implementation. Borrower capacity to manage environmental and social risks and impacts will be strengthened, by hiring and training technical service providers to implement specific project activities. A dedicated staff member will be hired at the start of project implementation to be positioned within the PCU and working closely in support of environmental and social risk focal points within each of the implementing agencies (MWE, NFA, and UWA).

### Gender-based Violence

94. **A gender gap analysis was completed for the project; it also included an assessment of GBV risks.** It has identified persons most affected and determined the potential impacts the project could have in reinforcing GBV risks in surrounding communities. Project implementation agencies are cognizant of risks associated with the presence of external workers, hired to undertake small civil works under Components 1 and 2, and of mitigation of these risks through the provision of training and awareness activities; targeted efforts will be made to ensure that project implementing agencies and TSPs are aware and sensitive to this issue and able to respond to this risk during implementation. To mitigate this risk, the project ESMF has identified and proposes measures to prevent escalation of the risk through the adoption of the ESMP as part of the bidding documents for prospective contractors. Contractors will also be required to ensure workers adhere to the code of conduct. Implementation of the ESMP and monitoring of contract compliance will be undertaken by the MWE, NFA, and UWA.

95. **There has been a trend in recent years toward greater participation of communities in forest management as part of efforts by the GoU to decentralize forest management.** However, women have not fared well in decision making regarding forest management. Women often depend heavily on forest resources for subsistence, as safety nets and for income. With regard to women's participation in tree planting and commercial plantation initiatives, the main hindrances are gender disparities in land ownership, cultural norms and practices, heavy domestic workloads, and limited access to credit and farm inputs.<sup>63</sup> Low levels of gender integration and affirmative actions within organizations and programs and in local governments arise in part due to inadequate budgets for gender mainstreaming coupled with limited staff training in gender issues. A Stakeholder Engagement Framework has been developed to guide a continuous dialogue and feedback on critical issues that could arise from the project and affect achievement objectives, building on the stakeholder participation in project design.

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<sup>63</sup> Banana, A. Y., M. Bukenya, E. Arinaitwe, B. Birabwa, and S. Ssekindi. 2012. "Gender, Tenure and Community Forests in Uganda." Working Paper 87. CIFOR, Bogor, Indonesia.



96. **Citizen engagement.** The project has been shaped by the extensive stakeholder consultation processes that took place during the formulation of Uganda’s national REDD+ Strategy and the FIP and continued throughout project preparation. The latter included face-to-face meetings, focus group discussions, dialogue platforms, and workshops (at local district and national levels) and electronic communications. The assessments that informed the design of Component 3 involved consultation with administrative and technical staff from district governments in West Nile and western Uganda, as well as the NFA, the OPM, and humanitarian agencies. Extensive engagement and consultations at all levels (communities, local authorities, local and national non-governmental actors, private sector, central government agencies, and members of parliament) have continued throughout project preparation and informed the project design by incorporating feedback from stakeholders at the national and decentralized level.

97. **Citizen engagement will continue throughout project implementation** – consultations will be undertaken with communities and local authorities before specific activities are undertaken; and outcomes of these consultations will inform final design of activities. The project Stakeholder Engagement Framework identifies all relevant stakeholder groups and appropriate engagement approaches.

98. **The project seeks to support sustainable management at the landscape level.** Achieving this objective will require proactive and continuous citizen engagement to secure buy-in to project activities and strengthen ownership of the process leading to the desired transformation. The project will support the engagement of people living in and around project intervention areas including around PAs. Using this approach, citizen engagement work will enhance project quality through the integration of various community interests and incorporate local knowledge in the project interventions in specific areas. This approach will help promote transparency and enhance citizens’ voice and participation.

99. **The project explicitly seeks to support engagement of people living in and deriving their livelihoods from forests that are targeted for interventions under the project, that is, target beneficiaries.** Engagement of target beneficiaries aligns to and supports the project’s approach to demand-side social accountability. Through consultative processes and consultations based on community monitoring systems, the approach to increasing natural capital and resilience will be elaborated and adjusted. Feedback mechanisms will be developed as the project implementation starts to ensure transparency, accountability, and learning as well as a continuous dialogue with target beneficiaries and other stakeholders. Project design envisages specific engagement fora with the target beneficiaries that would be formally incorporated into field project monitoring engagements of the PSC. Through focused discussions on the results of these engagements and feedback received, a feedback loop will be created. Particular attention will be given during implementation to improve the capacity of the local and national structures to close the feedback loop and report on action taken to address concerns and issues.

100. **The specific elements of the framework for citizen engagement include** (a) support to engagement of local communities in and around the forests in the management of resources, (b) support to community engagement in determining local priorities through activities’ planning, (c) support to a feedback mechanism/feedback loop from target beneficiaries, and (d) support to build the capacity of local structures in engagement with target beneficiaries to address concerns and issues raised as well as to reflect these in the revisions of the management plans.



101. **Consultations with communities and other stakeholders were conducted during project preparation.** The development of environmental and social risk instruments will continue throughout project implementation to promote transparency and participation of men and women in decision making as well as sustaining project investments. Citizen engagement outcomes in the area of natural resource management as prescribed in the Strategic Framework for Mainstreaming Citizen Engagement in World Bank Group Operations<sup>64</sup> will be assessed through the indicator 'Number of people that participated in consultations on use of forest resources (including female and refugees)'.

102. **A project-specific gender-sensitive grievance redress mechanism will be established to respond to any potential complaints and conflicts that may arise during project implementation.** Project implementation will also make sure of existing grievance redress mechanisms of the implementing agencies.

## V. GRIEVANCE REDRESS SERVICES

103. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## VI. KEY RISKS

104. **The overall risk of the project is assessed as Substantial.** Below is a brief explanation of the key risks and proposed mitigation measures.

105. **Risks related to institutional capacity and sustainability are assessed as Substantial.** The MWE and NFA have limited human (skills and number of staff) and financial resources, and while UWA has better human and financial capacity by comparison, capacity gaps still remain. Furthermore, Component 3 activities will engage with DLGs (primarily through district forest officers) where human and operational resources are limited which would also raise substantial fiduciary risks. To mitigate this risk, TSPs will be engaged by the MWE to manage Component 3 implementation, engaging closely with DLGs and, in so doing, building their technical capacity for project implementation.

<sup>64</sup> Manroth, Astrid; Zenaida Hernandez; Harika Masud; Jad Zakhour; Miguel Rebolledo; Syed A. Mahmood; Aaron Seyedian; Qays Hamad; and Tiago Peixoto. 2014. *Strategic Framework for Mainstreaming Citizen Engagement in World Bank Group Operations: Engaging with Citizens for Improved Results (English)*. Washington, DC: World Bank Group.



106. **Political and governance risks are assessed as Substantial.** The project is a landscape project targeting two landscapes in the Albertine Rift and West Nile. It will require multiple implementing partners including the MWE, MTWA, NFA, and UWA and coordination with DLGs and OPM. Close coordination will be needed, including strong links to the national development priorities and institutional mandates to ensure that the different activities are fully supported. Additional political risks are posed by the upcoming general elections scheduled for February 2021. Some institutional strengthening of the MWE has already taken place during the REDD+ Readiness process, in particular the NFA and the MWE. Remaining governance risks will be mitigated through (a) implementation of further institutional strengthening activities where needed; (b) dialogue and close collaboration with government entities, as well as proactive engagement by the World Bank team and management as issues arise; and (c) use of alternative delivery models involving partnerships with the private sector and nongovernmental organizations to complement government efforts.

107. **Sector strategies and policies risk is Substantial.** The REDD+ Readiness process has also resulted in a multisectoral REDD+ Strategy. However, some of the policy reforms identified in that strategy that would support the implementation of this project are yet to be implemented. The question of land tenure remains especially pertinent as it limits the incentive for maintaining forest on private land. The project will provide incentives to communities to maintain forest on their land (through vesting forest management rights in them under the community forest model and providing direct inputs under the agroforestry and woodlots support) while in parallel strengthening the tenure of the community. An additional risk related to policies is that some agricultural policies can work against the project by promoting agricultural expansion and unsustainable agricultural development. These risks will be mitigated by engaging in active policy dialogue at a high level and embedding the project's interventions within the broader REDD+ Strategy.

108. **Fiduciary risks are considered substantial.** FM was assessed as adequate to provide reasonable assurance together with accurate and timely information on the status of the project required by IDA. The FM assessment undertaken as part of project appraisal identified key risks related to failure to carry out internal audit reviews, inadequate roll out of the Integrated Financial Management Information System (IFMIS), staff turnover, and delays in submission of financial reports and audit reports. The procurement capacity assessment identified that all implementing agencies have functional procurement structures and staff; however, UWA and NFA lack experience of undertaking procurement using World Bank procurement regulations. To ensure that the project is effectively implemented, the three entities will need to ensure that appropriate staffing arrangements are maintained throughout the life of the project. Actions outlined in the agreed Financial Management Action Plan, pertaining to appointment of the responsible accountants at implementing agencies, recruitment of an additional accountant at MWE, training on Bank FM requirements, and preparation of acceptable sub-grant implementation guidelines will be undertaken by the three entities to strengthen the respective FM system.

109. **Stakeholders risk is assessed as Substantial.** The stakeholder mix is complex, especially in the refugee-hosting areas, with responsibilities for management of landscapes shared by the local governments and OPM that has an overall mandate for refugee response. Participatory forest management, if not carefully managed, may create power imbalances between those community members who are members of CFM groups and those who are not. To mitigate and handle expectations,



the project will apply consultative and participatory approach to decision-making at the local / community level. Various existing stakeholder fora will be used for creating buy-in and goodwill for project activities.

110. **Other: Refugee Protection - Substantial.** The World Bank, in consultation with UNHCR, has confirmed that Uganda's protection framework is adequate for funding under the IDA18 RSW. UNHCR has provided the World Bank with an overall positive assessment of Uganda's protection framework. However, four key risks have been identified:

- (a) The high proportion of women and girls within the refugee population poses specific protection challenges.
- (b) The policy of access of land to refugees for subsistence farming has become harder to maintain due to the growing scale of the crisis and the resulting urgent need to improve economic opportunities and social service delivery for host communities.
- (c) The rapid refugee inflow coupled with population growth has placed growing pressure on natural resources and social services.
- (d) While refugees have freedom of movement, those who leave rural settlements to seek economic opportunities in cities forfeit access to regular humanitarian assistance.

