

# Uganda

## **Bwindi Impenetrable National Park & Mgahinga Gorilla National Park Conservation**

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Project Document  
January 1995



THE WORLD BANK

## **GEF Documentation**

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## CURRENCY EQUIVALENTS

US\$1 = UShs. 991 (as of March 3, 1994)  
US\$1 = SDR 1.40248 (as of March 3, 1994)

## WEIGHTS AND MEASURES

Metric System

## GOVERNMENT FISCAL YEAR

July 1 to June 30

## ABBREVIATIONS

AWF	African Wildlife Foundation
BINP	Bwindi Impenetrable National Park
DTC	Development Through Conservation project (USAID/CARE)
EAWLS	East African Wildlife Society
EABWG	Eastern Africa Biodiversity Working Group
FFPS	Floral and Faunal Protection Society
GEF	Global Environment Facility
GET	Global Environment Trust
GOU	Government of Uganda
IGCP	International Gorilla Conservation Project (AWF, WWF, FFPS)
IPP	Indigenous Peoples' Plan
ITFC	Institute for Tropical Forest Conservation (Mbarara University, USAID/WWF)
IUCN	World Conservation Union
LCSC	Local Community Steering Committee (of the MBIFCT)
MBIFCT	Mgahinga and Bwindi Impenetrable Forest Conservation Trust
MGNP	Mgahinga Gorilla National Park
MISR	Makerere Institute for Social Research
MOU	Memorandum of Understanding
MUIENR	Makerere University Institute for Environment and Natural Resources
MTWA	Ministry of Tourism, Wildlife and Antiquities
NEAP	National Environmental Action Plan
NGO	Non-governmental Organization
PMAC	Park Management Advisory Committee
RC	Resistance Council
TAM	Trust Administration Manual
TAC	Technical Advisory Committee
TAU	Trust Administration Unit
TMB	Trust Management Board (Trustees of the MBIFCT)
UNP	Uganda National Parks
USAID	United States Agency for International Development
WWF	Worldwide Fund for Nature



**REPUBLIC OF UGANDA**  
**BWINDI IMPENETRABLE NATIONAL PARK**  
**AND**  
**MGAHINGA GORILLA NATIONAL PARK CONSERVATION PROJECT**

**Grant and Project Summary**

<b>Recipient:</b>	Republic of Uganda
<b>Beneficiary:</b>	Mgahinga and Bwindi Impenetrable Forest Conservation Trust
<b>Poverty:</b>	Not Applicable
<b>Cofinancier:</b>	United States Agency for International Development (USAID)
<b>Grantor:</b>	Global Environment Trust (GET)
<b>Amount:</b>	SDR 2.9 million (US\$4 million equivalent)
<b>Financing Plan :</b>	See Schedule A
<b>Economic Rate of Return:</b>	Not Applicable
<b>Map:</b>	IBRD 25291



**THE REPUBLIC OF UGANDA  
BWINDI IMPENETRABLE NATIONAL PARK AND MGAHINGA GORILLA NATIONAL  
PARK CONSERVATION PROJECT**

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***Background***

1. Uganda was once known as the "Pearl of Africa," a reflection of the richness of its natural endowment of forests, mountains, waterways and wildlife as well as its fertile soils and equable climate. Until the early 1970s, Uganda had a well-managed system of natural areas which served as the basis for a substantial tourism industry. Fifteen years of political instability subsequently took a heavy toll on the country's economy and resources, including biological resources and protected areas. Revitalizing both the conservation program and the tourism industry is now a high priority for the current government. A National Environmental Action Plan (NEAP), prepared by an independent secretariat and multi-sectoral task forces, was adopted by the Government of Uganda (GOU) in February 1994. Implementation of the NEAP will be supported through follow-up projects and investments which are expected to address, among other things, strengthening the institutional and policy framework for conservation of biodiversity and management of protected areas.
  
2. The BINP and the MGNP in southwestern Uganda are among the most biologically diverse tropical forests in East Africa and represent the rapidly dwindling Afro-montane and Afro-alpine ecosystems, considered to be the rarest vegetational type on the continent. The 331 km<sup>2</sup> BINP is the largest remaining tract of natural forest in Uganda and is the only site in East Africa encompassing an unbroken ecological continuum of lowland, transitional and montane forest. The 48 km<sup>2</sup> MGNP represents the Ugandan part of the Virungas volcanoes range. Both are believed to represent Pleistocene refugia, that is areas which escaped glaciation and therefore experienced an unbroken evolutionary history. As a result of ecotypical diversity and history, the BINP in particular is one of the richest areas in Africa for mammalian diversity, containing at least 120 species including 10 primates, most notably half of the entire world population of approximately 600 Mountain Gorillas (*Gorilla gorilla berengei*) (the remainder are in the Virungas range). The BINP is the richest forest in Uganda in montane birds, being home to at least 330 species including one endemic subspecies and seven species listed in the International Council for Bird Preservation's Red Data Book. It is also probably the richest forest in East Africa in butterflies, containing more than 84 percent of Uganda's butterfly fauna and well over 200 species, including eight endemic to the Albertine Rift and two World Conservation Union (IUCN) Red Data Book species. Other vertebrate and invertebrate species have been little studied to date but the indications are that they are also rich; for example at least 28 species of reptiles and 27 amphibians are found in the BINP. Knowledge of the flora is also incomplete, but the BINP is believed to be the richest in Uganda in terms of trees, with over 190 species identified (including 10 endemics and 16 with highly restricted distributions). The BINP is also unique in Uganda in containing almost no plots of exotic tree species.
  
3. These two forest areas also serve as critical water catchments and as sources of forest products which are greatly valued by local communities. The water catchment function was the original reason for gazettement of the present BINP as a Reserve in the 1930s: it has been estimated that the BINP protects about 6 percent of Uganda's total water catchment area. Traditionally, local communities have benefited both by harvest of products for their own use and from employment in timber extraction. A baseline study of the BINP area found that 90 percent of residents use products from the forests, and about 20 percent of households were involved in pitting or board carrying as a source of income in the past.
  
4. This level of exploitation of forest products has, however, been unsustainable. Prior to their gazettement as national parks, the two areas suffered significant ecological impacts from harvesting of timber and other forest resources and poaching<sup>1</sup>. Only about 10 percent of the BINP is now completely undisturbed, while about 60

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<sup>1</sup>/ Details in Working Paper No. 2 on Ecological, Conservation and Economic Aspects (in Project File).

percent has been heavily logged and about 30 percent selectively logged. Estimates of the volume of hardwood timber removed from the forest range widely, from an average of about 940 m<sup>3</sup> per year between 1972-1983, to about 4,530 m<sup>3</sup> in 1983 alone, while the most recent (1973) report estimated the average density of commercial hardwoods of harvestable size at just 45 cm<sup>3</sup> per ha. The total numbers and population structures of numerous other heavily used plant and animal species have also deteriorated significantly.

5. In the absence of an active and effective program to conserve the forest ecosystems and biological resources it is highly likely that this trend would continue and worsen to the point of total loss. The human population density in this area is one of the highest in Africa. The total population of the three Districts adjacent to the parks' borders was about 927,000 in 1991, growing at an annual average rate of 3.5 percent between 1981 and 1991, and with densities above the national average. Agricultural land surrounding the parks is intensively used and growing scarce, with 75-80 percent of the cultivatable land in the area now in use, compared to a national average of less than 50 percent. Hence, agricultural encroachment represents a continuing threat to sustainable resource use.

6. As national parks, BINP and MGNP currently enjoy the highest conservation status under Ugandan law. For example, all consumptive use of the flora and fauna is now banned, including commercial hardwood timbering<sup>2</sup>. The limited data available show some positive results in terms of recovery of some species and restoration of habitat quality (details in Technical Annex I). However, the limited resources of the Uganda National Parks (UNP) continue to constrain its effectiveness, for example in patrolling and enforcing regulations on forest access, in working with the communities to build and maintain their support for conservation, and in carrying out ecological monitoring and applied research to guide park management. The project will address these needs by supporting selected incremental conservation, research and community development activities. The permanent nature of the funding by the Trust is important because neither local communities nor Uganda as a whole are likely to ever be able to effectively capture the full benefits of conserving these areas, particularly as some of these benefits are global in nature.

7. While the project will provide incremental financial support, ensuring the continued protection and appropriate management of the BINP and MGNP, including developing and implementing management plans with the consultation and cooperation of the local communities, remains the responsibility of the UNP. The UNP is in the process of preparing management plans for all national parks, following a process of consultation with local communities and conservation groups active in the area. The management plan for the BINP has been completed with substantial involvement of non-governmental organizations (NGOs) and local communities, and has been approved by the UNP Board of Directors. The plan includes a zonation approach including a core protected area, tourism zones and multiple use zones where local residents would be allowed to resume limited sustainable harvesting of selected forest products. The preparation of a management plan for the MGNP has begun, with studies being carried out to provide the needed data. The UNP proposes to follow the same sort of participatory process as for the BINP plan and anticipates completion and adoption by March 1995. The overall GOU national parks policy is also undergoing revision and a revised policy is likely to be approved in 1995.

8. The MBIFCT would operate alongside several other NGO-assisted conservation projects which are currently active in the MBIFCT project area, the Institute of Tropical Forest Conservation (with support from the Worldwide Fund for Nature, WWF), the Mgahinga Gorilla National Park Project (German Animal Protection Society), the International Gorilla Conservation Project (WWF, African Wildlife Foundation and Flora and Fauna Preservation Society). A USAID-funded "Development Through Conservation" (DTC) project implemented by CARE-Uganda is active mainly in the 24 Parishes immediately surrounding BINP. Its main aim is to reduce human pressure on the forests through conservation education and by providing technical

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<sup>2</sup> However, controlled, closely monitored use of some products is in the process of being reconsidered and, in some cases, re-introduced on a trial basis.



assistance, but not direct financial assistance or inputs, to promote environmentally sustainable development (e.g. agricultural and agro-forestry extension). It also helps support UNP's community conservation program. The MBIFCT would complement these initiatives by serving as a source of funds to help enable community groups, researchers and UNP to implement the activities, plans and programs being identified and developed through these projects. It would also help to implement the GOU's policy to ensure that local communities obtain benefits from protected areas and are consulted and involved in their management.

### ***Project Objectives***

9. The main objective of the project is to support biodiversity conservation in the BINP and MGNP both directly, by providing incremental support for park management and related research activities, and indirectly, by funding grants to help local community groups develop economic activities which will provide alternative means of meeting needs which were traditionally met by harvesting forest resources (e.g. timber, poles, meat, cash income). Among the types of activities likely to be funded are beekeeping (including marketing of products), agro-forestry and woodlots, dairy and poultry production and ecotourism services and facilities. These economic activities will help compensate the communities for the loss of their traditional access to these resources when the forests were gazetted as protected areas. They will also help discourage illegal exploitation and burning of the forests, which the authorities cannot completely eliminate through simple enforcement, by providing alternatives and by fostering a positive attitude among the communities toward these national parks as a source of concrete benefits. The cooperative approach to managing the funds will also provide an opportunity for the different stakeholders to work together to identify and achieve common objectives. The funds available from the Trust for these three components (park management, research, community projects) will be very modest compared to the total needs in each case. The Trust is meant to provide incremental support, complementing but not displacing funds from the GOU and other donors.

10. The project also represents an experiment in application of two important principles for biodiversity conservation: (1) including community representatives as full partners in decision-making, as a means of gaining community support for conservation and "ownership" of the project, and (2) the use of a Trust Fund as a mechanism for providing reliable, long-term funding for conservation activities. The first two years would serve as a "pilot project" to test the appropriateness and effectiveness of the institutional and administrative structures, and also the adequacy of the financial arrangements for achieving long-term sustainability (i.e., maintaining the real value of the capital while generating a reliable, adequate level of income to meet project implementation needs). After two years a mid-term review would evaluate the project's success in relation to both of these objectives, and determine whether corrective action is needed (e.g. institutional restructuring, changes in administration procedures, increase in the capital fund, etc.).

11. The project is fully consistent with the priority action areas as defined in the NEAP, in that it addresses three of the five priority areas for investment: conservation of biodiversity, capacity building, and environmental awareness.

### ***Project Description***

12. Under the project the GET would provide an initial capital of SDR 2.9 million (US\$4 million) for a trust fund, the MBIFCT. This would be supplemented by a USAID grant of US\$890,700 to fund the establishment and operation of a Trust Administration Unit (TAU) for the first two years of the project. The capital would be invested overseas and only the annual income, net of administration costs, would be used to fund project activities. The MBIFCT's Trust Management Board (TMB) would be responsible for deciding on the appropriate use of these funds each year, with the following general guidelines (details are provided in Technical Annex 5 and specified in the Trust Administration Manual):

- (1) **Community Development Activities** (60 percent of net annual income). Projects which: (i) are proposed by established local community groups; (ii) have a demonstrable positive impact on conservation of the parks and their biodiversity (e.g. non-consumptive utilization of forests such as eco-tourism; development of substitutes for vulnerable resources); (iii) are consistent with UNP policies and park management plans; (iv) meet agreed criteria of social and environmental soundness, equitability and transparency; (v) include a matching contribution in cash or kind by the proposing group; and (vi) include provisions and arrangements for accountability and long-term sustainability.
  
- (2) **Research Activities** (20 percent of income). Ecological and socio-economic research which provides data needed for improving park management and park/community interactions. Examples include surveys and monitoring of key indicator species and ecosystem quality and functions, evaluation of options for sustainable use of selected forest resources in multiple-use zones, and research on reducing wildlife impacts on crops. A draft framework research program was developed at a workshop held in October, 1993. The workshop was jointly organized by the Institute for Tropical Forest Conservation (ITFC), which is designated by UNP to coordinate research relating to the BINP, and the East African Wildlife Society (EAWLS) which is seeking to facilitate biodiversity research and data management in the region. ITFC and other researchers will submit proposals for research funding to the TMB and its Technical Advisory Committee (see para. 15), which will draw upon this workshop report for guidance regarding priorities for use of Trust funds and to help ensure complementarity with other ongoing research efforts. All research activities funded must be consistent with the park management plans.
  
- (3) **Park Management Activities** (20 percent of income). Grants to UNP to help meet the costs of implementing management plans for BINP and MGNP (e.g. improved marking of park boundaries, expanded patrols, possible purchase of small land areas to enhance the habitat, restoration of degraded areas (e.g. to encourage gorilla groups and other fauna which currently wander throughout the 3-country Virungas area to once again take up more permanent residence in the MGNP), and facilitating community consultation and participation in park management). UNP will submit proposals to the TMB for funding of specific activities within the context of its annual work plans which will be derived from the park management plans. A Memorandum of Understanding between UNP and the MBIFCT sets out their relationship and respective responsibilities.

### ***Project Implementation***

13. The MBIFCT has been established as an independent body under Ugandan law (the Trustee Act Cap 142). The GEF grant will be given to the GOU which will serve as settlor, passing the grant on to the MBIFCT. The Trust Deed was reviewed by the Bank's Legal Department and an outside specialist on trust law prior to enactment. The Trust Deed specifies that the Trust will benefit the BINP and the MGNP while ensuring that the interests of the local communities will also be addressed. The TMB also serves as the Trustees of the funds and would have overall responsibility for management of the funds and for project implementation. The TMB would engage an assets manager to invest the capital fund, following an agreed investment strategy<sup>3</sup>. The TMB would also delegate specific responsibilities (as described below) to a Local Community Steering Committee, a Trust Administration Unit, and a Technical Advisory Committee.

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<sup>3</sup>/ TMB members have selected an assets manager and will approve an investment strategy acceptable to the Bank. A report prepared by a financial management consultant providing recommendations for management of the capital fund is available in the project files.

14. The composition, objectives, responsibilities and operational modalities of the TMB and of these other components of the organizational structure are set out in the Trust Deed and Bye-laws of the MBIFCT and in a Trust Administration Manual. The Trust Deed and Bye-laws and the draft TAM were reviewed by the Bank prior to negotiations. The final version of the TAM will be submitted in a form acceptable to the Bank as a condition of project effectiveness. In summary (details in Technical Annex 3):

- (1) **The Trust Management Board (TMB)** has 9 voting members, who serve as the Trustees, i.e. one representative each from: (i) UNP, (ii) the Forest Department, (iii) a national conservation NGO (initially Wildlife Clubs of Uganda), (iv) an international NGO with an active conservation program in the area (initially CARE), (v) a research institution active in the area (initially the Mbarara University Institute for Tropical Forest Conservation), (vi) the private sector (initially the Uganda Tourism Association), and (vii-ix) the residents of the three Districts surrounding BINP and MGNP. It also has 5 ex-officio (non-voting) members, who are not Trustees, i.e. one representative each from: (i) the Ministry of Tourism, Wildlife and Antiquities, (ii) the Ministry of Finance and Economic Planning, (iii) the Attorney General's office and (iv) an active donor (initially USAID), as well as the Trust Administrator. Each body was responsible for selecting its own representative. An initial TMB with membership acceptable to the Bank has been constituted and will serve for two years, after which those TMB members will either continue or be replaced by their respective nominating bodies.

The TMB serves as the legal Trustees of the MBIFCT and would (i) arrange for and oversee investment of the capital fund, (ii) allocate the annual income based on proposals received (from UNP, researchers and community groups); (iii) receive accounts and arrange for regular audits of expenditures, and (iv) monitor and report to the Bank and the GOU on the implementation and achievements of the project in relation to its objectives. The TMB would meet on a quarterly basis to decide on allocation of income accrued the previous quarter.

- (2) **The Local Community Steering Committee (LCSC)** would consist of on-site representatives of the major "stakeholders," such as the Wardens-in-Charge of BINP and MGNP, the field staff of NGOs active in the area, and local communities (including representatives of the surrounding sub-counties, of local women's groups, resource user groups and the Batwa<sup>4</sup>). Three of the community members on the LCSC would serve as the community representatives on the TMB. The LCSC would serve as the main liaison between the TMB and the communities. It would screen all community project proposals, and have the authority to approve projects up to US\$1000 directly while forwarding larger proposals to the TMB for approval<sup>5</sup>.
- (3) **The Technical Advisory Committee (TAC)** would consist of local technical specialists appointed by the TMB, and would assist the TMB in evaluating the ecological, economic, environment and social soundness of proposed projects. The TAC would also have the option of recommending that the MBIFCT engage short-term technical assistance for more in-depth review or other assistance to the proposing group.
- (4) **The Trust Administration Unit (TAU)** would be based in Kabale and would consist of an internationally recruited Trust Administrator (for the first 2 years), a Deputy Trust

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<sup>4/</sup> A local minority ethnic group.

<sup>5/</sup> At the request of the UNP, it may also screen community proposals for use of Revenue Sharing funds arising from gorilla-tracking fees, as opposed to proceeds from the Trust. After LCSC screening, these would be passed on to the Bwindi and Mgahinga Park Management Advisory Committees, instead of the MBIFCT TMB, for approval.

Administrator (to take over as Administrator in Year 3), two Community Extension Workers and an Accountant as well as support staff. These individuals would be the only full-time employees of the MBIFCT. They would be engaged by the TMB, initially subject to approval by the Bank and by USAID, which would fund the TAU for the first two years. The TAU would be responsible for: (i) community outreach (in collaboration with other NGO and UNP extension staff), (ii) receiving, vetting and submitting community proposals to the TAC, the LCSC and the TMB, (iii) disbursing funds to recipient groups and ensuring that proper disbursement and procurement procedures are followed, (iv) maintaining financial records and accounting/reporting, and (v) ongoing monitoring and evaluation of implementation of projects receiving MBIFCT support.

