

UGANDA
Protected Areas Management and Sustainable Use Project

Project Appraisal Document

Africa Regional Office
AFTES

Date: April 15, 2002 Country Director: Theodore O. Ahlers Project ID: P065437 Lending Instrument: Specific Investment Loan (SIL)	Team Leader: Nathalie Weier Johnson Sector Manager: Richard G. Scobey Sector(s): VY - Other Environment Theme(s): Environment Poverty Targeted Intervention: N					
Global Supplemental ID: P075932 Focal Area: B - Biodiversity Supplement Fully Blended? Yes	Team Leader: Nathalie Weier Johnson Sector Manager/Director: Richard G. Scobey Sector(s): VY - Other Environment					
Project Financing Data						
<input type="checkbox"/> Loan <input checked="" type="checkbox"/> Credit <input checked="" type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:						
<u>For Loans/Credits/Others:</u>						
Amount (US\$m):						
Proposed Terms (IDA): Standard Credit						
Grace period (years): 10	Years to maturity: 40					
Commitment fee: 0.5	Service charge: 0.75%					
<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">Financing Plan (US\$m):</th> <th style="text-align: left;">Source</th> <th style="text-align: right;">Local</th> <th style="text-align: right;">Foreign</th> <th style="text-align: right;">Total</th> </tr> </table>		Financing Plan (US\$m):	Source	Local	Foreign	Total
Financing Plan (US\$m):	Source	Local	Foreign	Total		
BORROWER/RECIPIENT		3.00	0.00	3.00		
IDA		18.90	8.10	27.00		
GLOBAL ENVIRONMENT FACILITY		6.10	1.90	8.00		
Total:		28.00	10.00	38.00		
Borrower/Recipient: THE REPUBLIC OF UGANDA Responsible agency: MINISTRY OF TOURISM, TRADE AND INDUSTRY Project Coordination Unit Address: Plot 6/8, 5th Floor Farmers House, P.O. Box 21957, Kampala, Uganda Contact Person: Mr. David Abura-Ogwang, Project Director Tel: 256-41-254827/8 Fax: 256-41-342011 Email: pamsu@pamsu.org Other Agency(ies): Uganda Wildlife Authority Address: Plot 3 Kintu Road, Nakasero, P.O. Box 3530, Kampala, Uganda Contact Person: Dr. Robbie Robinson, Executive Director Tel: 256-41-346287 Fax: 256-41-346291 Email: uwa@uwa.or.ug Uganda Wildlife Education Centre Address: P.O. Box 369, Entebbe, Uganda Contact Person: Ms. Beti O. Kamya, Executive Director Tel: 256-41-320520 Fax: 256-41-320073 Email:						

P065437 Estimated Disbursements (Bank FY/US\$m):								
FY	2003	2004	2005	2006	2007			
Annual	8.80	6.00	4.20	4.20	3.80			
Cumulative	8.80	14.80	19.00	23.20	27.00			
P075932 (GEF) Estimated Disbursements (Bank FY/US\$m):								
FY	2003	2004	2005	2006	2007			
Annual	2.30	2.40	1.60	0.90	0.80			
Cumulative	2.30	4.70	6.30	7.20	8.00			
Project implementation period: 5 years								
Expected effectiveness date: 06/30/2002 Expected closing date:								

OCS PAD Form: Rev. March, 2000

A. Project Development Objective

1. Project development objective: (see Annex 1)

Background

Tourism and Wildlife Sector in Uganda

Due to its location in a zone of overlap between the dry East African savannah and the West African rain forest, Uganda possesses a rich natural endowment of forests, mountains, and waterways, as well as some of the richest assemblages of biological diversity in Africa. Its wide geographical and altitudinal range, spanning from 600 meters to 5100 meters, has resulted in a unique diversity of ecosystems and species. These include extensive wetlands and swamp areas, grass and woodland savannahs, tropical high forests, and Afro-alpine forest areas. For its size, Uganda is one of the most species-rich countries in Africa. For example, Uganda has more than 11% of the world's bird species and more than 7% of total world mammals.

This biological diversity is protected through an system of protected areas, currently undergoing a process of rationalization. After revision the area of national parks, wildlife reserves and animal sanctuaries will amount to 22,000 km². The protected areas are managed by the Uganda Wildlife Authority, parastatal formed in 1996 by merging Uganda National Parks and the Game Department. Initially, the new UWA suffered from an unstable management regime, and has only since early 1999 been able to focus on building its organizational and management capacity.

Before Uganda's period of civil unrest starting in the early 1970s, Uganda was, based on its wildlife, the premier tourism destination in East Africa. Its national parks and cultural heritage still have the potential for forming the basis of a competitive tourism product. Currently Uganda is the only country where tourists can view mountain gorillas. Also competitive internationally are two or three of its savannah parks, the Ruwenzori Mountains, and opportunities for chimpanzee viewing. The country has placed considerable emphasis on developing its tourism product. However, development targets have consistently failed in recent years to meet expectations for a range of internal and external reasons: continuing insecurity in a number of parts of the country in which prime tourism destinations are located; low capacity in the private sector to develop tourism products and provide related services; problems with the concessioning process for lodges and activities in National Parks; and the low volumes leading to diseconomies of scale - current international arrivals of leisure tourists are estimated to be approximately 5,000 per annum. The focus of the proposed PAMSU project is on the rehabilitation and sustainable management of the natural resources

The "Conservation and Sustainable Tourism" (CAST) program is the GOU's umbrella program to support conservation of the country's wildlife and cultural heritage and assets and to implement the Integrated Tourism Master Plan (ITMP). ITMP is based on Protected Areas (PAs) as the primary attraction, with a secondary emphasis on cultural assets. It emphasizes that growth in the sector must follow a modest pace corresponding to the rate of recovery of the underlying natural assets and the rehabilitation and expansion of the supporting Infrastructure.

The proposed PAMSU Project is a follow-on project to the Institutional Capacity Building for Protected Areas Management and Sustainable Use project (ICB-PAMSU), scheduled to close June 2002. PAMSU represents the World Bank's second phase of support to the GOU's CAST program. The broad objectives of the of the ICB-PAMSU project have been achieved, which provides the necessary capacity to proceed

with the PAMSU phase of support. Those achievements include the following: (1) an effective and efficient overall institutional framework for the wildlife/protected areas management sector has been established, with roles and capabilities of the various institutions well coordinated including the relationships between public and private sector and NGOs; (2) the planning, management and implementation capacity of the individual sectoral institutions to ensure sustainability and accountability has been strengthened; and (3) the overall human resource capacity and professionalism in the sector has been improved. During the project design and appraisal of the ICB-PAMSU project, benchmark indicators were established to determine readiness for moving on to the PAMSU phase of support. While work on some of the indicators is still in progress, the benchmarks have been satisfactorily met (see Annex 14 for complete details).

Project Development Objective

The development objective of the Protected Area Management for Sustainable Use Project (PAMSU) is the “Sustainable and cost-effective management of Uganda’s wildlife and cultural resources”. Sustainability is promoted through a combination of (1) providing funds for improving Uganda’s ability to attract tourists to its wildlife and cultural heritage while, (2) encouraging cost-effective management strategies so as to reduce overall operating costs of the institutions managing these resources. The project consists of four components, each the responsibility of one of the four implementing agencies:

- 1. Uganda Wildlife Authority:** Maintain cost-effective and efficient wildlife management inside & outside Protected Areas
- 2. Uganda Wildlife Education Center:** Public awareness and knowledge in environmental and conservation issues created
- 3. Ministry of Tourism, Trade and Industry:** Develop the framework for the tourism sector of the economy to the maximum extent possible, consistent with the protection of environmental and cultural values
- 4. Department of Antiquities and Museums:** The Cultural Heritage of Uganda preserved

A fifth component recognizes that the role of the Project Coordination Unit (PCU) in effective coordination and proactive management of the project is a capacity building effort which serves to develop itself and other agencies. Indicators of effective management have been set for the PCU to recognize this important role.

The prior project - ICB-PAMSU - financed the institutional strengthening of the implementing agencies retained under PAMSU. PAMSU provides moderate amount of financing to each agency for equipment, training, vehicles, and incremental recurrent costs, along with those consultancies, primarily international, to encourage cost-effective implementation of plans devised under ICB-PAMSU.

2. Global objective: (see Annex 1)

The global environmental objective is to ensure the effective, long-term conservation of Uganda's biodiversity in the face of competing economic pressures. Protection will be ensured over a wide range of ecosystem types, including wetlands, swamps, tropical high forests, Afroalpine forests, grass and woodland savannahs, and internationally important lakes and rivers. Uganda is the fourth most densely populated country in Africa, 89% rural, with 85 people per square kilometer, largely dependent on smallholder agriculture for sustenance, and with a steep population growth rate. At the same time, Uganda ranks in the top ten nations in Africa in terms of species numbers for all major groups, and among the top ten in the world for mammals, including over half of the known world population of mountain gorilla. Its concentration of biological wealth offers exceptional opportunities to achieve global biodiversity conservation objectives cost-effectively. The project design is consistent with guidance from the Conference of the Parties as it addresses in situ conservation as it includes: (i) capacity building; (ii) strengthening the conservation, management, and sustainable use of ecosystems and habitats; (iii) strengthening the involvement of local and indigenous people; and (iv) integrating social dimensions including those related to poverty.

3. Key performance indicators: (see Annex 1)

Progress in achieving the project development objective will be evaluated on the basis of key performance indicators. These indicators, along with an indication of their means of assessment are:

1. Revenue generation at UWA increases to US\$ 6.0bn by the 5th year, to be assessed through review of UWA's financial records.
2. Poaching of key species in patrol area reduced from initial baseline. Poaching incidents is to be assessed through field visits and review of UWA staff reports during the annual monitoring review and included in the Annual Review report.
3. Population number of key mammal species in QE, MF, KD conservation areas increase by 5% within 5 years. An Aerial survey, along with ground verification of key mammal species is to be conducted in the 5th year of the project within Parks for which baseline data exists from 1993 and 1999/2000.
4. Communities are satisfied with UWA response to problem animals. Assessments are to be conducted of those communities near Queen Elizabeth and Kibale National Parks that have reported significant number of problem animal incidents in the past.
5. Approximately 120,000 visitors/year including 80,000 students visit Uganda Wildlife Education Centre. Gate records from UWEC provide accurate records of attendance.
6. Ministry of Education adopts Wildlife Conservation Education (WCE) into primary school education in Uganda by EOP. This objective can be assessed by review of curriculum.
7. 40% of primary schools receive Wildlife Conservation Education material by EOP. The Ministry of Education's records, along with those of UWEC provide the means of verifying this indicator.
8. Accurate and reliable information (statistics, market analysis, etc) about Uganda's tourist potential is established. A review of the Data Base along with evidence of its use by the European Union's USTD project verify this indicator.

Implementation effectiveness is assessed through Indicators of Performance for each of the components and the agency which implement those components. Organized according to the component's implementing agency significant of these are:

Uganda Wildlife Agency:

1. Implementation of the Protected Area Systems Plan. This is to be assessed by the demarcation of boundaries
2. The development of cost-effective strategies for managing the existing Park Assets. This will be assessed by the completion and implementation of General Management Plans for the Protected Areas as well as the integration of specific Annual Operating Plans toward achieving those objectives.
3. Improvements in financial sustainability of the systems is encouraged by developing, over the 5 years, detailed analysis of the costs of PA operations and, from that, criteria from whence the PA can be managed more effectively.
4. Crucial for both immediate and long-term sustainability is improving the revenue base of UWA. Targets for this include substantial improvements in collection of gate and concession revenue as well as developing a more stable revenue base through encouraging more visitations by Ugandan national.

Uganda Wildlife Education Centre:

1. Efforts towards creating public awareness and knowledge in environmental and conservation issues will be assessed through achievement of a wildlife conservation curriculum integrated into primary school education. Regular visitation will be increased through expanding the day-trip and overnight programs for school child education.
2. The centers message and appeal will be expanded through development of three major exhibits (Rhino, and both Kidepo and Lake Mburo ecological zones). An indicator of its rehabilitation efforts will be completion and population of a new Chimpanzee rehabilitation site.

Ministry of Tourism, Trade and Industry:

The Ministry's role in creating an effective tourism framework will be assessed by the adoption of a Tourism Policy and enabling legislation; along with licensing and registration of major service providers, and the completion of an extensive data base to provide accurate and reliable information to the industry.

Department of Antiquities and Museums:

The Uganda Museums and Monuments Agency (UMMA) will be established as a semi-autonomous body to conserve and promote awareness of Uganda's cultural heritage. Indicators of performance that this objective is being achieved are: (1) the identification and development in a sustainable way of two antiquarian sites outside of Kampala; and (2) steady increase in visitation to the National Museum in Kampala from its early post renovation baseline.

B. Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1)
Document number: IDA/R2000-187 **Date of latest CAS discussion:** 11/16/2000

Government's strategy for economic transformation is spelled out in the Poverty Eradication Action Plan (PEAP) 2000. The PEAP provides a framework for Government planning and guides the formulation of Sector Wide Action Plans (SWAPs). The primary objective of the PEAP is to develop policies and

resource allocations aimed at improving the welfare of all Ugandans and reducing the incidence of poverty to 10% or less by the year 2017. Government envisages that the following three conditions are pre-requisite for economic growth to eradicate poverty:

- Structural transformation (agricultural modernization, industrialization, institutional reforms and capacity development).
- The poor must participate in economic growth by expanding smallholder agriculture and employment in the industry and services sectors as well as expansion of the rural based non-farm enterprises.
- Economic growth must be sustainable. In particular, the modernization of agriculture will need to ensure that renewable natural resources are conserved and not “mined” in the pursuit of short-term growth. Therefore, judicious management of land, forests, wetlands, rangelands, rivers, lakes and the environment is essential for sustaining any gains in poverty eradication that are made possible by pursuing the above two conditions.

The primary goal of the CAS is also substantial reduction of poverty in Uganda. The Bank is committed to supporting Uganda's economic transformation and poverty reduction strategy as spelled out in the PEAP. To achieve this objective, work to maintain macroeconomic stability will continue, but the Bank's assistance will increasingly shift to the sector level and to cross-cutting public sector management issues. One of these cross-cutting issues is environmental management. As stated in the CAS, an overarching consideration of the economic transformation is that development and growth must occur in an *environmentally sustainable manner*, given that 90 percent of Uganda's population is directly dependent on the country's natural resource base. The activities financed under PAMSU represent key part of the Government's overall sector wide program or action on environment and are consistent with objectives of the CAS. To help realize the sector-related CAS objectives, PAMSU will provide resources for ensuring conservation of biodiversity and historical heritage assets which will lead to overall environmental protection and sustainable development.

1a. Global Operational strategy/Program objective addressed by the project:

The Government of Uganda ratified the *Convention on Biological Diversity* in September 1993. In addition, it has ratified the CITES and the *Ramsar Convention* on wetlands. The Government's commitment to environmental protection and sustainable natural resource conservation and management is laid out in the National Environmental Action Plan (NEAP) approved by Parliament in June 1994, and in the Uganda Biodiversity Country Study. In the NEAP, the Government makes a commitment to conserving biodiversity both inside and outside protected areas.

The activities proposed under the project are in accordance with the GEF Operational Strategy for Biodiversity. The project is Uganda's major initiative to effectively integrate the conservation of biodiversity into national development. It focuses on a range of ecosystems representative of Uganda's biodiversity, including savannahs, mountains and forests. It will therefore contribute to the GEF operational programs for Arid and Semi-arid Ecosystems, Mountain Ecosystems and Forest Ecosystems. As called for by these programs and in support of Article 8 of the CBD the project focuses on *in situ* conservation in designated areas of biodiversity importance. The project is also consistent with guidance from the COP of the Convention of Biological Diversity as it addresses *in situ* conservation and sustainable use and includes (i) capacity building; (ii) strengthening the conservation, management, and sustainable use of ecosystems and habitats and endemic species; (iii) strengthening the involvement of local and indigenous people; and (iv) integrating social dimensions including those related to poverty. It responds to COP3 guidance by: providing capacity building, especially to local and indigenous communities through

innovation mechanisms to involve them in protected area and wildlife management; providing support to activities that relate to other international conventions; creating economic incentives for the conservation of biodiversity; promoting conservation awareness and information dissemination.

2. Main sector issues and Government strategy:

Government Strategy to Address the Wildlife and Tourism Sector Issues and Constraints

Rehabilitation and management of the wildlife and conservation areas, revitalization of the tourism industry, and empowerment of local governments and communities to manage and benefit from the sustainable use of natural resources, are high priorities for the Government of Uganda as demonstrated by a number of actions and policy and institutional reforms it has taken over the past few years. The GOU has established a number of parastatal and mixed public/private sector entities responsible for different facets of the conservation and tourism sectors, many of which were previously the direct responsibility of Government departments. These include the Uganda Wildlife Authority (UWA), the Uganda Wildlife Education Centre (UWEC), the Uganda Tourist Board (UTB), and the Department of Antiquities and Museums (DAM).

A major objective of transferring these traditionally government functions to semi-autonomous entities was to enhance their sustainability through generation and retention of revenues, mainly from tourism related activities. This is consistent with a growing trend around the world to reduce the dependence of such bodies on increasingly stretched national budgets. They are also intended to provide a synergetic linkage between the public and private sectors, to facilitate the development and growth of the tourism industry. Thus they represent an important model of public/private cooperation for private sector development, also an important element of the Uganda CAS.

3. Sector issues to be addressed by the project and strategic choices:

The primary development issue to be addressed by the project is the rehabilitation of the wildlife and cultural resources of Uganda, both from a biological and institutional perspective. The project seeks to build on commitment by Government and other ongoing environment sector reform projects to change attitudes and create an awareness of the economic and ecological significance of wildlife and cultural assets, both for the present and future generations of Ugandans.

Capacity Building and Institutional Framework Development

There is still a recognized lack of capacity in the wildlife/tourism sector in Uganda which the PAMSU projects aims to address. Under ICB-PAMSU progress has been made towards building the necessary capacity, both institutional and policy related, however, more work needs to be done. The focus of the PAMSU project is more concentrated, Uganda Wildlife Authority and the Ministry of Tourism, Trade and Industry are the two principal organizations through which this project aims to achieve its central objective. The project will continue to provide resources to carry out reform, rehabilitation and effective strategic planning and management. This will be achieved through the complementary activities envisaged in the Tourism Policy and Strategic Plan, which is focused on creating a sustainable tourism industry which supports wildlife and cultural assets as well as creative and cost-effective public/private sector partnership solutions.

Sustainability

Sustainability of the institutions and agencies charged with managing and protecting the natural resource base upon which the nature-based tourism is based is a major concern. The project seeks to contribute to this at the macro level by supporting cross-cutting legislation review, increased sector coordination and the promotion of appropriate investment from stakeholders. At the organizational level, cost-effective management and increased cost-sharing partnerships will be sought.

Regulation, Legislation and the Custody of Assets

This project seeks to support the implementation of a framework of legislation that regulates and monitors the industry development whilst securing the integrity of the assets on which the industry is based. The protection of assets require formal legislation, currently absent, and a regulatory mechanism. This applies from the delineation of PA boundaries to the licensing of tour operators and hotels and training standards within the industry.

Security

Whilst not an issue to be directly addressed by the project, security is a significant sector issue that the project does address indirectly through the development of cross-cutting legislation review, continued dissemination of the message that the viability of PAs depends on tourism which in turn depends on security and the facilitation of improved coordination and advocacy within, and for the sector.

Weakness of the Private Sector

The weakness of the private sector with respect tourism is a legacy of the years of civil unrest. The private sector is currently a weak partner, lacking financial resources and professionalism, all of which hinders the viability of the fundamental objective of this project. It is expected that the policy development process and subsequent legislation will capture and address prohibitive issues flagged by the private sector. The project will also contribute to the improved institutional arrangements within the private sector, improving their lobby with government and other stakeholders.