111. **To mitigate these risks, the GoU has committed to a series of reforms.** These are outlined in the Letter of Government Policy (from the Ministry of Finance, Planning and Economic Development, prepared in the context of Uganda's access to RSW funds) to bolster the country's protection framework and promote medium-term socioeconomic solutions for refugees and host communities. Of relevance to the project, these include: (a) enhancing economic and social infrastructure in refugee-hosting areas; (b) improving economic opportunities for refugees and host communities; (c) strengthening natural resource management and energy access in refugee-hosting areas; and (d) ensuring peaceful co-existence between refugees and host communities.

112. **Other: Market Risk - Substantial.** As two of the benefits-related PDO level indicators rely on markets (tourism and forestry), the project is exposed to market risks (where demand for the products the project supports declines due to factors beyond the control of the project) – recent examples affecting tourism demand in Africa have included terrorist attacks, the Ebola crisis, and disposable income reduction in source markets (for example, Europe). The ongoing COVID-19 pandemic is expected to have significant, though not yet identified, impacts on tourism arrivals in Uganda. This risk is beyond project control, and no mitigation activities can be included in the project design.

113. **The project is also exposed to exogenous climate risks.** Uganda faces various climate and natural disaster risks, largely related to variability in precipitation and temperatures. Droughts and floods, wildfires, and erratic precipitation are becoming increasingly frequent in Uganda overall, and in the project area, in the recent decades. However, based on the project-specific climate risk assessment, the project includes measures to mitigate these risks and their impacts on the forested ecosystems and the vulnerable populations. The project aims to strengthen integrated landscape management in target areas and strengthen adaptive capacity of rural communities, including against climate change shocks.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Uganda

Uganda Investing in Forests and Protected Areas for Climate-Smart Development Project

Project Development Objectives(s)

To improve sustainable management of forests and protected areas and increase benefits to communities from forests in target landscapes

Project Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
<b>Measuring Improved Sustainable Management of Forests and Protected Areas</b>			
Management effectiveness of target protected areas within targeted forest landscapes (using METT score) (Number)		0.00	0.00
Ajai Wildlife Reserve (Number)		61.00	67.00
Budongo Central Forest Reserve (Number)		62.00	75.00
Bugoma Central Forest Reserve (Number)		52.00	72.00
Bwindi Impenetrable National Park (Number)		72.00	80.00
Kabwoya Wildlife Reserve (Number)		67.00	74.00
Katonga Wildlife Reserve (Number)		50.00	54.00
Kibale National Park (Number)		70.00	76.00
Murchison Falls National Park (Number)		72.00	77.00
Mgahinga Gorilla National Park (Number)		74.00	77.00



Indicator Name	DLI	Baseline	End Target
Queen Elizabeth National Park (Number)		58.00	66.00
Rwenzori Mountains National Park (Number)		64.00	70.00
Semuliki National Park (Number)		65.00	69.00
Toro-Semliki Wildlife Reserve (Number)		70.00	73.00
Land area under sustainable landscape management practices (CRI, Hectare(Ha))		0.00	1,315,804.00
Area under agroforestry systems - in refugee-hosting areas (Hectare(Ha))		0.00	15,800.00
Area under improved natural resource management (community forests registered and implementing activities under management plans) - in refugee-hosting areas (Hectare(Ha))		0.00	3,375.00
Area under plantations and re-afforestation (outside of gazetted areas) (Hectare(Ha))		0.00	25,709.00
Protected areas under effective management (with project support) (Hectare(Ha))		0.00	1,270,920.00
<b>Measuring Increased Benefits to Communities from Forests</b>			
Visitors at National Parks and Central Forest Reserves in target areas (annually) (Number)		0.00	0.00
People employed in production and processing of forest products (Number)		0.00	9,495.00
including female (Number)		0.00	2,850.00
People that participated in consultations on use of forest resources in targeted landscapes (Number)		0.00	8,650.00



Indicator Name	DLI	Baseline	End Target
including female (Number)		0.00	2,595.00
including refugees (Number)		0.00	2,000.00
Refugee households benefitting from the woodfuel scheme for refugee settlements (Number)		0.00	70,000.00

### Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
<b>Component 1. Improved management of protected areas</b>			
Forest area brought under collaborative management (Hectare(Ha))		0.00	20,970.00
Forest roads constructed (Kilometers)		0.00	509.00
Area re / afforested and restored (Hectare(Ha))		0.00	28,500.00
Proportion of UWA field staff housed on-site (Percentage)		43.00	72.00
CFM and CRM groups established with project support that have at least one woman in the executive committee (Percentage)		0.00	100.00
<b>Component 2. Increased revenues and jobs from forests and wildlife protected areas</b>			
Tourism roads constructed (Kilometers)		0.00	360.00
New tourism concessions operational (Number)		0.00	4.00
Community ecotourism enterprises supported (Number)		0.00	10.00
Private timber plantations established (Hectare(Ha))		0.00	33,000.00
<b>Component 3. Improved landscape management in refugee-hosting areas</b>			





Indicator Name	DLI	Baseline	End Target
Forest area brought under management plans (CRI, Hectare(Ha))		0.00	3,375.00
Tree farmers reached with assets or services (agroforestry and woodlots) (Number)		0.00	114,117.00
including female (Number)		0.00	11,400.00
Smallholder plantations established, with seedling survival rate of at least 60% after 1 year, with project support (Hectare(Ha))		0.00	8,800.00
Tree farmers supplying the woodfuel scheme for refugee settlements (Number)		0.00	5,000.00

**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Management effectiveness of target protected areas within targeted forest landscapes (using METT score)	The METT score is widely used by the Bank and other organizations to assess how effectively protected areas are being managed. It was designed as one of a series of management effectiveness assessment tools around the World Commission on Protected Areas Framework. It comprises a detailed	Data for this indicator will be collected twice during project lifetime: at mid term review and at end of project.	METT scoring matrices combined by the Uganda Wildlife Authority.	METT scoring matrix.	Uganda Wildlife Authority



	<p>questionnaire (30 questions) that covers a broad range of management effectiveness issues, with the total score for each protected area ranging from 0 to about 100.</p> <p>This indicator measures the adaptive capacity of resilience as modification / improvement in the ecosystem.</p>				
Ajai Wildlife Reserve					
Budongo Central Forest Reserve					
Bugoma Central Forest Reserve					
Bwindi Impenetrable National Park					
Kabwoya Wildlife Reserve					
Katonga Wildlife Reserve					
Kibale National Park					
Murchison Falls National Park					
Mgahinga Gorilla National Park					
Queen Elizabeth National Park					
Rwenzori Mountains National Park					
Semuliki National Park					



Toro-Semliki Wildlife Reserve					
Land area under sustainable landscape management practices	The indicator measures, in hectares, the land area for which new and/or improved sustainable landscape management practices have been introduced. Land is the terrestrial biologically productive system comprising soil, vegetation, and the associated ecological and hydrological processes; Adoption refers to change of practice or change in the use of a technology promoted or introduced by the project; Sustainable landscape management (SLM) practices refers to a combination of at least two technologies and approaches to increase land quality and restore degraded lands for example, agronomic, vegetative, structural, and management measures that, applied as a combination, increase the connectivity between protected areas, forest land,	Annual	Activity reports and UWA and NFA information management systems	Information will be routinely collected by responsible staff at respective agencies.	MWE, NFA, UWA



	rangeland, and agriculture land.				
Area under agroforestry systems - in refugee-hosting areas	This indicator will measure outcomes on the agroforestry support to communities in refugee hosting areas, under Component 3.	Annual	Activity reports of the technical service provider, through MWE	Information will be regularly collected by the technical service provider based on their records of project support to target beneficiaries.	MWE, from the technical service provider
Area under improved natural resource management (community forests registered and implementing activities under management plans) - in refugee-hosting areas	This indicator measures the area of community forests that have been formed and formally registered with support from the project and where implementation of activities under approved management plan is taking place	Annual	Community forest management plans and implementation reports	Information will be regularly collected by the technical service provider based on their records of completion of the forest management plans and support for their implementation.	MWE, from the technical service provider
Area under plantations and re-forestation (outside of gazetted areas)	This indicator will measure total area of (i) sustainable commercial timber plantations established through project support under Component 2.2. on lands outside of Central Forest Reserves (Ugandan law permits commercial plantations in production	Annual	Activity reports of the technical service providers under the performance-based grant scheme, woodlots	The technical service provider will be responsible for aggregating data based on their records of activities.	MWE, from technical service provider



	Central Forest Reserves). The target value is less than the total area of private timber plantations established under the project (measured under Component 2), to avoid double-count with the sub-indicator on "protected areas under effective management"; (ii) woodlots supported under Component 3.1; and (iii) assisted forest regeneration in community forests under Component 3.1.		support and community forestry support.		
Protected areas under effective management (with project support)	This indicator measure total area of protected areas (national parks, wildlife reserves, and central forest reserves) that receive support for effective management from the project. End of project target includes 931,000 ha of UWA managed areas and 339,919 ha of NFA managed areas.	Annual	UWA and NFA management information systems	Reports will be produced based on data in the management information systems	NFA and UWA
Visitors at National Parks and Central Forest Reserves in target areas (annually)	Baseline for this indicator will be determined based on 2020 visitor numbers (as due to the COVID pandemic,	Annual	UWA's and NFA's visitor records	Review of the visitor records information.	NFA and UWA