15. Details of implementation set out in the Trust Administration Manual include: selection criteria for community, research and park management projects; mechanisms to ensure appropriate social and environmental assessment; formats for project proposals, disbursement and procurement procedures; financial management and accounting procedures; monitoring and evaluation; operational guidelines for the LCSC, TAU and TAC; and terms of reference for each staff member of the TAU. A detailed draft Manual has been prepared and reviewed by the Bank. The final text will be agreed prior to project effectiveness and will not be modified without the Bank's consent for the first five years.

16. Effective implementation of the project will require considerable community education, extension and outreach, yet the population to be served is large and scattered over a wide area with poor transportation and communications infrastructure. Trust administration costs must nevertheless be kept at a minimum to ensure maximum funds available for project activities. Therefore, the TAU would have only two community extension workers and would collaborate closely with others, particularly the field staff of International Gorilla Conservation Program (IGCP) and the extensionists and UNP community conservation wardens who are currently supported under the CARE/DTC project, on the public awareness and outreach aspects. CARE, UNP and IGCP have agreed to this collaboration. The specific agreements and arrangements are laid out in the Trust Administration Manual.

17. First year work plans for the TAU and for the research and park management components would be submitted for Bank review prior to project effectiveness. For the first five years of the Trust's operation, its work plans (including proposed allocation of funds, work plans for the research and park management components and community projects selected for funding) would be submitted to the Bank for comment prior to final approval by TMB.

### ***Procurement***

18. As the entire proceeds of the GEF Grant will be invested directly in the Trust, only interest earned from the trust (after project year two) will be utilized to finance subprojects and recurrent costs of the Trust administration. Establishment and recurrent costs of the Trust Administration Unit and subproject grants for the first two years will be financed by USAID following their procurement procedures. In year two, the USAID grant will continue to fund recurrent costs. The selection of the Trust asset manager has been carried out under procedures acceptable to the Bank. Procurement of goods under subprojects, such as local construction materials, will be carried out under local procedures acceptable to the Bank and specified in the Trust Administration Manual. Subprojects are expected to average US\$ 5,000 or less. As it will be difficult to establish which purchases are financed exclusively through GEF Grant revenues, post review of project procurements will be carried out by the Bank, during the course of normal project supervision and in the annual review of the Trust work plan (para. 18).

### ***Project Sustainability***

19. The establishment of the MBIFCT specifically aims to overcome the common problem of lack of sustainability of traditional projects. Sustainability would be achieved on four fronts: (a) direct financial sustainability, through preservation of the capital and disbursement of only the annual income generated by the Trust; (b) ensuring that sustainability is a major criterion in selection of specific projects for funding; (c) emphasis on projects which promote sustainable use of natural resources and provide long-term economic benefits to the communities (e.g. eco-tourism, agro-forestry); and (d) improvement in community attitudes towards the parks and conservation in general, leading to more positive behaviors and political support.

20. Technical Annex 4 provides illustrative financial projections based on various levels of total rate of return on investment of the capital and variations of some other parameters (e.g. number of years of external support for administration costs, additional contributions to the capital). Major assumptions include: (i) international inflation of 3 percent; (ii) recurrent administrative costs of US\$200,000 per year to be met from the income; (iii) a minimum of US\$100,000 to be disbursed for subgrants each year; (iv) an asset management fee of 1 percent and no other fees or taxes paid.

21. The main conclusions from these projections are:

- (1) a minimum total rate of return of 10.4 percent would be needed to maintain the real value of the capital under these conditions;
- (2) an additional (third) year of external support for administration costs would reduce this minimum to 9.9 percent;
- (3) with a more conservative rate of return of 8.5 percent, the US\$4 million capital would erode to less than one half its current value within 28 years;
- (4) an additional investment of US\$3.5 million in year three would make it possible to maintain the real value of the capital with an 8.5 percent total rate of return<sup>6</sup>.

22. The estimates in Annex 4 project a 2:1 ratio of annual administrative costs to disbursements from the Trust's income, even making allowance for a substantial reduction in costs to be made when USAID funding ceases. As this is considered unacceptable for the success of the Trust in the long term, the Trust Deed Bye-laws specify that the Trustees must seek to achieve a better ratio in a reasonable period of time: the Trust Deed states that the Trust is to be automatically dissolved should it be uneconomical considering the costs of operating the Trust, the Trust's probable income and other relevant factors. It is anticipated that the ratio will be improved both by additional contributions to the capital (and therefore the total amount available from annual interest) and through modest reductions in the Trust's administrative costs (e.g. reduction in accounting staff once computerized procedures are in place, reduction in travel costs as the local community becomes more familiar with the Trust). Furthermore, USAID or other donors may prove willing to continue funding the TAU for sometime beyond year 2. (Nevertheless, to be conservative, the financial projections reflect an annual increase of about 3 percent in trust administration costs beginning in year 3).

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<sup>6/</sup> This incremental funding will likely be requested from the GET and/or bilateral donors, based on the initial success of the project approach and institutional framework. If it is not received, it is unlikely that the Trust can be maintained in perpetuity.

### ***Lessons from Previous Bank Involvement***

23. The most relevant Bank experiences relate to: establishment of Trust Funds, "community-based conservation," and projects involving provision of funds and technical assistance for small-scale community projects (e.g. agricultural credit schemes). Two GEF projects involving a Trust Fund (Bhutan and Trilateral Foundation for the Eastern Carpathians) have been approved, and others (e.g. Peru) are under preparation, providing useful information regarding legal, administrative and financial aspects. Community conservation is a new area for Bank involvement (and as yet there are few well established models anywhere), but important lessons can already be drawn from the innovative Community Wildlife Program under the Kenya Protected Areas and Wildlife Services Project as well as from other GEF projects (e.g. in Congo, Zimbabwe, Ghana). The Bank has considerable experience with setting up small-scale credit schemes, credit guarantee schemes and small-scale business advisory services in Uganda (e.g. Southwest Agricultural Rehabilitation Project, Agricultural Development Project, Enterprise Development Project) and elsewhere. The Trust Administration Manual is partly modeled on the draft implementation manual prepared for funding of community subprojects in the Ghana Agricultural Sector Investment Project. The outputs of the Bank's task force on disbursement and procurement issues in participatory projects, when available, will also be relevant.

### ***Rationale for GEF Involvement***

24. The project responds to GEF criteria by: (i) supporting conservation of natural areas which are rich in biodiversity, including numerous endemic, rare and endangered species, and constitute remnants of a rare and rapidly vanishing ecosystem (Afro-montane forest). The benefits of such conservation are in large measure expected to be global in nature; (ii) helping to protect the only existing population of a highly endangered species, the Mountain Gorilla; and (iii) providing economic benefits to communities to help balance negative impacts (e.g. wildlife damage) and opportunity costs arising from their proximity to national parks. The MBIFCT will complement funds which the communities will receive from gorilla tourism revenues, which UNP proposes to begin sharing in the near future. However, community benefits from revenue sharing will be limited by the fact that tourist numbers must be kept low to avoid negative impacts on the gorillas and the forests, and may fluctuate or even cease in the future due to factors such as security, world economic trends or the need to protect gorillas from infectious diseases<sup>7</sup>. In addition, it is expected that at least some of the funds designated by UNP for revenue sharing will pass to communities outside the immediate vicinity of BINP and MGNP.

25. The project will also promote sustainable use of biological resources, both through ecotourism development and by supporting the research, management capacity, community interactions and education programs which would enable UNP to implement its plans to allow controlled exploitation of some forest products through the establishment of multiple use zones. In the absence of external funding UNP would only be able to maintain a minimum level of park protection and management with much less community involvement and benefit. The main innovations in the project which may serve as models for others are the use of a Trust Fund to provide reliable, long-term funding and the cooperation among different "stakeholders," including local communities as full partners, in project design, implementation and decision-making.

### ***Assurances***

26. The following assurances were obtained at negotiations:

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<sup>7/</sup> While considerable revenues are already being collected from BINP, there are presently none from MGNP, where gorilla tracking has not yet begun due to the security situation.

- (1) **GOU approval for GEF grant transfer to the MBIFCT:** At negotiations, the GOU confirmed that the GET grant of US\$4 million will to be made to GOU and then transferred directly to the MBIFCT.
- (2) **Park Management:** The UNP and MBIFCT signed a Memorandum of Understanding which includes commitments on the part of the UNP to maintain the conservation values of the two parks and the BINP management plan has been approved by the UNP Board of Directors. A draft management plan for MGNP will be submitted by UNP to the Bank for review prior to project effectiveness, and will be approved by March, 1995. A side letter to the Grant Agreement specifies the government's commitment for completing and implementing a resettlement plan for compensation of people being moved from the BINP. A plan acceptable to the Bank has been approved and the necessary funds have been obtained as a condition of project approval. Implementation of the plan will begin prior to project effectiveness.
- (3) **Investment and Protection of the Capital Fund:** An Assets Manager has been selected by the TMB utilizing selection procedures acceptable to the Bank. Prior to project effectiveness, the MBIFCT TMB will submit a proposed investment strategy for Bank review. TMB ratification of the strategy and appointment of an assets manager will be conditions of effectiveness.
- (4) **Eligible Uses of Funds/GEF Objectives:** Because allocation of the Trust income will be based on proposals to be submitted to and approved by the TMB, the precise projects and activities to be funded cannot be determined in advance. To ensure that MBIFCT funds will be in accordance with the GEF project's objectives, the following documents have been or will be reviewed and approved by the Bank, and the Grant and Project Agreements specify that they cannot be modified without Bank consent for five years (the period of active Bank supervision of the project): (i) the Trust Deed and Bye-laws, which specify the objectives of the Trust and the legal responsibilities of the Trustees (text was approved and the Deed enacted prior to negotiations); and (ii) the Trust Administration Manual, which gives specific eligibility criteria for community projects including environmental and social assessment requirements, and operational guidelines for the LCSC, the TAC and the TAU (text was reviewed at negotiations and will be finalized as a condition of effectiveness). Annual work plans for the park management component and for the research component will also be reviewed and approved by the Bank (first year work plans will be reviewed prior to project effectiveness). The Trust Administration Manual specifies the measures and mechanisms which will ensure compliance with the Bank's Operational Directives on Indigenous People, Resettlement, Environmental Assessment and participation by NGOs, and with the Bank's procurement and disbursement procedures to the extent these are applicable.
- (5) **Bank Review of Trust Operations, and Monitoring and Reporting Arrangements:** In addition to Bank approval of the above documents, proposed MBIFCT work plans (including proposed allocation of funds) will be reviewed by the Bank prior to final approval by the TMB and release of funds each quarter. The Bank will also carry out standard supervision of the implementation and administration of the Trust for the first five years, with a mid-term review after Year 2 and a final review at the end of Year 5. As described in Technical Annex 7, topics for the mid-term and final reviews include asset management performance vis-a-vis original financial objectives; administration procedures and costs; the adequacy of subproject selection criteria and their application; representativeness of community representatives on LCSC and TMB; and the effectiveness of the monitoring and evaluation program. Monitoring of financial aspects of MBIFCT operations (internal controls and external audits) will be as described in Technical Annex 4, with annual audits, as well as an interim audit after the first six months.

- (6) **Mid-term review:** A mid-term review will be carried out after Year 2.

***Conditions of effectiveness***

27. In summary, the following are conditions of project effectiveness:

- (1) Finalization of Trust Administration Manual, satisfactory to the Bank (para. 15);
- (2) Submission for Bank review of first year work plans for the TAU and for the research and park management components (para. 18);
- (3) Implementation of the resettlement plan for people moved from the BINP, as specified in the side letter to the Grant Agreement (para. 27(2)).
- (4) TMB ratification of investment strategy, satisfactory to the Bank, and appointment of assets manager (para. 27(3)); and
- (5) USAID formal approval of an agreement to fund the Trust's administration costs for an initial two years.

***Environmental and Social Impact***

28. The project has been assigned Environmental Assessment Category B. It is expected to have a positive environmental impact through improved park management, reduction of utilization pressures on the parks and more positive community attitudes toward conservation. Nevertheless, there is a risk of unintended negative environmental and social impacts associated with: (i) actions undertaken for management of the BINP and MGNP, whether or not they are directly supported by the Trust, and (ii) individual community projects funded by the Trust. The park management plan for BINP was reviewed (and that for MGNP will be reviewed) by the Bank to ensure that they are consistent with relevant Bank policies (esp. Operational Directives on Wildlands, Indigenous Peoples and Involuntary Resettlement), and the GOU's responsibilities to manage the areas accordingly are included in the MOU between UNP and MBIFCT, which was reviewed at negotiations. The Trust Administration Manual includes requirements and procedures for environmental and social assessment of community and park management projects as part of the criteria for project selection and monitoring. The TAC will screen all projects and indicate what if any environmental or social assessment is required. The TAU will then assist the project proposers to arrange for this assessment, drawing upon its technical assistance budget as needed. The overall Monitoring and Evaluation program will review the appropriateness and effectiveness of these assessments (Technical Annex 7).

29. Technical Annexes 1 and 6 and the project working paper on socio-cultural issues describe the importance of the two forests to local communities and the economic impacts of their loss of access to forest resources with their gazettelement as national parks. The proposed project represents an attempt to mitigate these impacts by providing direct economic benefits and alternative sources or substitutes for key forest products. While all of the surrounding communities have suffered to some degree, the impact appears to have been greatest on the Batwa in the area, a group of about 700-1,000 indigenous (former) forest dwellers, who were most dependent upon the forests for their livelihoods. They are currently a very marginalized and generally disadvantaged, landless group which is discriminated against by others and poorly represented by the dominant social and political structures. Therefore, administration of the Trust must include special provisions to ensure that the interests and needs of the Batwa are addressed. The measures to be taken are described in the IPP (which has been reviewed and approved by the Bank). These include a mechanism for ensuring that they are represented in the decision-making structure of the Trust, measures to help them articulate their needs and to ensure that an



appropriate portion of the funding goes to benefit them and preferential opportunities to harvest forest resources consistent with the park management plan. The TAU will have special responsibilities to work with the Batwa community to enable them to participate in and benefit from the Trust. This will be reflected in the TAU work plans, which will be implemented in cooperation with USAID and CARE (e.g. further social and economic studies and community organization activities as described in Technical Annex 6).

30. Implementation of the BINP management plan will require compensation of about 100 households presently cultivating plots in a small area of the park, including resettlement of a small number residing within the park. Compensation and resettlement will be carried out according to Bank policies. The draft resettlement plan was reviewed at negotiations and has been finalized in accordance with the Bank's guidelines, and will be implemented prior to effectiveness, in accordance with the side letter to the Grant Agreement.

### ***Benefits and Risks***

31. The main benefits of the project will result from improved conservation of the BINP and MGNP and their biological diversity, through improved park management supported by targeted research, and as a result of reduced pressure on forest resources and changes in community attitudes. As noted above (paras. 5-6), in the absence of an effective conservation program these forests would very likely disappear, or be substantially reduced in size and degraded in just a few years. Specific benefits resulting from their preservation would include: (1) lowering the probability of the drastic reduction or loss of the mountain gorilla population and other endemic, rare or endangered species as a result of maintaining and possibly increasing the quality and extent of their habitat; (2) continued provision of environmental services (particularly water catchment and reduced soil erosion); (3) long-term economic gains for the community through ensuring that use of forest resources is established on a sustainable basis; and (4) economic gains through development of compatible and complementary economic enterprises (including tourism).<sup>8</sup>

32. In addition to the biological, environmental and economic benefits, the project would have benefits associated with strengthening local and community institutions and building the capacity of UNP to manage national parks, including greater involvement of local communities.

33. The main risks relate to: (1) failure of this innovative, participatory decision-making structure to function as intended, resulting in ineffective or inappropriate use of the funds and/or community dissatisfaction; (2) failure of the Trust to be financially viable, i.e. to provide a minimum acceptable level of project funding in perpetuity; (3) the possibility that the future management or condition of the BINP and/or MGNP will not justify continued support by the GEF; (4) increased pressure on the forests due to immigration of people attracted by the prospect of benefiting from the project (magnet effect); and (5) social, political and economic disruptions within the local community resulting from the infusion of money which can directly benefit only a small proportion of the population.

34. To reduce the risk of institutional failure, the membership of the TMB and LCSC reflects a balance of the interested "stakeholders" and their responsibilities will be clearly defined in the legal documents establishing the Trust, in the LCSC constitution and in the Trust Administration Manual. Major decisions such as drawing down the capital or dissolving the Trust would require a unanimous decision. An independent "midterm" review at the end of Year 2 will aim to identify and correct any significant flaws in the institutional design. The modest

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<sup>8/</sup> The MUIENR baseline study analyzed available data relating to the "total economic value" of the BINP to local communities, Uganda and the world at large, evaluating the uses, option and existence values of the BINP if maintained as a conservation forest compared with its value, if utilized for agricultural purposes. It concluded that the net present value of the BINP is between about US\$216 million (at a 15 percent discount rate) and US\$334 million (at a 5 percent discount rate), or approximately 100 times greater than the expected agricultural output following conversion. For details, see Working Paper No. 2 on Ecological, Conservation and Economic Aspects, and MUIENR Baseline Study (in Project File).

funding levels which will be available in the early years of the project have the advantage of reducing the number of project proposals to be processed and the overall task of allocating and disbursing the money, which could overwhelm the Trust administration mechanism and the recipient groups. As the TAU and communities gain in experience, their capacity to deal effectively with larger amounts of money should grow.

35. If the rates of return earned through investment of the capital are too low, the Trust will not be able to maintain the real value of the capital while generating an adequate income stream in perpetuity. As highest priority is given to providing a steady, reliable stream of project benefits, in this extreme case, the Trust Deed would permit the Trustees to draw down the capital, and the Trust would in effect convert to a sinking fund. It could nevertheless continue to meet its objectives for many years (e.g. about 25 years in the low-case scenario in Annex 4). USAID support for administration costs for at least the first two years (with a possible extension for a third year anticipated), will permit a modest increase in the capital base and give time for investment markets to improve. It is also anticipated that, if the MBIFCT proves to be successful in the first few years as a mechanism for community conservation and participatory decision-making, it should be possible to attract additional contributions to the capital (from GET or other sources) to ensure financial sustainability.

36. The MOU documents GOU's commitment to maintain and manage the BINP and MGNP in a manner consistent with GEF/conservation objectives. Nevertheless, because of UNP's limited resources and capacity, there is a risk that it will not be able to fulfill this responsibility and that the biological values of the BINP and MGNP will deteriorate as a result of inappropriate or ineffective management and/or pressures associated with high and growing population densities in surrounding areas. The project will reduce this risk by providing direct support to assist UNP in managing the parks, and will reduce pressures by providing economic alternatives and by promoting popular support for conservation. In addition, it is expected that the GOU capacity for conservation and management of protected areas will be strengthened through ongoing projects, as well as future projects such as the proposed Bank-assisted "Protected Areas Management and Sustainable Use" project and related assistance by other donors. As a last resort, the Trust Deed will include mechanisms for dissolving the Trust if circumstances change such that it cannot fulfill its objectives.

37. Injecting a substantial amount of money into the local economy creates a risk of social disruption and could also serve to attract people into the area, potentially increasing pressures on the parks. To minimize these risks, project selection criteria would allow funding of projects at a considerable distance from the park boundaries if they have a demonstrable positive conservation impact, and also by ensuring that the level of funds available is modest, particularly in the beginning. While significant in terms of their potential to catalyze productive, environmentally sound economic activities, the funds available each year for community projects will be modest, and thus less likely to cause disruption or contention. The TAU and LCSC will have the primary responsibility to manage community expectations, and to inform and educate community members regarding the expected "ripple effects" whereby the project will benefit a much larger proportion of the community than those who are members of community groups directly receiving project funds.