C. Project Description Summary

1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

The project has five components, each implemented by agencies supported under the prior ICB-PAMSU. ICB-PAMSU provided funds for capacity building, especially strategic planning and organizational establishment. PAMSU provides logistical funds, equipment, and civil works for sustaining the agencies developed under ICB-PAMSU and to implement cost-effective strategies for achieving objectives identified within those strategic plans. GEF resources are proposed to finance two out of the five components, sustainable wildlife management and environmental conservation education.

Component 1: Sustainable Wildlife Management

Agency: Uganda Wildlife Authority

The ICB-PAMSU project provided funding for establishing the Uganda Wildlife Authority and developing its internal systems, management team and governance structure. Also developed was the Strategic Plan

for the agency, along with methodologies for facilitating development of Annual Operating Plans for each of the PAs that would implement the general strategies. PAMSU will provide logistical support, and fund equipment and civil works for UWA to implement elements of that strategic plan. With these funds UWA will implement the Protected Areas System Plan to rationalize and demarcate the boundaries of the national asset. The project supports the cost-effective management of these assets at the field level through logistical support, equipment and modest targeted civil works for the Parks and Reserves. Civil works will target staff accommodations in order to improve moral, effectiveness and reduce rent as burden on overall agency operating costs. At headquarters, the project will provide operating support and equipment for ongoing operations and refurbish the existing headquarters building in order to save rent costs.

The GEF share of this component reflects the incremental cost of establishing and administering a protected area system that contributes to protection of global biodiversity but is larger than economically justified in the face of competing land uses and the basic needs of a large and relatively poor rural population. Financial sustainability of this higher central Government commitment may be built up over the project period through reform of park entrance and other user fees. The GEF funding is focused on field operations because of the additional level of effort required to maintain a PA system that ensures a comprehensive conservation and sustainable use of a fully representative set of Uganda's biodiversity. This effort is focused on maintaining infrastructure, supporting surveillance and monitoring, and providing ongoing training in remote but biological important areas typically not benefiting sufficiently from ecotourism.

Protected Areas System Plan (PASP)

UWA, with support from the EU, and the ICB-PAMSU Project, initiated a process of assessing the current status of the PA system with the aim of rationalizing it. The rationalization process involved revising and re-aligning the PA system to ensure that it (i) protects a high-quality, representative sample of the country's biodiversity heritage and ecosystems, (ii) is manageable in the long term, and (iii) provides a suitable basis for a sustainable tourism sector. The assessment process took about 24 months; it included ecological/biodiversity, economic and social criteria and involved participation of national and local governments and potentially affected communities.

The GEF is called upon to support this activity in its implementation phase, to ensure inclusion of areas of globally significant biodiversity. Before the assessment was undertaken, comprehensive knowledge of the coverage of Uganda's protected areas and the nation's biodiversity represented in those areas (i.e. degree of replication, inclusion of all major ecosystem types, etc.) was not known. The PASP includes definition of appropriate boundaries, resolution of disputes outstanding and arising from the process, and identification of areas for pilot community conservation activities. Implementation of the plan is identified as part of an expensive process of "capitalization" of the change towards an improved PA system in Uganda. Because of Uganda's commitments under the Biodiversity Convention, this is a much more comprehensive effort than would be warranted to meet Uganda's more limited objectives of maintaining only the most affordable of the existing PAs.

Resettlement

During the course of the development of the Protected Areas System Plan, substantial community consultation and redrawing of boundaries enabled the new proposed PASP to avoid significant issues of resettlement in 22 of the 25 protected areas. However three potential significant issues remain in Mt. Elgon National Park, Katonga Game Reserve, and Pian Upe Wildlife Reserve.

The World Bank and GOU have already engaged in discussions relating to establishing national protocols and policies that will ensure compliance with the Bank's Safeguard policies across all sectors. These discussions involve multi-sector consultations and are being driven by the need to comply with World Bank Safeguard policies in connection with the PRSC Program; this program provides direct budgetary support to Uganda. The urgency of addressing the identified resettlement issues inside protected areas is a further indication of the need for national commitment to these safeguards.

The project will provide funds to engage a team of consultants to review and design appropriate plans to address the specific issues of people resident in the protected areas, or using the protected area resources. This activity will be limited to the design of options for addressing the specific issues, all options will be fully consistent with the World Bank Safeguard policies. The implementation of the plans will not be part of the PAMSU project, but rather, will be financed under a separate project. The World Bank has given its written commitment to the GOU to provide financing for this activity.

Component 2: Environmental Conservation Education
Agency: Uganda Wildlife Education Centre

UWEC's activities will create public awareness and knowledge about Uganda's wildlife as well as broader environmental and conservation issues. The project will provide logistical support, some equipment and construction funds for establishing new programs for visitor education especially school children. UWEC will reach out to school children around Uganda by funding both day time visits for nearby schools and an overnight residency program for children living more distant. New exhibits construction and maintenance highlighting Ugandan wildlife will be funded by the project to increase the range of educational messages of interest. Support will also be provided for improved animal holding and veterinary facilities for both the needs of UWEC and the Wildlife Department.

Under ICB-PAMSU the GEF heavily supported the UWEC activities. Under this component, GEF resources would continue to support conservation education awareness programs. The high proportion of GEF assistance to this component recognizes that, in the very long term, better public awareness of Uganda's unique national biological heritage and the economic benefits of biodiversity conservation will build support and willingness to pay for conservation of these resources in the face of competing land-use and other development pressures.

Component 3: Tourism Framework
Agency: Ministry of Tourism, Trade and Industry

MTTI's mission and efforts within the project focus upon developing the tourism sector of the economy to the maximum extent possible, consistent with the protection of environmental and cultural values. The project will provide funding for logistics and equipment that will (1) establish a sustainable tourism framework based on policy development and enabling legislation; (2) provide for licensing and registration of operators within the sector to ensure quality; (3) develop accurate statistics on the sector; and (4) facilitate the improvement in human resource training. In addition to funding these activities the project will provide substantial funds for construction of a building for the MTTI.

Under this component, support will also be provided for the Wildlife Department in the MTTI. This support includes training, equipment, management support and technical capacity building to enable the Wildlife Department to carry out Uganda's responsibilities under relevant international treaties, and in particular to function effectively as the Management Authority for the Convention on International Trade in Endangered Species (CITES).

Component 4: Cultural Heritage

Agency: Department of Antiquities and Museums

The project provides moderate operational funds, some equipment and civil works to continue the establishment of UMMA. These funds will finalize the former Department's transition to a sustainable semi-autonomous agency and facilitate expansion of the offerings at the Museum and the identification and development of remote antiquarian sites of significant importance to Uganda's cultural heritage.

Component 5: Project Coordination

Agency: Project Coordination Unit (PCU)

The Project Coordination Unit which was established under ICB-PAMSU will continue to function as the PCU for the implementation of PAMSU project for two and a half years. The role of the PCU will be to build the capacity of the implementing agencies to take over the responsibility for project management including procurement and reporting.

Component	Sector	Indicative Costs (US\$M)	% of Total	Bank financing (US\$M)	% of Bank financing	GEF financing (US\$M)	% of GEF financing
Sustainable Wildlife Management	Environmental Institutions	30.60	80.5	23.90	88.5	4.10	51.3
Environmental Conservation Education	Environmental Institutions	4.00	10.5	0.00	0.0	3.90	48.8
Tourism Framework	Environmental Institutions	1.70	4.5	1.60	5.9	0.00	0.0
Cultural Heritage	Environmental Institutions	0.80	2.1	0.70	2.6	0.00	0.0
Project Coordination Unit	Environmental Institutions	0.90	2.4	0.80	3.0	0.00	0.0
Total Project Costs		38.00	100.0	27.00	100.0	8.00	100.0
		0.00	0.0	0.00	0.0	0.00	0.0
Total Financing Required		38.00	100.0	27.00	100.0	8.00	100.0

2. Key policy and institutional reforms supported by the project:

Since the mid 1990s, the government has been pursuing reform of the tourism and wildlife sector. PAMSU, building on ICB-PAMSU is designed to consolidate the reforms that have already taken place and to support the completion of those that are in progress. The key changes are as follows:

- A new wildlife policy in November 1995 led to the enactment of the Uganda Wildlife Statute 1996. This formed the Uganda Wildlife Authority, a semi autonomous body from the merger of Uganda National Parks and the Game Department. UWA was slow to take advantage of the new arrangements, but has benefited from investments made since January 1999. It now faces challenges of financial sustainability given lower than hoped for growth in its tourism revenue. PAMSU will support reforms seeking cost efficiency and the implementation of its strategic plan developed in 2000.
- At the same time a new small Wildlife Department was formed in the Ministry of Tourism, Wildlife and Antiquities with responsibility for coordinating policy development and implementation and

Uganda's adherence to international wildlife treaties. Development of the WD under ICB-PAMSU was constrained by vacancies in the staffing establishment. These have now been filled and PAMSU supports further WD development.

- A review of tourism policy is being undertaken with support from the European Commission. PAMSU will support the development and enactment of any necessary enabling legislation.
- In 1994 the moribund Entebbe Zoo was transformed into the Uganda Wildlife Education Centre, a trust. UWEC no longer functions as a zoo, but rather as the country's institution for conservation education. It is now an important resource for wildlife and conservation education. PAMSU supports its further development and will establish a framework for raising an endowment to meet its financing gap.
- A number of reforms of tourism sector institutions have taken place since 1996. These include the establishment and development of the Uganda Tourist Board as an autonomous agency. ICB-PAMSU supported these, but PAMSU does not because either the reforms have been completed, or support is being provided under the EC financed project. PAMSU does support further reforms building the MTTI's supervisory and regulatory function.

The Department of Antiquities and Museums responsible for museums, cultural sites and antiquities, is currently being transformed into the Uganda Museums and Monuments Agency. PAMSU provides modest support for operating costs while the new agency is established.

3. Benefits and target population:

The main benefits of the project are two fold: (1) the improved conservation and management of the protected area estate in Uganda; and (2) institutional and policy reform which will contribute to the establishment of an enabling environment for greater investment in the tourism sector.

The global benefits of this project lie in the inherent value of ecosystems in Uganda to world-wide biological diversity. There may also be regional benefits to maintaining the integrity of PAs along the borders with Rwanda and the DR Congo because they are contiguous with PAs in those countries. This may be a very valuable collective asset in the future when regional politics allow better cooperation. At a national level this project's development objectives directly target stakeholders involved with the public and private sectors in the conservation, management and growth of wildlife and tourism assets and indirectly much of civil society through education and awareness building about sector issues.

These target groups and the benefits that will accrue are:

- Central Government agencies involved with regulation, planning and monitoring macro development within the sector. These will benefit through increased capacity and training, greater employment security and satisfaction, and, increased ownership and pride in the sector.
- Government agencies involved with the implementation of strategic objectives defined by policy and planning. These will benefit from the project through increased capacity and training, improved employment security and terms, increased job satisfaction and improved internally generated revenues allowing greater autonomy.
- Local Government officers responsible for sector coordination and policy dissemination and implementation will benefit from participation in capacity building and training programs.

- Communities living in and around protected areas and other natural and cultural resources will benefit from greater exposure to income generation opportunities, particularly for women's groups who can sell crafts and cultural experiences, education opportunities, improved infrastructure, improved advocacy in local decision making processes (which will be facilitated by the policy and legislation review), increased access to resources from NGOs and CBOs who are development partners encouraged by this project.
- The private sector involved with the promotion and sale of natural and cultural assets will benefit from greater commercial opportunities, access to training and enhanced advocacy through the policy and legislation review process.

4. Institutional and implementation arrangements:

Policy, Institutional and Legislative Framework for Project Implementation

PAMSU operates within the legislative framework established by the Uganda Wildlife Statute 1996 and supports the development of enabling legislation following revision of tourism policy currently in progress.

Implementation will be the responsibility of 4 main implementing agencies, one for each component: Uganda Wildlife Authority, Ministry of Tourism, Trade and Industry, Uganda Wildlife Education Centre and Department of Antiquities and Museums.

Uganda Wildlife Authority

Uganda Wildlife Authority was established in 1996 with the mandate of: ensuring the sustainable management of wildlife conservation areas; and establishing policies and procedures to manage and regulate the use of wildlife outside protected areas. Subject to the approval of the Protected Areas Assessment (the national protected area systems plan) currently before Parliament and expected before project commencement, UWA is responsible for 10 National Parks, 13 Wildlife Reserves and technical oversight of 5 Community Wildlife Areas.

UWA is under the general supervision of the Minister. The governing body is the Board of Trustees appointed by the Minister in accordance with the Schedule to the Uganda Wildlife Statute. This provides for 21 members, although in practice some of these positions have been vacant. ICB-PAMSU supported board development through preparation of formal TORs which have been adopted by the ministry and a procedures manual to guide Board work. This work resulted in recommendations to reform the composition of the board to make it more appropriate to its TORs. This requires an amendment to the Schedule to the Statute which is currently being considered by cabinet. The term of the present Board has expired and it is expected that a new Board will be in place by project commencement.

ICB-PAMSU supported a number of measures to strengthen the institutional capacity of UWA. These included: the appointment of an internationally recruited Executive Director on a three year contract to oversee UWA's development; the provision of an institutional contractor to develop financial management systems; the development of a training plan (not yet implemented) and the development of a strategic plan.

Under the USAID supported Action Plan for the Environment project, UWA has been developing capacity for protected area systems planning and is currently improving its ability to prepare, implement and monitor annual operations plans at HQ and field level.

Uganda Wildlife Education Centre

The Uganda Wildlife Education Centre is legally established as a Trust with a 9 member Board appointed by the Minister, and registered in Uganda.

UWEC has been successful at attracting a number of private sector donors. These donations are generally restricted to the development of new exhibits rather than running costs, which have been met by GOU subvention, self-generated funds (mostly admission fees) and ICB-PAMSU.

Until 2000, UWEC had an expatriate Director funded by USAID. He is now acting as a technical advisor.

Ministry of Tourism, Trade and Industry

Three Departments, all falling under the Commission of Tourism, Wildlife and Antiquities are supported by the project. These are: Tourism Development, Registration and Licensing, and Wildlife.

Department of Antiquities and Museums

A decision to transform the Department of Antiquities and Museums into a semi-autonomous agency was taken by the Ministry of Public Services in July 2001 (after several years of discussion as to whether to transform it into an autonomous authority by act of Parliament). The GOU has engaged consultants to assist in the transformation, including the preparation of strategic and business plans. DAM will be seen by a representative 8 member advisory board and managed by a chief executive.

PCU

The Project Coordination Unit (PCU) of the MTTI has been responsible for coordination and oversight of ICB-PAMSU and for the preparation of PAMSU. Its responsibilities include donor liaison, program identification, procurement of goods and services and contract management. Under the PAMSU project, the PCU will continue for two and a half years playing more of a supporting role to the Implementing Agencies which will eventually take full responsibility for procurement and project implementation.

The intention is to move from a model where the PCU is responsible for disbursement and procurement of IDA/GEF funds to a support and capacity building role. The PCU team will provide guidance and support to the implementing agencies, while the agencies will be responsible for preparing the necessary documentation (i.e. terms of reference, requests for no objection, withdrawal applications, annual work plan submissions and any reporting requirements). The new implementation arrangements for PAMSU include establishing separate special accounts for each implementing agency. UWA and UWEC will manage their own special accounts from the inception of the project. The DAM and MTTI components will be managed under special accounts for which the PCU will be responsible for the first two and a half years. Once the PCU has been phased out the Ministry will take responsibility for implementation.

The project will support TA, equipment and other operating costs for the PCU. Under the TA category, the project will support the positions of Project Coordinator, Procurement Specialist and Project Accountant. Support staff include two secretaries, five drivers, an accounts assistant, and an office attendant. The PCU will assume responsibility for all MTTI vehicles purchased under ICB-PAMSU, including their registration, logbooks, and maintenance. Vehicle operations for MTTI activities will be funded from the activity budgets.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

Alternatives considered during design were as follows:

- **Not following ICB-PAMSU with a further project.** The rationale for this would have been that institutional reform, particularly of UWA has been disappointing, and the potential for developing tourism is proving to be less strong than expected. This approach would have been consistent with IDA strategy for Uganda of moving to budgetary support. *Reasons for rejection:* While institutional reform has been slower than might have been hoped, it is appreciated that the three years of ICB-PAMSU is not sufficient to consolidate the gains that have been made and a further period is appropriate. The Government of Uganda remains committed to the development of tourism and is directly addressing security concerns in tourism areas. Not continuing with project support would have left several institutions exposed at an awkward stage of transition and undermined the investments made to date.
- **Varying funding levels.** At the beginning of project design a number of beneficiary institutions were hoping for a total project budget of around US\$80 million. This figure derived in part from an exercise carried out in early 1996 that identified all the potential investments that might be made in Uganda's wildlife sector. This was never a concrete proposal. *Reasons for rejection:* Apart from the fact that such a total would have far exceeded available IDA resources, an investment on that scale would have exceeded capacity for implementation and led to a wholly unsustainable level of recurrent cost commitments and other operational costs.
- **Endowment based funding for UWEC.** Consideration was given to providing an endowment of approximately \$4 million to meet operating costs of UWEC. UWEC has become an effective well run organization that serves a clear conservation education mandate. It has an established record of implementing programs in a highly cost effective manner. It meets a number of criteria normally used for endowment funding: it is an established organization with effective governance structures and it has support from a number of other donors. *Reasons for rejection:* A number of investments are still needed to improve UWEC's own income generating potential and priority was given to these. No other body has yet made a commitment to provide counterpart funding for an endowment. Nevertheless the idea still merits attention. PAMSU will provide for a study to establish the legal and institutional framework for an endowment in anticipation that one will be established at a later date.
- **Endowment funding for UWA.** Earlier hopes that UWA would be able to generate sufficient self generated revenue to meet the gap between operational requirements and GOU subventions were probably never realistic but it is now quite clear that there will be a substantial gap for the foreseeable future. Given the importance of Uganda's biodiversity this suggests an endowment would be appropriate. *Reasons for rejection:* Several strong reasons ruled this alternative out. UWA has had a checkered history since formation. Until as an absolute minimum the new Board of Trustees is in place providing effective governance and the succession of the interim Executive Director has taken place satisfactorily UWA cannot be said to be sufficiently stable to support in this manner. UWA is not yet sufficiently cost conscious and too great a proportion of operating costs is absorbed by headquarters. A number of strategic questions involving outsourcing still need to be resolved. There is a substantial risk at endowment at this stage will simply relieve the pressure to make the necessary reforms.

- **Direct support to protected areas.** Consideration was given to providing support more directly to a number of key protected areas. This model has been used in Murchison Falls National Park. This would circumvent the high proportion of costs absorbed by HQ. *Reasons for rejection:* There are a substantial number of operational policies that need to be resolved at HQ level. The mismatch between biodiversity importance and revenue generating potential of the various PAs suggests that a national approach is needed. All PAs need HQ support for planning and monitoring functions. UWA is strongly antipathetic to this approach.
- **Additional support for tourism within UWA.** Given the need for UWA to expand its revenue base and the relative weakness of its efforts to develop and diversify its tourism base consideration was given to providing technical assistance to the relatively new tourism department and to providing support for promotion. *Reasons for rejection:* Promotion of Uganda's tourism is the responsibility of the Uganda Tourism Board which is benefiting from EC funding. PAMSU was designed to avoid duplication in this regard. There are a number of strategic issues regarding the way tourism is managed in UWA including the extent to which it is appropriate to develop capacity in house as opposed to outsourcing it. Until these are resolved technical assistance (beyond supporting development of strategy) is inappropriate.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed Wildlife and Tourism	Institutional Capacity Building for Protected Area Management and Sustainable Use	S	S
Other development agencies			
European Union - Tourism and Wildlife	Uganda Sustainable Tourism Development Project		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in the project design:

Lessons from ICB-PAMSU

ICB-PAMSU was intended to provide sufficient institutional capacity for implementing PAMSU. Experience with capacity building under ICB-PAMSU suggests implementing agencies have not yet developed the capacity necessary to effectively absorb a substantial investment program. This was in part a result of the relatively short timeframe allowed. Although PAMSU makes limited new initiatives in capacity building, it anticipates that the implementing organizations will continue to put effort into developing capacity, and adapting their plans to current circumstances.