	<p>the visitor numbers are expected to drop and establishing a baseline based on the 2019 numbers would distort the baseline situation); target will be established building off this established baseline.</p> <p>This indicator is a proxy indicator for measuring increased tourism-related project benefits. Specifically, communities adjacent to protected areas benefit under UWA's benefit sharing scheme, whereby 20% of all park gate proceeds are distributed to projects in adjacent communities - hence, the higher the number of visitors, the more funding is distributed to communities under this scheme. There are other benefits from tourism - such as increased employment opportunities, improved markets for local produce and handicrafts, increased tax revenue from tourism businesses that are more difficult to quantify.</p>				
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<p>People employed in production and processing of forest products</p>	<p>This indicator will measure temporary and permanent jobs created directly through the project that can be readily quantified ex ante. The end of project target includes 270 jobs (created in wood processing hubs and tree nurseries) and 9,225 temporary jobs (in tree planting). It is expected that other jobs will be created by the project, both permanent (in community ecotourism facilities) and temporary (under contracts of technical service providers) but these are difficult to quantify before activities start. The project team will report on such jobs created through regular project reporting. This indicator measures the transformative capacity of resilience as an outcome of increased incomes.</p>	<p>Annual</p>	<p>Community labor contracts, etc.</p>	<p>The project M&amp;S specialist will be responsible for collecting information from various services providers and also work with focal points at NFA and UWA on collecting information from their contractors.</p>	<p>MWE, NFA, UWA</p>
<p>including female</p>					
<p>People that participated in consultations on use of forest resources in targeted landscapes</p>	<p>This is a citizen engagement indicator. The indicator measures the</p>	<p>Annual</p>	<p>Project consultation records</p>	<p>Information will be compiled from project records for</p>	<p>MWE, from UWA, NFA, and a technical service provider for community</p>



	civic engagement in management of forests under the CFM and CRM arrangements and in community forests. The end of project target is based on, on average, 50 persons consulted in each community under CFM, CRM and CF and additional 100 persons around central forest reserves with the boundary demarcation activities.			consultations conducted in the course of forest management plans preparation, consultations for formation of CFM and CRM groups.	forests support.
including female					
including refugees					
Refugee households benefitting from the woodfuel scheme for refugee settlements	This indicator will measure the households - beneficiaries of the woodfuels supply scheme. The end target is set at approximately 25% of the current number of refugee households registered in settlements in the target areas, considering the scheme will be very targeted only to households with persons with special needs.	Annual	Activity reports of the TSP managing distribution under the scheme.	TSP will collate data based on distribution records; MWE will compile data and include in project reports.	MWE from TSP





Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Forest area brought under collaborative management	This indicator includes all areas planned to be put under collaborative management in target protected areas. This indicator is an indirect measurement of strengthened capacity (absorptive, adaptive, and transformative) in resilience through improved management and coordination	Annual	Signed CFM agreements and CRM MOUs	UWA and NFA will collect information based on CFM agreements and CRM MOUs signed.	UWA and NFA
Forest roads constructed	This indicator measures establishment of management roads within central forest reserves	Annually	Activity reports (reports of road contractors)	NFA will collect information based on contracts signed and contractor reports	NFA
Area re / afforested and restored	This indicator measures the outcomes of reforestation and assisted regeneration undertaken by the NFA within CFRs. This indicator measures the absorptive capacity of	Annual	Reports from NFA CFR managers / activity reports	NFA will collate this information using its management information system	NFA



	resilience.				
Proportion of UWA field staff housed on-site	This indicator measures the outcomes of infrastructure investments of the project in construction of staff accommodation for UWA staff in target protected areas.	Annual	UWA field reports / HR records	UWA will compile information	UWA
CFM and CRM groups established with project support that have at least one woman in the executive committee	This indicator measures the outcomes of gender-inclusive processes of formation of collaborative forest management groups. This is a gender indicator.	Annual	CFM agreements / CRM MOUs and information on the membership of their executive committees	UWA and NFA focal points responsible for community engagement will collate this information based on the documentation.	UWA and NFA
Tourism roads constructed	This indicator measures the establishment of tourism roads within wildlife protected areas managed by UWA. This indicator measures the adaptive capacity of resilience.	Annual.	Road construction reports	UWA will review the construction reports and compile for inclusion in regular progress reports	UWA
New tourism concessions operational	This indicator measures the outcomes of the private-sector enabling investments in protected areas that will	Annual	UWA's concession reports and records	UWA's concession reports and records	UWA



	allow new private sector concessions be established and operate. This indicator measures transformative capacity of resilience.				
Community ecotourism enterprises supported	This indicator measures the number of community-based ecotourism projects supported under Component 2.1. This indicator measures the transformative capacity of resilience through enhancing economic opportunities for communities.	Annual	Reports from the activities in support of community tourism	UWA will compile information based on activity reports.	UWA
Private timber plantations established	This indicator measures outcomes of the performance-based subsidy scheme under Component 2.2. This indicator measures transformative capacity of resilience through increasing economic opportunities from forests.	Annual	Activity reports from the TSP managing the scheme	The TSP will collate information which will be transmitted to the MWE for inclusion in the regular project reporting.	MWE
Forest area brought under management plans		Annual	Review of community forest management	Review of community forest management plans	MWE



			plans		
Tree farmers reached with assets or services (agroforestry and woodlots)	This indicator measures the outcomes of activities related to provision of inputs to the agroforestry and woodlots establishment interventions. This indicator measures the transformative and absorptive capacity of resilience.	Annual	Activity reports	Data from activity reports of the technical service providers will be compiled and transmitted to the MWE.	MWE
including female	Traditionally, tree farming in Uganda is heavily male dominated. This subindicator will measure the outcomes of the project's efforts to promote inclusion of women in tree farming.				
Smallholder plantations established, with seedling survival rate of at least 60% after 1 year, with project support	This indicator measures the outcomes of establishment support to the woodlots, with verification conducted a year after establishment by the technical service provider	Annual	Technical service provider reports and verification reports	Technical service provider reports and verification reports will serve as source of information to be compiled and transmitted to the MWE	MWE
Tree farmers supplying the woodfuel scheme for refugee settlements	This indicator includes the number of farmers	Annual	Purchase records of	Purchase records of the scheme	MWE based on data from



	supplying the woodfuels scheme for the refugee settlements under component 3.2.		the scheme		TSP
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## ANNEX 1: IMPLEMENTATION ARRANGEMENTS AND SUPPORT PLAN

### COUNTRY: Uganda

#### Uganda Investing in Forests and Protected Areas for Climate-Smart Development Project

#### Implementation Arrangements

1. **At the national level, the MWE and MTWA will co-chair a Project Steering Committee that will provide strategic direction and monitor overall project performance.** A Project Coordination Unit (see below) to be hosted by the MWE will help coordinate project activities with other interventions. The Project Steering Committee will include senior management representatives from UWA; NFA; OPM; Ministry of Finance, Planning and Economic Development; Ministry of Local Government; Ministry of Gender, Labour and Social Development; the Uganda Timber Growers' Association; and Uganda Tourism Association. Regular interagency project monitoring will be ensured through periodic technical meetings of the project technical teams, convened by the MWE.
2. **UWA** will be responsible for the implementation of activities in and around NPs and WRs and related tourism and community activities. **The NFA** will be responsible for the implementation of activities relevant to CFRs and related tourism and community activities.
3. **The MWE will establish and host a Project Coordination Unit to strengthen the MWE's capacity to implement this project.** The unit will provide support to the MWE, NFA, and UWA on aspects relating to technical support and coordination, procurement, FM, M&E, and environmental and social risk management. The unit will be hosted within the Forest Sector Support Department of the MWE and will be composed largely of the MWE regular staff, supported by a few consultants.
4. The project teams will coordinate with OPM and UNHCR for activities in refugee-hosting areas.
5. **The MWE will be directly responsible for coordinating project implementation and managing overall project reporting.**
6. **At the component level, responsibilities for implementation are as follows:**
  - **Component 1** activities will be implemented by UWA and the NFA as agencies directly responsible for the implementation of activities in and around wildlife PA and CFRs.
  - **Component 2** activities will be implemented by UWA and the NFA (for tourism-related investments in PAs) with oversight by the MTWA. A plantation scheme operator will be engaged by the MWE to manage activities related to productive forestry and timber value chains under Subcomponent 2.2. It will report directly to the MWE. A dedicated grant management committee will assess and recommend eligibility for grant support, for approval by the Project Steering Committee. Support to Nyabyeya Forestry College under Subcomponent 2.2. will be implemented by the MWE directly.
  - **Component 3** activities will be implemented by the MWE through TSPs, working closely with the DLGs and coordinating with OPM.



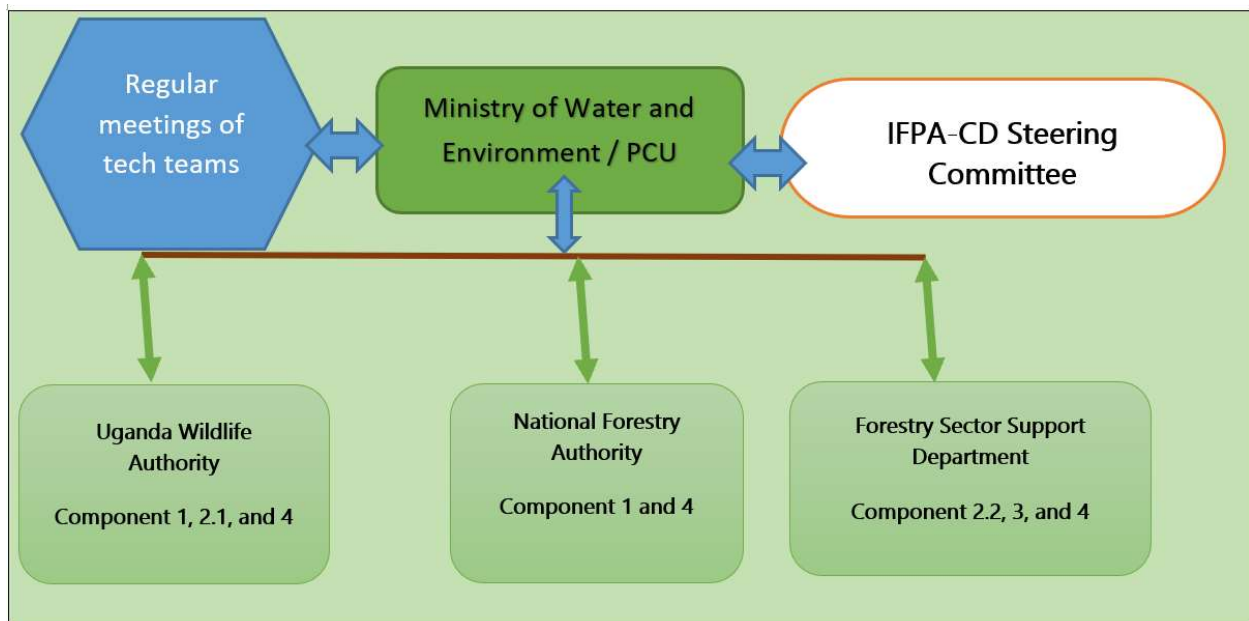
- **Component 4** will be led by the MWE which will be responsible for overall project management. The MWE, through its Project Coordination Unit, will provide technical and capacity-building support to the NFA and UWA on project management aspects, including to staff assigned by the NFA and UWA who will have specific responsibilities for environmental and social risk management, procurement, FM, and M&E. The Project Coordination Unit will consist of designated MWE staff, supported by the dedicated consultants covering the areas of (a) procurement, (b) FM, (c) environmental and social risks (including gender), (d) M&E, and (e) technical support to project management.