January 24, 1995  
Washington, D.C.

Attachments

**REPUBLIC OF UGANDA**  
**BWINDI IMPENETRABLE NATIONAL PARK**  
**AND**  
**MGAHINGA GORILLA NATIONAL PARK CONSERVATION PROJECT**

**Project Cost Summary**

	Local	Foreign	Total
	----- (US\$ '000) -----		
	--		
<b>A. Subgrant Program</b>			
1. Community Development	240	0	240
2. Research	40	40	80
3. Park Management	80	0	80
Sub-Total	360	40	400
<b>B. Trust Administration</b>	800	600	1,400
<b>C. Offshore Trust Management</b>			
1. Management Fee	0	221	221
2. Recapitalization	0	289	289
Sub-Total	0	510	510
<b>Total PROJECT COSTS</b>	<b>1,160</b>	<b>1,150</b>	<b>2,310</b>

**Proposed Financing Plan**

	USAID	GEF Grant Proceeds	Total
	------(US\$ '000)-----		
<b>A. Subgrant Program</b>			
1. Community Development	90	150	240
2. Research	-	80	80
3. Park Management	-	80	80
Sub-Total	90	310	400
<b>B. Trust Administration</b>	800	600	1,400
<b>C. Offshore Trust Management</b>			
1. Management Fee	-	221	221
2. Recapitalization	-	289	289
Sub-Total	-	510	510
<b>Total PROJECT COSTS</b>	890	1,420 <sup>9</sup>	2,310

<sup>9/</sup> Figures have been rounded.

**Project Procurement Arrangements**

(not applicable)

**Estimated Schedule of Disbursements of GEF Grant  
(US\$ million)**

	<b>IBRD FISCAL YEAR</b>				
	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
<b>Annual</b>	4.0	0.0	0.0	0.0	0.0
<b>Cumulative</b>	4.0	4.0	4.0	4.0	4.0

**Closing Date: December 31, 1999**

**SCHEDULE C**

**TIMETABLE OF KEY PROJECT PROCESSING EVENTS**

- (a) Time Taken to Prepare . . . . . 19 months
- (b) Prepared by the Ugandan Task Force (CARE-Uganda, WWF, MUIENR, Institute of Social Research and ITFC) with Bank assistance
- (c) First Bank Mission . . . . . March 1991
- (d) Appraisal Mission Departure . . . . . September 20, 1993
- (e) Negotiations . . . . . March 1994
- (f) Planned Date of Effectiveness . . . . . March 1995
- (g) List of Relevant PCRs and PPARS . . . . . None

**STATUS OF BANK GROUP OPERATIONS IN UGANDA****A. STATEMENT OF BANK LOANS AND IDA CREDITS**

(as of September 30, 1994)

Loan or Credit No.	Fiscal Year	Borrower	Purpose	US\$ Million		Undis- bursed
				Bank	IDA	
One (1) Loan and thirty five (35) Credits fully disbursed, of which SECALs, SALs and Program Loans/Credits:				946.89	(446.17)	
Cr.14340	1984	Uganda	TAS II	15.00		
Cr.18030	1987	Uganda	Fourth Highway	18.00	1.49	
Cr.18240	1987	Uganda	Forestry Rehabilitation	13.00	0.36	
Cr.18690	1988	Uganda	South West Ag. Rehab.	10.00	5.63	
Cr.18930	1988	Uganda	Sugar Rehabilitation	24.90	4.15	
Cr.19340	1988	Uganda	Health Rec.	42.50	11.15	
Cr.19620	1989	Uganda	Public Enterprises	15.00	4.50	
Cr.19650	1989	Uganda	Education IV	22.00	7.62	
Cr.19910	1989	Uganda	Telecom II	52.30	6.33	
Cr.20880	1990	Uganda	Poverty & Soc. Costs	28.00	5.40	
Cr.21240	1990	Uganda	Water Supply II	60.00	58.47	
Cr.21760	1991	Uganda	Livestock	21.00	18.45	
Cr.21900 a/	1991	Uganda	Ag. Sector Adj. Credit	100.00	8.45	
Cr.22060	1991	Uganda	Urban I	28.70	22.08	
Cr.22680	1991	Uganda	Power III	125.00	98.93	
Cr.23150	1992	Uganda	Enterprise Development	65.60	68.09	
Cr.23620	1992	Uganda	Northern Reconstruct.	71.20	65.54	
Cr.24180	1993	Uganda	Econ. & Financial Management	29.00	17.18	
Cr.24240	1993	Uganda	Agric. Extension Prog.	15.79	12.42	
Cr.24460	1993	Uganda	Agric. Res. & Trg.	25.04	22.35	
Cr.24930	1993	Uganda	Primary Educ.	52.60	50.73	
Cr.24960 a/	1993	Uganda	Financial Sector Adjustment Cr.	100.00	62.07	
Cr.24961 a/	1994	Uganda	Financial Sector Adjustment Cr.	1.05	1.12	
Cr.25830 b/	1994	Uganda	Small Towns Water	42.30	44.60	
Cr.25870 b/	1994	Uganda	Transport Rehab.	75.00	79.96	
Cr.26030	1994	Uganda	Sexual Trans. Infections	50.00	53.26	
Cr.26080 a/	1994	Uganda	SAC II	80.00	84.80	
Cr.26090	1994	Uganda	Cotton Sector Development	14.00	14.67	
Total				8.40	2143.87	829.80
of which repaid				8.40	40.57	
Total held by Bank & IDA				0.00	2103.30	
Amount sold				8.32		
of which repaid				8.32		
TOTAL Undisbursed						829.80

a/ Indicates SAL/SECAL or Program Loan/Credit.

b/ Not yet effective.

B. STATEMENT OF IFC INVESTMENTS IN UGANDA

(as of September 30, 1994)

Fiscal Year	Object	Type of Business	Amount in US\$ million		
			Loan	Equity	Total
1993	AEF-Clovergem	Canning Preserv & Process	0.85	0.00	0.85
1993	AEF-NGE-GE	Canning Preserv & Process	0.65	0.00	0.65
1993	AEF-NILE ROSES	Agricultural & Livestock Prod.	0.30	0.00	0.30
1994	AEF-RWENZORI	Real Estate & Business Service	0.81	0.19	1.00
1994	AEF-SKYBLUE	Hotels & Restaurants	0.51	0.00	0.51
1984,1993	DFCU	Development Finance Companies	0.00	0.98	0.98
1993	JUBILEE	Insurance companies	0.00	0.10	0.10
1965	MULCO	Spinning, Weaving & Finishing	4.32	0.71	5.03
1984	TAMTECO	Mfg of Food Products NEC	1.62	0.00	1.62
1972	TPS	Tourism Services	1.11	0.00	1.11
1984	Uganda Sugar	Cocoa Chocolates, Sugar	8.00	0.00	8.00
1985	Uganda Tea	Food Products NEC	2.81	0.00	2.81
Total gross commitments			20.98	1.98	22.96
Less: Repayments, cancellations, exchange adjustments, terminations and sales			9.02	0.71	9.73
Total Commitments now held by IFC:			11.96	1.27	13.23
Total Undisbursed			1.72	0.00	1.72
Total Outstanding IFC			10.24	1.27	11.51



**Bwindi Impenetrable National Park  
and Mgahinga Gorilla National Park**

**Description, Significance, Threats and Management**

SUMMARY

1. The central objective of the project is the long-term conservation of the flora, fauna and ecosystems of the Bwindi Impenetrable National Park (BINP) and Mgahinga Gorilla National Park (MGNP). In addition to being the home range of the highly endangered mountain gorilla (Gorilla gorilla berengii), these parks represent important examples of the rapidly dwindling East African Afro-montane habitat, which has been identified as the rarest vegetation type and among the highest conservation priorities in Africa (e.g. number one priority for bird conservation in Africa according to the International Council for Bird Protection). At the same time, they are located in one of the most densely populated areas of Africa and are therefore under considerable pressure from agricultural encroachment and from unsustainable exploitation of their biological resources.

2. In view of their recognized international biological significance, The GOU elevated both areas from Forest and Game Reserves to the status of National Parks in 1991. The implications of this action included both a transfer of institutional responsibility from the Forest and Game Departments to the Uganda National Parks (UNP), and a complete ban on a number of economic activities (e.g. selective logging, gold mining, harvesting of non-timber forest products) which were permitted previously. The GOU national parks policy is currently undergoing revision, however, and in the future is expected to allow for limited, sustainable use of selected forest products by local communities in designated multiple-use zones. This prospect has been enthusiastically welcomed by people living around the BINP and MGNP, most of whom apparently are in favor of conserving the forests (recognizing their value, e.g. as water catchments), but were opposed to their gazettelement as national parks specifically because of the loss of access to forest products. In fact, however, the communities' expectations in this must be tempered, as the ecologically sustainable levels of off-take are sure to be very modest from these small forest areas. Instead, long-term conservation will require emphasis on the development of alternative sources of products and income in place of this extractive approach. Income from eco-tourism is regarded as one important aspect, both direct (communities sharing in park revenues) and indirect (development of local tourism-related enterprises). Unlike many protected areas in Africa, the BINP and MGNP have very strong prospects for significant tourism earnings due to the tremendous "drawing power" of the mountain gorillas.

3. A number of externally-supported conservation programs are already operating in the BINP/MGNP area, including: (1) the USAID-funded, CARE-executed "Development Through Conservation" (CARE/DTC) project; (2) the USAID/World Wildlife Fund-

supported Impenetrable Forest Conservation Project (now institutionalized as the Mbarara University Institute of Tropical Forest Conservation, ITFC); (3) the regional International Gorilla Conservation Project (IGCP) jointly supported by WWF, the African Wildlife Foundation and the Flora and Fauna Preservation Society); and (4) the Mgahinga Gorilla National Park project (MGNPP) supported by the German Animal Protection Society (GAPS). These long-standing projects provide both technical and financial assistance to UNP for a range of activities, including development of park management plans, development of a gorilla tourism plan including community revenue-sharing, training of UNP staff, meeting recurrent operating expenses, ecological and social research, and community extension and education in conservation and sustainable agriculture. The staff of these projects have played and will continue to play a major role in the development and implementation of the MBIFCT, which represents a long-term, participatory funding mechanism to help support the community development and park management initiatives which they have helped to define and develop over the years.

4. The biological and economic significance, history, threats to and management of the BINP and MGNP are described in detail in a project working paper available in the project files. The main points and conclusions are summarized below.

#### THE BWINDI IMPENETRABLE NATIONAL PARK--DESCRIPTION AND HISTORY

5. The BINP lies on the edge of the western Rift Valley, at the highest point of the Rukiga Highlands of Uganda (Figure 1). Once part of a large forest covering south-western Uganda, eastern Zaire, Rwanda and northern Burundi, the 331 km<sup>2</sup> park is now a forest island surrounded by cultivated, densely populated land. It covers a wide range of altitude, from 1160 m to 2600 m elevation, and is one of the largest remaining tracts of forest in East Africa containing a continuum of montane and lowland forest. Due to its uniqueness it is being considered for listing as a IUCN/UNESCO World Heritage Site. The southern and northern sectors of what is now BINP were first gazetted in 1932 as Crown Forest Reserves, covering 207 km<sup>2</sup>. Over the next 60 years the areas were combined and additional reserves incorporated to create a 320.8 km<sup>2</sup> area which was gazetted as an Animal Sanctuary (for protection of the gorillas) as well as a Forest Reserve and therefore under dual management by the Forest and Game Departments. In 1991 it was gazetted as a national park, under the management of the UNP, and a 10 km<sup>2</sup> area (the Mbwa River tract) incorporated.

6. In addition to its broad continuum of elevation, the BINP is believed to be a Pleistocene refugium, that is an area which has enjoyed an unbroken evolutionary history untouched by glaciation. These two factors contribute to a great species diversity and high level of endemism, making the BINP one of the richest biodiversity areas in Africa. For example, it contains at least 120 species of mammals, 330 bird species, 55 reptiles and amphibians and over 200 butterflies. This faunal diversity includes 10 primates, including approximately 300 mountain gorillas, representing half the total world population of this sub-species (the other half is found in the Virungas Volcano range, including the MGNP--see

Para. 8 below). While botanical surveys are far from complete, the BINP is believed to be the richest in Uganda in terms of trees, with over 190 identified species including 10 endemics. It is also very unusual in Uganda in having almost no invasion of exotic trees. The BINP vegetation represents a climax ecological community overall, but it is estimated that only about 10% of the area is completely undisturbed, while about 60% has been heavily logged and 30% selectively logged. Fires, goldmining, harvest of non-timber products and some agricultural encroachment and clearing have also had impacts in the past by altering species compositions, distributions and population structures and polluting surface waters. The forest is now in a process of recovery as these activities have largely stopped.

### THE MGAHINGA GORILLA NATIONAL PARK--DESCRIPTION AND HISTORY

7. The 33.7 km<sup>2</sup> MGNP represents most of the Uganda portion of the Virungas volcanic mountain range, contiguous with the 7500 km<sup>2</sup> Virungas National Park in Zaire (a World Heritage Site) and the 45 km<sup>2</sup> Parc National des Volcans in Rwanda (Figure 2). Its long borders with these countries, which have recently been experiencing considerable political conflict, has led to a major influx of refugees to the Ugandan side. The entire area which is now the MGNP was originally proclaimed as a Gorilla Game Sanctuary in 1930. The Mgahinga Forest Reserve, with the same boundaries, was established in 1940. Over the next few decades the boundaries of the Sanctuary and Reserve underwent a number of changes, with successive reductions and expansions in area. In this process, an area of about 10 km<sup>2</sup> was settled and cleared for cultivation, which destroyed most of the natural vegetation between the 8000 ft and 9000 ft contours. This area, now referred to as "Zone 2" of the MGNP, was included when the MGNP was gazetted in 1991, and the residents (about 1800 people) were evicted with compensation for their permanent crops and structures.

8. The Virungas ecosystem represents one of a collection of remnants of Afro-montaine forest along the Kivu ridge which extends from the northern end of Lake Tananyika to the Ruewnzori mountains. It is unusual in occupying an area of volcanic deposits with very rich soil, while most of the other remaining forest patches are set on pre-Cambrian rocks. The vegetation of the MGNP falls largely into the Afro-alpine category, which is a distinctive and unique ecological community although low in species diversity relative to the Afro-montane areas such as BINP. However, the MGNP is one of the few areas in the country which contains both Afro-montane and Afro-alpine vegetation. The Virungas range is best known and appreciated for its population of mountain gorillas, which move amongst the three countries. At present, no gorilla families reside permanently within the MGNP, but up to 50 individuals use the territory for part of the year. The remaining fauna and flora of the MGNP have not been studied as extensively as those of the BINP, but a number of other species of conservation importance are known to inhabit the park, including the golden guenon monkey (endemic and altitudinally restricted in the Virungas), numerous rare mammals particularly in the wetland areas, and eleven regionally endemic species of birds.

9. The level of commercial hardwood logging in the MGNP has been less than in the

BINP, but there has been considerable exploitation of other products, particularly bamboo which is a much more predominant part of the vegetation in this area. The greatest ecological impact has been the clearing and cultivation (with terracing) and introduction of exotic trees such as Eucalyptus and Acacia (Black Wattle) in what is now Zone 2, where park management will focus on restoring the natural vegetation.

#### USE OF FOREST RESOURCES

10. As Forest Reserves, the BINP and MGNP areas represented important sources of many highly valued timber and non-timber forest products for local communities, as well as cash income from labor (pitsawing, board carrying), although only a small portion of total revenues from logging benefited the local economy or even, apparently, the national economy, as Forest Department estimates indicate that as much as 90% of the valuable hardwood timber from the Bwindi forest was reportedly smuggled out of the country over the past few decades. The traditional importance of forest products to local communities, particularly the Batwa (former forest dwellers) is discussed in Annex 6 and the project working paper on socio-cultural issues. The economic importance and ecological impacts of exploitation of minor forest products are discussed in detail by Cunningham (1992) and Cunningham et al. (1993). These studies were commissioned as a first step toward initiating sustainable use of selected forest products in proposed multiple use zones in the BINP and MGNP, respectively. A summary and analysis of data concerning the "Total Economic Value" of the Bwindi Forest to local communities, Uganda and the world at large is provided in Chapter 2 of the MUIENR Baseline Study (1993) undertaken as part of project preparation. The authors attempted to quantify (where possible) and compare the consumptive and non-consumptive use value, environmental services value, option value and existence value of the area if maintained as a conservation forest vs. if it were converted to cultivation.

11. While gazettement as a national park has reduced or eliminated peoples' access to these traditional resources and sources of income, there is now growing expectation of income from tourism, particularly gorilla tracking. Gorilla tracking was initiated in BINP in the Spring of 1993, with single habituated group receiving a maximum of 4 visitors a day each paying \$100 (now reduced to \$80). Despite the poor access, minimal facilities, difficult terrain and dense vegetation, the activity has proven very popular, with all openings filled on most days. The IGCP has prepared a gorilla tourism development plan which projects earnings of between \$321,000 and \$1,348,000 per year from gorilla tracking fees alone by 1996. A revenue sharing program is being initiated, with 20% of gorilla tracking fees to be passed to the communities surrounding BINP (probably utilizing the MBIFCT's LCSC as a channel). The MGNP is not yet open to tourism, due to security considerations, but is expected to benefit from a similar program in the future. The ecological restoration of Zone 2 is expected to attract gorilla families which, it is hoped, may once again take up permanent residence on the Ugandan side.

## PARK MANAGEMENT

12. Though gazetted in 1932, the first official management plan for the Bwindi Forest Reserve was not adopted until 1961. At that time the main management objectives were preservation of forest cover to sustain stream flow and maintain favorable climatic conditions, preservation of habitat conditions favorable for the gorillas, and production of the maximum economic sustained yield of timber consistent with meeting the first two objectives. Management interventions included a long-term rotation system for logging, and "enrichment planting," or "forest refining," which involved destroying many "undesirable" (non-commercial) trees in an effort to create more room for a few highly valued species. The nomadic Batwa were permitted to live inside the Reserve and local residents had free access to cattle watering sites and to all forest resources other than commercial hardwoods. Protective measures ensured that the forest boundaries were maintained, but its condition deteriorated under this regime as mining and pitsawing were difficult to control, populations of several plant species desired for local use were significantly reduced, and the "refining" also reduced the biodiversity of the flora.

13. The 1961 plan officially expired in 1971 but the management practices continued largely unchanged until a new, 2-year interim management plan was approved in 1991. The 1991-93 plan represented an evolution in management philosophy toward greater emphasis on broad biodiversity conservation and the need for sustainable utilization and benefit to local communities. Implementation involved a temporary cessation of all logging and mining and also of the practice of "forest refining," and designation of zones for strict nature reserves, low-impact use such as tourism development, buffer zones to serve as migration corridors, and for selective logging in the future. Under Ugandan law, gazettelement of the area as a national park closed off local communities' legal access to all forest resources. However, in anticipation of the different orientation of the revised national parks policy and the next BINP 5-year management plan, limited use of some resources and some areas is already being phased in (e.g. beekeeping and some collection of medicinal and basketry plants).

14. The "1993-1995 BINP Interim Management Plan" has been developed through a consultative process with extensive involvement of conservation groups active in the area and, to a slightly lesser but still substantial extent, local community representatives. Workshops were held in December, 1992, and in March and June, 1993, to review successive drafts which were prepared by a working group including both UNP and NGO members. This represents a significant departure from the previous approach to park management planning. The final draft was approved by the UNP Board of Trustees by early 1994. It places strong emphasis on maintenance of biological diversity and physical and ecological processes, on community participation in park management and benefits, on promoting tourism as a non-consumptive economic use, and further development of the zoning concept including designated multiple use zones. It also extends UNP activities beyond the park boundaries to promote conservation awareness and cooperation through community extension programs.