Much of the 'strategic' planning undertaken in ICB-PAMSU has taken the implementing organizations further from, rather than closer to financial sustainability. In part this is a consequence of the circumstances under which the plans were prepared - as conditionalities for a follow on investment project. The plans prepared have focused operational efficiency more than strategic issues. Genuinely strategic

decisions have not resulted from the participatory processes used to prepare the plans. As an example, one of the more successful inputs to UWA was the contracting out of the financial management function. This was decided on as part of ICB-PAMSU design. This kind of decision needs to be taken at the most senior level in the face of external pressure. PAMSU places limited emphasis on the preparation of further strategic plans - the principle exception being the 'business plan' proposed for UWA. Careful consideration will be given to the process used to prepare this plan to avoid the pitfalls described. PAMSU places emphasis on translating plans into operations, improving cost effectiveness, and monitoring implementation.

Lessons from Bank projects in Kenya's tourism and wildlife sector

The experience with comparable Bank supported wildlife sector reforms in Kenya was drawn upon in the formulation of ICB-PAMSU and is still relevant. The sector received assistance from the Bank under the Wildlife and Tourism Project (1976-1986) and the "Protected Areas and Wildlife Service" (PAWS) Project (1992-2000). The Implementation Completion Report and Project Audit attributed the failure of the earlier project primarily to an inadequate policy framework, institutional failures and a lack of Government commitment to the project's objectives, as well as to the Bank's failure to hold firm on the agreed conditionalities. By contrast, the success of the PAWS project, which has had a major positive impact in reducing commercial poaching and improving the infrastructure and management of Kenya's PAs, demonstrates the benefits of ensuring that these issues are addressed up front. At the same time, the slow progress of the parastatal Kenya Wildlife Service in moving toward a business-like organizational culture and financial sustainability, holds important lessons for the Uganda Wildlife Authority, which started from a similar situation and is aiming for similar objectives. PAWS showed that a major investment in infrastructure does place substantial demands on scarce management time and suggested that, as here, relatively modest such investments are more appropriate.

Other lessons from Bank tourism and wildlife projects

Other lessons being taken from Bank-assisted projects and other experiences around the world, include the importance of building support for conservation at a political level and among communities adjacent to PAs, and the need to encourage collaboration among institutions rather than building parallel capacity in each.

4. Indications of borrower and recipient commitment and ownership:

The Government of Uganda is committed to sustainable environmental management and the conservation of biodiversity as expressed in the PEAP. Preparation for the PAMSU project began in 1995 through Bank and GOU collaboration with funding provided through a PPF and by the GEF. The outcome of that preparation was a proposal for a phased approach, the first phase being the ICB-PAMSU project, and the next phase the PAMSU project. During the implementation of the ICB-PAMSU project GOU made available all the counterpart funds needed for the project implementation, including partial payment of the salaries of UWA. The GOU has also allocated a special budget for security in the Protected Areas during this financial year.

5. Value added of Bank and Global support in this project:

The World Bank has provided leadership and support for activities in the wildlife/tourism sector since the 1990's. The PAMSU project is a follow-on project from the ICB-PAMSU project which established the institutional capacity and the policy framework for more effective protected area management and nature-based and cultural tourism. Continued Bank support for the sector, through the PAMSU project,

will consolidate the achievements made so far, and support the policy and institutional reforms that have been established over the past three years. Given the reduced state of the country's wildlife resources and the persistent problems of insecurity, growth in tourism, and its ability to support conservation, is likely to be slow. The conservation and improved management of Uganda's biological resources will only be possible if the Bank and other donors provide the necessary support to protect the resource base in the short term and to gradually restore and improve it in the longer term. As one of the GEF implementing agencies, the Bank can also access the GEF resources to support the conservation and management of globally significant biodiversity.

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (see Annex 4):

- ☐ Cost benefit NPV=US\$ million; ERR = % (see Annex 4)
- ☐ Cost effectiveness
- ☒ Incremental Cost
- ☐ Other (specify)

Incremental Expenditures. The total expenditure under the Baseline Scenario is estimated to be US\$22.0 million while the total expenditure under the GEF Alternative is estimated to be US\$37.9 million. The incremental expenditures under the GEF Alternative are therefore US\$15.9 million. The majority of expenditures (76%) is attributable to decentralized activities of UWA, while 24% is attributable to enhanced conservation education efforts.

Incremental Costs. The incremental expenditures of US\$15.9 million are partially offset by an incremental domestic benefit of US\$7.9 million. This benefit would not have been realized in the Baseline Scenario, and is primarily associated with sustainable direct uses, distributional benefits, protection of ecological functions, and preservation of domestically significant option values. The net result is that the **incremental cost of the GEF Alternative is US\$8.0 million**, for which GEF assistance is requested. The allocation of these amounts, and the resultant financing structure for the GEF Alternative as a whole, is summarized in Table A1.2.

Cost-effectiveness. While no complete monetization of the global benefits of such an intervention has been completed, it is possible to provide some indication of the cost-effectiveness of such a GEF intervention. It is estimated that the intervention translates to an annualized cost of US\$144/km²/yr of effective protection; this reflects the basic hypothesis that improved decentralized measures will ensure protection of a wider range of species and habitats (approx. 1.3 million ha phased in over 30 years) than otherwise would be the case. The literature indicates that typical conservation expenditures around the world reflect international interventions corresponding to approximately US\$20/km²/yr to US\$2,000/km²/yr of protection. In the case of Uganda, therefore, the substantial investments in the Baseline Scenario, which are targeted to meeting domestic development priorities, provide an opportunity for the international community to obtain high efficiency for its conservation expenditures.

2. Financial (see Annex 4 and Annex 5):

NPV=US\$ million; FRR = % (see Annex 4)

In recent years, significant improvements in public sector accounting and reporting have been achieved. Most notably, the annual public accounts of Government have been produced within the statutory period of four months after the end of the financial year for each of the past four years. Nevertheless, recent assessments undertaken by Government jointly with donors, such as the Country Financial Accountability

Assessment (CFAA) with IDA, have identified a number of areas that need to be strengthened to enhance financial management.

The Country Financial Accountability Assessment (CFAA), carried out by IDA in collaboration with Government, indicates that inadequate financial accounting and auditing systems both at the center and in the districts pose a major fiduciary risk. While Uganda has a relatively good budgeting system, accounting for public expenditure using the present manual system is weak, largely because of disregard for timely and regular recording of transactions, side-stepping of controls, and lack of financial discipline. Similarly, findings of audit reports are not regularly followed up, and public accounts contain a number of material non-reconciled balances. There is an acute shortage of qualified accountants in the public sector, given that current pay levels are only about 20-30 percent of those in the private sector. Reforms in financial management are urgent and satisfactory progress in their implementation needs to precede the approval of PRSC II that will increasingly involve district and sub-county governments.

With the support of a number of donor assisted initiatives, such as the Second Economic and Financial Management Project (EFMP II) and the Local Government Development Project (LGDP) supported by IDA, and the Financial Accountability and Decentralization Support Project funded by DFID, Government is seeking to rapidly enhance the financial accountability framework in pursuit of the following objectives:

- mitigate fiduciary risk in public expenditure management for both taxpayers and donors;
- achieve economy, efficiency and effectiveness in the use of public funds;
- enhance transparency and accountability; and
- establish an appropriate enabling environment for private sector development and regulation.

As an initial measure, the Ministry of Finance, Planning and Economic Development has expanded the mandate of the coordinating mechanism in place for guiding and monitoring all reform programs in financial management throughout Government using the existing structures under EFMP II.

Fiscal Impact:

3. Technical:

N/A

4. Institutional:

4.1 Executing agencies:

Ministry of Tourism, Trade and Industry, Uganda Wildlife Authority, Uganda Wildlife Education Centre, Department of Antiquities and Museums.

4.2 Project management:

The Project Coordination Unit (PCU) of the MTTI has been responsible for coordination and oversight of ICB-PAMSU and for the preparation of PAMSU. Its responsibilities include donor liaison, program identification, procurement of goods and services and contract management. Under the PAMSU project, the PCU will continue for two and a half years playing more a supporting role to the Implementing Agencies which will eventually take full responsibility for procurement and project implementation.

The intention is to move from a model where the PCU is responsible for disbursement and procurement of IDA/GEF funds to a support and capacity building role. The PCU team will provide guidance and support to the implementing agencies, while the agencies will be responsible for preparing the necessary documentation (i.e. terms of reference, requests for no objection, withdrawal applications, annual work plan submissions and any M&E reporting requirements). The new implementation arrangements for PAMSU include establishing separate special accounts for each implementing agency. UWA and UWEC will manage their own special accounts from the inception of the project. The DAM and MTTI components will be managed under special accounts for which the PCU will be responsible for the first two and a half years. Once the PCU has been phased out the Ministry will take responsibility for implementation.

The project will support TA, equipment and other operating costs for the PCU. Under the TA category, the project will support the positions of Project Coordinator, Procurement Specialist and Project Accountant. Support staff include two secretaries, five drivers, an accounts assistant, and an office attendant. The PCU will assume responsibility for all MTTI vehicles purchased under ICB-PAMSU, including their registration, logbooks, and maintenance. Vehicle operations for MTTI activities will be funded from the activity budgets.

4.3 Procurement issues:

Because of the limited procurement capacity in the implementing agencies, for the first one and a half years of the project, the procurement officer in the PCU for the closed ICB-PAMSU will be contracted under PAMSU to (a) guide and supervise the implementing agencies in all aspects of procurement implementation, (b) train relevant staff of the agencies in Bank procurement procedures, (c) assist them in the timely production of agreed procurement reports, and (d) set up good procurement record and monitoring systems. The Bank will, as part of its project supervision, assess periodically the progress of the capacity building in the implementing agencies and will share its findings and recommendations with the management of the agencies.

UWA has no in-house capacity to effectively supervise the works activities. To assist UWA in the supervision, coordination and monitoring of the works activities (i.e. demarcation of park boundaries, construction of rangers' houses, outposts in the parks, office blocks, and rehabilitation of roads in the parks), UWA will deploy qualified personnel for a specified period.

4.4 Financial management issues:

Financial Management and Auditing. The Finance departments of the implementing agencies will be responsible for ensuring that financial management and reporting procedures for the project are acceptable to the World Bank and Government of Uganda.

The financial management systems in the PCU, UWA and UWEC support management in their deployment of limited resources with the purpose of ensuring economy, efficiency and effectiveness in the delivery of outputs required to achieve desired outcomes. Specifically, the systems are capable of producing timely, understandable, relevant and reliable financial information that enables management to plan, implement, monitor and appraise the project's overall progress towards the achievement of its objectives.

Details of the current financial management arrangements are included in Appendix 5 to the PAD. These indicate that the financial management arrangements in the implementing agencies satisfy the Bank's minimum requirements under OP/BP10.02. The arrangements for UWA and the PCU will enable them to adopt the report-based disbursements method, while UWEC have to implement improvements in their

financial management systems to enable them to provide, with reasonable assurance, accurate and timely information on the status of the Project as required by the IDA for report-based disbursements. The arrangements currently in place in respect of UWEC do not yet fully satisfy the requirements for FMR-based disbursements, as outlined in the World Bank's guidelines on Financial Monitoring Reports. The actions required to be undertaken by the project, the completion of which will allow its implementing agencies to strengthen their implementing agencies or to qualify for the IDA credit to be disbursed on the basis of FMRs, are set out in Annex 5 and in the Financial Management Assessment Report.

5. Environmental: Environmental Category: C (Not Required)

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

N/A

5.2 What are the main features of the EMP and are they adequate?

N/A

5.3 For Category A and B projects, timeline and status of EA:

Date of receipt of final draft: N/A

N/A

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

N/A

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

N/A

6. Social:

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

The social development outcomes of the project relate to the conservation and environmental services which will be secured for the populations living near the protected areas. The vast majority of Uganda's population is rural and therefore dependent on natural resources for their livelihoods. The conservation objective of the project will provide benefits to the local populations in two ways: (i) secure the environmental services provided by intact and well functioning ecosystems, i.e clean and dependable water, medicinal plants, etc; and (ii) conservation and rehabilitation of the protected areas system and the nature-based/cultural heritage tourism industry will provide local communities opportunities for involvement in small scale tourism operations when the industry recovers.

Another important social development outcome of the project is awareness raising. Through continued support to the UWEC, the project will promote better appreciation and understanding of the importance of strong environmental management and conservation.

The implementation of the Protected Areas System Plan will also have a positive on the communities living in and around protected areas. The objective of the rationalization of the protected areas system are two-fold: to ensure that a representative sample of each of the countries unique ecosystems are gazetted and conserved; reduce the conflicts between the parks authority and local communities over boundaries and

resource use. Through the implementation of the Protected Areas System Plan, the project aims to establish the Parliamentary approved and agreed boundaries for the protected areas estate. This process will clearly mark all protected areas boundaries as well as the redesignation of certain highly encroached areas in protected areas to allow for legitimate resource utilization by the population living in the areas.

6.2 Participatory Approach: How are key stakeholders participating in the project?

The project preparation included activities aimed at rationalizing the protected areas estate in Uganda. The process for establishing the new system was done through a highly participatory process involving all the stakeholders from the national, district and local level.

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

The project is working directly to support one of Uganda's main conservation NGO, the Uganda Wildlife Education Centre (UWEC). Other national and international NGO's are also partners in the conservation effort. For example, through regional, and park or species specific programs, Uganda Wildlife Authority is collaborating with NGO's such as the International Gorilla Conservation Program, in Bwindi and Mgahinga National Parks, IUCN and WWF in the Mt. Elgon and Rwenzori National Parks, and AWF for development of training plans. The project also supports a collaborative management component for working directly with communities to include them in the decision making process for park management.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

Direct support is being provided to UWEC as the main NGO working on conservation education. A department for community conservation has been established in UWA and the pilot programs for collaborative management will be funded under the project.

6.5 How will the project monitor performance in terms of social development outcomes?

Social development outcomes will be monitored as a regular part of the project supervision process.

7. Safeguard Policies:

7.1 Do any of the following safeguard policies apply to the project?

Policy	Applicability
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Forestry (OP 4.36, GP 4.36)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Pest Management (OP 4.09)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Cultural Property (OPN 11.03)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Indigenous Peoples (OD 4.20)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Involuntary Resettlement (OP/BP 4.12)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Safety of Dams (OP 4.37, BP 4.37)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	<input type="radio"/> Yes <input checked="" type="radio"/> No

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

N/A

F. Sustainability and Risks

1. Sustainability:

The project is designed to ensure sustainability of the institutions developed under ICB-PAMSU by providing modest operating finances to continue operations and to implement plans designed. The result of this strategy will be a more cost-effective and sustainable management of Uganda's wildlife resource; one able to prioritize management of the existing PA system, operate that system efficiently and take full advantage of any tourism growth that might emerge from promotion of Uganda's wildlife heritage. The project promotes sustainability in three ways:

- 1. Designed to ensure institutional sustainability:** The GOU has established UWA, UWEC, and soon UMMA as semi-autonomous agencies in order to reduce their dependence on government subventions and thereby promote their financial sustainability. ICB-PAMSU provided funding for the initial steps required by these organizations: institutional "culture" change, strategic and business planning, and development of appropriate management systems and staff with the skills and incentives to implement them. PAMSU, by assisting these institutions to institutionalize and solidify gains made under the previous project will contribute directly to their sustainability.
- 2. Designed to move towards financial sustainability:** A new macro-economic operating environment has emerged since the design, in 1996, of PAMSU; tourism return has been and is likely to be slower than anticipated while, though the government's overall economic condition has improved, its financial allocations are attuned to protection of national boundaries and economic growth. The institutions included within PAMSU must realign their strategic objectives, focusing upon cost-effective management of resources and sustainable investment strategies. The project is designed to encourage continued development of tourism opportunities, policy and infrastructure as a necessary condition for growth with the return of tourism.

At the same time it recognizes that this process may be long and the period prior to substantial tourist return may be one of limited resources. The UWA will be encouraged, through with minimal and focused funding, to develop the most cost effective strategies for sustainable fulfilling its role as the manager of the wildlife resource. Key to this effort is a yearly monitoring mission tasked to support management achieve its objectives in developing and implementing cost effective strategies.

- 3. Designed to support environmental sustainability:** The futures of PAs and wildlife resources and of the tourism industry are inter-dependent, as the PAs and wildlife provide the main basis for tourism. As the guardian of Uganda's natural and wildlife heritage UWA must sustain the wildlife resources as a necessary condition for any recovery of tourism. Ensuring effective management of these resources is essential to achieving both conservation and economic growth objectives. The project will also contribute to long-term sustainability by supporting an ongoing process of assessment and rationalization of the existing PA system, aimed at increasing operational efficiency and reducing costs. Under ICB-PAMSU the management of some adjacent Parks and Reserves has been consolidated into Zone management systems for both ecological and cost-saving reasons. PAMSU funding is necessary to continue the initiative and to consider how existing wildlife resources might most effectively be managed.

2. Critical Risks (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

Risk	Risk Rating	Risk Mitigation Measure
From Outputs to Objective		
Security. Publicized events (the Bwindi massacre, the Ebola outbreak, and most recent shootings in Murchison Falls NP) have negatively impacted tourist travel to Uganda. The USA and UK governments recently advised citizens not to travel to the Country. For tourists to return violence and terrorist events must decrease in frequency and severity and stay low for a period of time.	S	The GOU has allocated funds for improving security in the National Parks. However, all publicized incursions whether rebuked or not negatively impact the sector. With respect to tourism potential this risk remains. The project focuses on cost-effective sustainability of the institutions rather than revenue generation as a means of reducing the risk of security incidents to the viability of the institutions.
Competition. There is a risk that, comparatively, Uganda will never become an attractive tourist destination. The wildlife and the infrastructure present in the 50s and 60s when it was among the premier destinations of Africa will take decades to return. During that time market leaders - Kenya and South Africa - are likely to solidify their positions, and new entrants - eg. Zambia, Zimbabwe, and Namibia - are likely to increase competition.	S	The risk limits likely tourist revenue. The project addresses this in two ways: (1) by developing accurate statistics it will inform decision makers (politicians, bureaucrats, and private sector) about realistic prospects for tourist based economic development; and (2) by focusing on cost effectiveness it intends to develop management strategies that can work with a limited financial resource.
Weak private sector: There is a risk that relatively weak private sector service providers will be unable to provide appropriate services and that these will discourage return of those who do come.	N	The project includes a component of provider registration and licensing. There is evidence that normal market forces are at work and service quality is improving within niches of the market with adequate return.
From Components to Outputs		
Institutional strength developed under ICB-PAMSU remains fragile.	S	The project is designed to provide sufficient coverage of operating costs and ongoing activity funding to allow developments under ICB-PAMSU to be institutionalized. The external review and monitoring mission proposed for UWA should help protect and build on gains.
Institutional structure and cooperation: Roles and duties of the institutions within the sector have not been entirely rationalized. ICB-PAMSU suffered from lack of coordination and attempts by	M	Institutional structure and cooperation: Roles and duties of the institutions within the sector have not been entirely rationalized. ICB-PAMSU suffered from lack of coordination and attempts by institutions to expand their role.

institutions to expand their role. Duplication of roles increases costs and hinders sustainability.		Duplication of roles increases costs and hinders sustainability
Budgetary constraints of GOU. The GOU may be unable to meet its funding obligations within PAMSU causing costs to rise and the project to conclude early.	M	PAMSU will focus upon improving cost-effectiveness in all agencies as means to operate within very limited budgets.
Limited Infrastructure Development may prolong decline in wildlife resources	S	The project funds limited infrastructure development in line with the goal of cost-effectiveness. Critical levels necessary for making Uganda an attractive tourist destination is unknown, but the project's limited contribution is clearly insufficient.
UWA specific risks: The UWA bureaucracy has grown in anticipation of the larger PAMSU and with a focus upon revenue growth. In retrospect these were inappropriate strategies.	S	The business planning exercise will address these issues.
The BoT of UWA remains large, politically motivated, and problematic; capturing significant time and energy of the ED and failing to provide an appropriate management framework for UWA management staff.		The current board will be replaced once Cabinet has considered proposed changes to the schedule. [ToRs for the BoT were written under ICB-PAMSU and will be enforced under PAMSU.]
Overall Risk Rating		

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. Possible Controversial Aspects:

N/A

G. Main Credit/Grant Conditions

1. Effectiveness Condition

- (a) Establish an accounting and financial management system satisfactory to the Association.
- (b) Adopt the project manuals, including the Financial Management Manual.
- (c) Confirm that an operational Management Information System is in place
- (d) Confirm that the IAs has been established and will be staffed at all times by key professionals.
- (e) Creation and staffing of procurement units in each of the implementing agencies
- (f) Renewal of the contracts of the ICB-PAMSU Project Coordination Unit and acceptance of PCU staff to continue providing technical assistance and on-the-job training to the staff of the implementing

agencies for the first two and a half years of the project

- (g) that the Subsidiary Agreement have been duly authorized or ratified by the Borrower and UWEC and is legally binding upon the Borrower and UWEC in accordance with its terms

2. Other [classify according to covenant types used in the Legal Agreements.]

H. Readiness for Implementation

- ☐ 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
- ☒ 1. b) Not applicable.
- ☐ 2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
- ☒ 3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
- ☐ 4. The following items are lacking and are discussed under loan conditions (Section G):

I. Compliance with Bank Policies

- ☒ 1. This project complies with all applicable Bank policies.
- ☐ 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.