7. **At the district level, the MWE is responsible for coordinating activities through the district forest office.** This will ensure that the project is integrated in existing institutional structures and mandates. The districts will be responsible for the coordination of interventions within their jurisdiction.

8. Each implementing agency has appointed a **dedicated project focal point** who will be responsible for overall leadership on project activities within the institution’s mandate. Each agency will also have assigned FM and procurement staff responsible for project activities.

9. **The project will hire and work with TSPs.** These will have specialized technical expertise and on-the-ground presence, especially important for rolling out activities promptly and at a large scale and for building the capacity for district forest offices for the implementation of activities under Component 3.

Figure 1.1. Project Implementation Arrangements



10. **The PIM will be prepared by the project team prior to project effectiveness.** It will include financial and administrative policies and procedures for managers, administrators, staff, and consultants responsible for project implementation. The PIM will cover aspects related to project management,



institutional responsibilities, fiduciary procedures and responsibilities, M&E, environmental and social risk management, and other specific implementation and reporting requirements.

### **Results Monitoring**

11. The RF will guide day-to-day M&E and also evaluation analysis and reporting at midterm and completion. The MWE has the overall responsibility for coordinating M&E and ensuring that data and information are produced on time and with the necessary quality. Project performance and results will be reported on a semiannual basis to the World Bank consistent with the Financing Agreement. UWA, NFA, and TSPs will produce regular activity reports to inform project-level M&E.

12. **The RF includes PDO and intermediate results indicators that measure progress toward meeting the project's objectives.** The framework includes six PDO indicators and 13 intermediate results indicators. Indicators have been included to assess progress in closing the gender gap associated with women's participation in leadership roles in forest management. The project RF also includes a specific indicator to measure citizen engagement: *'People that participated in consultations on use of forest resources in targeted landscapes.'* All indicators link to higher-level project objectives.

13. Project activities have been designed to advance and develop three dimensions of the resilience capacity of the vulnerable communities and protected areas: absorptive, adaptive, and transformative capacities. This approach will facilitate measuring resilience at the project level with the RF indicators being connected to these three capacities. The project's central consideration is building up resilience, a term that refers to a heightened systemic capacity to anticipate, respond to, and recover from climatic shocks. Resilience-building involves strengthening the three specific capacities:<sup>65</sup>

- **Absorptive capacity.** The ability of people, assets, and systems to prepare for, mitigate, or prevent negative impacts of hazards so as to preserve and restore essential basic structures and functions, for example, through protection, robustness, preparedness, and/or recovery.
- **Adaptive capacity.** The ability of people, assets, and systems to adjust, modify, or change characteristics and actions to moderate potential future impacts from hazards so as to continue to function without major qualitative changes, for example, through diversity, redundancy, integration, connectedness, and/or flexibility.
- **Transformative capacity.** The ability to create a fundamentally new system so as to avoid negative impacts from hazards.

14. The project seeks to strengthen these capacities in several ways, including (a) absorptive capacity through developing infrastructure and forest restoration; (b) adaptive capacity through diversified livelihoods, support for agroforestry interventions and establishment of woodlots, and established management of community forests; and (c) transformative capacity by improving access to jobs, improved economic opportunities, and benefit sharing from the PAs.

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<sup>65</sup> World Bank Operational Guidance for Monitoring and Evaluation (M&E) in Climate and Disaster Resilience-Building Operations. <http://documents.worldbank.org/curated/en/692091513937457908/pdf/122226-ReME-Operational-Guidance-Note-External-FINAL.pdf>.





15. In addition, the RF includes indicators matching the definition of the Predictive Proxy Indicators (PPIs) concept to evaluate the effectiveness of forest-related interventions, as suggested in the Forest Action Plan.<sup>66</sup> While the project does not pursue the complete formation of specific PPI clusters, its indicators directly relate to the poverty, biodiversity, and climate change themes in such clusters as sustainable income, positive environmental impacts related to biodiversity and to climate change, and increased carbon stocks. Such indicators include ‘land area under sustainable land management practices’, ‘people employed in production and processing of forest products’, ‘refugee households benefitting from the woodfuel scheme for refugee settlements’, and ‘smallholder plantations established’.

16. **Data will be collected and managed by the MWE, UWA, and NFA**, with overall responsibility for data quality assessment, consolidation, analysis, and reporting resting with the MWE. The Project Coordination Unit will include a dedicated M&E specialist to build the capacity of M&E staff working in UWA, NFA, and MWE, to ensure that data collection, quality assessment work, and analysis are being undertaken at a high standard and on time—so that the results and analysis of M&E work can inform project implementation on an ongoing basis and can be used to identify adjustments needed to the implementation approach.

17. **The institutional structure for M&E is as follows:** each implementing partner, including TSPs, will be responsible for collecting relevant data for results monitoring under the project, including information required for the project RF. A designated M&E focal point will be appointed at UWA and the NFA with overall responsibility for monitoring project implementation by these respective agencies. At the Project Coordination Unit, the MWE will have a responsible M&E officer dedicated to regular project M&E and compiling and reporting on the implementation progress of the project. The MWE will be ultimately responsible for the preparation of standard semiannual progress reports to the World Bank, as stipulated in the Financing Agreement.

18. **The MWE will also be responsible for preparing borrower’s reports for project midterm review and a completion report.** The overall M&E cost is included in the project management component.

### ***Financial Management***

19. **An FM assessment was conducted at the MWE, NFA, and UWA.** Each of the three entities will be responsible for managing the project funds. The objective of the assessment is to determine whether (a) the three entities have adequate FM arrangements to ensure that project funds will be used for purposes intended in an efficient and economical way; (b) financial reports will be prepared in an accurate, reliable, and timely manner; and (c) the project assets will be safeguarded. The assessment was carried out in accordance with the World Bank Directive: Financial Management Manual for World Bank Investment Project Financing Operations, issued February 4, 2015, and effective from March 1, 2010, and the World Bank Guidance: Financial Management in World Bank Investment Project Financing Operations, issued and effective November 10, 2017.

20. **The assessment identified key risks that include**

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<sup>66</sup> World Bank Group Forest Action Plan 2016–2020.



- (a) Failure to carry out internal audit reviews—this is a high risk given the number of ongoing activities and spread of operations;
- (b) Project module of the IFMIS not being fully operationalized at the MWE which increase the risk of errors and accuracy of financial reports as books of accounts are maintained manually;
- (c) Frequent movement/transfer of qualified and experienced staff—finance and accounts as well as internal audit, delayed submission of financial reports, and delayed submission of audit reports; and
- (d) Delayed submission of financial reports and audit reports.

114. **To ensure that the project is effectively implemented, the three entities will need to ensure that appropriate staffing arrangements are maintained throughout the life of the project.** The World Bank should be notified of key staffing changes. The residual risk after implementation of risk mitigation measures is assessed as Moderate, and FM arrangements should be strengthened consistent with the action plan.

21. **The conclusion of the assessment is that the FM arrangements for the project have an overall risk rating of Substantial** which satisfies the World Bank’s minimum requirements under the Bank Directive: Financial Management Manual for World Bank Investment Project Financing Operations, issued February 4, 2015 and effective from March 1, 2010, and the World Bank Guidance: Financial Management in World Bank Investment Project Financing Operations, issued and effective November 10, 2017. The arrangements are adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by IDA. The residual risk after implementation of risk mitigation measures should be Moderate. With the implementation of the action plan, the FM arrangements should be strengthened.

22. **The project FM is strengthened by the following salient features at all the three entities:**

- (a) FM and internal audit functions are strong.
- (b) The existing accounting and internal audit personnel are adequately qualified and experienced
- (c) Good FM policies and procedures are in place.
- (d) Accounting software is used by both entities to manage project funds.
- (e) Planning and budgeting arrangements are strong.
- (f) Financial reporting arrangements are adequate.

23. The project FM is weakened by the following salient features:

- (a) Maintenance of project books of accounts manually at the MWE due to lack of a project module in the IFMIS
- (b) Finance staff at UWA and NFA not having implemented a World Bank-supported project in the last five years.



24. **Budgeting arrangements.** At the three entities, planning and budgeting procedures are documented in the government financial regulations that are used by all of them and these were found to be adequate. There is also a planning and budgeting department that is responsible for planning and budgeting. All other departments are involved in the budgeting process. The capacity of the accounting staff to fulfill the budgeting needs of the project is adequate. The budgeting arrangements were found to be satisfactory.

25. **Accounting arrangements.** At all the three entities, the project's transactions will be mainstreamed and managed within the existing setup. The activities and transactions will be approved and authorized by the respective accounting officers. All transactions will be processed in accordance with established policies and procedures which are documented in manuals such as the Government's Treasury Accounting Instructions 2017 and the Public Finance Management Act 2015. Policies, guidelines, and procedures are clearly laid out in these manuals.

26. **Staffing arrangements.** The three entities have fully functioning finance and accounts departments headed by qualified and experienced accountants. The departments also have senior accountants, accountants, and several accounts assistants. However, due to the magnitude of work at the MWE, there will be a need to recruit a project accountant by project effectiveness to focus on the FM aspect of this project. The assessment also noted that UWA and the NFA have not implemented any World Bank-supported project in the last five years. In that case, there will be a need for the accounting staff of these two entities to undergo training in World Bank guidelines. To ensure that the project is effectively implemented, the entities will have to ensure that appropriate and acceptable staffing arrangements are maintained throughout the life of the project.