15. The process of preparation of a management plan for MGNP is underway, with the community consultation, collection of baseline data and a recently completed study of the nature and status of species traditionally used by local communities (to evaluate the potential for sustainable use/multiple use zones as in the BINP). UNP proposes to follow the same participatory approach as was used for the BINP plan. The process of development, consultation and approval of the MGNP plan is expected to benefit from the experience gained through the BINP plan and thus to move more quickly. The target date for completion of a draft plan is the end of December, 1994. In the meantime, park management is directed and implemented by UNP, with extensive support and involvement of the GAPS-funded project. The park is effectively closed to tourism (due to the security situation), and to all use by local communities with the important exception of highly controlled access to a few year-round water sources. It is likely that the CARE/DTC project will increase its activities in the MGNP area and play a greater role in influencing the park management approach in the future.

### **Trust Funds as a Conservation Funding Mechanism**

1. The rationale for using the GEF grant to support conservation of the BINP and MGNP is that a trust fund can be an effective mechanism to provide a long-term financial commitment for conservation activities. The structure and definition of a conservation trust fund will vary depending on the individual legal, political and institutional circumstances of a particular country and the specific objectives.

2. The long-term nature of a trust fund is particularly important when funding recurrent costs and establishing viable grant-making programs. Reliable funding can improve program stability, long-range-planning, training and recruitment of personnel, and the overall sustainability of the program. The net result can be more effective conservation and a visible link between the protected areas conservation and the economic benefits to relevant local communities.

3. The Trustee, or frequently a Board of Trustees, has fiduciary responsibility to follow the terms of the trust. These terms are defined in a trust document or similar legal agreement which describes the intended beneficiaries and activities which can receive funds from the trust. Typically, the Board will select a financial institution to manage the trust fund's financial assets on its behalf. Thus, in effect, the trustee role is divided into two parts - a management board which approves projects and activities for funding and a financial trustee which invests the trust's capital and disburses money as instructed by the Board. The Board of Trustees will likely delegate certain powers to a small staff, technical committees and others as needed. However, the Board retains ultimate oversight and accountability for all of the trust's activities.

4. Conservation trusts can finance many things: surveys of flora and fauna, local community projects, ecological monitoring, training for park rangers, administrative support to an NGO, or whatever falls within the Board's interpretation of the guidelines of the trust document. In the process of financing such activities, a trust fund can offer important advantages:

- (1) provide reliable long-term financing for conservation and community development activities;
- (2) receive large grants (e.g. from GEF) and subsequently "retail" these funds to smaller projects through a participatory decision-making process;
- (3) enhance local capacity and opportunity to design and implement conservation activities through a decentralized decision-making process which includes local communities in and around the specific protected areas;
- (4) serve as a catalyst to attract additional financial and human resource commitment from within and outside the country to protected areas' management. It is important that a conservation trust not be perceived as external support which somehow reduces the government's own domestic budget allocation to protected areas' management;

- (5) coordinate donor assistance. (This appears particularly important in Uganda as there is currently much donor assistance which could be better coordinated for more favorable impact on the conservation sector);
  - (6) receive and administer the distribution of revenues generated from tourists and other park uses (e.g. gorilla tourism in Bwindi and perhaps in about a of couple years time in Mgahinga);
  - (7) serve as a potential model for management assistance to other protected areas with the participation of their respective local communities;
  - (8) exist beyond the typical short-term time horizon of many donor financed "projects" (Despite much current donor assistance in Uganda, this could decline quickly if donors must turn to other priorities. However, a conservation trust would remain).
5. In sum, a conservation trust holds much promise; it is much more than a long-term financing mechanism since there are many institutional ramifications. Thus, the trust must be carefully crafted so as to complement existing institutional arrangements for management of national parks in the country.



**The Mgahinga and Bwindi Impenetrable Forest Conservation Trust  
Organizational Structure and Operation**

**SUMMARY**

1. The MBIFCT is a private organization, established by Deed under Republic of Uganda trust law, to manage and administer a fund to promote the long-term conservation of the Bwindi Impenetrable National Park and the Mgahinga Gorilla National Park and their flora and fauna. The GEF grant of \$ US 4 million (SDR 2.9 million) comprises the initial capital fund, which will be invested to generate income for disbursement on a quarterly basis (see Annex 4). The parks themselves are the legal beneficiaries of the MBIFCT, but the Trust's stated objectives include providing benefits to local communities as a means of encouraging and assisting them to contribute to these conservation objectives. The most innovative aspect of the MBIFCT is that it is jointly owned and controlled by representatives of the GOU, local and international conservation/wildlife NGOs, and the local communities surrounding the two parks. The institutional structure of the MBIFCT is designed to balance the influence of the various stakeholders and to maximize community ownership by decentralizing a significant part of the decision-making responsibility.

2. The MBIFCT organizational chart is shown in Figure 1 of this Annex. The component bodies and their responsibilities, composition, operational modalities and interactions, which are summarized below, are set out in detail in the Trust Administration Manual, which is available in the project file (see Annex 3-A for the Manual's Table of Contents). The text of the Manual, which will govern the Trust's operations, was reviewed at negotiations and will be agreed prior to project effectiveness, and can then only be altered by the TMB (subject to Bank approval for the first five years).

3. The majority of people involved in the operation of the Trust will serve on a voluntary basis and receive modest honoraria in return. Full-time staff hired by the MBIFCT will be limited to the staff of the Trust Administration Unit (Administrator, Accountant, 2 Community Development Workers, support staff). There will be a small Kampala-based secretariat for the TMB (one secretary/accountant and one support staff). The Trust administrative budget also includes a fund to engage short-term consultants as needed.

**ORGANIZATIONAL STRUCTURE**

**1. The Trust Management Board (TMB)**

**Overview and Functions**

4. The TMB is the overall decision-making body for the MBIFCT and its voting members are the legal trustees of the fund. Its objectives and responsibilities are set out in the Trust Deed and its Bye-laws. While the TMB will delegate many specific responsibilities to the other bodies

(e.g. assets manager/overseas financial trustee, LCSC, TAC, TAU), it retains ultimate oversight and accountability for all MBIFCT funds and activities.

5. The TMB has engaged a professional assets manager (investment firm) to invest the capital fund, based on an investment strategy approved by the TMB (and, for the first five years, by the World Bank)<sup>1/</sup>. It has established a Local Community Steering Committee (with the local communities identifying their chosen representatives) and a Technical Advisory Committee, and will approve their operating guidelines (set out in the Trust Administration Manual), modifying these as it deems necessary based on operational experience gained over time. The TMB will establish a Trust Administration Unit, to which it will delegate responsibility for day-to-day administration of the Trust income. The TMB will also manage the critical institutional relationships between MBIFCT and other institutions (e.g. Uganda National Parks, GOU, donors, etc.), as discussed below.

### Composition

6. To promote cooperation and balance among the various "stakeholders," the 9 voting members and Trustees of the TMB consists of representatives of the key parties with a recognized interest in the conservation and management of the BINP and MGNP:

- (1) government agencies (one representative each from Uganda National Parks and the Conservation Section of the Forest Department),
- (2) local communities (one representative each from the three administrative Districts bordering the parks--Kisoro, Rukungiri and Kabale--to be selected by the LCSC from among the community representatives on its membership),
- (3) local and international NGOs (one representative each, from organizations actively involved in conservation and sustainable development programs in the project area--initially the Wildlife Clubs of Uganda and CARE-Uganda, respectively), and
- (4) a research institution (one representative of an institution with an active research program relevant to the conservation and management of the BINP and/or MGNP--initially the Mbarara University Institute of Tropical Forest Conservation), and
- (5) the tourism industry (one representative--initially from the Uganda Tourist Association)

7. In addition, there will be ex-officio (non-voting) members representing parties which do not need to be directly involved in the decision-making of the Trust, but have a specific need for ongoing knowledge of its operations. There are five ex-officio members initially, although the TMB may decide to add others later if appropriate:

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<sup>1/</sup> The TMB is expected to engage or co-opt a financial advisor to advise, assist and educate its membership on financial management matters

- (1) a representative of the international donor community actively providing support for conservation in the areas (initially USAID, which is supporting the ongoing "Development Through Conservation" program and will also support the establishment and operation of the TAU for the first three years. Both of these activities are essential to the effective implementation of the Trust in its early years<sup>2/</sup>,
- (2) a representative of the Ministry of Tourism, Wildlife and Antiquities (parent ministry of UNP, and therefore responsible for advising the GOU regarding the implementation of the program and the status of the parks),
- (3) a representative of the Ministry of Finance and Economic Planning (responsible for overseeing all foreign assistance to Uganda),
- (4) representative of the Solicitor General in the Ministry of Justice (responsible for advising on legal aspects of the Trust and addressing any legal challenges which might be brought in relation to its operations), and
- (5) the Trust Administrator.

8. Each of the institutions represented above is responsible for designating its own representative to serve on the TMB, based on guidelines presented in the Trust Administration Manual. Thirteen individuals have been identified to serve as the initial members of the TMB and identified as such in the declaration of Trust (see Annex 3-B). These individuals will serve for an initial term of two years with the possibility of extension. In the future, TMB members will serve three-year terms, but with a mechanism to stagger the terms to provide continuity. The Trust By-Laws specify the procedures for replacing TMB members, with existing members legally responsible for replacing themselves based on the nomination of the group or institution which they represent.

#### Operational Modalities

9. The Trust Deed and Bye-laws are the legal documents establishing and governing the MBIFCT. They are available in the project file. The Deed creates a legal "personality" for the Trust and defines its objectives, sets out the responsibilities and powers of the TMB and addresses specific legal questions such as the conditions under which the Trust may be dissolved and what would become of its assets in that case. The Bye-laws provide the operational guidelines for the Trust, such as the composition of the TMB; the means of appointing members and their terms of tenure; members' functions and responsibilities in relation to decision-making, administration; financial management including appointment and monitoring of the assets manager and undertaking audits, review of documents and reports and legal responsibilities; and procedures for meetings including voting rules. The TMB will meet at least twice a year to review project proposals forwarded to it by the TAU and to carry out other business. Most decisions will be by simple majority (a quorum to be 6 of the 9 voting members), but certain decisions require

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<sup>2/</sup> The World Bank, as Trustee of the GET, has declined to be represented on the TMB but may participate as an observer

unanimous vote by the full TMB. These include any changes to the Trust Deed, invasion of the capital fund, amendments to the composition of the Board and dissolution of the Trust.

## **2. The Local Community Steering Committee (LCSC)**

### Overview and Functions

10. The LCSC ensures that a significant part of decision making for the MBIFCT is carried out by those who are most directly concerned because they live and work in the project area. Together with the TAU, the LCSC will be the principle means by which the MBIFCT interacts with local communities. The LCSC will screen all proposals for grants for community development projects. It will be authorized to approve small grants (up to \$1000) directly and to forward proposals for larger grants to the TMB for approval<sup>3/</sup>. It will also play a direct role in internal financial control as a co-signatory (together with the Trust Administrator) on the TAU bank account in Kabale.

11. Less formally, the LCSC will help raise awareness in the community and will serve as a contact point and source of information about the Trust as well as a mechanism to provide feedback from local communities to the TMB. To ensure linkage and continuity, three (community representative) members of the LCSC, will be selected by the full LCSC to serve as voting members of the TMB.

### Composition

12. Like the TMB, the LCSC includes the three main interest groups: government, local communities and NGOs. Its composition is designed to meet several key objectives:

- (1) to provide fair representation of the diverse communities and social groups in the MBIFCT catchment area;
- (2) to ensure balance of power among the various stakeholders;
- (3) to help mobilize community support for conservation generally and projects specifically funded by MBIFCT, to insure that funded projects remain sustainable after MBIFCT funding is finished;
- (4) to help maintain the link between economic benefits from the Trust and conservation of BINP and MGNP (i.e., to avoid a perception of "entitlement" unconnected with any responsibilities), by involving groups with specific interests

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<sup>3/</sup> At UNP request, the LCSC may also receive and screen proposals for projects to be funded through the soon-to-be-implemented UNP revenue sharing (RS) program. Following screening by the LCSC, proposals for using RS funds will be passed to the relevant Park Management Advisory Committee for consideration.

in the area and its resources. Such groups can make concrete commitments to support conservation efforts<sup>4/</sup>

- (5) to retain sufficient flexibility to accommodate possible changes in local political structures and stakeholder groups.

13. Initially, in the absence of "apex" (cross-boundary) community and interest groups in the area, the emphasis in selecting community representatives has been on achieving geographic coverage and balance. This was achieved by requesting each of the 11 RC3's (Sub-counties) immediately adjacent to the two parks to nominate one representative<sup>5/</sup>. To achieve a workable group size and ensure that these representatives do not outweigh the other members of the LCSC, at any one time only 3 will be voting members and the other 9 non-voting. The 11 individuals selected are responsible for identifying the initial 3 voting members as well as a system to rotate that responsibility. The initial LCSC also includes two representatives of local women's group (one from BINP area, one from MGNP area) and a representative to be selected by the local Batwa community.

14. The initial LCSC therefore consists of the following 12 voting and 8 non-voting members (see Annex 3-C for names of individuals):

- 2 UNP wardens - Wardens in Charge of BINP & MGNP
- 12 Representatives appointed by RC3s (3 voting)
- 2 Representatives of local women's groups
- 1 Representative/spokesperson for Batwa
- 1 Representative of the Institute for Tropical Forest Conservation
- 1 Representative of CARE/DTC project
- 1 Representative of International Gorilla Conservation Project
- 1 Representative of Mgahinga Gorilla National Park Project

15. This "interim" LCSC will serve for two years, during which time the mechanisms for selecting future community representatives is expected to evolve in two ways. First, representatives of up to 4 relevant community/interest groups will be added, as groups with appropriately broad-based support and credibility are identified or formed<sup>6/</sup>. The TAU will

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<sup>4/</sup> For example, beekeeper groups have agreed to ensure that their members do not start wildfires while smoking out bees, in exchange for the right to place hives inside the BINP.

<sup>5/</sup> The Resistance Council System is a representational political structure based on an ascending hierarchy of elected bodies, starting at the village level and going up to the national level. The RC1 (village), RC2 (parish) and RC3 (sub-county) were identified by community members as the parties which they most trusted to represent their interests in the LCSC at this time.

<sup>6/</sup> Currently, interest groups in the area (e.g. beekeepers, ambulance societies, credit associations) are not sufficiently integrated to be represented by a single member. For example, a beekeeper from Nteko parish (west side of BINP) has little interaction with beekeepers in Katojo parish (east side) since they are more than a day's walk apart with no road service or telecommunications connecting the two counties. Given Uganda's recent civil and political

actively encourage and promote this. Second, an alternative means for communities to select their geographic representatives will be sought, which is more independent of the existing political system. Other changes in the LCSC composition may be needed over time, for example if currently active international NGOs leave the area and/or others come in. The operational guidelines for the LCSC, as specified in the Trust Administration Manual, will make allowance for flexibility for such changes.

### Operational Modalities

16. The responsibilities and operating guidelines for the LCSC are laid out in a Constitution which is incorporated in the Trust Administration Manual. The topics covered in the Constitution include: the "catchment area" of the Trust; the composition of the LCSC and formula for selecting members in future; its functions including approving or forwarding projects to the TMB depending on size; location and procedure for meetings and voting rules; and selection criteria for community projects to be funded.

### **3. The Technical Advisory Committee (TAC)**

#### Overview and Functions

17. The TAC will assist the TMB in setting priorities for use of MBIFCT funds and evaluating the technical aspects (ecological/environmental, sociological, economic, overall feasibility) of project proposals, and provide any other technical advice requested by the TMB. Its members will screen all proposals referred to it by the TAU for potential negative environmental or social impacts, and provide in-depth review as requested. The TAC will also make recommendations to the TAU to engage short-term technical assistance to carry out detailed studies or evaluations of specific aspects of proposals as needed.

#### Composition

18. The TAC is composed of a number of experts in relevant fields, selected by the TMB. Individuals are selected on the basis of professional merit rather than institutional affiliations. They are appointed by the TMB for an initial term of three years, renewable for two year terms. The TMB can add new members to the TAC or remove existing members as it deems appropriate, and can also co-opt individuals to assist on a short-term basis as needed. It is expected that TAC members will be Ugandan citizens or residents although short-term advisors on specific issues may sometimes be sought internationally.

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turmoil, it is only recently that interest groups are beginning to reach across villages and sub-counties.

19. Initially the TAC includes individuals representing the following fields of expertise:

**Tropical forest ecology** (up to three members with relevant experience in different and complementary aspects of the field);

**Sociology and community participation and development** (one or two members, including particular expertise relating to Batwa/indigenous forest dwellers);

**Economics** (particular expertise in development economics and economic analysis of development projects)

**Law** (particular experience in business and property law and land tenure issues)

**Agriculture and livestock husbandry** (two representatives with relevant experience in small-scale farming and husbandry)

**Small-scale finance** (particular experience in rural credit, banking and cooperatives)

**Local issues**

#### Operational Modalities

20. The TAC will meet on a regular basis (at least semi-annually, prior to TMB meetings, more frequently if needed). The members will elect a Chairperson to serve for a two-year term. The Chairperson will receive proposals from the Trust Administrator and distribute each to at least two TAC members, who will be responsible for reviewing and summarizing it, leading the discussion of it at the next TAC meeting and summarizing the TAC opinions and comments in writing. The proposals will then be passed to the TMB with the TAC comments. The TMB or TAU can also call upon members of the TAC for general or specific technical advice at any time.

#### **4. Trust Administration Unit (TAU)**

##### Overview and Functions

21. The TAU will be the "operational arm" of the MBIFCT, providing technical and administrative support to the TMB, LCSC and TAC. It will also work with communities, individuals and agencies to inform them of the objectives and operational rules of the Trust and to help in preparation of proposals. It will be the main administrative "interface" of the MBIFCT with the local community, with specific responsibilities including:

- (1) receiving proposals, carrying out informal initial screening to ensure that they meet the broad objectives of MBIFCT and routing them to the TAC for review and to the LCSC (community proposals) or TMB (research and park management proposals) for further consideration,

- (2) disbursing funds to beneficiaries (based on agreed budgets and disbursement schedules),
- (3) general community relations and awareness building, answering queries (including providing explanations for rejections of project proposals), and providing feedback from the community to the TMB, LCSC and TAC,
- (4) assisting community groups to organize and to identify, develop and submit proposals to MBIFCT in the proper format and with all the needed information, and to fulfill the Trust's financial management and accounting requirements,
- (5) providing technical assistance and training (using its consultant budget) to community groups as needed to help them refine proposals, carry out feasibility studies, develop and manage budgets, etc.,
- (6) preparing an annual administration budget and submitting it to TMB for approval,
- (7) maintaining all local accounts and records, and presenting regular financial and management reports to the TMB, and
- (8) regular monitoring and evaluation of the MBIFCT operations including the use of funds, implementation and impact of funded projects.

### Composition

22. The TAU will consist of a Trust Administrator, a Deputy Administrator, two Community Extension Workers (one in Year 1, a second to join in Year 2), an Accountant and support staff (secretary, driver, guards). The Administrator will be recruited internationally by the TMB, subject to review and approval by the Bank and USAID (which will fund the TAU for the first 2 years)<sup>7/</sup>. The Deputy Administrator will be recruited locally and is intended to replace the Administrator after Year 2. The Administrator will recruit the remaining staff locally, subject to approval by the TMB. Terms of Reference and qualifications for the Administrator, the Community Development Workers and the Accountant are provided in the Trust Administration Manual.