Nathalie Weier Johnson
Team Leader

Richard G. Scobey
Sector Manager

Theodore O. Ahlers
Country Director

Annex 1: Project Design Summary

UGANDA: Protected Areas Management and Sustainable Use Project

Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
Sector-related CAS Goal: Reducing poverty and generating wealth, foreign earnings, employment, and public awareness within the international community of the wildlife and cultural attributes of Uganda	Sector Indicators: Tourism investment and tourism related revenue increased Visitation to protected areas and cultural sites increased	Sector/ country reports: Foreign investment statistics Entrance statistics	(from Goal to Bank Mission) Security in the region will improve and awareness and appreciation of the natural assets will increase
GEF Operational Program: Arid and Semi-arid Ecosystems, Mountain Ecosystems, and Forest Ecosystems Promoting in-situ conservation by relying on better management and involvement of communities	Poaching of key species is reduced Population numbers of key mammal species in 3 most important national parks increases	Monitoring reports from Uganda Wildlife Authority Aerial surveys	Government maintains commitment to principle of Biodiversity Convention
Project Development Objective: Sustainable and cost-effective management of Uganda's wildlife and cultural resources	Outcome / Impact Indicators: 1. Revenue generation at UWA increases to US\$6.0bn by the 5th year 2. Poaching of key species in patrol area reduced from initial baseline 3. Population number of key mammal species in QE, MF, KV conservation areas increase by 5% within 5 years 4. Community satisfied with UWA response to problem animals 5. Approx 120,000 visitors/year including 80,000 students to UWEC	Project reports: 1. Financial records 2. Annual Review reports, field visit 3. Patrol patterns w/ aerial survey 4. Assess communities in target areas (QE, KNP) 5. Gate records	(from Objective to Goal) Uganda will be unable to close the lead held by existing African tourists destinations and face competition from emerging tourist markets

	<p>6. MoE adopts Wildlife Conservation Education (WCE) into primary school education in Uganda by EOP</p> <p>7. 40% of primary schools receive WCE material by EOP</p> <p>8. Accurate and reliable information (statistics, market analysis, etc) about Uganda's tourist potential is established by EOP</p>	<p>6. Review of curriculum</p> <p>7. MoE, UWEC records</p> <p>8. Review Dbase; USTDP (EU) data</p>	
<p>Output from each Component:</p> <p>Uganda Wildlife Authority: Maintain cost-effective and efficient wildlife mgt. inside & outside Protected Areas</p>	<p>Output Indicators:</p> <p>1. All NP and WR have boundaries marked and all genuine land titles identified are compensated by EOP</p> <p>2. CM piloted in at least 2 CWAs; 10 resource programs; and 3 wildlife utilization schemes running by EOP</p> <p>3. Management plans developed and under implementation for NP and WR by BoP + 3yrs</p> <p>4. AOP developed and implemented every year within each PA</p> <p>5. Cost-structure criteria of PA completed and accepted by YR1; evidence of PA management according to criteria by EO YR2</p> <p>6. At least 1 conservation supported project each for another 5 PA initiated by</p>	<p>Project reports:</p> <p>1. Site visits, PA records</p> <p>2. Annual Review reports in relevant year</p> <p>3. Annual Review Reports</p> <p>4. Annual Review Reports</p> <p>5. Annual Review Reports</p> <p>6. Annual Review Reports</p>	<p>(from Outputs to Objective)</p> <p>Insecurity events must decrease in frequency and severity</p>

	end of 5 years	
	7. Tourism concession revenue improves 50% over baseline 2000/2001 then to grow 10% yearly	7. Financial system
	8. Tourism # and revenue of Ugandan nationals increases over 2000/2001 baseline	8. Financial reports
	9. Gate revenue increases 50% over 2000/2001 stats by EO 1yr and increases 5% (real terms) per year after that	9. Financial reports
	10. Revenue sharing scheme implemented in each revenue generating PA by 2nd yr	10. Financial reports
	11. By end of 2nd year no staff retained with three consecutive warnings of non-performance.	11. Review staff files and HR reports
	12. A annual review of the contribution of operational initiatives to UWA strategic objectives.	12. Annual review report.
	13. New cost-effective management criteria/ strategies (eg. Hdqtr/Field cost ratio; RoA, Cost Margins, etc.) devised and adopted over 5 years	13. Annual Review report
Uganda Wildlife Education Centre: Public awareness and knowledge in environmental and conservation issues created.	1. Wildlife Conservation Education (WCE) curriculum and materials developed with MoE by EO Yr 2 and integrated into Primary education	1. Review of Curriculum, materials and MoE records
	2. School child residential education program	2. Receipts and records of program

	completed and operational by Yr 3		
	3. Three major exhibits (Rhino, Kidepo and Lake Mburo eco zone) and 5 minor exhibits completed by EO Yr 4	3. Observation	
	4. Second Chimpanzee rehabilitation site established and populated	4. Observation	
	5. Funding from new sources increases over 5 years	5. UWEC financials	
	6. Partnerships with agencies (NEMA) and donor program established	6. Review of joint programs	
Ministry of Tourism Trade and Industry: Develop the framework for the tourism sector of the economy to the maximum extent possible, consistent with the protection of environmental and cultural values	1. Tourism Policy adopted and enabling legislation enacted by EO 3yr	1. Document review	Insecurity events must decrease in frequency and severity.
	2. Reliable and valid statistics on tourism	2. EU advisor and MoF	Reasonable improvements in private sector
	3. Licensing and registration of all major service providers by Yr 3	3. MTTI records review and UTA	
	4. Higher quality graduates from tourism training institutes	4. Employer review	
	5. Compilation of statistics and obligatory presentation of those to treaty conference	5. Records of attendance	
Department of Antiquities and Museums: The Cultural heritage of Uganda preserved	1. At least two important antiquarian sites outside of Kampala developed for visitation	1. Site inspection	
	2. Continued growth of visitation over baseline establish post-renovation	2. Museum Records	

database			
Regulate tourist industry service providers			
Ratify tourism policy into legislation and disseminate			
Standardize and improve tourism training (eg. private sector training institutes; HTTI)			
Comply with Uganda's obligation under CITES, Lusaka, CMS			
Department of Antiquities and Museums	US\$0.80		
Identify and sustainably develop antiquarian sites outside of Kampala			
Institutionalize DAM as a sustainable independent Agency			
Project Coordination Unit	US\$0.90		
Review and improve new terms of reference, rationalizing and clarify staff roles			
Clarify roles between PCU and IA's			
Prepare quarterly and unique reports			

Annex 2: Detailed Project Description

UGANDA: Protected Areas Management and Sustainable Use Project

By Component:

Project Component 1 - US\$30.60 million

GEF (US\$4.1 million)

Component 1: Sustainable Wildlife Management

Agency: Uganda Wildlife Authority

The ICB-PAMSU project provided funding for establishing the Uganda Wildlife Authority and developing its internal systems, management team and governance structure. Also developed was the Strategic Plan for the agency, along with methodologies for facilitating development of Annual Operating Plans for each of the PAs that would implement the general strategies. PAMSU will provide logistical support, and fund equipment, vehicles, training, and civil works for UWA to implement elements of that strategic plan. The main focus of this component is support to field based operations for better management and conservation of the PA system. The activities financed under this component include the following: implementation of the Protected Areas System Plan including boundary demarcation and community sensitization; community conservation and co-management; development and implementation of park management plans; park patrols, monitoring and training; park infrastructure; road maintenance and rehabilitation; problem animal control program; renovation of Head Quarters offices and overhead; project management and monitoring. Civil works will target staff accommodations in order to improve moral, effectiveness and reduce rent as burden on overall agency operating costs. At headquarters, the project will provide operating support and equipment for ongoing operations and refurbish the existing headquarters building in order to save rent costs.

GEF support is sought to finance the following aspects of this component:

Field operations - Park Patrols and General Management Plans: At the field level the project will provide support for increased patrols and monitoring of the protected areas, and the development and implementation of park management plans and annual operations plans for each protected area. This will be achieved through the provision of training, short and long-term TA, operational funds for the implementation of park management plans including logistical support, urgently needed vehicles, equipment and incremental operating costs.

UWA Community Management Program: UWA's community conservation program will focus on "collaborative management" of PAs and collaboration with district and local government and communities on wildlife management outside PAs. Community involvement in the protection and management of PAs is on going and will be expanded as part of the UWA mandate. Support for the community conservation directorate and program will include funds for technical assistance and program support to enable UWA to develop and implement programs for: (i) collaborative management of PAs (involving adjacent communities) and (ii) addressing wildlife management issues outside PAs, including aspects such as 'problem animals control', and the establishment of community wildlife management areas, and encouraging and assisting local communities to make use of wildlife resources, (including medicinal plants) in a sustainable way. For the latter, UWA will collaborate with and assist district and local governments and community-based organizations, which have been given extensive authority and responsibilities under the new wildlife act.

Protected Areas System Plan (PASP): UWA, with support from the EU, and the ICB-PAMSU Project, initiated a process of assessing the current status of the PA system with the aim of rationalizing it. The rationalization process involved revising and re-aligning the PA system to ensure that it (i) protects a high-quality, representative sample of the country's biodiversity heritage and ecosystems, (ii) is manageable in the long term, and (iii) provides a suitable basis for a sustainable tourism sector. The assessment process took about 24 months; it included ecological/biodiversity, economic and social criteria and involved participation of national and local governments and potentially affected communities.

The objective of the PASP is to rationalize and demarcate the boundaries of the protected areas estate in Uganda. The PASP was developed through a consultative process which involved a detailed negotiation with local communities to agree on PA changes. Negotiations were effected through the 'Local Council' system, beginning at village level, up through sub-counties to Districts. Many workshops were held to facilitate the involvement of all stakeholders. The PASP includes no new acquisition of land or extensions of any of the PAs. All significant changes to boundaries represent excision of heavily encroached areas in the PAs. Where it was agreed that a settled area should be excised entirely from a PA, agreements were reached with local councils on new boundaries. Boundary agreements were also reached in instances where long-established fishing villages within protected areas (e.g. Queen Elizabeth NP) were to be demarcated as 'wildlife sanctuaries', a PA category under UWA which permitted settlement, but with restrictions on developments harmful to wildlife. Implementation of the plan will include demarcation of all the PA boundaries. To minimize the costs of establishing and maintaining the boundaries special efforts were made to ensure that boundaries followed natural features where possible (e.g. rivers, roads, hilltops etc). Where boundaries are unclear or contentious, concrete pillars will be installed every 150 meters. Another option for marking boundaries is to plant trees along the boundaries. GEF support will be used specifically to carry out the final review and demarcation of the boundaries, including the surveying and installment of boundary markers. Follow-up consultations for newly designated areas (i.e. wildlife sanctuaries) will also be undertaken to establish the modalities of the new structure and relationship to the parks and surrounding communities. A program of sensitization and outreach for the affected communities will be combined with the demarcation exercise. The aim is to increase awareness about the parks and specifically the boundaries especially in disputed areas.

The GEF share of this component reflects the incremental cost of establishing and administering a protected area system that contributes to protection of global biodiversity but is larger than economically justified in the face of competing land uses and the basic needs of a large and relatively poor rural population. Financial sustainability of this higher central Government commitment may be built up over the project period through reform of park entrance and other user fees. The GEF funding is requested for field operation activities only and not headquarters activities because the additional level of effort to maintain a PA system that ensures a comprehensive conservation and sustainable use of a fully representative set of Uganda's biodiversity is concentrated at the decentralized field level. This effort is focused on maintaining infrastructure, supporting surveillance and monitoring, and providing ongoing training in remote but biological important areas typically not benefiting sufficiently from ecotourism.

Resettlement: During the course of the development of the Protected Areas System Plan, substantial community consultation and redrawing of boundaries enabled the new proposed PASP to avoid significant issues of resettlement in 22 of the 25 protected areas. However three potential significant issues remain in Mt. Elgon National Park, Katonga Game Reserve, and Pian Upe Wildlife Reserve.

The World Bank and GOU have already engaged in discussions relating to establishing national protocols and policies that will ensure compliance with the Bank's Safeguard policies across all sectors. These discussions involve multi-sector consultations and are being driven by the need to comply with World Bank

Safeguard policies in connection with the PRSC Program; this program provides direct budgetary support to Uganda. The urgency of addressing the identified resettlement issues inside protected areas is a further indication of the need for national commitment to these safeguards.

The project will provide funds to engage a team of consultants to review and design appropriate plans to address the specific issues of people resident in the protected areas, or using the protected area resources. This activity will be limited to the design of options for addressing the specific issues, all options will be fully consistent with the World Bank Safeguard policies. The implementation of the plans will not be part of the PAMSU project, but rather, will be financed under a separate project. The World Bank has given its written commitment to the GOU to provide financing for this activity.

Project Component 2 - US\$4.00 million

GEF (US\$3.9 million)

Component 2: Environmental Conservation Education

Agency: Uganda Wildlife Education Centre

UWEC was established as a Trust, with USAID assistance, to transform the run-down Entebbe Zoo into a positive and effective center for conservation education, aimed at both the local population and tourists. Under the leadership of a dynamic and committed staff and Board, UWEC has made substantial progress in developing all aspects of its operations including its management team and staff, the physical infrastructure and the educational and outreach program. Support from ICB-PAMSU provided for strategic and business planning and feasibility studies aimed at identifying a realistic and sustainable larger scale development plan. ICB-PAMSU also provided for modest expansion of existing facilities and educational exhibits. UWEC plays a critical role in Uganda as the primary provider of outreach and public awareness programs in the area of wildlife conservation. For many school children in Uganda, UWEC provides the only opportunity to see and learn about the wildlife of their country. Most school children and many adults have never visited a protected area in Uganda. UWEC provides the public with a place to see first hand chimpanzees, lions, and even rhinos which were once plentiful in Uganda but are now extinct. They also learn about the valuable resource they have and the reasons to conserve them. UWEC's activities create public awareness and knowledge about Uganda's wildlife as well as broader environmental and conservation issues.

PAMSU will provide resources to build on the investment made under ICB-PAMSU and to implement the strategic business plan and development program established through that process. Specific activities include the following: teacher education program and conservation education material development; awareness campaign; infrastructure development including natural open air exhibits of the three major ecosystems of Uganda (rainforest, savannah, and wetland), access road and staff accommodation, child discovery center; animal welfare and rehabilitation program including receipt and care for confiscated wildlife species under CITES. UWEC will reach out to school children around Uganda by funding both day time visits for nearby schools and an overnight residency program for children living more distant. New exhibits construction and maintenance highlighting Ugandan wildlife will be funded by the project to increase the range of educational messages of interest. Support will also be provided for improved animal holding and veterinary facilities for both the needs of UWEC and the Wildlife Department. Funds will also be provided to investigate and establish a plan for the appropriate institutional structure, management, and capitalization of the UWEC Trust.

GEF resources are requested to support this component. The high proportion of GEF assistance to this component recognizes that, in the very long term, better public awareness of Uganda's unique national biological heritage and the economic benefits of biodiversity conservation will build support and

willingness to pay for conservation of these resources in the face of competing land-use and other development pressures.

Project Component 3 - US\$ 1.70 million

GEF (US\$0 million)

Component 3: Tourism Framework

Agency: Ministry of Tourism, Trade and Industry

MTTI's mission and efforts within the project focus upon developing the tourism sector of the economy to the maximum extent possible, consistent with the protection of environmental and cultural values. The project will provide funding for logistics and equipment that will (1) establish a sustainable tourism framework based on policy development and enabling legislation; (2) provide for licensing and registration of operators within the sector to ensure quality; (3) develop accurate statistics on the sector; and (4) facilitate the improvement in human resource training. Under this component, support will also be provided for the Wildlife Department in the MTTI. This support includes training, equipment, management support and technical capacity building to enable the Wildlife Department to carry out Uganda's responsibilities under relevant international treaties, and in particular to function effectively as the Management Authority for the Convention on International Trade in Endangered Species (CITES).

Project Component 4 - US\$0.80 million

GEF (US\$0 million)

Component 4: Cultural Heritage

Agency: Department of Antiquities and Museums

Uganda has a rich vein of cultural heritage that has to date been closeted in the Uganda Museum and spread around the country in increasingly dilapidated and uncared-for monuments and sites. While the interpretation of cultural history and practices is educational and interesting to both Ugandan citizens and foreign visitors, its potential as an educational tool and revenue generator has been neglected in Uganda. The newly established UMMA is an attempt by the Government of Uganda to concentrate some resources on a renaissance of cultural heritage and create a focal point for this very important ambition. The strategy for achieving this renaissance necessitates a multiple stakeholder effort rather than an institutional directive from DAM as this would not be sustainable, given the resources available from Government and the seed funding being proposed through PAMSU. The stakeholders include the Kingdom custodians themselves, Local Government, and, in the case of small sites and monuments, the communities where they lie. DAM will seek partnership arrangements with these stakeholder groups and proceed gradually.

The re-instatement of the traditional Kingdoms (abolished under Obote's rule in the 1960s) and their property was a clear signal from this Government that cultural heritage was important for Ugandans. Inevitably that move has taken some time to precipitate through the kingdom hierarchy and result in the reestablishment of working structures that are not in conflict with each other (as was the case initially). DAM is perceived as the correct institution to lead this effort. It also has the credibility with the respective Kingdoms who have actually been requesting a central agency with the right expertise to help them preserve and bring to life their cultures.

The objective of supporting DAM under the PAMSU project is to strengthen DAM with capital support for renovation and improvement, to provide maintenance costs to maintain its current base, and to develop public/private partnerships for sustainability. PAMSU would support the following activities: museum

refurbishment; establishment of a heritage trail in Fort Portal; development of a cultural center in Kabale; development of a country-wide cultural historic sites register and database; pilot cultural site development; operating expenses and training.