27. **Information system.** All the three entities use computerized accounting systems—IFMIS, a fully integrated computerized budgeting, accounting, and reporting system for the GoU funding, by the MWE; Microsoft Dynamics GP for UWA; and Sun Accounting/IFMIS for UWA. These systems are working well and will be used for project data capture, transaction processing, and payments processing. The accounting arrangements were found to be satisfactory.

#### *Internal Controls and Internal Audit*

28. **Internal controls and Financial Management Manual.** Under the three entities, the project's transactions will be managed within the existing setup. The activities and transactions will be approved and authorized by the accounting officers. All transactions will be processed in accordance with the respective established policies, procedures, and controls.

29. The procedures used by the entities to maintain their records will include the requirement for cross-references to supporting documentation in the interim financial reports (IFRs) and supporting schedules to facilitate the inspection of these schedules and improve the maintenance of the project's records.

30. The policies and procedures describe the accounting system, that is, major transaction cycles of the project; funds flow processes; the accounting records, supporting documents, computer files, and specific accounts in the financial statements involved in the processing of transactions; the list of accounting codes used to group transactions (chart of accounts); the accounting processes from the



initiation of a transaction to its inclusion in the financial statements; authorization procedures for transactions; the financial reporting process used to prepare the financial statements, including significant accounting estimates and disclosures; financial and accounting policies for the project; budgeting procedures; financial forecasting procedures; procurement and contract administration monitoring procedures; procedures undertaken for the replenishment of the DA; and auditing arrangements.

31. **Internal audit.** Each of the three entities has a strong internal audit unit comprising qualified and experienced auditors. The units use risk-based auditing to carry out their work. There is also an audit committee in place to which the internal audit units report to. The committee meets quarterly to review internal audit findings and what action has been taken to address them. The accounting officers are responsible for ensuring that action is taken on internal audit recommendations. The audit committee closely follows up on the action taken by the entities as part of their oversight role. The assessment noted that the auditors have not had any training in regard to World Bank guidelines. It is recommended that the internal auditors are trained immediately as soon as the project becomes effective. It was further noted that the units are underfunded, and if they are to effectively serve and add value to the project, there is a need to provide the units with funding to enable them to support the project. A budget for internal audit operations should be provided within the operational cost of the project. District internal audit units will be responsible for auditing project activities implemented at the respective districts. Resources need to be allocated for these operations including training.

#### *Funds Flow Arrangement*

32. **Designated (Special) Account.** Each of the entities will open and maintain a U.S. dollar denominated Designated (Special) Account at the Bank of Uganda. The three DAs will receive U.S. dollar deposits/transfers from the IDA credit. These funds will be used to meet the U.S. dollar payments as well as meet transfer of funds to the local currency project account.

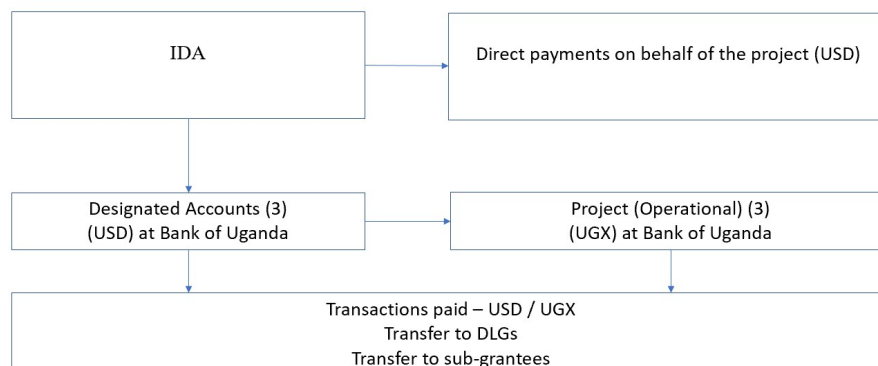
33. **Project Bank Account.** The entities will also open and operate local currency Project Bank Accounts at the Bank of Uganda. Funds in these accounts will be used to meet local payments.

34. The entities will be fully responsible for the management of the respective accounts, including signatories. The entities will also have full fiduciary responsibility for any funds that will be transferred to any lower-level implementation such as the districts and will be required to make proper and acceptable FM arrangements including assessments. Funds will be transferred to lower-level implementation by way of periodical advances that have to be satisfactorily accounted for before the next advance is released. If sub-grants will be given to implementing entities, these funds will have to be ring-fenced and proper guidelines developed before implementation. These guidelines have to be reviewed and cleared by IDA.

35. Figure 1.2 shows the respective funds flow arrangements.



Figure 1.2. Funds Flow Arrangements



36. **Disbursement arrangements.** Report-based disbursement will be used to disburse funds from IDA. Initially, requests for disbursement by the three entities will be made based on approved work plans and cash flow projections for eligible expenditures for six months. This will include lower-level implementation cash requirements as well. The World Bank will make an initial advance from the proceeds of the credit into the DAs in Bank of Uganda, denominated in U.S. dollars. This will be based on the initial cash forecast of six months. Thereafter, disbursement will be based on six months’ forecasts less available balance in the DA and the accountability of previous advances. From the DA, funds will be transferred to operational accounts denominated in Uganda shillings for payment of obligations denominated in UGX. U.S. dollar payments can be made directly from the DA.

37. The three entities have established effective FM and accounting systems, which will facilitate the six-monthly disbursements. The project will need to (a) sustain satisfactory FM rating during project supervision and (b) submit IFRs consistent with the agreed form and content within 45 days of the end of each reporting period—calendar quarter.

38. Table 1.1 of credit and grant proceeds indicates the amount allocated for each disbursement category and the percentage of expenditures to be financed.

Table 1.1. Disbursement Categories

Category	Amount of the Credit Allocated (expressed in US\$ equivalent)	Amount of the Grant Allocated (expressed in US\$ equivalent)	Percentage of Expenditures to Be Financed (Inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services for Parts 1, 2, 3, and 4 of the project			100%
1a. MWE	11,267,083	55,244,388	
1b. NFA	17,900,917	6,833,380	
1c. UWA	35,502,000	5,166,620	
(2) Grants under Parts 2.2 and 3.1. of the project	13,530,000	2,755,612	100% of grants amount disbursed



Category	Amount of the Credit Allocated (expressed in US\$ equivalent)	Amount of the Grant Allocated (expressed in US\$ equivalent)	Percentage of Expenditures to Be Financed (Inclusive of Taxes)
Total Amount	78,200,000	70,000,000	

39. **Financial reporting arrangements.** The quarterly IFRs will be prepared at the end of each quarter and submitted to the World Bank not later than 45 days after the end of the quarter. The format and content of the IFRs will be discussed and agreed with the implementing entities. The IFRs will include Sources and Uses of Funds Statement, Uses of Funds by Project Activity/Component, and DA Activity Statement.

40. To support the continued use of report-based disbursement, the entities will be required to submit

- (a) IFR,
- (b) DA Activity Statement,
- (c) DA and project bank account statements,
- (d) Bank reconciliations for both the DA and project bank account,
- (e) Summary Statement of DA Expenditures for contracts subject to prior review, and
- (f) Summary Statement of DA Expenditures for contracts not subject to prior review.

41. **The annual financial statements would be prepared in accordance with the relevant accounting standards.** The IDA Financing Agreement requires the submission of audited financial statements to the World Bank within six months after the financial year-end. These financial statements will comprise

- (a) A Statement of Sources and Uses of Funds/Cash Receipts and Payments which recognizes all cash receipts, cash payments, and cash balances controlled by the entity and separately identifies payments by third parties on behalf of the entity;
- (b) A Statement of Affairs/Balance Sheet as at the end of the financial year showing all the assets and liabilities of the project;
- (c) Budget Execution Report;
- (d) The Accounting Policies Adopted and Explanatory Notes. The explanatory notes should be presented in a systematic manner with items on the Statement of Cash Receipts and Payments being cross-referenced to any related information in the notes. Examples of this information include a Summary of Fixed Assets by Category of Assets and a Summary of Statement of Expenditure Withdrawal Schedule, listing individual withdrawal applications; and
- (e) A Management Assertion that World Bank funds have been expended in accordance with the intended purposes as specified in the relevant World Bank Legal Agreement.



42. The standard format that has already been agreed with the Government shall be used for this project and will be communicated to the project team. A short training shall be conducted together with coaching during project implementation.

43. **External audit arrangements.** The Auditor General is primarily responsible for the auditing of all government funds including projects. Usually, the audit may be subcontracted to a firm of private auditors, with the final report being issued by the Auditor General, based on the tests carried out by the subcontracted firm. The private firms to be subcontracted should be among those that are acceptable to the World Bank. In case the audit is subcontracted to a firm of private auditors, IDA funding may be used to pay the cost of the audit. The audits are done in accordance with International Standards on Auditing.

44. Audit reports from the three implementing entities have to be submitted to the World Bank within six months after the end of each financial year. The MWE is currently managing two IDA projects, and none of the projects has an outstanding audit report. No significant issues were raised in the project audit reports.

45. The arrangements for the external audit should be communicated to the Auditor General early enough to enable timely audits and issuance of the report. Appropriate audit ToR, agreed with the World Bank, will be included in the PIM.

46. **FM Action Plan.** The action plan in Table 1.2 below indicates the actions to be taken for the project to strengthen its FM system and their completion dates.

Table 1.2. Action Table on FM

	Action	Due Date	Responsible Entity
1.	Recruitment of a project accountant	At the start of implementation	MWE
2.	Designation of project accountants	Before effectiveness	UWA and NFA
3.	Training of project accountants	Within 6 months of effectiveness	MWE, UWA, and NFA
4.	Agreement on the format of the IFR and other financial reports	Before effectiveness - Completed	IDA, MWE, UWA, and NFA
5.	Agreement of ToR for external audits	Before effectiveness - Completed	IDA, MWE, UWA and NFA
6.	Preparation of acceptable sub-grant implementation guidelines	Before disbursement of funds to sub-grantees	MWE

47. **There are no FM conditions of effectiveness.** Financial covenants are the standard ones as stated in the Financing Agreement on FM, financial reports, and audits and the general conditions.