### Operational Modalities

23. The TAU will be located in Kabale. The details of the TAU's responsibilities and guidelines for its operations are set out in the Trust Administration Manual. Some aspects are also discussed in other Annexes of this MOD (e.g.: project selection criteria, financial management, accounting and auditing, monitoring and evaluation).

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<sup>7/</sup> Recruitment of the Trust Administrator is underway.



24. Community interactions will be a very important aspect of implementation of the MBIFCT program, but the project area is large and has very poor transportation and communications infrastructure. At the same time, the TAU must be kept small to minimize costs. Therefore, the TAU will work with and through existing extensionists and community workers in the area, particularly field staff of the CARE/DTC project and the UNP community conservation wardens supported under the CARE/DTC project. These individuals will carry out most of the general public awareness raising concerning the objectives and operations of the MBIFCT, in the context of their overall community conservation/ education programs. This will permit the very limited TAU staff (see below) to focus on direct assistance to community groups with regard to accessing, accounting for and making effective use of the Trust funds. UNP and CARE/DTC managers have indicated their agreement and commitment to providing this cooperation.

25. In addition, to ensure that activities funded by the Trust do not duplicate or conflict with other activities or development plans, the TAU will maintain close contact with the field staff of other agencies and organizations active in the area and with local officials, inviting them to comment on project proposals relating to their spheres of interest. The details of how these interactions how will be carried out will be set out in the Trust Administration Manual.

26. A 5-year budget for TAU operations is provided in Annex 3-D. USAID has agreed to fund the first two years, totalling \$890,700. After the USAID funding ends, the recurrent administration costs will be met from the income of the Trust<sup>8/</sup>. The Bank will review the TAU's annual budget prior to its approval by TMB. The mid-term review will provide an opportunity to review administration costs with the objective of minimizing them in order to maximize the funds available for conservation and community activities.

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<sup>8/</sup> The MBIFCT may try to seek external funding, from USAID or other sources, for some additional period at that time.

**MGAHINGA AND BWINDI IMPENETRABLE FOREST CONSERVATION TRUST**

**Trust Administration Manual**  
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**Initial Membership of Trust Management Board**

<u>NAME</u>	<u>REPRESENTING</u>
<u>Voting members:</u>	
Dr. Eric Edroma	Uganda National Parks (Director)
Mr. Fred Kigenyi	Forest Department (Head, Conservation Sect.)
Mr. Stanley Dunn*	CARE-Uganda
Dr. Jonathan Baranga	Institute of Tropical Forest Conservation (Director)
Dr. Violet Kajubiri-Froelich	Wildlife Clubs of Uganda (Director)
Mr. Godfrey Zobbo	Uganda Tourism Association (Chairman)
Mr. John Tindiwegi	LCSC (Rukungiri District)
Mr. Zikanga Bashaija	LCSC (Kabale District)
Mr. Aloisius Bakesigaki	LCSC (Kisoro District)
<u>Ex-officio members:</u>	
Mr. Ben Otto	Min. of Tourism, Wildlife & Antiquities (P.S.)
Mr Tumisiimi	Min. of Finance & Economic Planning (P.S.)
Mr. Peter Kabatsi	Ministry of Justice (Solicitor General)
Mr. Robert Clausen	USAID/Uganda
[To be determined]	(Trust Administrator)

\* Acting

**Initial Membership of the Local Community Steering Committee**

<u>Name</u>	<u>Representing</u>
Mr. Zikanga Bashaija *	Ikumba Subcounty, Kabale District
Mr. Protase Katambi	Milk Subcounty, Kabale District
Mr. Aloisius Bakesigaki *	Kirumdo Subcounty, Kisoro District
Mr. Calistus Habikwiha	Nyabwishenya Subcounty, Kisoro District
Mr. William Kwitegetse	Bukimbiri Subcounty, Kisoro District
Mr. John Byibesho	Nyarusiza Subcounty, Kisoro District
Mr. James Bavuga	Muramba Subcounty, Kisoro District
Mr. John Tindiwegi *	Kirima Subcounty, Rukungiri District
Mr. Eddie Kamurasi	Rutenga Subcounty, Rukungiri District
Mr. John Muhima	Kayonza Subcounty, Rukungiri District
Mr. Lawrence Byarugaba	Rugyeyo Subcounty, Rukungiri District
Mrs. Annette Sabasigali	Women's groups (Mgahinga area)
Mrs. Perpetua Seguwaho	Women's groups (Bwindi area)
Mr. Joseph Serugo	UNP (Warden-in-Charge, BINP)
Mr. Tony Kirungi	UNP (Warden-in-Charge, MGNP)
Mr. Philip Frank	CARE/DTC
Mr. Klaus Zucker	MGNPP
Ms. Elizabeth MacFie	IGCP
Mr. Jonathan Baranga	ITFC

\* = voting member (initially)

	Operating Costs for MBIFCT (in '000 US\$)				
	1995	1996	1997	1998	1999+
<b>Kampala Secretariat</b>					
Office Rent	10.0	10.0	10.0	10.0	10.0
Office Equipment	20.0	2.0			
Secretary/Accountant	6.5	6.5	6.5	6.5	6.5
Support Staff	3.0	3.0	3.0	3.0	3.0
<b>Kabale TAU Administrator 1/</b>					
Salary	70.0	70.0	30.0	30.0	30.0
Housing	7.5	4.0	2.4	2.4	2.4
<b>Community Dev. Worker 2/</b>	18.0	18.0	18.0	18.0	18.0
<b>Other National Staff</b>					
Deputy Administrator 3/	15.0	15.0	-	-	-
Accountant	9.0	9.0	9.0	9.0	9.0
Secretary	4.8	4.8	4.8	4.8	4.8
Drivers (2)	4.8	4.8	4.8	4.8	4.8
Office Helper	1.0	1.0	1.0	1.0	1.0
Guards (2)	2.0	2.0	2.0	2.0	2.0
<b>Vehicle and Motorbikes</b>					
Capital Cost	40.0	-	-	-	-
Depreciation (sinking fund)	10.0	10.0	10.0	10.0	10.0
Running Cost	15.0	15.0	15.0	15.0	15.0
<b>Administrative Support</b>					
Office Rent	3.5	3.5	3.5	3.5	3.5
Office Equipment 4/	30.0	-	-	-	-
Depreciation (Sinking Fund)	4.0	4.0	4.0	4.0	4.0
Office Running Costs 5/	16.0	16.0	16.0	16.0	16.0
<b>Travel and Allowances</b>					
Travel Abroad	10.0	19.5	-	-	-
Local Travel	5.0	5.0	5.0	5.0	5.0
Trust Mgmt. Board	3.0	5.0	5.0	5.0	5.0
Technical Advisory Comm.	4.5	6.0	6.0	6.0	6.0
Local Comm. Steering Co	3.0	5.0	5.0	5.0	5.0
<b>Consultants (incl. M&amp;E)</b>	50.0	50.0	30.0	15.0	15.0
<b>Training and Public Educ.</b>	30.0	30.0	5.0	5.0	5.0
<b>Audit</b>	5.0	5.0	5.0	5.0	5.0
<b>Subproject Evaluation</b>	3.0	4.5	6.0	6.0	6.0
<b>SUBTOTAL</b>	<b>403.6</b>	<b>328.6</b>	<b>207.0</b>	<b>192.0</b>	<b>192.0</b>
<b>PHYSICAL CONTINGE</b>	<b>40.4</b>	<b>16.4</b>	<b>10.4</b>	<b>9.6</b>	<b>9.6</b>
<b>3% PRICE CONTINGENCY</b>		<b>10.4</b>	<b>6.5</b>	<b>6.0</b>	<b>6.0</b>
<b>GRAND TOTAL</b>	<b>444.0</b>	<b>355.4</b>	<b>223.9</b>	<b>207.6</b>	<b>207.6</b>
of which Foreign Exchange	246.4	149.6	81.4	64.9	64.9

1/ Expatriate for first two years only.

2/ Two workers.

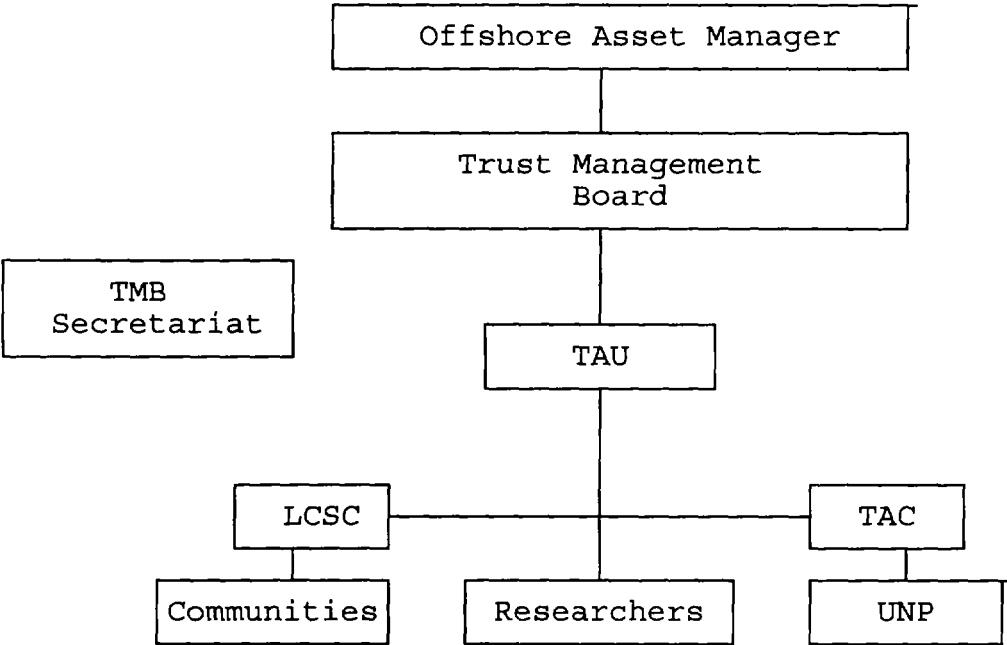
3/ Counterpart to Expatriate Administrator for first two years.

4/ Includes generator, computers, photocopier, furniture, etc.

5/ Includes office supplies, communications, utilities, maintenance and insurance.

6/ 10% in year 1, 5% thereafter.

**MBIFCT Organizational Structure**



- MBIFCT Mgahinga and Bwindi Impenetrable Forest Conservation Trust
- TMB Trust Management Board
- TAU Trust Administration Unit
- LCSC Local Community Steering Committee
- TAC Technical Advisory Committee
- UNP Uganda National Parks

## Financial Analysis and Management

### INTRODUCTION

1. Trust funds and endowments are increasingly regarded as a promising financing mechanism to provide the reliable, stable support needed to sustain effective conservation programs. There are various institutional models being explored through GEF projects in different countries, but they all share certain common features relating to finance and money management: a capital fund which is invested with the aim of maintaining its real value in perpetuity while generating income to fund project activities; a decision-making mechanism to allocate the income for specified uses or to meet agreed objectives; and an administrative mechanism to distribute and track the money disbursed and to evaluate the impact and cost-effectiveness of the activities funded vis-a-vis the stated objectives.
2. While the long-term, self-sustaining and self-governing nature of a trust fund is its major asset, it also presents challenges with respect to design and evaluation of a project proposal. Administrative mechanisms must be designed to balance the need for cost-effectiveness on the one hand and for internal controls and accountability on the other. This is complicated by the fact that actual disbursements are likely to be small compared to ordinary Bank-financed operations, yet the need for accountability is, if anything, greater as these "pilot projects" will be under intensive scrutiny. Institutional structures, operational modalities and investment strategies must be adequately defined and specified to satisfy the Bank's fiduciary responsibility to ensure that GET funds are properly managed and used effectively and in accordance with the stated objectives, yet sufficiently flexible to adapt to legitimate changes in circumstances and needs in the future. Financial analysis, which is clearly important to determine the feasibility of the proposal, is at the same time seriously constrained by uncertainties regarding both the future earning potential of the capital (inputs), and the future costs of administration and project activities (outputs).
3. There is as yet relatively little guidance available on these questions, as so far there have been only two projects fully approved which involve a GET contribution to a trust fund (for Bhutan and the Trilateral Foundation for the Eastern Carpathians). Preparation and analysis of the financial aspects of the MBIFCT draws upon the approach used for the Bhutan project, particularly with respect to format and presentation, but also makes extensive use of expertise from organizations with experience in conservation financing (e.g. WWF) and in funding of small-scale rural development activities (e.g. CARE). A financial/investment consultant was also engaged to advise on aspects relating to investment of the capital fund, including: selection of an investment firm to manage the capital asset, appropriate contract terms, investment strategy and estimates of realistic rates of return in the short- and medium-term. This report is available in the project files.

### INVESTMENT AND MANAGEMENT OF THE CAPITAL FUND

3. The GET grant (capital fund) would be invested offshore in order to protect its value against inflation and currency devaluation. The intention is that the real value of the capital will be maintained in perpetuity through reinvestment of a portion of the income to match inflation, with the remainder of the income to be used to cover asset management fees, MBIFCT administration costs (after USAID funding for administration ceases) and to provide subgrants to fund project activities as described in Annex 5. The Bye-laws of the MBIFCT Trust Deed specify investment and spending rules for managing the capital asset. This includes acceptable levels of risk for investments, conditions under which the capital may be invaded, mechanisms for re-investment of unspent income and mechanisms for incorporating and managing additional grants and assets provided by sources other than the GET. A relatively low-risk investment strategy would be pursued in order to protect the capital to the extent possible. However, the rules for managing the fund would permit erosion or even invasion of the capital, at the discretion of the TMB through a unanimous vote, in order to ensure disbursement for projects of at least \$ 100,000 a year beginning in Year 2 (the USAID grant will provide \$25,000 in Year 1 and \$ 75,000 in Year 2, for subgrants including related short-term technical assistance).

4. The TMB has selected an investment firm (assets manager) from a shortlist provided by the investment consultant, to manage the capital fund. The TMB will approve an annual investment strategy based on the assets manager's proposals in view of the Trust's objectives, and acceptable to the Bank, prior to effectiveness. For the first five years, the investment strategy would also be reviewed by the Bank. Initially, the assets manager will be located in UK and the capital fund will be held in an account in a location selected to avoid capital gains taxes and other fees to the extent possible. These arrangements would be subject to alteration in the future by the TMB at its discretion.

5. Future rates of return, and therefore the financial sustainability of the Trust, can only be estimated, based on projections provided by the investment consultant and the shortlisted investment firms. Most indicated that, to be conservative, a maximum return of 8.5 percent should be expected in the short term, with strong likelihood of higher returns in the medium and long term. The Tables in Annex 4-A offer three illustrative financial scenarios based on different total rates of return on investment on an initial \$ 4 million capital<sup>1/</sup>: 10.4 percent, 8.5 percent (with \$ 4 million capital throughout, and 8.5 percent with an additional \$3.5 million added to the capital in Year 3). These represent net returns of 7.4 percent and 5.5 percent respectively, assuming that 3 percent of revenues are reinvested to maintain the real value of the capital against inflation. Other assumptions include: (1) external (USAID) funding of MBIFCT administrative costs through Year 2; (2) a fixed asset management fee of 1 percent, although this percentage would actually be expected to decline if the capital increases with additional contributions; (3) no other fees or taxes paid (including on capital gains); (4) a minimum of \$ 100,000 per year to be disbursed as subgrants; and (5) administrative costs starting at \$ 200,000 in Year 3 (after USAID

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<sup>1/</sup> While the Netherlands government is likely to contribute another \$ 1 million soon after the Trust is established, this contribution is not yet certain and therefore has not been included in the financial analysis.



funding ends) and then growing at 3 percent<sup>2/</sup>. Thus, minimum annual income needed from the Trust is estimated at \$ 300,000.

6. These scenarios were selected to illustrate the following:

(1) a minimum total return of 10.4 percent would be needed to maintain the real value of a \$ 4 million capital fund under the conditions set above;

(2) with the more conservative 8.5 percent rate of return, under the conditions above, the \$ 4 million capital will erode to less than half its current value after 28 years;

(3) sensitivity analysis, carried out to determine the break-even amount of capital investment, shows that an additional investment of \$ 3.5 million in Year 3 would make it possible to maintain the real value of the capital in perpetuity at an 8.5 percent rate of return.

7. The issue of financial sustainability should be re-examined at the mid-term review, at which time it may be deemed appropriate to seek additional capital from the GEF and/or other sources. Additional external funds to help defray administrative costs in the early years (allowing re-investment of income) would also have a major positive impact on the financial viability of the Trust, as would reduction in administrative costs if these can be achieved (see Para. 12 below).

### MANAGEMENT OF THE INCOME

8. The MBIFCT initiative presents a special challenge in financial management. The majority of the income (the 60 percent for community development projects) is likely to be disbursed mostly in the form of quite small grants (under \$1000), and the expected recipients are widely scattered over a large area with difficult terrain, poor infrastructure and very limited banking services. It is also a cash-poor, largely subsistence economy so that most people have relatively little experience in managing money. There are many local self-help groups which are likely to be interested in applying for MBIFCT grants but may not have any formal procedures for holding and managing money as a group. As a result, the Trust Administration Unit will have to carry much of the responsibility for disbursement and accounting of the funds at a micro level, while at the same time actively building the financial management capacity in the community.

#### Flow of Funds and Financial Procedures

9. Annex 4-B shows projected funds flow for the first five years of the project (i.e., life of the World Bank project). These procedures will be specified in detail in the Trust Administration Manual, and are summarized below.

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<sup>2/</sup> This is a conservative scenario, as it is hoped that administrative costs will stabilize or actually decline modestly after the first few years of operation.

10. **Kampala Account--TMB:** The TMB will establish a foreign currency account at a bank in Kampala, to which the assets manager will transfer interest earned by the capital fund on a quarterly basis (the first transfer being made at the beginning of Year 2, as USAID will fund both administration costs and subgrants in Year 1.). The Kampala account will be operated by the administrator and countersigned by a mandated TMB member. The balance of funds in the TMB account would be available for short term investments in Uganda, at the discretion of the TMB. The TMB will co-opt or engage a financial adviser to assist members in reviewing and making decisions relating to management of the capital asset and local investments, and to help strengthen their overall knowledge and capacity in this area.

11. **Kabale Account--TAC/LCSC:** TMB will transfer funds to TAU's main account in a bank in Kabale, in accordance with an agreed budget. The budget will be prepared by the Administrator and his staff and submitted to the TMB for annual approval, subject to World Bank review for the first five years. Transfers for expenditures will be made monthly to cover administrative costs, and quarterly for subgrants in accordance with the approved project pipeline. The TAU main account will be operated by the administrator and countersigned by a designated member of the LCSC, selected by the LCSC on the basis of his or her proximity to Kabale. The TAU will also operate an imprest (cash float) account to cover daily running costs. The account will be operated by the accountant and countersigned by the administrator.

12. **Disbursement of funds:** Projects will be approved by the LCSC or TMB on the basis of specific budgets and implementation schedules, against which the Trust Administrator can authorize payments. The Administrator will agree with the beneficiaries on a disbursement schedule for each project, including monitorable targets to trigger release of funding tranches where appropriate (many grants are expected to be sufficiently small that they should be disbursed in a single payment). For community projects, the TAU and the beneficiary community group will decide on a case-by-case basis how actual disbursements are to be made, but in most cases this will be by transfer from the TAU bank account to the group's bank account. The Trust Administrator and the TAU Accountant will be responsible for ensuring that expenditures are incurred only for approved project budget items and that correct procurement procedures are followed (although World Bank requirements will generally not be applicable due to the small amounts involved).