Project Component 5 - US\$0.90 million

GEF (US\$0 million)

Component 5: Project Coordination

Agency: Project Coordination Unit

The Project Coordination Unit (PCU) of the MTTI has been responsible for coordination and oversight of ICB-PAMSU and for the preparation of PAMSU. Its responsibilities include donor liaison, program identification, procurement of goods and services and contract management. Under the PAMSU project, the PCU will continue for two and a half years playing more of a supporting role to the Implementing Agencies which will eventually take full responsibility for procurement and project implementation.

The intention is to move from a model where the PCU is responsible for disbursement and procurement of IDA/GEF funds to a support and capacity building role. The PCU team will provide guidance and support to the implementing agencies, while the agencies will be responsible for preparing the necessary documentation (i.e. terms of reference, requests for no objection, withdrawal applications, annual work plan submissions and any M&E reporting requirements). The new implementation arrangements for PAMSU include establishing separate special accounts for each implementing agency. UWA and UWEC will manage their own special accounts from the inception of the project. The DAM and MTTI components will be managed under special accounts for which the PCU will be responsible for the first two and a half years. Once the PCU has been phased out the Ministry will take responsibility for implementation.

The project will support TA, equipment and other operating costs for the PCU. Under the TA category, the project will support the positions of Project Coordinator, Procurement Specialist and Project Accountant. Support staff include two secretaries, five drivers, an accounts assistant, and an office attendant. The PCU will assume responsibility for all MTTI vehicles purchased under ICB-PAMSU, including their registration, logbooks, and maintenance. Vehicle operations for MTTI activities will be funded from the activity budgets.

Annex 3: Estimated Project Costs
UGANDA: Protected Areas Management and Sustainable Use Project

Project Cost By Component	Local US \$million	Foreign US \$million	Total US \$million
Sustainable Wildlife Management	21.50	7.30	28.80
Environmental Conservation Education	2.70	0.90	3.60
Tourism Framework	1.20	0.40	1.60
Cultural Heritage	0.60	0.20	0.80
Project Coordination	0.70	0.20	0.90
Total Baseline Cost	26.70	9.00	35.70
Physical Contingencies	1.30	1.00	2.30
Price Contingencies	0.00	0.00	0.00
Total Project Costs¹	28.00	10.00	38.00
Total Financing Required	28.00	10.00	38.00

Project Cost By Category	Local US \$million	Foreign US \$million	Total US \$million
Civil Works	15.60	0.00	15.60
Goods, Equipment and Vehicles	0.80	4.70	5.50
Services	3.10	0.60	3.70
Training	1.50	0.00	1.50
Operating Costs	7.00	4.70	11.70
Total Project Costs¹	28.00	10.00	38.00
Total Financing Required	28.00	10.00	38.00

¹ Identifiable taxes and duties are 0 (US\$m) and the total project cost, net of taxes, is 30 (US\$m). Therefore, the project cost sharing ratio is 90% of total project cost net of taxes.

Annex 4: Incremental Costs and Global Environmental Benefits

UGANDA: Protected Areas Management and Sustainable Use Project

Context and Broad Development Goals

1. *Context.* Uganda possesses a rich natural endowment of forests, mountains, and waterways, as well as some of the richest assemblages of biological diversity in Africa. Harboring 11% of the world's bird species and more than 7% of total world mammals, Uganda has pursued an ambitious program of protection and conservation that has resulted in an extensive system of protected areas. This system includes ten national parks, and twenty-nine game reserves, sanctuaries, and controlled hunting areas; it is complemented by an extensive forest reserve estate that is also potentially important to biodiversity maintenance. Until the early 1970s, Uganda's protected areas served as the basis for a well-established tourism industry that was the country's third largest foreign exchange earner. Subsequent political strife resulted in the deterioration of a significant proportion of the country's protected area system; wildlife poaching, encroachment in protected areas for foodcrop production and livestock grazing, and land clearing for human settlement have all taken a heavy toll on the natural resource base. A concomitant degradation in physical infrastructure, which previously supported a vital tourism industry, exacerbated the overall sustainability of the protected area system. Wildlife disappeared, tourism revenues fell, habitat became degraded, and local populations – through poverty and economic necessity – reverted to further non-sustainable use of local resources. Notwithstanding these historical trends, the rather extensive system of protected areas remains in good enough condition that, if properly managed, it will provide substantial opportunities for renewed economic growth, contributing positively to social goals of local poverty alleviation as well as to ecological goals such as the maintenance of globally important biodiversity.

2. *General Development Goals.* The war years also took a heavy toll on Uganda's physical infrastructure, economic competitiveness, social conditions, and public sector institutional capacity. To address these areas, Uganda has followed an aggressive program of reforms and interventions that are aimed at laying the groundwork for accelerated future economic growth. Spending on physical infrastructure has been resumed, with a view to providing an economically efficient system of transportation, energy and other services that will improve overall competitiveness. Economic policy reforms in the context of general domestic and international trade liberalization have created renewed incentives for private sector investments. Increased social sector spending in health, education and basic water and sanitation requirements is targeted to ameliorating poverty. In the political field, institutional reforms are stream-lining existing government institutions and decentralizing decision-making authority to local and District governments; this policy is entrenched in the *Decentralization Act*, and it has also required, in many cases, strengthening of central institutions to provide the requisite technical support to decentralized authorities. All of these development goals – economic infrastructure improvements, economic liberalization, poverty alleviation, and decentralization of authority and decision-making – are being actively supported by multilateral and bilateral agencies, as well as international NGOs. Although such activities have been pursued aggressively for just a decade, progress in all of these areas is promising.

3. *The Role of Biodiversity Maintenance in Uganda's Development.* Uganda recognizes that maintenance of its biodiversity – the individual species as well as the habitat that supports them – is an important building block in its overall development strategy. GOU has reiterated this in a number of official domestic policies and programs (such as the National Environmental Action Plan and the Integrated Tourism Master Plan) as well as through its global commitments relating to conventions on *Biological Diversity*, Endangered Species (*CITES*), and Wetlands (*Ramsar*). Specifically, biodiversity maintenance is expected to contribute to overall development goals as follows: (i) the natural resource base provides for renewed economic opportunities for tourism development; (ii) protected areas that are managed for their

tourism benefits and local sustainable uses will contribute positively to local poverty alleviation; (iii) infrastructure improvements linked to protected areas will contribute to a liberalized economic climate that provides incentives for private sector and community-level investment; and, (iv) improved decision-making and management related to protected areas will be encouraged through increased local stakeholder involvement - including NGOs, community groups, local enterprises, and local government agencies.

Baseline Scenario

4. *General Scope.* In the absence of GEF assistance, it is expected that the GOU would nonetheless pursue some program of protected areas management to meet domestic development objectives. Some of this was instituted and made possible as a result of the prior World Bank/GEF supported ICB-PAMSU project, and some comes as a natural consequence of promulgating the revised Protected Area System Plan before parliament in December 2001. The Baseline has been defined to include those activities that are either directly or indirectly intended to support the protected areas system. Conceptually, there is some level of Baseline expenditures that would be required in each of the five subcomponents of the PAMSU project.

5. *Costs.* The total expenditures associated with the Baseline Scenario are estimated to be US\$22.0 million. These can be described as follows:

- Uganda Wildlife Authority. (US\$18.515 million) Targeted support is provided to UWA for protected areas and wildlife management. Under the Baseline, this amount is directed primarily to some institutional strengthening at the central level (i.e., UWA headquarters construction) and for infrastructure associated with decentralized operations (i.e., staff housing, park offices, road maintenance equipment).
- Tourism Framework and Wildlife Division. (US\$1.700 million) The GOU would provide ongoing public sector support to tourism initiatives that place government in a facilitating role in terms of its interactions with the private sector and other stakeholders. It also would provide support to selected planning functions that include the generation of statistical information that would be of interest to tourism planning. These activities are undertaken in parallel with support to be provided by the EU to the private sector and decentralized government initiatives relating to tourism planning in the districts (as this EU program involves parallel activities and is not a co-financing initiative its monetary value has not been specifically appraised and it is regarded as external to the project). In addition, the GOU will – under the Baseline – honor its domestic and international wildlife policy obligations and will provide funding to the Wildlife Division for undertaking required policy activities (e.g., recording information relating to CITES listed species, attending international meetings associated with Conventions, etc).
- Cultural Heritage. (US\$780,000) The GOU under the Baseline will provide resources for the Department of Antiquities and Museums to improve the museum exhibits and to implement decentralized projects that enhance cultural awareness and provide an additional node for long-term tourism development.
- Conservation Education. (US\$100,000) GOU would, under the Baseline, provide some targeted support to the Uganda Wildlife Education Center (UWEC) to complement information dissemination and education in support of various economically justifiable tourism activities and in line with some of its international obligations for animal protection. This level of support, however, would not permit dissemination of information that may be of a higher international priority.

- Project Administrative Support. (US\$910,000) This includes selected administrative support for the above Baseline activities, especially those relating to the Tourism Framework and Cultural Heritage development.

6. *Benefits*. It is anticipated that the PAMSU project will significantly impact Uganda's ability to undertake the conservation and protection of its biodiversity and environmental assets. Under the Baseline Scenario, institutional capacity and human resources will be developed to enable management and conservation of biodiversity, including improved capacity for management, research and policy development, planning and monitoring of Uganda's protected area system, as well as improved and rehabilitated facilities and infrastructure. These benefits, along with improved maintenance and management of Uganda's cultural assets, will contribute to both conservation and tourism development, will provide a foundation for longer-term benefits of returns from a significantly increased level of tourism, and will contribute to GOU goals of strengthened institutional capacity at all levels of government, improved fiscal sustainability, and a supportive environment for private sector development. Other components of the project will support the primary focus of protecting and managing biodiversity, by providing essential staff training, public education, community participation, local capacity, accessible information, and efficient project coordination. In addition to domestic benefits, the Baseline Scenario will contribute to effective conservation and protection of globally significant biodiversity and environmental assets.

7. *Domestic Opportunity Costs and Potential Offsets*. Considerable debate exists over the level of opportunity costs incurred by placing land into a protected area system. It is generally acknowledged that the protected area system does impose some losses on the country, although there is substantial uncertainty and disagreement among analysts regarding the level of these costs. First, farmers near protected area boundaries suffer crop and stock losses which can be attributed to wildlife in the protected areas. These losses have been valued as high as US\$75 million annually; however, this value is based on unreliably low samples and considerable uncertainty about losses further from protected areas. One of the interventions in the PAMSU project will reduce such losses and conflicts through targeted animal control programs in boundary communities. Second, the opportunity costs of land may be a significant long run consideration. While not all arable land in Uganda has yet been taken up for agriculture and grazing, local land constraints in the region of some protected areas already exist, and will intensify as population increases. It is projected that land availability will become a binding constraint in 15 to 30 years; at that point, economic pressures to convert land to non-protected uses will become difficult to resist for any domestic government. Depending upon assumptions relating to the timing and extent of land constraints, the opportunity costs of retaining protected areas for biodiversity conservation are estimated by various sources at a net present value of from US\$200 million to US\$1,100 million. Third, offsetting these concerns, however, estimates of local benefits associated with tourism, improved functioning of watersheds for water supply, and maintenance of other ecological functions are of a similar order of magnitude; some aggregated estimates of these (also uncertain) amounts are well in excess of US\$1,000 million. Analytically, all of these opportunity costs (and benefits) accrue to the Baseline Scenario. The Baseline Scenario project design does, however, provide some mitigative programs to limit losses. The potentially high estimates for future opportunity costs underline, however, how essential it is for the global community to provide GEF assistance now to conserve biodiversity.

Global Environmental Objective

8. The global environmental objective of the GEF Alternative is to ensure the effective, long-term conservation of Uganda's biodiversity in the face of competing economic pressures. Protection will be ensured over a wide range of ecosystem types, including wetlands, swamps, tropical high forests, Afroalpine forests, grass and woodland savannahs, and internationally important lakes and rivers. Uganda is the fourth most densely populated country in Africa, 86% rural, with 357 rural people per square kilometer of arable land, largely dependent on smallholder agriculture for sustenance, and with a steep population growth rate. At the same time, Uganda ranks in the top ten nations in Africa in terms of species numbers for all major groups, and among the top ten in the world for mammals, including over half of the known world population of mountain gorilla. Its concentration of biological wealth offers exceptional opportunities to achieve global biodiversity conservation objectives cost-effectively. The project design is consistent with guidance from the Conference of the Parties as it addresses in situ conservation as it includes: (i) ongoing capacity building; (ii) strengthening the conservation, management, and sustainable use of ecosystems and habitats; (iii) strengthening the involvement of local and indigenous people; and, (iv) integrating social dimensions including those related to poverty.

GEF Alternative

9. *Scope.* With GEF assistance for addressing the global biodiversity objectives outlined above, the GOU would be able to undertake a more effective program that would generate both national and global benefits. The major thrust of the incremental activities would be to address a number of targeted initiatives that improve management of the complete PA system. As noted previously, the Baseline Scenario concentrates supportive infrastructure and on centralized institutional strengthening that is a prerequisite for eventual support to management structures and projects throughout the parks system. Also some of the programs supported under the Baseline relate to activities that generate long-term financial returns in the tourism sector. Under the GEF Alternative, GOU can provide more support to a broader range of activities that support clear demarcation of the entire system and provide for effective patrolling and management of the entire system. It also, thereby, includes those habitats that may be of high priority from a global perspective but which do not yield substantial domestic benefits. The GEF Alternative also provides substantial strengthening of conservation education initiatives necessary for long-term sustainability of the protected area estate.

10. *Costs.* The total expenditures associated with the GEF Alternative are estimated to be US\$37.9 million. Under the GEF Alternative, the program would still comprise the following Baseline components with no changes or additions to them: (i) Tourism Framework (US\$1.700 million); (ii) Cultural Heritage (US\$780,000); and, (iii) Project Administration (US\$910,000). In addition, the program would involve expanded components relating to UWA activities and to UWEC as follows:

- Uganda Wildlife Authority. (US\$30.615 million) In addition to the Baseline activities, substantially higher support would be given to the management for all PAs. Specifically, this would include activities such as: physical demarcation of the complete PA system after ratification by Parliament; comprehensive park planning through management plans and annual operating plans; provision of specialized equipment, training and uniforms to all park staff; development of community conservation programs in boundary areas of the parks; improved management systems for financial controls; development of monitoring systems for wildlife (through MIST); and, implementation of selected long-term monitoring programs.

- Conservation Education. (US\$3.9 million) An expanded program would permit an order of magnitude increase in the scale of conservation education activities in Uganda. Support would be given to UWEC to permit dissemination of information of international importance. Specific support will be given for the following activities: (i) Conservation education through teacher education, infrastructure support for Lakeshore and fish pond development, a Child's Discovery Centre, a residence programme and associated materials and displays; (ii) Animal husbandry through Animal welfare and rehabilitation programs coupled with enhanced displays and interpretive exhibits, veterinary expenses, maintenance and repairs; (iii) Development of Trust Fund models to provide a basis for sustainable funding of UWEC beyond this project; (iv) financial and management controls; (v) support infrastructure including a short access road and upgraded staff accommodation; and, (vi) operational support for ongoing operational expenses including staff training.

11. *Benefits.* The GEF Alternative incorporates the substantial benefits (and implicit opportunity costs) of the Baseline Scenario, and will enable further beneficial outcomes beyond those already specified. In addition to the Baseline benefits, incremental benefits to the global community include the ability to sustain a comprehensive protected area system which is capable of conserving and sustaining globally significant and representative biodiversity, despite competing economic pressures on the land base. GEF assistance will enable Uganda to protect and to utilize sustainably the country's biodiversity beyond a nationally justified and affordable level. Improved revenue generation from sustainable ecotourism, a project goal, is not anticipated to be sufficient to protect areas of lower tourism potential containing critical biodiversity resources. GEF investment in conservation education will lead to long-term willingness to pay for conservation benefits due to improved public awareness. Global benefits will include enhanced monitoring and information exchange through improved record-keeping, and effective capacity to preserve endangered species through the ability to fulfill international biodiversity conservation treaty obligations under CITES. Continued protection of many additional ecological functions, and of option and existence values, is an unquantified but large benefit to the global community.

12. It is estimated that incremental domestic benefits of US\$7.918 million will be realized in the GEF Alternative case. This amount excludes potential domestic benefits from game harvesting, some of which may occur in any event in the Baseline Scenario. The incremental potential, over the long term, involves a potential gross revenue of US\$250,000 annually once game levels recover. Net revenues would be less than this, and incremental revenues with respect to the Baseline would decrease the amount further. At most, it is expected to have a domestic net present value of about US\$0.73 million; because this benefit is highly uncertain and not of a high priority, however, it is effectively zero-weighted and excluded from the benefit adjustment. These benefits include incremental local sustainable direct uses, distributional benefits, incremental protection of ecological functions, and preservation of domestically significant option values. While some direct uses of forests, such as pit-sawing timber extraction, were at unsustainable levels prior to inclusion in the protected area system, and some traditional uses are incompatible with biodiversity conservation, others, such as honey production, have been enhanced by protection of the environment. Overall, the incremental portion of local direct use of natural products of protected areas is valued at US\$2.244 million. Some domestic incremental distributional benefits are realized from conservation employment, which has offset the loss of previous unsustainable economic activities in the areas now protected; these benefits are valued at US\$0.165 million. Maintenance of domestic fisheries through the watershed protection afforded by the intact forests of the protected area system is valued at US\$1.061 million. Additionally, enhanced maintenance of water sources and local rainfall for agriculture may also be attributed to watershed protection, but these benefits have not been adequately demonstrated and have therefore not been quantified. Finally, the domestic coffee industry benefits from the option value afforded by conservation of wild genetic stocks, valued at US\$4.448 million.

Incremental Costs

13. *Incremental Expenditures.* The total expenditure under the Baseline Scenario is estimated to be US\$22.0 million while the total expenditure under the GEF Alternative is estimated to be US\$37.9 million. The incremental expenditures under the GEF Alternative are therefore US\$15.9 million. The majority of expenditures (76%) is attributable to decentralized activities of UWA, while 24% is attributable to enhanced conservation education efforts.

14. *Incremental Costs.* The incremental expenditures of US\$15.9 million are partially offset by an incremental domestic benefit of US\$7.9 million. This benefit would not have been realized in the Baseline Scenario, and is primarily associated with sustainable direct uses, distributional benefits, protection of ecological functions, and preservation of domestically significant option values. The net result is that the **incremental cost of the GEF Alternative is US\$8.0 million**, for which GEF assistance is requested. The allocation of these amounts, and the resultant financing structure for the GEF Alternative as a whole, is summarized in Table A1.2.

15. *Cost-effectiveness.* While no complete monetization of the global benefits of such an intervention has been completed, it is possible to provide some indication of the cost-effectiveness of such a GEF intervention. It is estimated that the intervention translates to an annualized cost of US\$144/km²/yr of effective protection; this reflects the basic hypothesis that improved decentralized measures will ensure protection of a wider range of species and habitats (approx. 1.3 million ha phased in over 30 years) than otherwise would be the case. The literature indicates that typical conservation expenditures around the world reflect international interventions corresponding to approximately US\$20/km²/yr to US\$2,000/km²/yr of protection. In the case of Uganda, therefore, the investments in the Baseline Scenario, which are targeted to meeting domestic development priorities, provide an opportunity for the international community to obtain high efficiency for its conservation expenditures.