**Procurement**

48. **Procurement.** No assessment was done for the MWE since a similar exercise was undertaken in March 2018 for the Integrated Water Management and Development Project (IWMDP) which became effective in June 2019. The MWE has experience implementing projects using IDA funds through the IWMDP, with acceptable levels of procurement and contract management and staff deployment. The



MWE is also implementing a REDD+ Readiness support grant (P124296). The assessment conducted at UWA and the NFA included a review of the organizational structure, functions, staff skills and experiences, and adequacy for implementation of the project. Both agencies have functional procurement structures in accordance with the Public Procurement and Disposal of Public Assets (PPDA) Act, 2003. The ratings for both agencies for the last PPDA procurement audits were satisfactory. The Procurement and Disposal Unit (PDU) staffing in the two agencies is considered adequate.<sup>67</sup> The staff at the two agencies have requisite qualifications and experience in public procurement following national procedures but limited experience in IDA procurement procedures. UWA’s last World Bank-financed project closed in June 2017 while the NFA has not had a World Bank project in the last four years. Mitigation measures are included in Table 1.3.

**Table 1.3. Procurement Risk Mitigation Action Plan**

<b>Risk</b>	<b>Mitigation Measure</b>	<b>Time Frame</b>	<b>Responsibility</b>
Delays in preparing specifications, requirements and ToRs by user departments	Ensure timely identification of gaps and hiring of experts to support preparation of comprehensive technical requirements/ToR	Throughout project implementation	MWE/UWA/ NFA
Inefficiency in processing at each stage of procurement cycle	Establish a system that tracks planned versus actual time lines for entire procurement cycle	Throughout project implementation	MWE/UWA/ NFA
Inadequate working area/rooms and space for record keeping/filing	Provide sufficient working area, space, and storage units for record keeping/filing	At the start of project implementation	MWE/UWA/ NFA
Inadequate knowledge and skills/experience in contract management	Conduct training on International Federation of Consulting Engineers (FIDIC) contracts and contract management to build contract implementation capacity for major works and consultancy contracts	At the start of project implementation	MWE/UWA/ NFA
Delays in paying vendors due to delays in internal approving processes	Establish tracking system for payment approval processes and hold staff accountable for delays. Strengthen the internal audit unit and accounts departments to expedite payments	Throughout project implementation	MWE/UWA/ NFA
Internal audit staff have limited experience of IDA-funded procurement	Conduct need-based procurement trainings for the project team, including Contracts Committee, on World Bank Procurement Regulations	Throughout project implementation	MWE/UWA/ NFA
Lack of operational funds affecting contract management	Include operational funds in budget of operational expenses	Throughout project implementation	MWE/UWA/ NFA

49. The borrower will carry out procurement under the proposed project in accordance with the World Bank’s ‘Procurement Regulations for IPF Borrowers’ (Procurement Regulations), dated July 2016 revised in November 2017 and August 2018, hereafter referred to as ‘Procurement Regulations; the

<sup>67</sup> Approximately US\$8.5 million for the NFA and US\$26 million for UWA.





'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated July 1, 2016; and other provisions stipulated in the Financing Agreement.

50. To improve project implementation and to achieve results, the borrower has prepared a PPSD. The Procurement Plan for the first 18 months of project implementation has been developed based on the PPSD. The Procurement Plan sets out the selection methods to be followed by the borrower during project implementation in the procurement of goods, works, and non-consulting and consulting services financed by the World Bank. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The 18-month Procurement Plan is included in the project files.

**Box 2.1. Summary of PPSD**

The Project Development Objective (PDO) is to improve sustainable management of forests and protected areas and increase benefits to communities from forests in target landscapes. Major procurements under the project will constitute construction of new offices, renovations, and electric fences. The recommended procurement approach is the open competitive one which provides all eligible bidders equal opportunity to bid. A preference labour sourcing scheme will be used to source labour for non-consulting services (like clearing, planting, weeding, and removal of invasive species) from the communities adjacent to the target forest reserves and NPs/WRs. The MWE, NFA, and UWA are the implementing agencies. Though the PDUs have adequate staff they are overloaded with procurement transactions under different funders. NFA and UWA do not have recent experience in handling Bank projects and few staff have prior experience in Bank procurement procedures. Delays in processing procurements and payment to providers, inadequate contract management skills were among other challenges cited. Mitigation measures include placement of project procurement under the overall coordination of the MWE with support from a dedicated procurement specialist. The MWE has experience implementing projects using IDA funds through the IWMDP that is being implemented under the Procurement Regulations and the REDD+ Readiness support grant. For high-value, high-risk, or complex contracts identified in the Procurement Plan, contract management plans will be prepared. To mitigate procurement capacity risks, there will be a need for staff capacity building and training, continuous oversight, reviews and audits, and the use of real-time monitoring and tracking tools. The project procurement risk rating is "High". After deployment of these mitigation measures, the residual procurement risk is expected to reduce to "Substantial."

51. **STEP.** The project will use STEP, a planning and tracking system, which will provide data on procurement activities, establish benchmarks, monitor delays, and measure procurement performance. The MWE is familiar with STEP, which is also used under the IWMDP. The knowledge built, lessons learned, and corrective mechanisms put in place will provide a foundation for the project.

52. **Use of national procurement procedures.** Due to recent changes in Uganda's procurement legal framework, Uganda National Procurement Procedures are not in line with the World Bank Procurement Regulations Section V - Para 5.4 National Procurement Procedures. In particular, the following provisions are not consistent with Procurement Regulations:

- (a) Use of domestic preference for contracts obtained through open national competitive procedures
- (b) Fees for handling bidder complaints at procuring entity level



- (c) Disqualification of bidders for not purchasing bidding documents from the procuring entity
- (d) Restrictions on contract amendments in excess of 25 percent aggregated amount
- (e) Limitation to the use of bid-securing declarations
- (f) The Buy Uganda, Build Uganda policy, which limits the participation of all eligible bidders

53. Hence, procurement following the national market approach will also follow World Bank Procurement Regulations and Standard Procurement Documents (SPDs).

54. **SPDs.** The World Bank's SPDs shall be used for procurement of goods, works, and non-consulting services while approaching national and international markets. The selection of consulting firms shall use the World Bank's SPDs in line with the procedures described in the Procurement Regulations.

55. **Procurement of works.** Works contracts envisaged under the project include construction of new offices, renovations, and electric fences. Provisions for use of force account, where applicable, will be included in the PPSD after adequate consultations with implementing agencies. Adequate provisions will be included in the project implementation manual, as per WB regulations 6.54 and 6.55.

56. **Procurement of consultancy services.** Individual consultants and/or support personnel may also be hired to augment existing capacity within the implementing line ministries in accordance with the provisions of Paragraph 7.32 of the Procurement Regulations. The project also envisages procurement of high-value consulting services in support of implementation of activities under Components 2 and 3, using Quality- and Cost-Based Selection method.

57. **Procurement of non-consulting services, including community labor.** Both the NFA and UWA emphasize involvement of neighboring communities in the implementation of project activities. The NFA and UWA use a preference scheme sourcing labor (non-consulting services, for example, clearing, planting, weeding, and removal of invasive species) mainly from the communities adjacent to the target forest reserves and NPs/WRs.

58. **Procurement of goods.** Goods will include, among others, the supply of vehicles; protective wear; and field, office, and communication equipment.

59. PDU staff under the MWE, NFA, and UWA are proficient in procurement processing under national law, the PPDA Act, but have limited experience in IDA procurement management. The PDUs manage a heavy workload under the GoU funding, thus susceptible to delays in procurement processing. Under the proposed project, the MWE will utilize the services of the procurement specialist proficient in IDA procurement management and hire a dedicated procurement officer to enhance the capacity of the MWE PDU during the first year of project implementation, when most procurements by the MWE are expected to be completed. The NFA's two procurement staff and an assistant for document handling are considered adequate; however, considering the increased load of procurements, a procurement assistant will be hired by the project to work at the NFA. UWA has three staff who handle all procurement processing, assisted by three assistants. Apart from the procurement manager, the other staff have no previous experience under IDA but are well qualified and conversant with the national procurement rules and procedures. Both agencies will hire additional procurement and technical staff on a need basis where any



expertise is found to be lacking to mitigate the risk of delays. The assigned PDU staff will be exposed to training on World Bank procurement to improve their knowledge of World Bank Procurement Regulations and requirements.

60. **Record keeping and management.** For each executing agency, the head of the PDU working closely with procurement specialists, where applicable, will be responsible for record keeping and shall open a procurement file for each contract processed and upload the same information in the STEP system. The file should contain all documents on the procurement process in accordance with the IDA requirements and as described in the PPDA Act. Each implementing agency will ensure that there is adequate lockable storage space for active files and for archiving.

61. **Disclosure of procurement information shall follow the requirements of the Procurement Regulations subject to the market approach and selection method.** In addition, the implementing agencies shall publish an action report on any complaints received on a quarterly basis.

62. **Beneficial ownership pilot.** Before a contract is signed, the winning bidder will be required to complete a standard template (part of SPDs) identifying beneficial owners, who are individuals with a controlling interest in the company. Borrowers will be required to publish beneficial ownership information, together with other contract award information, on their websites and the World Bank's external website through STEP. This information will not be routinely verified by the borrower or the World Bank. However, the World Bank may conduct verification when triggered by integrity red flags, or in other cases when extended due diligence is warranted.

63. **Contract management.** The high-risk and high-value procurements will be identified for increased contract management support and indicated in the Procurement Plan. The agencies will develop key performance indicators for the identified contracts to be monitored during actual execution of contracts. The World Bank team will provide additional due diligence and independent review of the contract performance of such identified procurements.

64. **Operating costs.** These will be procured using the borrower's procurement, financial, and other administrative procedures acceptable to the World Bank. These include costs associated with travel, accommodation, per diems, office consumables and maintenance, motor vehicle maintenance, implementation support personnel, and so on. Salary top-ups, meeting allowances, sitting allowances, as well as honoraria to civil/public servants and to contracted consultants shall not be financed by the project.