#### Internal Control

13. Internal control will be based on the following principles:

- (1) Division of duties, which will be specified in the terms of engagement and also in the Trust Administration Manual.
- (2) Accounting controls. All bank accounts will be operated by mandates approved by the TMB. This applies to the TMB and the TAU bank accounts. The TMB main account in Kampala will be operated by the Administrator and countersigned by a TMB member. The TAU account in Kabale will also be operated by the Administrator and countersigned by a LCSC member.

- (3) Budgetary approval system. All operational costs will originate by the management and approved by the TMB.
- (4) Subgrants will be approved through the LCSC up to US\$ 1,000 equivalent and by the TMB for all others. All subgrants will be vetted by the TAC for technical soundness and environmental/social impact evaluation.
- (5) Reporting. Monthly reports, including financial statements, will be prepared at the TAU level and submitted to the TMB. Quarterly consolidated reports will be prepared at the TMB level and also submitted to the TMB. Annual financial reports will be prepared and externally audited for submission to the Bank. Annual reports will be prepared by the asset manager for the TMB as well.

#### External Audit

14. The assets manager, the Trust and the TAU will be externally audited annually by an independent auditor. An interim audit will also be expected after the first six months and in subsequent years to cover internal control systems and evaluations of subgrants in accordance with specific TMB requirements and internationally accepted accounting standards and auditing guidelines.

15. The following general guidelines will apply to the audit of subgrants: (1) grants of less than US\$ 1,000 equivalent to be examined on a sample basis (25 percent of projects); (2) grants of US\$ 1,000 - 10,000 also to be examined on a sample basis (50 percent of projects); (3) all projects over US\$ 10,000 to be audited annually. A separate evaluation of subgrants will also be carried out to ensure compliance with conservation and environmental objectives and compliance with TAU operational and authorization guidelines.

#### Cost of Trust Administration

16. Annex 4-C gives the budget for Trust administration (including disbursement of subgrants for projects and related TA) for the first five years. While high relative to the proposed amount to be disbursed as subgrants, these costs are already minimized based on the expectation that others, particularly extensionists associated with the CARE/DTC project, will play a major role in public awareness raising and outreach on behalf of the Trust, thereby reducing the field staff needed in the TAU. In addition, the ratio of disbursements for community projects to administrative costs will improve substantially if, as expected, revenue sharing funds (from gorilla tourism) are administered in part through the same mechanism, i.e. passed through the LCSC. Administrative set-up and operating costs will be covered by USAID for the first two years, after which (at the mid-term review) it will be possible to evaluate the administrative structure and determine whether it can be reduced or streamlined. Ultimately, however, it is recognized that the 2:1 ratio of administrative costs to actual disbursements cannot be accepted in perpetuity, as it would undermine the objectives and justification for the Trust. The Trust Deed will therefore specify that this ratio is intended to be reversed. If this should prove impossible within a reasonable period of time, the Trustees would have the responsibility to dissolve the Trust on the grounds that it is failing to meet its objectives.

Breakeven ROI given 100,000 subloan amount  
 10.4% ROI (7.4% real ROI, 3% inflation)  
 2 year USAID contribution

Investment Analysis of MBIFCT  
 Thousands of Current US\$

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
(Capital * 1.03)	4000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219	5,376	5,537	5,703	5,874	6,050	6,232
<b>MBIFCT Capital</b>																
Beginning year Capital 1/	4,000	4,372	4,778	4,878	5,005	5,143	5,288	5,440	5,598	5,765	5,939	6,123	6,315	6,518	6,731	6,956
(Investment Income) 2/	0	412	450	460	471	484	498	512	527	543	560	577	595	614	634	655
USAID Contribution 3/	460	430	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Expenditures	500	474	360	345	346	353	361	369	377	385	393	402	411	421	431	441
End-Year Capital	3,960	4,328	4,418	4,533	4,659	4,790	4,927	5,071	5,222	5,380	5,546	5,721	5,904	6,097	6,301	6,515
<b>Expenditures</b>																
Fixed Charges	475	399	280	245	246	253	261	269	277	285	293	302	311	321	331	341
(TAU Management)	435	355	212	196	196	202	208	214	221	227	234	241	248	256	263	271
(Offshore Trust Mgmt) 4/	40	44	48	49	50	51	53	54	56	58	59	61	63	65	67	70
Project Subloans	25	75	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total Expenditures	500	474	360	345	346	353	361	369	377	385	393	402	411	421	431	441

1/ Assumes 3% inflation, real value of capital kept constant.

2/ Assumes 10.4% rate of return on investment, investment income accrue on first day of each year and are thus part of beginning year capital.

3/ Assumes USAID will contribute \$100,000 for subloans in years 1 and 2.

4/ One percent of capital.

17 2011	18 2012	19 2013	20 2014	21 2015	22 2016	23 2017	24 2018	25 2019	26 2020	27 2021	28 2022	29 2023	30 2024
6,419	6,611	6,810	7,014	7,224	7,441	7,664	7,894	8,131	8,375	8,626	8,885	9,152	9,426
7,192	7,442	7,706	7,984	8,279	8,591	8,922	9,272	9,645	10,040	10,460	10,908	11,384	11,892
678	701	726	752	780	809	840	873	909	946	985	1,028	1,072	1,120
0	0	0	0	0	0	0	0	0	0	0	0	0	0
451	462	474	485	497	510	523	536	550	565	580	596	612	629
6,741	6,980	7,232	7,499	7,782	8,081	8,399	8,736	9,094	9,475	9,880	10,312	10,772	11,263
351	362	374	385	397	410	423	436	450	465	480	496	512	529
279	288	296	305	315	324	334	344	354	365	376	387	398	410
72	74	77	80	83	86	89	93	96	100	105	109	114	119
100	100	100	100	100	100	100	100	100	100	100	100	100	100
451	462	474	485	497	510	523	536	550	565	580	596	612	629

8.5% ROI, eroding capital  
2 year USAID Contribution

Annex 4A  
Table 2  
Page 8 of 13

Investment Analysis of MBIFCT  
Thousands of Current US\$

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>MBIFCT Capital</b>														
Beginning year Capital 1/	4,000	4,297	4,615	4,619	4,640	4,663	4,681	4,694	4,702	4,702	4,696	4,682	4,659	4,626
(Investment Income) 2/	0	337	362	362	364	365	367	368	368	368	368	367	365	362
USAID Contribution 3/	460	430	0	0	0	0	0	0	0	0	0	0	0	0
Less Expenditures	500	473	358	342	342	349	355	361	368	374	381	388	395	402
End-Year Capital	3,960	4,254	4,257	4,277	4,298	4,315	4,327	4,333	4,334	4,328	4,315	4,294	4,264	4,224
<b>Expenditures</b>														
Fixed Charges	475	398	258	242	242	249	255	261	268	274	281	288	295	302
TAU Management	435	355	212	196	196	202	208	214	221	227	234	241	248	256
Offshore Trust Mgmt 4/	40	43	46	46	46	47	47	47	47	47	47	47	47	46
Project Subloans	25	75	100	100	100	100	100	100	100	100	100	100	100	100
Total Expenditures	500	473	358	342	342	349	355	361	368	374	381	388	395	402

1/ Assumes 3% inflation, value of capital eroded.

2/ Assumes 5.5% real rate of return on investment, investment income accrue on first day of each year and are thus part of beginning year capital.

3/ Assumes USAID will contribute \$100,000 for subloans in years 1 and 2.

4/ One percent of capital.

a:\tab4A2

15 2009	16 2010	17 2011	18 2012	19 2013	20 2014	21 2015	22 2016	23 2017	24 2018	25 2019	26 2020	27 2021	28 2022	29 2023	30 2024
4,584	4,529	4,462	4,381	4,285	4,173	4,042	3,892	3,721	3,527	3,307	3,059	2,782	2,472	2,127	1,744
359	355	350	343	336	327	317	305	292	276	259	240	218	194	167	137
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
409	417	424	432	439	447	455	463	471	479	487	495	503	512	520	528
4,174	4,113	4,038	3,950	3,846	3,726	3,588	3,430	3,250	3,048	2,820	2,564	2,279	1,961	1,608	1,216
309	317	324	332	339	347	355	363	371	379	387	395	403	412	420	428
263	271	279	288	296	305	315	324	334	344	354	365	376	387	398	410
46	45	45	44	43	42	40	39	37	35	33	31	28	25	21	17
100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
409	417	424	432	439	447	455	463	471	479	487	495	503	512	520	528

Additional Capital of 3.5 million needed in year 3  
to reach 8.5% return on investment, all else constant  
2 year USAID contribution

Investment Analysis of MBIFCT  
Thousands of Current US\$

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
(Capital * 1.03)	4000	4,120	7,744	7,976	8,215	8,462	8,715	8,977	9,246	9,524	9,809	10,104	10,407	10,719	11,041	11,372
<b>MBIFCT Capital</b>																
Beginning year Capital 1/	4,000	4,297	8,115	8,400	8,725	9,074	9,444	9,836	10,251	10,691	11,158	11,653	12,179	12,737	13,330	13,961
(Investment Income) 2/	0	337	362	658	684	711	740	771	803	838	874	913	954	998	1,044	1,084
USAID Contribution 3/	460	430	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Expenditures	500	473	373	359	361	370	379	388	397	407	418	428	440	451	463	476
End-Year Capital	3,960	4,254	7,742	8,041	8,364	8,704	9,066	9,448	9,854	10,284	10,740	11,225	11,739	12,286	12,867	13,485
<b>Expenditures</b>																
Fixed Charges	475	398	273	259	261	270	279	288	297	307	318	328	340	351	363	376
(TAU Management)	435	355	212	196	196	202	208	214	221	227	234	241	248	256	263	271
(Offshore Trust Mgmt) 4/	40	43	61	63	65	68	71	74	77	80	84	87	91	96	100	105
Project Subloans	25	75	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total Expenditures	500	473	373	359	361	370	379	388	397	407	418	428	440	451	463	476

1/ Assumes 3% inflation, real value of capital kept constant.

2/ Assumes 10.4% rate of return on investment, investment income accrue on first day of each year and are thus part of beginning year capital.

3/ Assumes USAID will contribute \$100,000 for subloans in years 1 and 2.

4/ One percent of capital.



17 2011	18 2012	19 2013	20 2014	21 2015	22 2016	23 2017	24 2018	25 2019	26 2020	27 2021	28 2022	29 2023	30 2024
11,713	12,064	12,426	12,799	13,183	13,578	13,986	14,405	14,838	15,283	15,741	16,213	16,700	17,201
14,631	15,344	16,102	16,910	17,770	18,686	19,662	20,703	21,812	22,996	24,260	25,608	27,049	28,587
1,146	1,202	1,261	1,325	1,392	1,464	1,540	1,622	1,709	1,802	1,901	2,006	2,119	2,240
0	0	0	0	0	0	0	0	0	0	0	0	0	0
489	503	517	532	548	564	581	599	618	637	658	679	701	725
14,142	14,841	15,585	16,377	17,222	18,121	19,081	20,104	21,195	22,359	23,602	24,930	26,347	27,862
389	403	417	432	448	464	481	499	518	537	558	579	601	625
279	288	296	305	315	324	334	344	354	365	376	387	398	410
110	115	121	127	133	140	147	155	164	172	182	192	203	214
100	100	100	100	100	100	100	100	100	100	100	100	100	100
489	503	517	532	548	564	581	599	618	637	658	679	701	725

MBIPCT  
Funds Flow Projection for First Five Years  
Thousands of US\$

	1995					1996					1997				
	1st Q	2nd Q	3rd Q	4th Q	Total	1st Q	2nd Q	3rd Q	4th Q	Total	1st Q	2nd Q	3rd Q	4th Q	Total
<b><u>Asset Managers Projected Cash Flow</u></b>															
Capital	4000				4000	4300				4300	4573				4573
Income 1/				340	340				366	366	97	97	97	97	389
Offshore Trust Mgmt				40	40				43	43				46	46
Net Revenue	0	0	0	300	300	0	0	0	323	323	97	97	97	51	343
Transfers to TMB				0	0	13	13	13	13	50	97	97	97	51	343
Balance in Investment Account					4300					4573					4573
<b><u>TMB Projected Cash Flow</u></b>															
Transfers from Asset Mgr.	0	0	0	0	0	13	13	13	13	50	97	97	97	51	343
USAID Contribution 2/	460				460	430				430					0
Operating Costs	109	109	109	109	435	89	89	89	89	355	53	53	53	53	212
Subloans 3/	6	6	6	6	25	19	19	19	19	75	25	25	25	25	100
Net Revenue (Cumulative)	345	230	115	0		335	240	145	50		69	88	107	81	
Earnings on Revenue 4/	17	12	6	0	35	17	12	7	3	39	3	4	5	4	17
Balance in Bank	362	242	121	0		352	252	152	53		73	93	113	85	

1/ Assumes 8.5% return on income. Income transferred from Investment Manager to TAB account quarterly after year 2.

2/ Operating costs funded by USAID for first two years, thereafter funded by income transferred to Uganda quarterly.

3/ First two years funded by USAID, thereafter from trust income.

4/ Assumes 20% earnings on cash balances annually.

MBIFCT  
Funds Flow Projection for First Five Years  
Thousands of US\$

	1998					1999				
	1st Q	2nd Q	3rd Q	4th Q	Total	1st Q	2nd Q	3rd Q	4th Q	Total
<b>Asset Managers Projected Cash Flow</b>										
Capital	4573				4573	4573				4573
Income 1/	97	97	97	97	389	97	97	97	97	389
Offshore Trust Mgmt				46	46				46	46
Net Revenue	97	97	97	51	343	97	97	97	51	343
Transfers to TMB	97	97	97	51	343	97	97	97	51	343
Balance in Investment Account					4573					4573
<b>TMB Projected Cash Flow</b>										
Transfers from Asset Mgr.	97	97	97	51	343	97	97	97	51	343
USAID Contribution 2/					0					0
Operating Costs	49	49	49	49	196	49	49	49	49	196
Subloans 3/	25	25	25	25	100	25	25	25	25	100
Net Revenue (Cumulative)	104	127	150	128		151	174	197	175	
Earnings on Revenue 4/	5	6	8	6	25	8	9	10	9	35
Balance in Bank	109	134	158	134		159	183	207	184	

## Use of the Funds: Project Selection Criteria

### SUMMARY

1. The MBIFCT would fund three categories of projects and activities, with funding initially allocated as follows<sup>1/</sup>: (1) community development projects (60 percent), (2) research projects (20 percent), and (3) park management activities (20 percent). The Trust Administration Manual (TA Manual) contains detailed selection criteria to guide the TAU, the LCSC, the TAC and the TMB in their review of project proposals, as well as guidelines and formats for submission of proposals. The TAU (with the assistance of the LCSC and cooperating extension workers) would be responsible for communicating these criteria and guidelines to community members through a variety of means including meetings, pamphlets, radio messages, individual consultations, etc. It would also work directly with community groups (and, where needed, with researchers) to help them prepare and revise proposals for presentation to the LCSC and TMB.

### 1. Community Development Projects

#### Group Eligibility Criteria

2. To avoid encouraging the formation of transitory, non-viable groups simply to attract MBIFCT funds, the TA Manual specifies eligibility criteria for groups which may submit proposals. These criteria include that they:

- should have been in existence for at least one year;
- should hold an account in a local bank in the name of the group;
- have an open, transparent organization, including one or more officers or leaders who are elected in accordance with well-articulated rules, accepted as representatives by the entire group, and have specific responsibilities and accountability to group members;

3. The duly elected leaders or representatives would be expected to sign a contract on behalf of the group with the TAU, which explicitly specifies the responsibilities and functions of each party (a model contract is provided in the TA Manual).

#### Project Eligibility Criteria

The following guidelines apply to projects to be funded by MBIFCT:

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<sup>1/</sup> Proportions of funds going to each category may be changed by the TMB in the future

- (1) they must have clear relevance to, and potential for positive impact on, conservation of BINP and MGNP and their biological resources;
- (2) they must be technically and operationally feasible and consistent with the capabilities of the proposing group;
- (3) they must be practically and financially sustainable after the MBIFCT grant ends;
- (4) they must include a matching "self help" contribution from the proposing group, in cash or in kind, valued at a minimum of 25 percent of the total project;
- (5) they must include a "capacity building" aspect (e.g. training, community organization)
- (5) they must meet environmental and social impact criteria set out in the Trust Administration Manual (consistent with the World Bank's Operational Directives);
- (6) they must conform to UNP policies and BINP and MGNP conservation and management objectives and plans;
- (7) they should have the potential for replicability by other groups
- (8) for larger proposals (e.g. over \$5,000), they should preferably have co-financing from another source.

4. Physical proximity of the project to the BINP and/or MGNP will be one element in the evaluation and ranking of proposals, and it is anticipated that the projects would all be located in Kisoro, Kabale and Rukungiri Districts and the great majority in the counties which are located nearest the parks. No arbitrary geographic limits have been imposed, however, leaving the LCSC and TMB to determine whether a given project is likely to have a beneficial impact (e.g. agro-forestry or woodlots in areas where demand for wood products is currently met from the parks, even though they may be considerable distance from the boundaries).

5. While it is expected that most grants would be small (e.g. USh 5 million--about \$5,000 or less), grants for larger sums could be justified if the number of beneficiaries and/or demonstration effects are sufficiently large (e.g. road improvements to facilitate market access for agricultural products or tourism). Such projects will require closer scrutiny and review, and more elaborate administration and monitoring arrangements, than smaller grants. The TAU would also assist the proposing group to seek co-financing for larger proposals, although the TMB may choose to approve any level of funding for any project within the constraints of the available income.

6. The Trust Administrator would do initial screening of community project proposals, to determine whether they appear to be consistent with the conservation and development objectives of the Trust. Those which are judged appropriate for further consideration would be passed to the TAC for screening in relation to environmental/social impact assessment requirements. The Trust Administrator would also consult with local authorities and staff of other organizations and agencies, as needed, to determine whether a proposal duplicates or conflicts with other activities or could best be addressed by other agencies. He/she would determine whether the specific

project or the proposing group has been turned down for assistance by other organizations in the past and, if so, why. The Trust Administrator would have the responsibility to inform the proposing group of the reasons for rejection of any proposal, along with advice and technical assistance for revision or further development of promising but not yet approvable project ideas.

### Illustrative Examples of Community Projects

7. Based on surveys of economic activities in the area and the experiences of the CARE/DTC project, it is possible to identify several types of community projects which are likely to be proposed and could be considered appropriate for MBIFCT funding:

- (1) **BEEKEEPING:** Traditional beekeeping has been practiced in the Trust area for hundreds of years, often inside what are now the park boundaries. Some groups (particularly traditional forest dwellers) continue to remove honey from wild hives or place artificial hives in the forests. This can cause important environmental damage, for example through cutting down trees to make the hives and through wildfires started while "smoking out" the bees. At the same time, if properly controlled and managed, beekeeping can be a benign and positive activity which generates appreciation of the forest as a source of nectar. Constraints to development of a strong local beekeeping industry include limited organization, lack of access to improved technology and poor understanding of the market. The Trust will provide technical assistance to beekeeper groups to help them prepare and implement project proposals which address these constraints.
- (2) **FORESTRY AND AGRO-FORESTRY:** The Bwindi and Mgahinga forests have traditionally provided a wealth of wood products essential to the surrounding communities (woodfuel, building materials, plant stakes, "beer boats," etc.). CARE/DTC, the Forest Department and ICRAF/AFRENA have been working with communities in the area for a number of years to encourage on-farm wood production. The TAU and LCSC will draw upon this experience in their evaluation of project proposals and will coordinate with these organizations to ensure that MBIFCT funding is complementary, rather than duplicative or competitive.
- (3) **MEDICINAL PLANTS AND OTHER NON-TIMBER PRODUCTS:** One of the greatest values of the forests to local communities is as a source of medicinal plants, vines for basketry, fruits, etc. While UNP and conservation NGOs are carrying out studies of the potential for sustainable harvesting of some of these plants, it is very unlikely in most cases that the demand can be met in this way. There is therefore great potential for development of cultivation of many species outside the forest, with technical and financial assistance from the Trust.
- (4) **DAIRY:** Surveys carried out before and during project preparation identified dairy production as a major area of interest among local communities. The TAU would consult on dairy proposals with CARE/DTC and Heifer International, which are active in this field in the Trust area. Dairy projects (like horticulture)

can enable communities to benefit from tourism by supplying visitors with foodstuffs, and also improve local nutrition.