Table A1.1 – PAMSU Incremental Cost Determination
(US \$ million) [2001\$]

Component	Category	Expenditure	Domestic Benefit	Global Benefit
I. Sustainable Wildlife Management	Baseline	US\$18.515	Conservation and protection of nationally important biodiversity and environmental assets through provision of basic infrastructure and equipment for park personnel.	Support of better management and protection of biodiversity.
	With GEF Alternative	US\$30.615	Improved sustainable direct use of forest products, enhanced maintenance of water quality and local rainfall for agriculture and fisheries, option value from conservation of genetic stocks of domestically significant species. Community participation in conservation leading to domestic economic development and poverty alleviation.	Establishment, demarcation and maintenance of a comprehensive and representative protected area system capable of sustainably conserving globally significant biodiversity despite competing economic pressures. Protection of species within these demarcated areas.
	Incremental	US\$12.100	US\$7.900	–
II. Tourism Framework (includes support to Wildlife Division)	Baseline	US\$1.700	Promotion of public & private sector partnerships in enhanced conservation and tourism development; increased tourism returns.	Preservation of globally significant natural assets. Capacity to carry out biodiversity conservation policy, planning & monitoring; fulfill CITES obligations.
	With GEF Alternative	US\$1.700	As above.	As above.
	Incremental	US\$0.000	US\$0.000	–
III. Cultural Heritage	Baseline	US\$0.780	Improved maintenance & management of cultural assets; increased tourism returns.	Preservation of globally significant cultural assets.
	With GEF Alternative	US\$0.780	As above.	As above.
	Incremental	US\$0.000	US\$0.000	–
IV. Environmental Conservation Education	Baseline	US\$0.100	Fulfillment of domestic conservation education needs.	Improved biodiversity conservation through education.
	With GEF Alternative	US\$3.900	As above.	Higher levels of conservation; enhanced monitoring and information exchange through improved record-keeping, improved animal welfare and protection of endangered species.
	Incremental	US\$3.800	US\$0.000	–
V. Project Administration & Support (“PCU”)	Baseline	US\$0.910	Efficient administration of project funds, coordination of implementing institutions, and evaluation of progress.	
	With GEF Alternative	US\$0.910	As above.	
	Incremental	US\$0.000	US\$0.000	–
	Baseline	US\$22.005		
Totals	With GEF Alternative	US\$37.905		
	Incremental	US\$15.900	US\$7.900	–
	Incremental Expenditure		US\$15.9	–
Summary Calculation for GEF Eligibility	Incremental Domestic Benefit		(US\$7.9)	–
	Incremental Cost		US\$8.0	–

Note: This is an updated Incremental Cost calculation based on a similar calculation undertaken at the time of ICB-PAMSU project design (1997). Notable differences are that this revised project excludes expenditures for the Forestry Department and a training institute. The benefit adjustments have been escalated to reflect foreign exchange and inflationary adjustments.

Table A1.2 – PAMSU Financing (US\$million) [2001\$]

	<u>GEF</u>	<u>IDA</u>	<u>GOU</u>	<u>Total</u>
I. Sustainable Wildlife Management	(4.158)	(23.908)	(2.549)	(30.615)
a. Infrastructure – Boundary Demarcation	2.500	0.000	0.200	2.700
b. Infrastructure – Parks	0.000	15.780	1.500	17.280
c. UWA Headquarters Construction and Operations	0.000	1.770	0.180	1.950
d. Field Operations – Park Plans and Patrols	0.558	5.080	0.449	6.087
e. UWA Community Programs	0.100	0.680	0.050	0.830
f. Management, Training and Monitoring	1.000	0.598	0.170	1.768
II. Tourism Framework	(0.000)	(1.556)	(0.144)	(1.700)
a. Policy, Statistics and Institutional Support Activities	0.000	1.414	0.131	1.545
b. Wildlife Division	0.000	0.142	0.013	0.155
III. Cultural Heritage	0.000	0.728	0.052	0.780
IV. Environmental Conservation Education	3.842	0.000	0.058	3.900
V. Project Administration & Support (“PCU”)	<u>0.000</u>	<u>0.819</u>	<u>0.091</u>	<u>0.910</u>
Total Financing Requirements	8.000	27.010	2.894	37.905

Annex 5: Financial Summary
UGANDA: Protected Areas Management and Sustainable Use Project
Years Ending
June 30

	IMPLEMENTATION PERIOD						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Total Financing Required							
Project Costs							
Investment Costs	12.0	9.1	6.3	5.5	5.0	0.0	0.0
Recurrent Costs						0.0	0.0
Total Project Costs	12.0	9.1	6.3	5.5	5.0	0.0	0.0
Total Financing	12.0	9.1	6.3	5.5	5.0	0.0	0.0
Financing							
IBRD/IDA	73.0	66.0	67.0	75.0	76.0	0.0	0.0
Government	8.0	8.0	8.0	8.0	8.0	0.0	0.0
Central	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provincial	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Co-financiers GEF	19.0	26.0	25.0	17.0	16.0	0.0	0.0
User Fees/Beneficiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Project Financing	100.0	100.0	100.0	100.0	100.0	0.0	0.0

Main assumptions:

Financial Management Assessment

Summary Assessment

As shown below, the current financial management arrangements satisfy IDA's minimum requirements under OP/BP10.02. However, with respect to the UWEC, they are not adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project as required by the IDA for report-based disbursements. UWEC is therefore not yet ready for report-based disbursements, as outlined in the World Bank's Guidelines on Financial Monitoring Reports. A plan of actions for UWEC is outlined below, the completion of which will allow for the credit to be disbursed on the basis of FMR's. With respect to the PCU and UWA, the financial management arrangements are strong enough to allow for report based disbursements. The Action Plan for UWEC is set out on page 63 while those for UWA and PCU are set out on pages 61 and 58.

Institutional and Implementation arrangements

The project will be implemented by the following agencies:

- The Project Coordination Unit (PCU) of the MTTI
- Uganda Wildlife Authority
- Uganda Wildlife Education Centre
- Ministry of Tourism, Trade and Industry
- Department of Antiquities and Museums

The roles of these institutions are detailed in the PAD. During the initial two and a half years of the project, the PCU. The PCU will manage the Special Account through which funds for activities carried out by the DAM and the MTTI will be channeled as outlined below.

Project Description Summary

A detailed description of the project is contained in the Project Appraisal Document. The project has four components:

- Component 1: Sustainable Wildlife Management (Agency: Uganda Wildlife Authority)
- Component 2: Environmental Conservation Education (Agency: Uganda Wildlife Education Center)
- Component 3: Tourism Framework (Agency: Ministry of Tourism, Trade and Industry (MTTI))
- Component 4: Cultural Heritage (Agency: Department of Antiquities and Museums (DAM))

Generic Issues

Country Issues

In recent years, significant improvements in public sector accounting and reporting have been achieved. Most notably, the annual public accounts of Government have been produced within the statutory period of four months after the end of the financial year for each of the past four years. Nevertheless, recent assessments undertaken by Government jointly with donors, such as the Country Financial Accountability Assessment (CFAA) with IDA, have identified a number of areas that need to be strengthened to enhance financial management. The Country Financial Accountability Assessment (CFAA), carried out by IDA in collaboration with the GOU, indicates that inadequate financial accounting and auditing systems both at the center and in the districts pose a major fiduciary risk. While Uganda has a relatively good budgeting system, accounting for public expenditure using the present manual system is weak, largely because of weak staff capacities, neglect for timely and regular recording of transactions, side-stepping of controls, and a lack of financial discipline. It was noted during the CFAA that findings of audit reports were not regularly followed up and public accounts contained a number of material non-reconciled balances. There is an acute shortage of qualified accountants in the public sector. With the support of a number of donor assisted initiatives, such as the Second Economic and Financial Management Project (EFMP II) and the Local Government Development Project (LGDP) supported by IDA, and the Financial Accountability and Decentralization Support Project funded by DFID, Government is seeking to rapidly enhance the financial accountability framework in pursuit of the following objectives:

- mitigate fiduciary risk in public expenditure management for both taxpayers and donors;
- achieve economy, efficiency and effectiveness in the use of public funds;
- enhance transparency and accountability;
- enhance staff capacity in financial management both in Central and local government; and
- establish an appropriate enabling environment for private sector development and regulation.

As an initial measure, the Ministry of Finance, Planning and Economic Development has expanded the mandate of the coordinating mechanism in place for guiding and monitoring all reform programs in financial management throughout Government using the existing structures under EFMP II.

Financial Reporting

Formats of the various periodic financial reports to be generated from the financial management system will be developed. There will be clear linkages between the information in these reports and the Chart of Accounts. The financial reports will be designed to provide quality and timely information to project management, implementing agencies, and various stakeholders on project performance. The Financial Procedures Manual will be revised to define the reports to be prepared, their content and how they are to be used.

These reports include financial statements (e.g. sources and application of funds; expenditure classified by project components, disbursement categories, expenditure types and implementing agencies, and comparison with budgets; short-term forecasts of expenditure; unit costs for key items and comparison with budgets; etc). Sample formats are given in the World Bank's Guidelines on Financial Monitoring Reports.

FMRs will be produced on a quarterly basis to support requests for replenishment of the Special Account and will include the following:

- **Financial Statements:** These are to provide information on the sources and uses of funds by loan category and by project activity, forecasts of expenditure, amount of disbursement requested and a reconciliation of the SA.
- **Project Progress Reports:** These are to provide information on project implementation progress in physical and financial terms using monitoring indicators, including identifying deviations from plan and explaining reasons for such variations.
- **Procurement Management Reports:** These are to indicate the status of procurement and contract commitments and expenditure including source of supply data for contracts subject to the Bank's prior review, as well as post-review contracts above a certain threshold.

Annual Financial Statements and Annexes for each of the implementing agencies will include:

- **A Statement of Sources and Uses of Funds** showing funds from IDA and Counterpart Funds separately, a summary of expenditures analyzed under the main headings and by main category of expenditures (consistent with the Chart of Accounts), both for the current fiscal year and accumulated to date.
- **A Balance Sheet** showing accumulated funds for the Project, bank balances as well as other assets and liabilities of the Project, if any.
- **Notes** in respect of significant accounting policies and accounting standards adopted by management when preparing the accounts and any supplementary information or explanations that may be deemed appropriate by management in order to enhance the presentation of a "*true and fair view*".
- **Special Account Statement** showing deposits and replenishments received, payments substantiated by withdrawal applications, interest that may be earned on the account and the balance at the end of the fiscal year.
- **A Reconciliation** between the amounts shown as "Received" by the Project from IDA and that shown as having been "Disbursed" by them.
- **Implementation Report**, which would be a narrative summary of the implementation progress for the project.

- **Summary of Credit Withdrawals** using SOE's or FMR's, listing individual withdrawal applications by reference number, date and amount.

Indicative formats of these statements will be developed in accordance with IDA requirements.

Linkages between Expenditure and Physical Activities

Inputs and outputs of financial information required to track project implementation should be identified for each component. In addition, important items on which physical data which would be captured and which would be included in the financial reports should be identified, and so should methods of capturing the physical data, and linkages with financial reports. These should be documented in the Financial Procedures Manuals for each component. The Project Implementation Plan will address the following areas for each component: Inputs and Outputs of financial information required to track project implementation; Inputs and Outputs of physical information matched with financial information required; and Arrangements for recording project impacts, outcomes, outputs, and inputs that are required to assess project progress toward project objectives.

Books of Accounts and lists of accounting codes

Separate books of accounts will be maintained by the implementing entities for project transactions for the project and will include:

- a) Cash Book;
- b) Ledgers;
- c) Journal Vouchers; and
- d) Contracts register

Each of the implementing agencies has an existing Chart of Accounts for transactions they already undertake. However, these will be amended to allow for the classification of expenditures and sources and application of funds under the new project. The Chart of accounts should be amended in a way that allows project costs to be directly related to specific work activities and outputs of the project.

Disbursement of the IDA Credit and the GEF Grant to the Implementing agencies

The disbursement of the IDA Credit to the PCU and UWA will be done quarterly based on Financial Monitoring Reports (FMRs) that integrate project accounting, procurement, contract management, disbursement and audit with physical progress of project implementation.

The FMRs will include information under three main categories: (a) project financial reports which includes a summary of sources and uses of funds, an updated six-month forecast, a Special Account reconciliation statement, and an eligible expenditures by disbursement category statement; (b) a project progress report which explains variances between actual physical and financial progress versus forecasts; and (c) a procurement management report which shows procurement status and contract commitments.

An initial six month forecast of project expenditures will be agreed between the UWA and IDA. This will cover the first two quarters, i.e the first two FMR periods. Following this agreement, an advance relating to aggregate disbursement requests not exceeding the forecast amount will be payable by the Bank upon demand by UWA. After the first and each subsequent quarter, the project will submit to IDA FMRs and relevant supporting documentation (see below) relating to each disbursement. IDA will be responsible for

reviewing these to confirm the eligibility of expenditures during the period covered by the FMR. The FMR will also contain a new forecast for the next two FMR periods. The cash request relating to each FMR will be the amount indicated in the approved cashflow forecast for the following six months less the balance in the Special Account at the end of the FMR period. Subsequent disbursements of the IDA Credit will therefore be made in respect of similar cash requests.

The supporting documentation relevant to each FMR includes: the required minimum FMR content on financial, procurement and physical progress; statements containing Institutional Information; source of supply information (see below); breakdown of aggregate disbursements by legal disbursement category and disbursement percentage; Special Account reconciliation statement; Special Account bank statement; and a forecast of expenditures for the next two FMR reporting periods.

The following source of supply information is required: (a) For contracts above the prior review threshold, the contractor/consultant's name, nationality, and (where applicable) the zip code, and the amount disbursed under each contract; (b) For contracts below the prior review threshold: aggregate disbursements by country of supply.

Information relating to details for contracts above the prior review threshold as indicated above will be captured using World Bank standard contract information documents upon the inception of the contract and will not therefore be required upon the preparation of the periodic FMR.

Transitional arrangements for disbursement

During the period between Credit Effectiveness and qualification by UWEC for report-based disbursements, disbursement of the IDA Credit to this agency will be done using traditional methods. An advance into the Special Account will be made at the inception of the project, and subsequent replenishments will be made on the basis of withdrawal applications and Statements of Expenditure (SOE's). Quarterly reports and forecasts that are required under the report-based disbursement method will be prepared by the implementing agencies and submitted to the IDA for review. They will be used to assess progress towards meeting the requirements of this method of disbursement. At the time of conversion, UWEC will prepare a reconciliation of project expenditures, disbursements received, and Special Account movements up to the proposed date of the conversion. Other details for the conversion will be worked out closer to the time of conversion between the project team and IDA.

Subject to the necessary agreement, IDA and the implementing agencies will retain the option of disbursing the Credit through direct payments from IDA to operators/contractors on contracts above a threshold to be determined. Withdrawal applications for such payments will be accompanied by relevant supporting documents such as copies of the contract, contractors' invoices and relevant certifications.

Counterpart Funds

Counterpart funds from the Government of Uganda to the implementing agencies will be indicated on a quarterly basis and will be based on approved workplans. The committed funds will be released in monthly installments. The project will submit quarterly accountability statements to GOU.

Remedies against non-submission of returns and other financial information

IDA will have the right, as reflected in the Credit Agreement, to suspend disbursement to the implementing agencies if reporting requirements are not complied with.

Documents relating to Bank accounts

Bank statements for the accounts maintained by the implementing agencies will be reconciled to the Project's accounting records on a monthly basis. The reconciliations will be approved by a senior official within the each of the agencies and any reconciling items will be investigated. Correspondence, bank statements, advices, list of signatories and other relevant information will be filed for each bank account. Bank cheque books will be kept in the safe custody of a person specifically appointed by the heads of the agencies. Cheque folios and related bank account information will be similarly maintained.

The World Bank will regularly distribute the following documents to enable the implementing agencies to keep their records up-to-date in respect to the IDA Credit:

- Payment Advice,
- Monthly Disbursement Summary which provides the following information in two parts:
 - Part I: Opening balance and list of all transactions under the loan during the previous month, including all applications paid or refunds processed, along with value dates, currencies and amounts charged to the loan, and
 - Part 2: End of month balances for each category and for the loan as a whole, as well as amounts set aside to cover Special Commitments (if any).

Fixed Assets, consulting services and civil works

A Fixed Assets Register will be prepared, regularly updated and checked. For construction and capital work in progress, controls will be established over the awarding of contracts as well as for ensuring that payments are made in a timely and orderly manner in respect of certified work. Control procedures over fixed assets, consulting services and civil works will be documented in the respective Financial Procedures Manuals.

External audit

The Auditor General is primarily responsible for the auditing of all government institutions and projects. Usually, the audit is subcontracted to a firm of relevantly qualified, experienced and independent private auditors, with the final report being issued by the Auditor General, based on the tests carried out by the subcontracted firm. The external auditor does prepare a separate Management Letter giving observations and comments, and providing recommendations for improvement of accounting records, systems, controls and compliance with financial covenants. The audit report should be submitted to IDA within six months after end of each financial year. Any firm of auditors subcontracted to carry out the audit should meet the IDA's requirements in terms of independence, qualifications and experience.

Arrangements for the external audit of the financial statements of the project will be determined and communicated to IDA. The audited financial statements together with the auditor's report thereon and the auditor's management letter covering identified internal control and accounting system weaknesses will be submitted to IDA within **six** months after end of each financial year. These audit reports will include those in respect of the project accounts, the use of SOEs/FMRs and on the Special Account Statement. Any firm of auditors subcontracted to carry out the audit should meet the IDA's requirements in terms of independence, qualifications and experience.

Accounting policies and procedures

The project's accounting policies specify the accounting treatment for the project's financial transactions and constitute basic principles designed to ensure that the accounting records are complete, relevant and reliable and that accounting practices are followed consistently. The accounting policies and procedures for UWA and the PCU are documented in their respective Financial Procedures Manuals (FPM). The UWA FPM was prepared under consultancy by the accounting firm, PriceWaterhouseCoopers. These procedures are designed to guide activities and ensure accountability for UWA transactions, including those that are funded by donors. The procedures are intended to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the entity. Copies of the manual were distributed to all the protected areas. UWA's manual will be updated to document procedures introduced as a result of the new arrangements where they will manage their own Special Account and have the IDA Credit disbursed using FMRs. The manual for the PCU will be updated to include its organizational structure and reporting lines, and allocation of financial management responsibilities, the procedures used in the preparation of the FMRs and the disbursement of the IDA Credit on the basis thereof. UWEC has appointed a consultant to write up its FPM. The Manuals will therefore describe several aspects of the accounting system, including: the major transaction cycles of the project; funds flow processes; the accounting records, supporting documents, computer files and specific accounts in the financial statements involved in the processing of transactions; the accounting processes from the initiation of a transaction to its inclusion in the financial statements; authorization procedures for transactions; the financial reporting process used to prepare the financial statements; financial and accounting policies for the Project; and procedures undertaken for the replenishment of the Special Account.

The accounts for the three implementing agencies will be prepared in accordance with International Accounting Standards on a historical cost basis. Under this basis, income is recognized in the income and expenditure statement in the year in which it is received and expenditure is recognized in the year in which it is payable cash basis. UWA has an accounting system that has the capability of allowing for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds. Controls over the preparation and approval of transactions are documented in the FPM. These ensure that all transactions are correctly made, recorded and reported upon. A list of accounts codes (Chart of Accounts) exists for the transactions but will should also be amended to allow for the classification of expenditures and sources and application of funds indicated in the Project Agreement. The Chart of accounts should be developed in a way that allows project costs to be directly related to specific work activities and outputs of the project.

Systems of internal control for UWA were designed to ensure that:

- every transaction that should have been entered into the accounting system is recorded;
- no unauthorized transactions are recorded;
- those transactions that are entered are analyzed and posted correctly;
- source programs, which control the operation of the accounting system (original entry and subsequent analysis and postings), cannot be tampered with;
- unauthorized access is denied;
- assets of the entity are neither misappropriated nor used in an uneconomical or inefficient fashion;
- management policies (in budgets, long-range forecasts etc.) are complied with;
- deviations from plans are noted, investigated and timely responses made;
- financial information is communicated in the most effective way so that those entitled to it may maximize their use of it; and
- the financial statements show a true and fair view.

Internal control systems are fully documented, and regularly updated, in the FPM.