65. **Training and workshops.** The project will finance training and workshops, if required, based on an annual training plan and budget which shall be submitted to the World Bank for its prior review and approval. The annual training plan will identify, among other things, (a) the training envisaged, (b) the justification for the training, (c) the personnel to be trained, (d) the duration for such training, and (e) the estimated cost of the training. At the time of the actual training, the specific request shall be submitted to the World Bank for review and approval. Upon completion of the training, the trainees shall be required to prepare and submit a report on the training received.



**Table 1.4. Thresholds for Procurement Approaches and Methods and Prior-review Thresholds**

Goods, Works, and Non-consulting Services (US\$, millions)					
Category	Prior Review (US\$, millions)	Open International	Open National	Request for Quotation	Request for Quotation National
Works	≥5	≥10	<10	≤0.2	UGX 10,000,000–UGX 200,000,000
Goods, IT, and non-consulting services	≥1.5	≥1	<1	≤0.1	UGX 5,000,000–UGX 100,000,000
Consulting Services (US\$, millions)					
Category	Prior Review (US\$, millions)	Short List of National Consultants			
		Consulting Services	Engineering and Construction Supervision		
Consultants (firms)	≥0.5	≤0.2	≤0.3		
Individual consultants	≥0.2	n.a.	n.a.		

Note: IT = Information technology.

### Support Plan

66. **The strategy for implementation support has been developed based on the nature of the project and its risk profile.** The aim is to provide timely and efficient implementation support to the client to ensure smooth implementation and achievement of the PDO. The implementation plan will be revised during implementation on the basis of project progress and continuous risk assessment.

67. **Coordination with other development partners**, particularly the European Union and United States Agency for International Development as principal partners in the forestry sector, as well as with the UNHCR for coordination of activities in refugee-hosting areas will be part of the implementation support, to ensure synergies and avoid overlaps.

68. **The World Bank task team will provide intensive implementation support in the initial project years, focusing on the implementation of the various agreed risk management measures on technical issues, as well as fiduciary, environmental and social risk management, monitoring, and governance aspects.** In addition to (at least) two comprehensive implementation support missions, one or two interim missions per year will also be fielded depending on the project needs.

69. **Environmental and social risk management.** Environmental and social risk management implementation support will be part of the regular implementation support. Specifically, implementation support will include (a) advisory support on application of environmental and social risk management instruments developed during project preparation, including the ESMF, the Vulnerable and Marginalized Groups Framework, and the Process Framework; (b) review of detailed implementation of various project activities to ensure their compliance with the World Bank Environmental and Social Framework; and (c)



monitoring implementation of actions and commitments included in the Environmental and Social Commitment Plan.

70. **M&E.** M&E implementation support will include advisory support on the implementation of the M&E system in the project.

71. **FM.** Risk-based FM implementation support will be undertaken throughout the life of the project. This will involve supervision, including desk reviews and periodic site visits, to ensure that grant proceeds are used for the intended purpose with due regard for economy, efficiency, and effectiveness. FM capacity building will be provided to the FM staff during implementation, as appropriate. The FM implementation support mission objectives will include the review of the adequacy of the FM arrangements for the World Bank financing as required by the World Bank. Based on the outcome of the FM assessment, the following implementation support plan is proposed. The objective of the implementation support plan is to ensure the program maintains a satisfactory FM system throughout the life of the project.

Table 1.5. FM Implementation Support Plan

Activity	Frequency
<b>Desk reviews:</b>	
IFRs review	Quarterly
Audit report review	Annually
Review of other relevant information such as internal audit reports	Quarterly
<b>On-site visits:</b>	
Review of overall operation of the FM system	Semiannually during implementation support missions
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit, and other reports	Continuous
In depth transaction reviews	Annually
<b>Capacity building:</b>	
FM training	Before project start and thereafter annually
Technical assistance	Continuous

72. An implementation support mission will be conducted at least twice every year based on the risk assessment of the project. The mission's objectives will include ensuring that strong FM systems are maintained for the project throughout its life. Reviews will be carried out regularly to ensure that expenditures incurred by the project remain eligible for IDA funding. The Implementation Status and Results Report will include an FM rating for the project. This will be produced by the World Bank FM specialist after an appropriate review.

73. **Procurement.** Procurement implementation support will be part of the World Bank's regular implementation support mission. The procurement implementation support will include (a) providing training, (b) reviewing procurement documents and providing timely feedback to the procurement units/specialists, (c) providing detailed guidance on the World Bank's Procurement Regulations, (d) monitoring procurement progress against the Procurement Plan, and (e) conducting regular prior and ex post procurement reviews. The World Bank shall prior review contracts according to prior review thresholds set in the PPSD/Procurement Plan and participate in one supervision mission annually to carry



out a procurement post review to assess consistency and compliance with the agreed procedures. However, the World Bank may conduct independent procurement reviews of all the contracts financed under the credit and grant at any time.

74. **Legal support.** Implementation support will include verification that legal conditions have been met, to the extent that these are included.

75. **Intensive cooperation with counterpart staff during missions will provide an additional element of capacity building.** Technical support is built into the resource requirements, with specialists brought in to support the implementation by working closely with the implementing agencies to (a) review and provide technical advice on designs and specifications (including the normal reviews of bidding documents) and (b) review ongoing technical assistance and physical works and provide advice, as needed.

76. **A midterm review mission will be conducted, after approximately three years of project implementation, to review implementation progress and assess the progress and challenges toward achieving the PDO, as well as identify any design changes needed.** At the latest, six months before the expected project closing, an Implementation Completion and Results Report (ICR) review mission will be fielded to carry out a comprehensive assessment of the project and draft the World Bank’s ICR, as well as guide the GoU in preparing the Government’s own ICR.

Table 1.6. Implementation Support Plan and Resource Requirements

Time	Focus	Skills Needed
First 12 months	<ul style="list-style-type: none"> <li>Support for quick setup of well-functioning project management</li> <li>Setup of the SPGS management unit and scheme rollout</li> <li>Institutional capacity building</li> <li>Identification/prioritization of tourism-related investments under Component 2</li> <li>Design of infrastructure supported by the project</li> <li>Technical and procurement reviews</li> <li>Consultancy and construction supervision</li> <li>Fiduciary (FM and procurement) training</li> <li>Environmental and social risk management training</li> </ul>	<ul style="list-style-type: none"> <li>Sector specialists (policy, institutional, tourism, forest value chains, infrastructure, biomass, and energy)</li> <li>Operations</li> <li>M&amp;E</li> <li>Procurement</li> <li>FM</li> <li>Environmental and social risk management</li> <li>Disbursements and legal</li> </ul>
Years 2–6	<ul style="list-style-type: none"> <li>Implementation of planned activities/review of annual work plans and budget</li> <li>Monitoring and reporting against targets</li> <li>Implementation support missions</li> <li>Midterm review at the end of Year 3</li> <li>Institutional capacity building</li> <li>Consultancy and construction supervision</li> </ul>	<ul style="list-style-type: none"> <li>Sector specialists (policy, institutional, tourism, forest value chains, infrastructure, biomass, and energy)</li> <li>Operations</li> <li>M&amp;E</li> <li>Procurement</li> <li>FM</li> <li>Environmental and social risk management</li> </ul>



<b>Time</b>	<b>Focus</b>	<b>Skills Needed</b>
Closing	<ul style="list-style-type: none"><li>• Project completion and ICR preparation</li><li>• Drawing lessons learned and mainstreaming of good practices</li></ul>	<ul style="list-style-type: none"><li>• Sector specialists (policy, institutional, tourism, forest value chains, infrastructure, biomass, and energy)</li><li>• Operations</li><li>• M&amp;E</li><li>• Procurement</li><li>• FM</li><li>• Environmental and social risk management</li></ul>



## ANNEX 2: GENDER ACTION PLAN

### COUNTRY: Uganda

#### Uganda Investing in Forests and Protected Areas for Climate-Smart Development Project

#### Project Beneficiaries

1. The main beneficiaries of the proposed project are multiple Ugandan communities that depend on forest resources.
  - (a) Smallholders prepared to invest in productive forestry through plantations, woodlots, and agroforestry and ecotourism will benefit.
  - (b) Refugee host communities in the Albertine and West Nile will benefit through higher levels of wood fuels-based energy security and agroforestry practices.
  - (c) Tourism sector and wood value chain players will also be important beneficiaries. Support to the creation of new small-scale natural resource-based enterprises will create gainful employment.
  - (d) Project interventions will also enhance ecosystem services from the landscape, for example, watershed protection, indirectly benefitting downstream water users through improved water flow, better water quality, and reduced soil erosion.
  - (e) The GoU agencies in the natural resources sector and their staff (mainly UWA and the NFA as well as district forest services in the target districts) will benefit from improved capacity for service delivery. Both technical staff and communities will benefit from improved capacity for gender-responsive approaches to sustainable forest management.
  - (f) The project will support higher inclusion and participation of women, boys, and girls as well as the historically marginalized communities of Batwa through specific activities across the three substantive components.

#### Gender Gap/Issues

2. The gender disparities affecting forest-related activities are multidimensional and multifaceted, reinforcing each other. Gender disparities are equally felt among the historically marginalized groups of Batwa as well as refugees (and particularly women, girls, and the disabled within these groups). The gender barriers associated with the project are framed in the following themes: institutional, legal, economic, social, and environmental/climate change contexts. Gender constraints in the refugee communities are similar to those in the host communities; thus, similar actions in the action plan will target these constraints. These barriers cut across the project objectives. Below is a summary of the gaps identified.