- (5) **TOURISM:** Surveys indicate that local communities believe there is considerable potential for tourism development in the area, and that this is one of the main sources of potential benefit for them from conservation of the parks. UNP (with assistance from AWF, USAID, IGCP and GAPS) has developed a tourism plan for BINP and is preparing one for MGNP; any project related to tourism-development should be reviewed in conjunction with these plans and organizations. Initially, most community proposals will likely be for provision of simple tourist services (e.g. providing foodstuffs and handicrafts), although later more elaborate proposals (e.g. for camps, hostels, guided transportation, etc.) may be anticipated. Tourism is a difficult area for community involvement, however. Experience elsewhere in Uganda and in other countries shows that local communities often lack a realistic understanding of what tourism can actually generate by way of benefits. Community-based "tourism" project proposals are also often poorly conceived and designed because local people often do not really know what tourists do and do not want. The participation of a representative of the tourism industry on the TMB is aimed in part at helping to ensure that community-based proposals that are approved are feasible and likely to be successful. The TAU's technical assistance budget will also be used to provide targeted expertise to assist community groups to develop and implement good tourism-related projects.

## **2. Research**

### **Research Priorities**

8. MBIFCT support for research would aim to help provide the information necessary for proper management of the parks and also to ensure that the parks contribute to the general knowledge about regional and global biodiversity. A workshop was organized jointly by the Institute for Tropical Forest Conservation (ITFC)<sup>2/</sup> and by the East African Wildlife Society-Uganda (EAWLS)<sup>3/</sup> in October, 1993 to develop a framework and priorities for research in and around the BINP and MGNP. A proposed first year research work program based on this report was discussed at negotiations and will be agreed prior to project effectiveness.

9. The TMB would solicit proposals for specific research projects to be funded by the MBIFCT, relying upon the TAC to review them for technical merit, priority and consistency with the research framework laid out in the workshop report and also with the park management plans. While it is expected that the ITFC would carry out a substantial part of the total research,

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<sup>2/</sup> Designated by UNP as responsible for coordination of research relating to BINP

<sup>3/</sup> The EAWLS supports ecological research in the East Africa region and is likely to provide some co-financing for the overall research program in the future

proposals would be considered from all sources though with a strong preference for first Ugandan and then East African institutions and researchers.

10. Priority areas for MBIFCT research support are likely to include:
  - (1) **Ecological inventories and monitoring:** to help measure the impact of the MBIFCT and other conservation efforts and of tourism (see Annex 7)
  - (2) **Sustainable use of biodiversity:** e.g. to guide and monitor proposed sustainable exploitation of selected species in multiple use zones, as indicated in the BINP management plan (see Annex 1). This aspect of park management is very strongly desired by the local communities. However, considerable research is still needed to identify multiple-use areas, harvestable species and sustainable methods and levels of harvesting.
  - (3) **Habitat quality studies:** for example, to identify management actions which could encourage gorilla groups to remain year-round within the MGNP area.
  - (4) **Socio-economic Research:** including impacts of forest closure on local communities including the Batwa, means of increasing community benefits from the parks, impacts of and means to reduce crop raiding by wildlife, social impacts of tourism, etc. (see Annexes 6 and 7)

### **3. Park Management Activities**

11. Unlike the community development and research components, MBIFCT assistance for park management would go to a single institution, UNP, which is the responsible authority for the national parks. Nevertheless, UNP would submit specific proposals to the TMB for MBIFCT funding. The TAC would help review these proposals to ensure that they are consistent with GEF objectives, the respective park management plans, and the guidelines and requirements provided in the TA Manual which will be the means of ensuring consistency with Bank requirements and Operational Directives (e.g. on environmental assessment and resettlement).

12. An initial draft of a two-year park management work plan prepared by UNP, indicating proposed operating costs and expected revenues from GOU contribution, tourism and from MBIFCT, was reviewed at negotiations. This draft is being refined to identify other sources of support (NGO projects), to clarify the portion of tourism revenues which will be retained for management of BINP and MGNP (as opposed to other parks) and to indicate specific activities for which MBIFCT funds might be sought (in line with the likely level of funds available). A finalized first year work plan will be reviewed by the Bank prior to project effectiveness. Specific activities to be funded may include, for example, improved boundary demarcation, expanded patrols, equipment or fuel for rangers and wardens, facilitation of communication and consultation between park authorities and communities (e.g. through the Park Management Advisory Committees), acquisition of small areas of land to enhance critical habitat (for gorillas and other species), etc. UNP and the MBIFCT Board have signed a Memorandum of Understanding that sets out the responsibilities of each party, for example requiring UNP to notify



**MBIFCT in advance if it intends to institute any measures or actions which could significantly change (reduce) the biodiversity values of the parks.**

## Social and Environmental Impact Assessment

### SUMMARY

1. The project has been assigned Environmental Assessment Category B. It is expected to have a positive overall environmental impact by contributing to the conservation of the natural environment and biological diversity, including rare and endangered habitats and species as well as a critical water catchment area. Nevertheless, there are three aspects requiring assessment and mitigation of potential negative impacts. First, and most easily addressed, is the need to avert unanticipated negative impacts of individual projects and activities funded by the Trust. This will be accomplished by including environmental and socio-economic assessment in the project review process, as described in Annex 5.
2. Second, the Trust will help strengthen park management and assist UNP to implement park management plans. This will include the involuntary resettlement of a small number of people residing and/or cultivating inside the BINP boundaries (the Mbwa River tract). To justify GEF support for conservation of the area, GOU (UNP) has agreed to carry out this resettlement in accordance with World Bank policies.
3. Third, improved park management will also result in more effective restriction of the (now illegal) harvesting of forest products by people living in the vicinity of the BINP and MGNP, with potential negative impacts on their quality of life. The economic benefits associated with the Trust, as well as the soon-to-be-initiated revenue sharing program, may be regarded as a form of mitigation and compensation to the communities for the opportunity costs of their loss of access to these resources. The establishment of multiple-use zones for controlled harvesting of some forest products has also been initiated on a pilot scale to help mitigate this socio-economic impact, but could in turn have negative environmental impacts unless carefully planned, regulated and monitored. Special attention will be needed to address the needs of the small local population of Batwa pygmies, who have traditionally been the most highly dependent on the forest and who (being landless) are very poorly integrated into the dominant, largely agricultural economy and society. An "Indigenous Peoples Plan" outlining measures to assist the Batwa to participate and benefit from the project was prepared by GOU and approved by the Bank.
4. A project working paper on socio-cultural issues has been prepared and is available in the project files.

### LEGAL AND POLICY FRAMEWORK

5. Uganda does not presently have a national policy or procedures for environmental impact assessment of development projects, but is developing them in the context of implementing the recently approved National Environmental Action Plan. The project, including activities funded under Trust subgrants will comply with World Bank EIA policies and with GOU policies when these are available.

## PROJECT DESCRIPTION

6. The project will capitalize a Trust Fund which will provide "subgrants" to support research, park management and community development activities aimed at fostering improved management and long-term conservation of the BINP and MGNP. Grants will be given in support of specific project proposals, which will be screened by the Technical Advisory Committee (TAC) to determine whether preliminary environmental or social impact evaluation is required. The Trust itself (Trust Management Board or Trust Administration Unit) will not acquire any land or erect any infrastructure although it may provide funds to beneficiaries for these purposes.

## POTENTIAL IMPACTS OF SUB-GRANTS

7. **Community development grants** will be provided for a wide range of activities, based on the judgement of the LCSC, TMB and TAC that they are likely to have a positive impact on conservation of the parks and their biological diversity. The main categories of projects are likely to be: (1) production of materials (e.g. foods, building or craft materials, medicinal plants, utensils, etc.) to replace or substitute for products traditionally harvested from the parks; (2) development of income-generating enterprises to replace income lost through restricted access to park resources and/or to enable people to purchase substitute products; (3) development and promotion of tourism-related local enterprises; (4) general community development, including infrastructure development where appropriate, to contribute to the success of (1)-(3). Projects to increase the benefits derived from use of forest resources, where this is permitted under the park management plans, could also be funded (e.g. refining honey from forest hives), although this is expected to be limited by ecological constraints on the levels of exploitation which are possible. Possible impacts of such community development projects include: increased encroachment pressure on the parks as beneficiaries seek to expand agricultural operations in the vicinity of the parks; increased difficulty in enforcing park boundaries and rules; environmental pollution or human exposure to toxic materials from intensified agriculture or manufacturing enterprises; displacement of vulnerable people (e.g. sharecroppers, women) from land or other important resources to make way for Trust-funded activities.

8. **Park management grants** will be provided to Uganda National Parks (UNP) to assist in implementation of the management plans for BINP and MGNP. UNP will submit proposals to the TMB for MBIFCT funding of specific activities or aspects of its operations in and around these parks. There is little risk of negative ecological impacts from Trust-funded park management activities, except in the possible case of infrastructure development (e.g. roads). Negative socio-economic impacts could result from improved park management which is expected to strengthen enforcement of restrictions on local peoples' access to forest resources which have traditionally represented an important source of food, materials and income, and which continue to do so to some extent now, albeit illegally. This impact will fall disproportionately on those who continue to be the most dependent on such access because they lack other means, particularly land for cultivation. Any acquisition of additional land for BINP or MGNP could also displace people from their source of livelihood.

9. **Research component grants** will be provided to research organizations and to individuals submitting proposals which are consistent with the framework to be developed under

the coordination of the Institute of Tropical Forest Conservation (ITFC) and UNP. Emphasis will be placed on establishing baseline data and monitoring ecological, socio-economic and anthropological trends, and on adaptive research aimed at assisting park management. No direct negative environmental or social impacts are anticipated from research activities; rather, research may play an important role in identifying and mitigating possible negative impacts associated with other activities.

## RESETTLEMENT

10. When the BINP was gazetted in 1991, it incorporated a 10 km<sup>2</sup> area (the Mbwa River Tract) which was not previously part of the Forest Reserve, although the Forest Department had long intended to add this tract to the Reserve. The area was allocated to a locally powerful individual in 1990, after which some of it was settled by relatives of this individual and other parts cultivated by people who have residences elsewhere. As GOU policy does not permit people to reside or cultivate inside a national park, these people are required to vacate this area. Furthermore, it is believed that mountain gorillas once inhabiting this area are likely to return if the natural vegetation is allowed to regenerate, and its accessibility makes it potentially very important as a gorilla tourism site. While this resettlement is not the direct result of the GEF project, it represents an integral part of the BINP management which the project aims to support. Therefore, it has been agreed that the resettlement must be consistent with Bank policies.

11. The project working paper on socio-cultural issues provides details on the background of the situation and the approach to be followed, including an outline which was followed by UNP in preparing a resettlement plan for this area. Because of the small number of people involved, and because all but one of the residents and cultivators reportedly have other lands and homes to which they can return, Bank requirements are satisfied by providing cash compensation. As the people entered the area prior to its gazettement as part of the national park, UNP has agreed to provide compensation not only for structures and permanent crops (UNP will permit people to harvest the last annual crops, which are ready in late October), but also for the current market value of the cultivated land. A survey was carried out to collect the data necessary to plan and implement this compensation, identifying each household's assets and composition and other relevant demographic information, as well as consultations with the affected people concerning the forum for distribution of funds, date of evacuation and their plans regarding use of the money provided. UNP submitted a draft resettlement plan for discussion at negotiations. It has since been completed in a form acceptable to the Bank and will be implemented as a condition of project effectiveness, as specified in a side letter to the Grant Agreement, which calls for the actual funds to have been distributed, or placed in an escrow account preparatory for distribution following procedures indicated in the resettlement plan<sup>1/</sup>. The compensation procedures generally follow the example of a UNP operation to clear encroachers from MGNP earlier this year, and benefits from the lessons learned through that exercise. A follow-up study will be undertaken in Year 2 (under the Monitoring and Evaluation program) to track the impact of this resettlement and cash compensation on the people involved.

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<sup>1/</sup> The funds for compensation and resettlement assistance for the displaced people are being provided under a GEF Project Preparation Advance.

## INDIGENOUS PEOPLE

12. **Indigenous people** World Bank policies also call for evaluating the impacts of all projects on indigenous people, and for measures to enable them to share in project benefits to the extent possible, in accordance with their own needs and priorities. In the proposed project area there is a small group of Batwa (ca. 600-1000 people, less than one percent of the total target population), forest dwellers who once occupied what are now the BINP and MGNP. When these areas became Forest and Game Reserves in the 1930's, with human occupation and hunting formally banned, these forest dwellers began to shift out of the shrinking forest area and began spending more time as share-croppers and laborers on their neighbors' farms. However, they still had access to many forest resources and the forests continued to be economically and culturally important to them. The gazettement of the areas as national parks has virtually eliminated access to these opportunities for all local people, but the impact has been particularly harsh on the Batwa because they are landless and economically and socially disadvantaged, and have few other resources or options.

13. The younger generation of the Batwa are now largely more interested in assimilation and participation in national life on an equal footing with other Ugandans than in recapturing or pursuing their traditional life style. One objective of the MBIFCT will be to help the Batwa achieve a better quality of life through providing funding for activities and projects which meet their perceived needs and priorities. This may include, among other options, some preference and special assistance for the Batwa to take advantage of the limited opportunities for sustainable use of forest resources in the planned "multiple use zones" of the parks.

14. The TAU will be tasked with assisting the Batwa to identify and articulate their needs (in the form of funding proposals) and to gain effective representation in the Trust's decision-making process and (together with CARE/DTC and UNP staff) in park management planning. Initial studies undertaken during project preparation have laid a good groundwork for developing an approach to achieve these objectives. A more detailed and targeted anthropological study will follow, funded by a GEF Project Preparation Advance, based on terms of reference agreed during the appraisal mission. The CARE/DTC project will employ a local anthropologist on a long-term basis, who will be based in Kabale and will assist the TAU to implement the recommendations of the study. The project working paper on socio-cultural issues provides details of the current status of the Batwa, the anthropological study to be undertaken, and the proposed approach for assisting the Batwa to participate in, and to benefit from, the MBIFCT and park management overall.

## MITIGATION PLAN

15. **Subgrants:** All proposals for subgrants will be screened by the TAC to identify any risks of negative environmental and/or socio-economic impacts. The TAC will therefore include specialists covering a diversity of ecological, environmental, sociological and economic disciplines. When needed, the TAC will advise the TAU to arrange for impact assessment, drawing upon the TAU budget's consultant component. For community development projects, the LCSC will also play an important role in identifying and mitigating any negative social impacts (by rejecting or calling for modifications of proposals), based on the LCSC members' more intimate familiarity with the local situation. The LCSC includes two representatives of

women's groups to help ensure that women's needs and interests are not overlooked. In the case of park management activities, the TAC will ensure that they are consistent with both the MBIFCT's objectives and the park management plans. Any proposals involving infrastructure development or land acquisition will receive particular scrutiny. To ensure adequate consultation with the communities surrounding the parks, the TMB will request that the proposals also be endorsed by the BINP or MGNP Park Management Advisory Committee. Follow-up review and monitoring of the progress and impacts of implementation of projects (which could lead to revision or termination of a given project if necessary) will be principally the responsibility of the TAU, based in part on data to be generated through Trust-funded research activities.

16. **Resettlement Plan:** A resettlement plan as described in Para. 11 and the project working paper has been approved by the Bank and USAID and will be implemented as a condition of grant effectiveness, as described in the side letter to the Grant Agreement.

17. **Indigenous Peoples Plan:** A plan for ensuring the participation and benefit of the Batwa, as discussed in Para 13, has been approved by the Bank. It will be revised as needed following further anthropological and socio-economic studies of the local Batwa, to be carried out with funding from the GEF Project Preparation Advance, beginning in early 1995.

#### COMMUNITY AND NGO PARTICIPATION

18. Community participation is one of the principal objectives and characteristics of this project. Community representatives participate as full partners in the two main decision-making bodies, the TMB and the LCSC, which have been structured to balance the influence of local communities with that of the other key stakeholders in the management of the BINP and MGNP, i.e. conservationists and government authorities. In keeping with this approach, project design and preparation have also been highly participatory, with community representatives participating in the project preparation Task Force and workshop. One very time-consuming, but essential, aspect of project preparation has been the process of enabling the local communities to select their representatives to sit on the LCSC and TMB, through an acceptably transparent and democratic process (through the RC3's). They will continue to be fully responsible for organizing their participation, including rotating voting responsibilities on the LCSC and replacing LCSC and TMB members whose terms have expired. Community participation has also become a priority in the UNP approach to park management, with the formulation of Park Management Advisory Committees (PMACs). The BINP-PMAC has played an active role in developing and reviewing the BINP management plan, and the same process is being followed for the MGNP management plan.

19. The local communities will continue to be integrally involved in project implementation, both with respect to deciding on allocation of the Trust's annual income (through the LCSC for community projects and through the PMAC for park management activities) and with respect to identifying (proposing) and carrying out the community development projects. A major responsibility of the TAU will be to assist community groups to improve their organization and capacity to identify, formulate and implement projects.

20. Participation by local and international NGOs is similarly integral to the project. Like local communities they have participated in the preparation Task Force and will be equal partners

in the TMB and LCSC. Beyond this, a number of NGOs (CARE-Uganda, WWF, FFPS, AWF, IGCP, GAPS, Wildlife Clubs of Uganda, MUIENR) have played a critical role in developing and supporting the community conservation, park management and research programs for which the MBIFCT will provide incremental support. This involvement is expected to continue in the implementation phase, with close collaboration between the TAU and the staff of these programs. For example, CARE/DTC extension staff will provide much of the public awareness raising and outreach for the MBIFCT, and local and international conservation and research institutions (ITFC, EAWS-Uganda, EABWG, Makerere University, etc.) will be primarily responsible for developing and implementing the research component, including the critical monitoring and evaluation aspect.

## **Monitoring and Evaluation Strategy and Supervision Plan**

### **OVERVIEW**

1. A prime objective of GEF projects is to serve as learning experiences and to demonstrate different approaches to conservation. This requires that every project include a well-planned monitoring and evaluation (M&E) program, integral to the project design and instituted from the beginning of the project. Conventional conservation projects often support detailed baseline surveys, without providing resources continue the work or support the institutional and human resource base needed to maintain the effort. The isolated data from these studies are of limited use. A long-term funding mechanism such as the MBIFCT provides a real opportunity for establishing and implementing a sustainable monitoring program. The other essential factor for ensuring the usefulness of any data collected is incorporation into an accessible database.

2. This project has four main objectives which must form the core of an M&E strategy:

(1) to promote the long-term conservation and biodiversity value of the BINP and MGNP including, but not limited to, their populations of mountain gorillas and other endangered species (i.e., ecological and conservation aspects: see Paras. 9 - 16 below),

(2) to promote community development and enhance community welfare in direct support of conservation objectives (i.e., socio-economic aspects: see Paras. 17 - 21 below),

(3) to demonstrate a novel, highly participatory, institutional mechanism for allocating and disbursing funds for conservation programs (Para. 24 below), and

(4) to test the appropriateness and effectiveness of a trust fund as a financing mechanism for conservation (Para. 23 below).