Project Documentation

A draft Project Implementation Plan has been prepared and addressed the following areas:

- Inputs and Outputs of financial information required to track project implementation;
- Inputs and Outputs of physical information matched with financial information required;
- Arrangements for recording project impacts, outcomes, outputs, and inputs that are required to assess project progress toward project objectives.

These will be important ingredients in the preparation of the Monitoring Reports required quarterly under FMR-based disbursements.

Summary Risk Analysis

The objectives of the project's financial management system are:

- to ensure that funds are used only for their intended purposes in an efficient and economical way while implementing agreed activities;
- to enable the preparation of accounting and financial management system that enables management to monitor the efficient implementation of management; and
- to safeguard the project assets and resources.

The financial management system should also support the project's requests for funding and meet its reporting obligations to IDA, Government of Uganda and other stakeholders. The table below identifies the key risks that management may face in achieving these objectives and provides a basis for determining how management should address these risks.

<i>Risk</i>	<i>Risk Rating</i>	<i>Risk Mitigation Measures</i>
Staff capacity may not be sufficient to implement all the control procedures as intended	M	The implementing agencies will be adequately staffed by appropriately qualified individuals who will receive regular training in procedures
Funds may not used in an efficient and economical way and exclusively for purposes intended	M	Authorization procedures for transactions will be established and, together with other internal control procedures, will be documented in the FPMs for each implementing agency
Financial Information may be unreliable	N	Formats and periodicity of reporting to be determined. Verification of expenditures and of the information contained in periodic reports to be carried out internally and externally
GOU may be unable to meet its funding obligations to PAMSU due to budgetary constraints	H	PAMSU will focus on improving cost-effectiveness in all agencies as a means to operate within very limited budgets
Ignorance of procedures and organizational rules by implementing entities	N	Internal control procedures to be documented in the Financial Procedures Manuals and these will be widely circulated
Slow speed of delivering resources to IAs	M	Project management will ensure that the established procedures will be followed
<i>Risk Rating – H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible Risk)</i>		

Supervision Plan

A supervision mission will be conducted at least every six months. The mission's objectives will include that of ensuring that strong financial management systems are maintained for the project throughout its life. A review will be carried out regularly to ensure that expenditures incurred by implementing agencies and funded by the IDA Credit remain eligible. The PSR will include a financial management rating for the component. This will be arrived at by the Country Office financial management specialist after an appropriate review.

Effectiveness Conditions

As conditions of effectiveness, the Government will:

- (a) Establish an accounting and financial management system satisfactory to the Association.
- (b) Adopt the project manuals, including the Financial Management Manual.
- (c) Confirm that an operational Management Information System is in place.
- (d) Confirm that the IAs has been established and will be staffed at all times by key professionals.

Component specific issues

A description of the assessment of the financial management arrangements for each component follows below.

PROJECT COORDINATION UNIT

Flow of funds

Bank accounts

The following bank accounts will be maintained by the PCU:

- A Special Account denominated in US dollars to serve as the main project account into which will be deposited project implementation funds from IDA.
- A Project Account denominated in Uganda shillings in which funds are periodically deposited from the Special account for funding PCU activities and those of the MTTI and DAM.
- A Counterpart Fund Account denominated in Uganda shillings to channel GOU counterpart funds.

The accounts will be maintained in a commercial bank acceptable to IDA and their signatories will be determined and documented in the FPM.

Disbursement of funds from PCU to implementing agencies

Funds will be disbursed to the MTTI and DAM on a monthly basis. The imprest will be replenished upon the submission to the PCU of acceptable accountability for previous advances. There will also be an option of the PCU making direct payments on behalf of the two institutions.

Detailed financial management procedures

Staffing

Accounting for PCU funds falls under the responsibility of the Project Coordinator. The primary responsibility for maintaining the project's books of accounts will rest with the project accountant. Written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all the staff will be drawn up and reflected in the accounting department's Organization Chart. The duties and responsibilities of the accounting staff will be determined and documented in the Financial Management Procedures Manual. Current staffing arrangements will be reassessed in line with the requirements of the new project and any necessary recruitment carried out. The allocation of responsibilities should enable the appropriate segregation of duties to ensure proper accountability. An appropriate training program which will include World Bank financial management and disbursement procedures will be designed for staff.

Books of accounts

Books of accounts will be set up for the project and regularly maintained to record project transactions. These will include a general ledger, cashbook and subsidiary ledgers. A proper filing system that allows authorized users easy access will be set up to ensure that all accounting and supporting documents are retained on a permanent basis and properly maintained.

Information systems

The PCU maintains its books of accounts using the Pastel accounting software. However, this system needs to be upgraded to the production of the necessary project financial reports required for report based disbursements. Accounting staff should also be adequately trained to maintain the upgraded system and appropriate controls should be instituted to safeguard the confidentiality, integrity, and availability of the data.

Internal Audit Arrangements

There is no internal audit function within the PCU organizational structure. The MTTI has an Internal auditor whose duties include reviewing transactions undertaken by the PCU. The Internal Auditor reports directly to the Permanent Secretary of the Ministry. Internal audit reports on project transactions address internal control deficiencies, or ineffective policies or procedures. Project management will be expected to correct the deficiencies in a timely manner.

In addition to the internal monitoring by PAMSU and external monitoring by IDA, an independent consultancy is fielded every year. This review encompasses an examination and evaluation of project implementation progress and derives key lessons as a basis for improvement of the project objectives. The review will also encompass financial management aspects of project implementation.

Financial management action plan

Issue	Remedial Action Recommended	Due Date
Updating Financial Management Procedures Manual	The PCU's Financial Management Procedures Manual will be updated to clearly describe the delegation and segregation of duties and responsibilities; funds flow processes, etc.	Credit effectiveness
Staffing	Written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all the staff will be drawn up and reflected in the accounting department's Organization Chart. Current staffing arrangements will be reassessed in line with the requirements of the new project and any necessary recruitment carried out.	Credit effectiveness
Reporting Arrangements	A reporting structure for both internal management and external needs should be developed. Reports should provide financial data that it is possible to link to physical progress targets. Formats of reports should be determined and agreed with IDA.	Credit effectiveness
Project Accounting System	The PCU's accounting software should be upgraded to enable the automatic production of the necessary project financial reports required for report based disbursements.	Six months after Credit effectiveness
Chart of Accounts	A Chart of Accounts should be designed to provide information that reflects type of project, sources of funds, and the relevant expenditure accounts that is consistent with expenditure categories in the DCA, project components and sub-components and activities.	Credit effectiveness
Training and Development of Accounting Staff	Training program be developed for scaling up skills for the accounting staff in the PCU, the MTTI and the DAM.	Six months after Credit Effectiveness
Terms of Reference for the external auditors	Terms of Reference for the audit of the project's financial statements should be prepared.	Middle of the first year of project implementation

UGANDA WILDLIFE AUTHORITY

Overall policy guidance

Uganda Wildlife Authority was established in 1996 and is under the general supervision of the Minister of Tourism, Trade and Industry. The governing body is the Board of Trustees appointed by the Minister in accordance with the Schedule to the Uganda Wildlife Statute. This provides for 21 members.

Planning, budgeting and approval of workplans

UWA prepares annual budgets by identifying activities to be carried out during the year and allocating priorities to these activities. Each of the Authority's departments and Protected Areas is involved in this process.

Monitoring of budget performance is done on a quarterly basis, with actual results being compared to budgeted quarterly estimates. A narrative report is prepared which explains the existence of the variances. These reports are submitted to a management committee and further to the Finance and Audit Committee of the Board of Trustees.

Flow of funds

Bank accounts

The following bank accounts will be maintained for the Project and managed by the UWA:

- Special Account denominated in US dollars to be used for the portion of the IDA Credit disbursed to fund activities implemented by the UWA.
- Project account denominated in Uganda Shillings in which funds will be periodically deposited from the Special account for funding local currency transactions and for channeling GOU counterpart funds.
- A Special Account denominated in US dollars to serve as the main project account into which will be deposited project implementation funds from the GEF.

The accounts will be maintained in a commercial bank acceptable to IDA and their signatories will be determined and documented in the FPM.

Disbursement of funds to implementing agencies

Funds will be disbursed to the protected areas implementing activities under the project on an imprest basis. The advances will be based on approved workplans and forecasts. Replenishments will be made upon the submission of accountability statements and supporting documentation.

Detailed financial management procedures

ICB-PAMSU supported a number of measures to strengthen the institutional capacity of UWA. These included: the appointment of an internationally recruited Executive Director on a three year contract to oversee UWA's development, the provision of an institutional contractor to develop financial management systems; the development of a training plan (not yet implemented) and the development of a strategic plan.

Staffing

Adequate staffing arrangements are in place to ensure that UWA has appropriately qualified and experienced staff. Written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff will be drawn up and reflected in the accounting department's Organization Chart. The Financial Services department is headed by a Director, reporting to the Executive Director. The Director is a fully qualified accountant. The department also is staffed by a Financial Accountant, a Management Accountant, a cashier and accounts assistants. The allocation of responsibilities enables appropriate segregation of duties to ensure proper accountability.

The staff were trained in the UWA's procedures when the FPM consultancy was conducted. An appropriate program which will include World Bank financial management procedures will be designed as further training for staff.

Books of accounts

Books of accounts exist and regularly maintained to record project transactions. These include a general ledger, cashbook and subsidiary ledgers. A proper filing system that allows authorized users easy access is also maintained to ensure that all accounting and supporting documents are retained on a permanent basis and properly maintained.

Each supported community subproject committee will keep the following books accounts: a simplified cashbook and/or ledger; a register for procured goods; and a statement of community contribution.

Original documents of accountability for all activities implemented by the Protected Areas are maintained at the UWA Headquarters.

Information systems

The accounting system for UWA is computerized and is based in the SunSystems Accounting software. It enables the production of relevant project financial reports. Training of accounting staff in the use of this system is continuing, and appropriate controls have been instituted to safeguard the confidentiality, integrity, and availability of the data.

Internal Audit Arrangements

As an important part of the ongoing monitoring of the system of internal controls, the internal audit function provides an independent assessment of the adequacy of, and compliance with, the established controls and procedures. The Internal Auditor reports to the Finance and Audit Committee of the Board of Trustees through the Executive Director. The frequency and extent of internal audit reviews and testing of the internal controls is consistent with the nature, complexity, and risk of UWA's activities. The Internal auditor plays a role in determining compliance with internal control procedures by the Protected Areas in the management and use of UWA funds.

Internal audit reports on project transactions will address internal control deficiencies, or ineffective policies or procedures. Project management will be expected to correct the deficiencies in a timely manner.

In addition to the internal monitoring by PAMSU and external monitoring by IDA, an independent consultancy is fielded every year. This review encompasses an examination and evaluation of project implementation progress and derives key lessons as a basis for improvement of the project objectives. The review will also encompass financial management aspects of project implementation.

Financial management action plan

Issue	Remedial Action Recommended	Due Date
Documentation of Financial Management procedures	The Financial Procedures Manual will be amended describing accounting systems and procedures for the project. The Manual should include funds flow processes, etc.	Credit effectiveness
Reporting Arrangements	Formats of reports should be determined and agreed with IDA.	Credit effectiveness
Chart of Accounts	UWA's Chart of Accounts should be amended to provide information that reflects type of project, sources of funds, and the relevant expenditure accounts that is consistent with expenditure categories in the DCA, project components and sub-components and activities.	Credit effectiveness
Training and Development of Accounting Staff	UWA's training program for accounting staff in UWA, covering World Bank financial management policies and procedures, should be completed.	Six months after Credit effectiveness
Terms of Reference for the external auditors	Terms of Reference for the audit of the project's financial statements should be prepared.	Middle of the first year of project implementation

UGANDA WILDLIFE EDUCATION CENTRE

Planning, budgeting and approval of workplans

UWEC prepares annual budgets by identifying activities to be carried out during the year and allocating priorities to these activities. Each of UWEC's departments is involved in this process.

Monitoring of budget performance is done on a quarterly basis, with actual results being compared to budgeted quarterly estimates. A narrative report is prepared which explains the existence of the variances. These reports are submitted to a management committee and further to the Finance Committee and the Operational Committees of the Board of Trustees.

Flow of funds

Bank accounts

The following bank accounts will be maintained by UWEC:

- A Special Account denominated in US dollars to serve as the main project account into which will be deposited project implementation funds from GEF.
- A Central Project Account denominated in Uganda shillings in which funds are periodically deposited from the Special account for funding project transactions.
- A Counterpart Fund Account denominated in Uganda shillings to channel GOU counterpart funds.

The accounts will be maintained in a commercial bank acceptable to IDA and their signatories will be determined and documented in the FPM.

In addition to these, every participating district shall establish a separate bank account for the project to be used exclusively for project funds in accordance with Local Government regulations. NGOs/CBOs and CPMCs will also be required to open bank accounts purposely for project funds.

Detailed financial management procedures

Staffing

Adequate staffing arrangements will be put in place to ensure that UWEC has appropriately qualified and experienced staff. Written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff will be drawn up and reflected in the accounting department's Organization Chart. The duties and responsibilities of the accounting staff will be determined and documented.

An appropriate training program which will include World Bank financial management procedures will be designed for staff. The allocation of responsibilities should enable the appropriate segregation of duties to ensure proper accountability.

Books of accounts

Books of accounts will be set up and regularly maintained to record project transactions. These will include a general ledger, cashbook and subsidiary ledgers. A proper filing system that allows authorized users easy access will be set up to ensure that all accounting and supporting documents are retained on a permanent basis and properly maintained.

Information systems

The accounting system for UWEC shall be computerized. It will enable the production of the necessary project financial reports. Accounting staff will be adequately trained to maintain the system and appropriate controls will be instituted to safeguard the confidentiality, integrity, and availability of the data.

Audit Arrangements

There is no internal audit function within the UWEC organizational structure. This is satisfactory given the small number of transactions that are undertaken by the UWEC. However, the option to contract out internal audit services, especially where the need for these is identified, is retained by the UWEC management.

Financial management action plan

Issue	Remedial Action Recommended	Due Date
Documentation of Financial Management procedures	A Financial Procedures Manual will be developed describing accounting systems and procedures for the project. The Manual should include accounting basis, policies, standards and guidance for internal control and accounting with clear delegation and segregation of duties; funds flow processes, budgeting and budgetary control procedures, etc.	Credit effectiveness
Reporting Arrangements	A reporting structure for both internal management and external needs should be developed. Reports should provide financial data that it is possible to link to physical progress targets. Formats of reports should be determined and agreed with IDA.	Credit effectiveness
Project Accounting System	There should be a fully integrated computer based system to keep track, collect and provide information on sanctioned budgets, procurement, expenditures, sources of funds and outputs, measured by monitoring indicators.	Credit effectiveness
Chart of Accounts	UWEC's Chart of Accounts should be amended to provide information that reflects type of project, sources of funds, and the relevant expenditure accounts that is consistent with expenditure categories in the DCA, project components and sub-components and activities.	Credit effectiveness
Training and Development of Accounting Staff	A suitable training program be developed for scaling up skills for the accounting staff in UWEC, and should cover World Bank financial management policies and procedures.	By Credit effectiveness
Terms of Reference for the external auditors	Terms of Reference for the audit of the project's financial statements should be prepared.	Middle of the first year of project implementation

Annex 6: Procurement and Disbursement Arrangements

UGANDA: Protected Areas Management and Sustainable Use Project

Procurement

General

A Country Procurement Assessment Report (CPAR) was completed in February 2001. The CPAR makes six major recommendations: (a) revising the existing procurement regulations to make them more transparent, efficient and economic; (b) abolishing the current Central Tender Board (CTB) and creating a procurement regulatory body, the National Procurement Policy Unit (NPPU) - Renamed the Reformed Central Tender Board (RCTB); (c) creating contract committees in all procuring entities; (d) creating procurement units in all procuring entities; (e) employing procurement agents to support all those procurement entities without adequate capacity; and (f) promulgating a procurement law based on the UNCITRAL model.

Implementation of the above recommendations started officially on March 1, 2001, when new Procurement Regulations, "*The Public Finance (Procurement) Regulations, 2000*", became effective. On the same day, the CTB ceased to exist in its old form with its functions being taken over by contract committees established in each ministry/procuring entity. Each procuring entity is now completely responsible and accountable for all its procurement. The RCTB should have been operational on the same day but there were delays in appointing the Board and recruiting top officials of the Secretariat. The RCTB was fully operational on September 1, 2001. A draft procurement law based on the UNCITRAL model has been drafted and will be submitted to Cabinet soon. The plan is to present the bill to Parliament by end of March 2002. In the meantime, the new Regulations will continue as the legal instrument for controlling procurement in public entities. Implementation of the recommendations started under PRSC1 and is continuing under PRSC2.

The CPAR identified the lack of adequate procurement capacity as the single most important issue in public sector procurement in Uganda. This has been confirmed in another study carried out in 70 procuring entities at Central and Local Government level. One of the interim solutions that is suggested in the CPAR is the employment of consultants to assist weak procurement units.

Procurement of all IDA- and GEF-financed works, goods, and services under the project will be carried out in accordance with the Bank's *Guidelines for Procurement under IBRD Loans and IDA Credits* (January 1995 and revised in January and August 1996, September 1997 and January 1999). Consulting services by firms or individuals financed by IDA will be awarded contracts in accordance with the Bank's *Guidelines: Selection and Employment of Consultants by World Bank Borrowers* (January 1997, revised in September 1997 and January 1999). The appropriate World Bank standard bidding documents will be used for all International Competitive Bidding (ICB) and National Competitive Bidding (NCB) with any appropriate modifications. The World Bank's Standard Request for Proposals (RFP) will be used for the selection of consultants.

The aggregate amount allocated for procurement of works, goods and consultancy services contracts under the project is US\$22.8 million consisting of US\$14.1 million for works, US\$5.4 million for goods, and US\$3.3 million for services contracts. The total allocation for works will finance (a) construction of rangers' houses and field offices in the national parks, a head office block for UWA in Kampala, rehabilitation of roads in the national parks, and demarcation of the boundaries of the national parks, and

(b) rehabilitation of internal roads at the UWEC, and (c) minor rehabilitation works at DAM. Goods worth US\$13.4 million will be procured under the UWA, US\$0.5 million under UWEC, and US\$0.2 million under the MTTI and DAM sub-components. The shares of the components in the consultancy services budget (US\$3.3 million) will be US\$2.0 million for UWA, US\$0.3 million for UWEC, US\$0.5 million for MTTI and DAM, and US\$0.5 million for PCU.

Institutional Arrangement

The project procurement will be carried out as follows: UWA and UWEC will separately be responsible for the implementation of their requirements while MTTI will be in charge of procurement of goods, works and services under the MTTI and DAM components. However, during the first two and a half years of the project, these component implementing agencies will execute their procurement decisions under the guidance and close supervision of the Project Coordination Unit (PCU). UWA, UWEC, MTTI and DAM will individually prepare lists of their annual requirements and cost estimates of contracts. PCU will assist and supervise the three component implementing agencies in all stages of the procurement process of contracts. In addition, it will be PCU's contractual obligation to build the necessary capacity in these agencies so that the agencies become self-reliant in the implementation of their procurement requirements by the end of PCU's contract period.

Procurement methods (Table A)

Civil Works

Works estimated to cost US\$100,000 equivalent or more per contract will be procured through ICB. NCB procedures will be followed in awarding contracts estimated to cost less than US\$100,000 equivalent per contract. Works contracts not exceeding US\$50,000 equivalent per contract will be awarded through solicitation of quotations, in writing, from at least three qualified contractors.

Rehabilitation of roads within national parks may be carried out by UWA through the Force Account procedures. Before the commencement of the rehabilitation of roads, UWA will submit to the Bank for review the implementation plan of the activities, and the breakdown of the costs, showing the inputs of UWA and related costs, and the inputs that UWA would be sourcing from the market. From its share in the civil works budget, UWEC may carry minor civil works, where in-house capacity exists, through the Force Account procedures. Like UWA, UWEC will forward the cost estimate of the required inputs in the road rehabilitation works.