- (a) The institutional barriers included
  - (i) Low career path for women especially in leadership positions and inadequate institutional capacity to institutionalize gender integration in forest management;





- (ii) Majority of women having low literacy levels and so lacking relevant forest conservation and business skills, knowledge, and access to information;
  - (iii) Lack of credit and capital hindering women from participating in programs that benefit them;
  - (iv) Limited coverage of CFM approach to broaden the scope of gender integration; and
  - (v) Lack of statistical information and weak analytical capacity contributing to lack of gender-disaggregated data in the forest sector.
- (b) Legal and policy barriers included
- (i) Negative social, cultural, and economic environments;
  - (ii) Weak policy and legal enforcement, which affects women's participation and voice;
  - (iii) Control and access of forest resources and productive assets (land, credit, and capital); and
  - (iv) Gender inclusiveness in forest-related projects.
- (c) Economic barriers included
- (i) Limited access, control, and ownership of land;
  - (ii) Inadequate women's ownership on income that comes from forests, trees, and agricultural products; and
  - (iii) Differentiated length in work engagement and prioritization of use of time by men and women in forests and associated resources.
- (d) Social barriers included
- (i) Patriarchal traditional and cultural beliefs and norms negatively affecting women's access and ownership to land;
  - (ii) Gender discrimination in leadership, decision making, and participation, affecting women's gender inclusiveness in forest programs;
  - (iii) A disproportionate share of roles and responsibility for child and family care, reducing their time available for forest-related income-generating activities;
  - (iv) Long distances and isolation exposing the women and girls to sexual violence due to delays in forests searching for fuelwood; increased domestic violence (wife beating) and sexual abuse (rape), and school attendance inconsistencies for school going children; and
  - (v) Insecurity, lack of safety, and voice being a greater concern for refugee women and girls who may experience sexual abuse (GBV) in isolated forests and landscapes in their search for fuelwood and water.
- (e) Environmental barriers included unsustainable use of fuelwood through traditional technology contributing to biomass degradation and resulting in extended time travelled by women to collect fuelwood and water.



*Proposed Actions*

3. The project includes a gender analysis and an action plan to guide the mainstreaming. The actions identify activities that will (a) promote and increase women’s participation and consultation, (b) contribute to increasing women’s income, (c) improve sharing of benefits, (d) promote empowerment of women, and (e) improve creation of decent jobs from forest resources. Despite the broad concerns, actual actions to be undertaken are limited to selected project subcomponents with indicators aligned with project RF for effective project tracking.

4. The following actions were drawn:

- (a) Promotion of equitable participation and consultation to strengthen decision making/leadership and empowerment of women alongside the men
- (b) Increase in equitable benefit sharing in the targeted communities
- (c) Equitable and participative management of community forest areas managed according to gender-informed practices
- (d) Strengthening of capacity including women and institutions established with women leadership—CFM and CRM groups
- (e) Capacity building for the implementing teams
- (f) Promotion of decent jobs in the forest-related activities and value chain activities including tree farming, smallholder farmers, and production and processing of forest products

**Table 7.1. Gender Action Plan**

	<b>Component or Subcomponent Intent</b>	<b>Key Gender Gaps</b>	<b>Actions</b>	<b>Indicators</b>	<b>Responsible Unit</b>
<b>1</b>	<b>Component 1. Improved management of protected areas</b>				
1.1	Subcomponent 1.1. Improvement of infrastructure and equipment for the management of forest PAs	Inadequate participation of men and women in the management of forests and wildlife due to <ul style="list-style-type: none"> <li>• Discrimination associated with cultural norms, beliefs, and traditions;</li> <li>• Time constraints due to multiple household chores and family care;</li> <li>• Unequal access to land and other assets, forest</li> </ul>	Promote gender-inclusive participation, involving men, women, girls, and boys and particularly refugee and forest-dependent men, women, boys, and girls in <ul style="list-style-type: none"> <li>(a) Boundary planning (including community consultations) and demarcation, fencing and walling to reduce human-wildlife conflicts, staff accommodation and ranger posts, and support for the NFMS and</li> <li>(b) Management of wildfires in               <ul style="list-style-type: none"> <li>(i) Training in fire management;</li> </ul> </li> </ul>	Number of people consulted on forest resources use and management (disaggregated by gender)  CFM and CRM groups established with project support that have women in the executive committees (Percentage)  Forest area brought under collaborative	NFA and UWA



	Component or Subcomponent Intent	Key Gender Gaps	Actions	Indicators	Responsible Unit
		landscape-related information, and extension services; <ul style="list-style-type: none"> <li>• Underrepresentation in community groups and association at all levels; and</li> <li>• Inadequate skills to engage and negotiate in CFM.</li> </ul>	(ii) Establishment and maintenance of fire breaks; (iii) Gender-inclusive community sensitization, response, and monitoring; and (iv) Introduction of appropriate modern approaches to help in efficient fire management practices at the landscape level	management (ha) (managed according to gender-informed practices) <sup>68</sup>	
1.2	Subcomponent 1.2. Increasing the involvement of local communities in the management of forest and wildlife areas by increasing their access and benefits from these areas		Promote awareness on participation of men and women including the marginalized and forest-dependent groups in planning and decision making in community forest management groups, committees, and associations.  Support gender inclusiveness in the management plans for the share of forest area managed.  Engage community leaders and particularly men as agents for change in promoting gender inclusion and equity in forest management and use.  Identify and promote best practices in inclusive benefit sharing in the management and use of forests and wildlife resources.		NFA and UWA
1.3	Subcomponent 1.3. Restoration of degraded	Women, as compared to men, have inadequate financial (capital/credit) and	Identify areas in the forest and wildlife habitats restoration value chain where women and vulnerable/marginalized	People employed in production and processing of forest products (including	NFA and UWA

<sup>68</sup> Gender informed practices include consideration, participation, and consultation of men, women, boys, and girls including the marginalized and vulnerable groups in the area of operation in the design, planning, and implementation of forest-related activities supported by the project.



	Component or Subcomponent Intent	Key Gender Gaps	Actions	Indicators	Responsible Unit
	natural forests and habitats in Wildlife and Forest PAs	leadership ability to participate in private sector and commercial tree planting in forest PA.	groups (such as refugees) will benefit and actively participate in the activities.	female) (number)	
1.4	Subcomponent 1.4. Increased forest protection in CFRs and WRs in close proximity to refugee settlements	<p>There is difference of use, skills, and knowledge in forest resources.</p> <p>Women are usually discriminated from employment and are overburdened with family care and home chores.</p>	<p>Support inclusive forest restoration activities in afforestation, nursery tree planting, forest guards, community mobilization, and so on involving men, women, boys, and girls including from refugee communities.</p> <p>Promote dialogue on social norms and influence through change agents, preferably male champions inclusive from forest-dependent and refugee communities (men/women).</p> <p>Promote participation of refugees and forest-dependent communities in designing, planning, implementation, and monitoring of forest restoration activities.</p> <p>Promote training of forest guards in the prevention of potential sexual abuse risks and in management skills.</p>		NFA and CSOs
<b>2</b>	<b>Component 2. Increased revenues and jobs from forests and wildlife protected areas</b>				
2.1	Subcomponent 2.1. Investments in tourism	<p>Women have limited access to tourism and forest-related information and skills enhancement opportunities as much as men do, to facilitate their involvement.</p> <p>Women are less employed in forests and wildlife investments</p>	<p>Identify areas in the forest and wildlife habitats restoration value chain where women will benefit and actively participate in the activities—such as ecotourism, crafts, community accommodation and tour guiding, and so on.</p> <p>Support gender-inclusive capacity building for private timber plantation owners.</p> <p>Promote targeted</p>	People employed in the production and processing of forest products (including female) (number)	MTWA in collaboration with local governments, CSOs, and the private sector



	Component or Subcomponent Intent	Key Gender Gaps	Actions	Indicators	Responsible Unit
		Productive forestry investments require land and capital for investments.  Women lack capacity, knowledge, and skills for investing in business.	communication/media products, and organize tourism-related trainings targeted for men and women entrepreneurs, strongly encouraging women participation.  Identify support-program mechanisms for women entrepreneurs that can have an impact on the entire value chains where women entrepreneurs are concentrated.		
2.2	Subcomponent 2.2. Investments in productive forestry				NFA
<b>3</b>	<b>Component 3. Improved landscape management in refugee-hosting areas</b>				
3.1	Subcomponent 3.1. Increased tree cover on community and refugee-hosting areas	Men and women will benefit differently from agroforestry programs; more so, agroforestry will reduce the distance travelled by women and girls in collecting firewood and reduce potential attacks and abuse.  Men and women receive information differently; women may miss to receive information on time to inform their participation.	Consult and engage people in designing and implementing agroforestry activities as a business.  Provide targeted technical and leadership training to women involved in forestry/agroforestry/private plantation/tree growing.  Promote equitable beneficiary targeting and information sharing for the different genders and groups.  Promote, among farmers, growing trees and supplying wood fuel as business.	Tree farmers reached with assets or services (including female) (Number)  Smallholder plantations established, with seedling survival rate of at least 60% after 1 year, with project support (managed according to gender-informed practices) <sup>69</sup>	
3.2	Subcomponent 3.2. Supporting farm forestry for refugee fuel supply	Women lack capital and land for the establishment of woodlots and for planting trees. Trees are a reserve of men.  Potential family	Establish community dialogue on gender-inclusive and participatory community forest planning, women land tenure rights, and negative cultural beliefs and norms.  Promote gender-inclusive tree	Tree farmers supplying the wood fuel scheme for refugee settlements (including female)  Refugees-beneficiaries of the	NFA, local governments/district land boards, and CSOs

<sup>69</sup> Gender informed practices include consideration, participation, and consultation of men, women, boys, and girls including the marginalized and vulnerable groups in the area of operation in the design, planning, and implementation of forest-related activities supported by the project.



	Component or Subcomponent Intent	Key Gender Gaps	Actions	Indicators	Responsible Unit
		conflicts result in GBV related to men-women power relations on land ownership and economic empowerment.	<p>planting as a business from farm forests.</p> <p>Support projects that develop women and men’s capacities to promote sociocultural changes and training (identified by the community/women).</p> <p>Support capacity building for DLGs to train women on land rights and enforce women’s land tenure rights during land transactions.</p> <p>Develop gender-inclusive regulations for community forestry in a participatory way.</p> <p>Ensure that allocation of wood fuel to refugees is equitable.</p>	wood fuel supply scheme	
<b>4</b>	<b>Component 4. Project management and monitoring</b>				



### ANNEX 3: MAP OF PROJECT AREA

COUNTRY: Uganda

Uganda Investing in Forests and Protected Areas for Climate-Smart Development Project