3. The greatest challenge is to identify effective and feasible ecological and socio-economic indicators which can provide information on the impact of project interventions, against a background of complex and dynamic systems which are simultaneously subject to numerous other influences.

### **General M & E Strategy**

4. Monitoring and evaluation of the effectiveness of the project vis a vis these objectives would be carried out at four levels:

(1) internal, routine M&E of day-to-day operations to help improve administration and implementation of the program through an "adaptive management" approach. This would be undertaken by the TAU and funding is included in the TAU budget. The TAU would provide quarterly and annual reports to the TMB;



- (2) annual monitoring undertaken or commissioned by the TMB, as part of its responsibility to ensure that the Trust is fulfilling its objectives and the funds are being used appropriately and effectively (also included in the TAU budget as a cost of trust administration);
- (3) semi-annual operational supervision by the Bank (and USAID and the GOU as they require), for the first 5 years of Trust operation, to evaluate overall implementation, to identify and correct any fundamental design problems and to evaluate the overall impact of the project and achievement of its objectives; and
- (4) evaluation by GEF for the purpose of gleaning lessons and experience for the wider conservation community (to be organized and funded by the GEF Administration at its discretion).

5. Level (1) would focus particularly on the day-to-day implementation and impacts of the projects funded by the Trust. It would include tracking the implementation of projects by community groups and evaluation of their effectiveness in achieving the Trust's specific operational objectives. This would be primarily the responsibility of the TAU, based on and guidelines set out in Trust Administration Manual, and would include beneficiary participation through self-evaluation by grant recipients.

6. At level (2), the TMB would review the performance of the TAU, the LCSC and the recipients of grants with respect to day-to-day administration and implementation, community outreach and the impact of funded activities. This review would also involve a broader assessment of the effectiveness of the overall program--the types of projects being funded, the effectiveness and contributions of the TAC, the transparency and efficiency with which funds are being allocated and used, the adequacy of the accounting systems, the types and distribution of groups receiving funding, the indications of positive impacts on conservation, community attitudes (including their attitudes toward the MBIFCT itself) and community economic and social development.

7. Level (3) would address largely the same aspects as level (2), but from the perspective of the funding agencies and the GOU which proposed the project for GEF funding. It would therefore include an assessment of the performance of the TMB, with respect to both its day-to-day functioning and its overall fulfillment of its responsibilities and objectives under the Trust Deed. It would also involve an evaluation of the trust fund approach as a financing mechanism for conservation. In light of the novel and experimental nature of the project design, the supervision plan would include a comprehensive "mid-term" review at the end of Year 2, and a "final" review at the end of Year 5 at which time significant changes could be made in any of the basic design elements before the Trust is "cut loose" from external supervision and controls. The mid-term review would also provide an opportunity to evaluate the financial status of the MBIFCT with a view toward seeking additional contributions to the capital or administrative costs if needed in order to ensure financial sustainability.

8. Level (4) would take the broadest view, addressing all of these aspects but with a particular view to deriving lessons for application to other projects and to determining the extent to which the approach should or can be replicated elsewhere.

## M & E OF ECOLOGICAL AND CONSERVATION ASPECTS

### Objectives

9. Monitoring and evaluation of ecological and conservation impacts would examine the overall changes and trends in the conservation status of BINP and MGNP and of keystone or focal species, and would try to the extent possible to determine the extent to which the project (MBIFCT) contributes to these trends. It would include the following elements:

- (1) collection of baseline data on a specified set of parameters (indicators) to establish the starting conditions;
- (2) monitoring the status, changes and trends in these indicators over time; and
- (3) evaluating the significance of changes and trends observed through the research program<sup>1/</sup>.

10. All of these aspects must be tailored to answer specific questions which are determined by Park management objectives and the M & E program should provide information which will assist periodic review and revision of park management plans. As no protected area exists in isolation, the ecological and socio-economic M&E programs inter-link in tracking human factors which are relevant to park management, such as: local attitudes toward the parks, conservation and wildlife; community behavior in relation to conservation; and demographic changes including population growth (which in extreme cases may be stimulated by in-migration due to the attraction of project benefits). Similarly, M&E should address the use of the parks for research, training and recreation, which are among the important objectives of maintaining a national park.

### Developing the M&E Approach and Methodology

11. Some of the baseline data relating to the levels and patterns of biological resources, ecological conditions and human interactions with BINP and MGNP are already relatively well developed while others are poor or non-existent. Gaps will be identified at the outset and addressed in the research activities funded by MBIFCT.

12. Designing and initiating the ecological M&E would be a major thrust of the Trust-funded research activities in the first few years. The overall approach, including decisions on strategy and methodology, would be based on the recommendations of workshop held in October, 1993, organized by the Institute for Tropical Forest Conservation (ITFC) and the East Africa Wildlife Society/Uganda (EAWLS/U). The main guiding principles are: (i) the use of the simplest, most cost-effective and replicable methods possible to ensure long-term sustainability, and (ii) compatibility with existing data storage and management systems at the national and international levels, such as the National Biodiversity Data Base at Makerere University.

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<sup>1/</sup> Monitoring can indicate what changes are taking place; research is needed to tell why they are taking place. The present ecosystems of both the BINP and MGNP reflect a history of human-induced changes, so the overall management objective in many areas is not to maintain the status quo but rather to facilitate a return to original conditions.

13. The methodology would therefore include the use of statistical sampling methods and indicators selected to facilitate tracking of both positive and negative trends in biodiversity (community, species and genetic levels) and in ecosystem functions including physical parameters such as stream flows, water quality and soil erosion. Special attention would be paid to monitoring the impact of any harvesting of selected species in the multiple use zones and the success of any management interventions aimed at restoring or rehabilitating damaged vegetative communities (accelerated succession).

14. As the areas involved are relatively small, the sampling methodologies would likely focus on "on-the-ground" methods such as total counts of some species (e.g. gorillas) and ground counts in fixed plots and transects. Participation by local communities should also be emphasized, as they have a long history of use of certain forest products and therefore an awareness of their status and abundance (e.g., recognizing changes in levels of effort required to harvest a given product, changes in the locations where it is found, rarity or disappearance of a formerly common species, arrival of an alien invading species). This participation could be facilitated through specialized training or attachment to ongoing research activities.

15. One specific form of M&E input which communities should be encouraged to undertake is the compilation of a time line listing major events in the community's history that relate to biodiversity conservation. In collaboration with local technicians, communities can provide information on trends relating to such things as droughts, floods, fires, soil erosion, natural vegetation cover, the presence or absence of conspicuous species, crop yields, and human immigration and emigration, and community attitudes. Seasonal charts can be compiled to show labor demands and availability, crop activity and plant diseases, and maps can show water distribution and use-areas for various activities such as cultivation and livestock.

16. An ecological/conservation M&E program, based on the recommendations of the ITFC-EAWLS sponsored workshop was reviewed at negotiations. The ITFC would take the lead on ecological M&E and research, in collaboration with the EAWLS and a recently formed multi-disciplinary network of regional researchers, the Eastern Africa Biodiversity Working Group (EABWG), which would provide technical assistance in the design and implementation of the program. The MBIFCT Technical Advisory Committee would draw upon the framework prepared by the workshop and the EABWG when reviewing research proposals presented for MBIFCT funding.

#### M & E OF SOCIO-ECONOMIC ASPECTS

17. Socio-economic monitoring and evaluation (M&E) should focus on the effectiveness of the project in:

- (1) improving perceptions of the Parks and understanding of their global and local benefits;
- (2) improving conservation practices and the sustainability of economic activities in the catchment area;
- (3) resolving park-community conflicts and promoting equitable participation in park benefits, with special reference to resettled people and the Batwa; and

(4) improving the socio-economic welfare of people in the surrounding communities.

18. Adequate baseline data appear to be available on all of these points (though better data will soon become available in some case, such as through the upcoming more detailed studies on the Batwa). The survey data currently held at Makerere University (see MUIENR Baseline Study Report, 1993) do not include quantitative data on household income and expenditure. An additional survey specifically focussing on these questions would be very useful, especially if carried out prior to project implementation. Reliable estimates could be generated from a relatively small number of households, if an appropriate sample design is used.

19. The M&E program should include replication of these baseline data at regular intervals, say every two years, with more frequent monitoring of key indicators in each area. The results of the first evaluation survey could be available for the mid-term review, although it is not to be expected that significant long-term changes in welfare can be measured over this short time period. Monitoring of indicators, to be planned by the TAU and carried out by field staff of the participating agencies and NGOs, should feed into day-to-day decisions on park management and into the process of screening proposals for the use of Trust funds. It is expected that the periodic evaluation surveys would be managed by the TAU through contracts with local institutions.

20. Special studies should be conducted of (a) impacts of tourism on local communities, (b) the effects of compensation and resettlement on the affected people, and (c) the impacts of park management activities on the welfare and way of life of the Batwa. The use of participatory research methods in such studies should be encouraged, and to the extent feasible, they should be carried out by suitably qualified local institutions or individual consultants. This minimum program of special studies should be financed by the M&E funds managed by the TAU. Additional studies may, of course, be approved for grant funding by the TAC under the research program.

21. The views of the LCSC should be sought on socio-economic research grant proposals, although decision making responsibility will rest with the TAC since they would be part of the research program. Reports produced by the research program and the M&E program should be circulated to and discussed with the LCSC (as well as the TAC and PMACs), and should be made available to the public at a project documentation center to be established at the TAU.

#### M & E OF INSTITUTIONAL ASPECTS

22. The MBIFCT is a mechanism both for providing long-term, reliable funding for conservation programs and for enabling the key "stakeholders" to decide jointly how best to allocate the available funds. These aspects should be monitored and evaluated separately, as either one could succeed or fail independently of the other.

23. As a funding mechanism, the MBIFCT also involves two aspects: the investment and management of a capital fund to generate income for use to fund specified activities over the long term, and the management and administration of that income including the overall flow of funds, distribution of funds to the final beneficiaries and internal controls and reporting. For the first aspect, M & E will need to address the appropriateness and effectiveness of the financial management arrangements and the investment strategy for the capital fund in meeting the overall

objectives of financial viability and sustainability. For the second aspect, key indicators include: (a) the cost-effectiveness and transparency of the administration procedures; (b) the appropriateness of standard formats for project proposals particularly in relation to budgets and disbursement schedules; (c) the nature and diversity of groups receiving grants (to determine whether the mechanism is adequately accessible to the whole process to the target beneficiaries); (d) the adequacy of the extension aspects, e.g. the overall level of community awareness of the Trust's objectives and operations; (e) the effectiveness of the TAU in promoting community organization for development and implementation of projects (including the special responsibilities regarding the Batwa);

24. As a mechanism for making decisions on allocation of funds for conservation, the aim is for the MBIFCT to be truly representative of the key interest groups, effective in selecting appropriate and viable projects for funding, democratic and transparent in its operations, reasonably equitable in the distribution of benefits (although these should not be regarded as entitlements but rather granted based on the merits of the proposals) and generally accepted as fair and worthwhile by all concerned. M & E should therefore focus on aspects such as: (a) the mechanisms for selection and replacement of TMB and LCSC members (including the addition of interest-based community groups and the balance and "skills mix" on the TMB; (b) the variety and quality (and, ultimately, success and impacts) of projects approved and their consistency with the established criteria; (c) the appropriateness of the grant proposal formats; (d) types of groups applying for and receiving grants (demographic, gender, ethnic and geographic distribution; level and nature of the organization); (e) the effectiveness of TAU in identifying and helping to develop good project proposals; (f) perspectives of local government officials and sectoral ministries (do they regard the Trust as positive and complementary or as disruptive and/or competitive, and are they actively cooperating to help ensure that projects are feasible and successful?).

25. The M&E approach is outlined in the Trust Administration Manual and will involve considerable community participation (self-evaluation), with the TAU's role being less to carry out routine evaluation than to verify information received and to identify and help solve common problems identified in the monitoring reports. For individual projects, the level of effort for monitoring, supervision and evaluation will depend on the size of the grant.

### SUPERVISION STRATEGY

26. The Bank will carry out semi-annual supervision missions, in cooperation with USAID (and any other donors who may decide to contribute to MBIFCT) to review progress of implementation, identify implementation problems and make recommendations for corrections which can be made within the established institutional and operational framework. This supervision will address, i.a.:

- (1) adequacy of the institutional structure and its operational effectiveness and efficiency;
- (2) compliance with any conditions and dated covenants agreed upon at negotiations;
- (3) the adequacy of the ecological and sociological M&E programs to provide needed data for evaluation of project impacts.

27. A "mid-term" review will be carried toward the end of Year 2, aimed at reviewing the overall viability and adequacy of the whole project approach and in particular the institutional structure and operational modalities of the MBIFCT. Some of the specific issues to be examined include: (a) the financial management and accounting/auditing procedures, (b) the process of replacement of LCSC and TMB members; (c) whether or not to incorporate the MBIFCT under the Companies Act; (d) the frequency of TMB and LCSC meetings; (e) the adequacy of interest income and funds available for subgrants; (f) the ratio of administrative costs to funds available for disbursement to beneficiaries; etc.

28. At this time recommendations might be made for significant structural adjustments or changes that appear called for. A recommendation will be made regarding whether or not to seek additional contributions to the capital and/or additional support to help meet administrative costs<sup>2/</sup>. To the extent possible at this stage, ecological and socio-economic impacts will also be examined. The appropriateness of investment arrangements and strategy for the capital will also be reviewed, and the proposed timing of the "Final Review" will be reviewed.

29. A "final" review will be carried out at the end of Year 5, to mark the end of direct World Bank supervision and oversight. At this time there will be a thorough review of all aspects of the structure and operations of the MBIFCT, and also a more detailed review of ecological and socio-economic impacts. The final objective of this review will be to make a determination whether the Trust should be: (a) "released" to operate without World Bank involvement; (b) maintained with some further adjustment/restructuring and under continued World Bank supervision for a specified time; or (c) dissolved and the GEF grant withdrawn (in the "worst case" scenario if it were determined that the concept or implementation had somehow failed irreversibly).

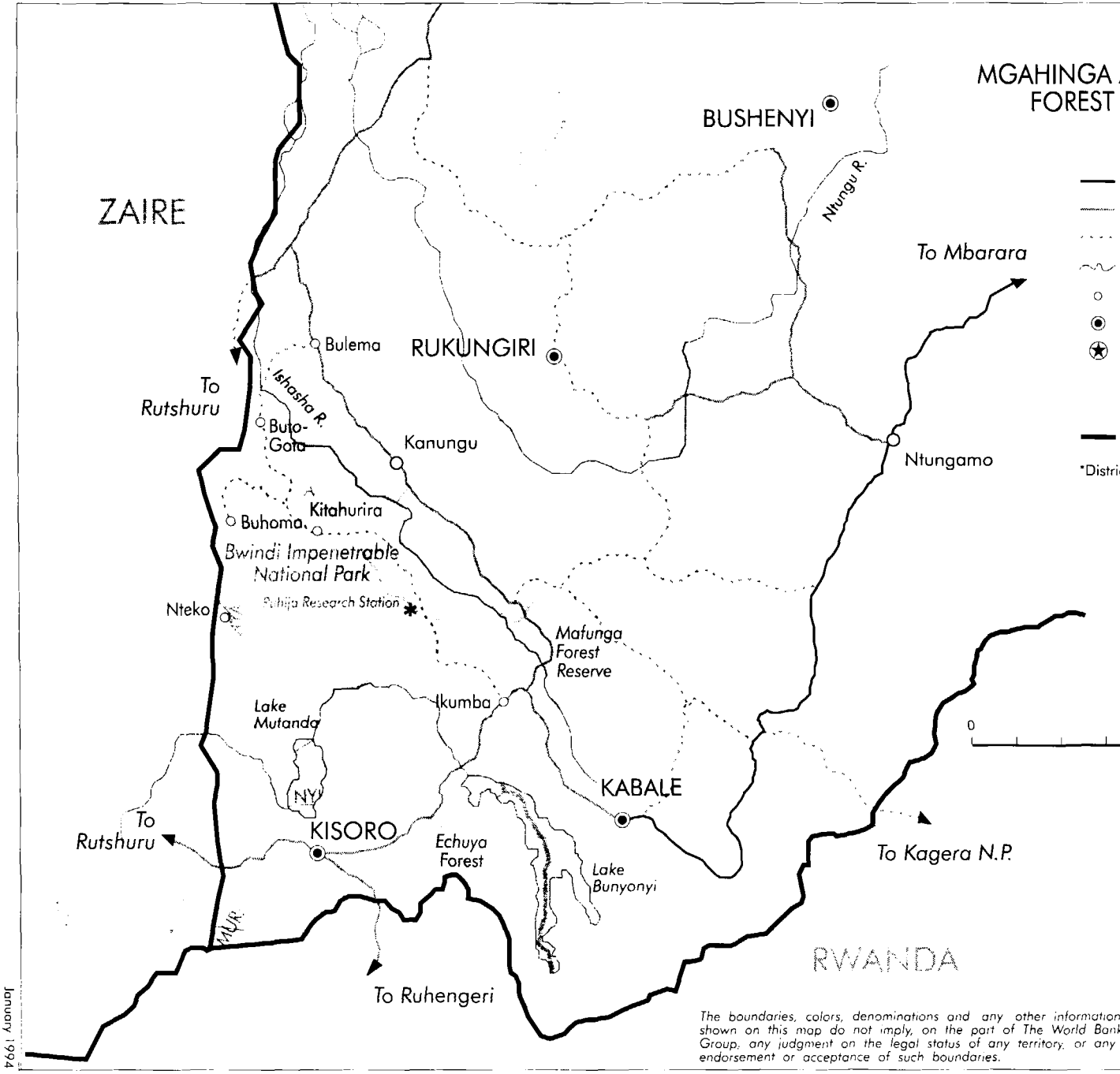
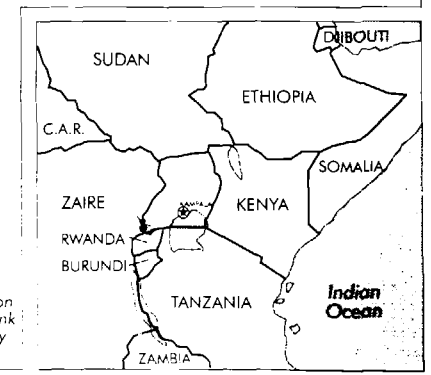
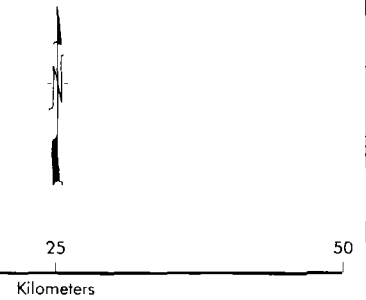
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<sup>2/</sup> USAID has indicated its interest in principle in providing at least one additional year of funding, if the mid-term review is generally positive but indicates such support is needed

# UGANDA MGAHINGA AND BWINDI IMPENETRABLE FOREST CONSERVATION TRUST Project Area

- PRIMARY BITUMEN ROADS
- PRIMARY GRAVEL ROADS
- - - UNSURFACED ROADS
- ~ RIVERS
- SELECTED TOWNS AND VILLAGES
- DISTRICT CAPITALS
- ★ NATIONAL CAPITAL
- DISTRICT BOUNDARIES\*
- - - SUB-COUNTY BOUNDARIES  
IN PROJECT AREA ONLY (approximate)
- INTERNATIONAL BOUNDARIES

\*District names coincide with district capitals.



The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.









Uganda



US\$ 15



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