Goods

Procurement under each component will be bulked where feasible into packages valued at US\$100,000 equivalent or more and will be procured through ICB procedures.

Goods contracts costing US\$100,000 equivalent or more per contract will be procured through ICB. Goods estimated to cost less than US\$100,000 equivalent per contract up to an aggregate amount of US\$0.8 million equivalent will be procured through NCB procedures that are acceptable to IDA.

Goods that are estimated to cost less than US\$30,000 equivalent per contract up to an aggregate amount of US\$0.3 million equivalent may be procured through National Shopping procedures for goods available in the local market and/or through International Shopping procedures for goods that cannot be supplied within the country.

Services

Except as detailed below, consulting services will be selected through competition among qualified short-listed firms based on *Quality- and Cost-Based Selection (QCBS)* in accordance with the provisions of Section II of the Consultant Guidelines.

Consultant Services estimated to cost less than US\$100,000 equivalent per contract, up to an aggregate amount not to exceed US\$?? equivalent may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

Consultants estimated to cost US\$50,000 equivalent or less up to an aggregate amount of US\$110,000 equivalent may be selected through *Least-Cost Selection* as prescribed in paragraph 3.6 of the Consultant Guidelines.

Individual consultants will be selected in accordance with the provisions of paragraphs 5.1-5.3 of Section V of the Consultant Guidelines.

In exceptional cases that meet the conditions set forth in paragraphs 3.8-3.11 of Section III of the Consultant Guidelines, consultancy services estimated to cost up to an aggregate amount of US\$200,000 may be procured on single-source basis subject to prior clearance with the Bank. An agreed list of the TA staff of the PCU for the ICB-PAMSU may be recruited under the PAMSU project on single-source basis.

To ensure that priority is given to the identification of suitable and qualified national consultants, short-lists for contracts estimated to cost US\$100,000 equivalent or less may be comprised entirely of national consultants (in accordance with the provisions of paragraph 2.7 of the Consultants' Guidelines).

Advertising

A General Procurement Notice for the project will be prepared and submitted to IDA for clearance and publication in the United Nations Development Business immediately after negotiations. The GPN will be updated at least once a year and submitted to IDA for review.

Procurement Plan

With the assistance of PCU, the three component implementing agencies shall have completed, and agreed with IDA their respective procurement plans for the first year, and indicative plans for subsequent years, of the project, for discussion and agreement during project negotiations. The plans will include relevant information on works, goods and consulting services as well as the timing of each milestone in the procurement process. The procurement schedules will be updated every quarter and submitted to IDA which will regularly review them during project supervision. The procurement plans will be included in the PIP.

Procurement methods (Table A)

Table A: Project Costs by Procurement Arrangements
(US\$ million equivalent)

Expenditure Category	Procurement Method ¹				Total Cost
	ICB	NCB	Other ²	N.B.F.	
1. Works	14.84 (13.36)	0.57 (0.51)	0.22 (0.19)	0.00 (0.00)	15.63 (14.06)
2. Goods	4.40 (4.35)	0.72 (0.71)	0.31 (0.28)	0.00 (0.00)	5.43 (5.34)
3. Services	0.00 (0.00)	0.00 (0.00)	3.63 (3.33)	0.00 (0.00)	3.63 (3.33)
4. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Training	0.00 (0.00)	0.00 (0.00)	1.46 (1.46)	0.00 (0.00)	1.46 (1.46)
Operating Costs	0.00 (0.00)	0.00 (0.00)	11.75 (10.81)	0.00 (0.00)	11.75 (10.81)
Total	19.24 (17.71)	1.29 (1.22)	17.37 (16.07)	0.00 (0.00)	37.90 (35.00)

^{1/} Figures in parenthesis are the amounts to be financed by the Bank Credit/Grant. All costs include contingencies.

^{2/} Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

Table A1: Consultant Selection Arrangements (optional)
(US\$ million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost ¹
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
A. Firms	1.40 (1.36)	0.13 (0.10)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.53 (1.46)
B. Individuals	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.00 (0.87)	1.10 (1.00)	0.00 (0.00)	2.10 (1.87)
Total	1.40 (1.36)	0.13 (0.10)	0.00 (0.00)	0.00 (0.00)	1.00 (0.87)	1.10 (1.00)	0.00 (0.00)	3.63 (3.33)

1\ Including contingencies

Note: QCBS = Quality- and Cost-Based Selection

QBS = Quality-based Selection

SFB = Selection under a Fixed Budget

LCS = Least-Cost Selection

CQ = Selection Based on Consultants' Qualifications

Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc.

N.B.F. = Not Bank-financed

Figures in parenthesis are the amounts to be financed by the Bank Credit/Grant.

Prior review thresholds (Table B)

Table B: Thresholds for Procurement Methods and Prior Review¹

Expenditure Category	Contract Value Threshold (US\$ thousands)	Procurement Method	Contracts Subject to Prior Review (US\$ millions)
1. Works	<=100,000 <100,000 <50,000	ICB NCB Quotations	Prior Review Post Review Post Review
2. Goods	>=100,000 <100,000 <=30,000	ICB NCB N/IS	Prior Review Post Review Post Review
3. Services			
Firms	>=100,000 <100,000 <=50,000	QCBS CQ LCS	Prior Review Post Review Post Review
Individuals	>=50,000 <50,000	Single Source IC IC Single Source	Prior Review Prior Review Post Review Prior Review

Total value of contracts subject to prior review:

Overall Procurement Risk Assessment

High

Frequency of procurement supervision missions proposed: One every 6 months (includes special procurement supervision for post-review/audits)

An assessment of the individual procurement capacities of the individual implementing agencies has been conducted, and a report has been prepared. The report indicates "**High**" risk mainly because of non-existence of procurement units and procurement proficient staff at the implementing agencies.

However, the assessment concludes that the following actions would reduce the procurement risk:

- (1) Creation and staffing of procurement units in each of the implementing agencies; and
- (2) Renewal of the contracts of the ICB-PAMSU Project Coordination Unit staff and acceptance of PCU staff to continue providing technical assistance and on-the-job training to the staff of the implementing agencies for the first two and a half years of the project.

It is critical that the above actions are carried out before Credit Effectiveness.

¹Thresholds generally differ by country and project. Consult OD 11.04 "Review of Procurement Documentation" and contact the Regional Procurement Adviser for guidance.

Disbursement

Allocation of credit/grant proceeds (Table C)

The allocation of the Credit proceeds is shown in Table C. The disbursement will be against the five main expenditure categories: Civil works; Goods, Equipment and Vehicles; Consultants' Services; Training and Operating Costs.

Table C: Allocation of Credit Proceeds

Expenditure Category	Amount in US\$	Financing Percentage
Civil Works		
(a) Under Part A of the Project	11,448,000	100% of foreign expenditures and 90% of local expenditures
(b) Under Parts C and D of the Project	161,000	
Goods, Equipment and Vehicles		
(a) Under Part A of the Project	4,381,000	100% of foreign expenditures and 90% of local expenditures
(b) Under Parts C and D of the Project	618,000	
Consultants' Services		90%
(a) Under Part A of the Project	1,668,000	
(b) Under Parts C and D of the Project	1,030,000	
Training		90%
(a) Under Part A of the Project	76,000	
(b) Under Parts C and D of the Project	364,000	
Operating Costs		90%
(a) Under Part A of the Project	6,328,000	
(b) Under Parts C and D of the Project	926,000	
Total Project Costs	27,000,000	

Table C1: Allocation of Grant Proceeds

Expenditure Category	Amount in US\$	Financing Percentage
Civil Works		
(a) Under Part A of the Project	1,980,000	100% of foreign expenditures and 90% of local expenditures
(b) Under Part B of the Project	473,000	
Goods, Equipment and Vehicles		
(a) Under Part A of the Project	57,000	100% of foreign expenditures and 90% of local expenditures
(b) Under Part B of the Project	310,000	
Consultants' Services		100%
(a) Under Part A of the Project	329,000	
(b) Under Part B of the Project	300,000	
Training		100%
(a) Under Part A of the Project	880,000	
(b) Under Part B of the Project	85,000	
Operating Costs		90%
(a) Under Part A of the Project	911,000	
(b) Under Part B of the Project	2,675,000	
Total Project Costs	8,000,000	

Use of statements of expenditures (SOEs):

All applications to withdraw proceeds from the Credit will be fully documented by UWEC except for expenditures against contracts (i) with an estimated value of US\$100,000 or less for works, goods and consulting firms; (ii) contracts with an estimated value of US\$50,000 or less for individual consultants; and (iii) all operating costs which may be claimed on the basis of certified statements of expenditure (SOE). Documents supporting these expenditures will be retained by the UWEC and will be available for review upon request by IDA supervision missions and project auditors.

The project implementation agencies will, on quarterly basis, submit Financial Monitoring Reports as discussed during the project appraisal and Credit negotiations.

In addition, UWA and the PCU will submit the required supporting documentation for report-based disbursements, which will include:

A. Source of supply information

For contracts above the prior review threshold:

- (i) the contactor/consultant's name, nationality, and Zip code, where applicable
- (ii) the amount disbursed under each contract

For contracts below the prior review threshold

aggregate disbursements by country of supply

Breakdown of aggregate disbursements by legal disbursement category and disbursement percentage

B. Special Account reconciliation statement

C. Forecast of expenditures for the next two FMR reporting periods

Advances to MTTI and DAM by PCU will be on monthly basis using the imprest account procedure. The imprest will be replenished upon submission of acceptable accountability for previous advances. The PCU will have the option of making direct payments on behalf of the two institutions.

Special account:

To facilitate disbursements, the Government of Uganda will establish Special and Project Accounts in a commercial bank acceptable to IDA, as follows:

	IDA			GEF		
	SA	Project Account	Project Account (C/Fund)	SA	Project Account	Project Account (C/Fund)
MTTI (PCU)	1	1	1	-	-	-
UWEC*	-	-	-	1	1	1
UWA	1	1	-	1	-	-
Total	<u>2</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>

* Each participating district, NGO/CBO, and CPMC will establish and maintain separate bank accounts for the project.

Annex 7: Project Processing Schedule
UGANDA: Protected Areas Management and Sustainable Use Project

Project Schedule	Planned	Actual
Time taken to prepare the project (months)		
First Bank mission (identification)		07/23/2001
Appraisal mission departure		11/26/2001
Negotiations	04/17/2002	
Planned Date of Effectiveness	06/30/2002	

Prepared by:

Project Coordination Unit
Uganda Wildlife Authority
Uganda Wildlife Education Centre
Ministry of Tourism, Trade and Industry

Preparation assistance:

David Abura-Ogwang, Project Director
Juliet Byaruhanga, Project Implementation Coordinator
Benson Bityo, Procurement Officer
Moses Mapesa,
Maxwell Akora,

Bank staff who worked on the project included:

Name	Speciality
Nathalie W. Johnson	Environmental Specialist
Jean-Michel Pavy	Peer Reviewer
Christine E. Cornelius	Operations Officer
Joseph M. Kizito	Financial Management Specialist
Jay Wysocki	M&E Specialist
Jack Ruitenbeck	Economist
Richard A. Cambridge	Operations Adviser
Marius Koen	Financial Management Specialist
Agi Kiss	Lead Ecologist
Reynaldo Castro	Operations Analyst
Dahir Warsame	Procurement Specialist
Rogati A. Kayani	Lead Procurement Specialist

Annex 8: Documents in the Project File*
UGANDA: Protected Areas Management and Sustainable Use Project

A. Project Implementation Plan

Project Implementation Manual

B. Bank Staff Assessments

Procurement Assessment

Financial Management Assessment

C. Other

Letter of Sector Policy from the Government of Uganda

*Including electronic files

Annex 9: Statement of Loans and Credits
UGANDA: Protected Areas Management and Sustainable Use Project
02-Apr-2002

Project ID	FY	Purpose	Original Amount in US\$ Millions			Cancel.	Undisb.	Difference between expected and actual disbursements ^a	
			IBRD	IDA	GEF			Orig	Frm Rev'd
P065436	2002	2ND PHASE OF THE RD. DEVELOPMENT	0.00	64.52	0.00	0.00	63.55	2.98	0.00
P069996	2002	PROGRAM	0.00	49.15	0.00	0.00	47.82	0.00	0.00
P002984	2002	Energy for Rural Transformation Project	0.00	62.00	0.00	0.00	59.60	2.09	0.00
P074078	2002	UG FOURTH POWER PROJECT	0.00	5.00	0.00	0.00	4.99	0.00	0.00
P050439	2001	Makerere Pilot Decentr. Service Delivery	0.00	48.50	0.00	0.00	42.99	24.40	0.00
P044695	2001	PRIVATIZATION & UTILITY SECTOR REFORM	0.00	45.00	0.00	0.00	43.88	0.15	0.00
P070627	2001	National Agric. Advisory Services Proj.	0.00	20.00	0.00	0.00	14.21	-1.40	0.00
P072482	2001	Regional Trade Fac. - Uganda	0.00	47.50	0.00	0.00	44.80	15.48	0.00
P073089	2001	HIV/AIDS Control Project	0.00	22.00	0.00	0.00	19.89	8.31	0.00
P044679	2000	EMCBP II	0.00	34.04	0.00	0.00	25.36	16.45	0.00
P002992	2000	Second Economic and Fin. Mgmt. Project	0.00	80.90	0.00	0.00	45.22	-28.70	0.00
P059223	1999	LOCAL GOV DEVE.PROGRAM	0.00	22.40	0.00	0.00	12.85	14.14	0.00
P002941	1999	NAKIVUBO CHANNEL REH	0.00	12.40	2.00	0.00	1.69	0.06	-0.94
P059127	1999	ICB-PAMSU	0.00	26.00	0.00	0.00	17.94	6.62	0.00
P002970	1999	AGRIC.RES & TRNG. II	0.00	90.98	0.00	0.00	71.00	25.06	2.94
P057007	1998	ROADS DEVT PROGRAM	0.00	27.60	0.00	16.98	5.62	24.25	0.56
P040551	1998	EL NINO EMERG RD REP	0.00	34.00	0.00	0.00	13.15	4.46	0.00
P049543	1998	NUTRIT.CHILD DEV	0.00	30.00	0.00	0.00	19.07	21.62	1.27
P046836	1997	ROAD SECT/INST.SUPP	0.00	12.10	0.00	0.00	1.70	1.90	0.00
P046870	1997	Lake Victoria Env.	0.00	9.80	9.80	0.00	2.49	2.73	0.00
P035634	1996	LAKE VICTORIA ENV.	0.00	12.30	0.00	2.18	1.18	4.67	1.78
P002976	1995	PRIV. SECTOR COMPETI	0.00	36.40	0.00	0.00	0.80	3.26	0.00
P002971	1995	INST. CAPACITY BLDG	0.00	45.00	0.00	0.00	0.33	1.93	0.00
P002963	1994	DISTRICT HEALTH	0.00	50.00	0.00	0.00	1.40	2.26	0.00
P002957	1994	SEXUAL.TRANS.IN	0.00	42.30	0.00	0.00	2.12	3.14	0.00
		SMALL TOWNS WATER							
Total:			0.00	929.89	11.80	19.16	563.65	155.85	5.61

UGANDA
STATEMENT OF IFC's
Held and Disbursed Portfolio
Jan - 2002
In Millions US Dollars

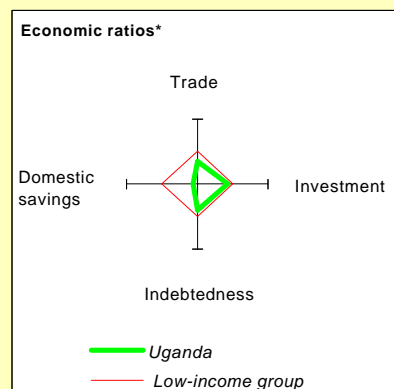
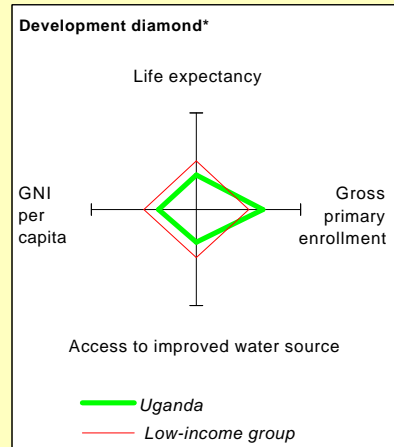
FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1996	AEF Agro Mgmt	0.60	0.40	0.00	0.00	0.55	0.40	0.00	0.00
1992	AEF Clovergem	0.84	0.00	0.00	0.00	0.84	0.00	0.00	0.00
1997	AEF Conrad Plaza	0.94	0.00	0.00	0.00	0.94	0.00	0.00	0.00
1998	AEF Exec. Invmt	0.81	0.00	0.00	0.00	0.81	0.00	0.00	0.00
1999	AEF Gomba	1.40	0.00	0.00	0.00	1.40	0.00	0.00	0.00
2001	AEF Kabojja	0.35	0.00	0.00	0.00	0.35	0.00	0.00	0.00
1998	AEF Kampala Flwr	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	AEF Kasambya	0.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AEF Kiwa II	0.09	0.00	0.00	0.00	0.09	0.00	0.00	0.00
1997	AEF Ladoto	0.80	0.00	0.00	0.00	0.80	0.00	0.00	0.00
2000	AEF LongFreight	0.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	AEF Mosa Court	0.40	0.00	0.00	0.00	0.40	0.00	0.00	0.00
1998	AEF Nile Roses	0.16	0.00	0.00	0.00	0.16	0.00	0.00	0.00
1993	AEF Rainbow	0.79	0.00	0.00	0.00	0.79	0.00	0.00	0.00
1995	AEF Rwenzori	0.17	0.00	0.00	0.00	0.17	0.00	0.00	0.00
1993	AEF Skyblue	0.51	0.00	0.00	0.00	0.51	0.00	0.00	0.00
1994	AEF White Nile	0.22	0.00	0.00	0.00	0.22	0.00	0.00	0.00
1998	AEF Wstern Hgh	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1999	CelTel Uganda	3.00	0.70	0.00	0.00	3.00	0.70	0.00	0.00
1994/00	DFCU	0.00	0.60	0.00	0.00	0.00	0.60	0.00	0.00
0/84/92	DFCU LEASING	0.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1995/96	Jubilee	0.00	0.10	0.00	0.00	0.00	0.10	0.00	0.00
1993	Kasese Cobalt	9.33	3.60	0.00	0.00	9.33	3.60	0.00	0.00
1996	Tilda Rice	2.05	0.00	0.00	0.00	1.55	0.00	0.00	0.00
1998	Uganda Sugar	4.02	0.00	0.00	0.00	4.02	0.00	0.00	0.00
1983									
Total Portfolio:		29.87	5.40	0.00	0.00	25.93	5.40	0.00	0.00

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic
2002	AEF Makss	1.35	0.00	0.00	0.00
2002	Bujagali	60.00	0.00	0.00	40.00
Total Pending Commitment:		61.35	0.00	0.00	40.00

Annex 10: Country at a Glance

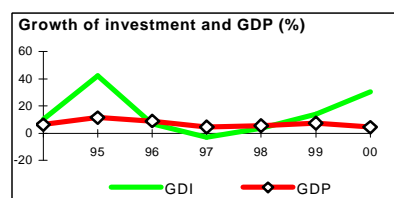
UGANDA: Protected Areas Management and Sustainable Use Project

POVERTY and SOCIAL	Uganda	Sub-Saharan Africa	Low-income	
2000				
Population, mid-year (millions)	22.2	659	2,459	
GNI per capita (Atlas method, US\$)	300	480	420	
GNI (Atlas method, US\$ billions)	6.8	313	1,030	
Average annual growth, 1994-00				
Population (%)	3.0	2.6	1.9	
Labor force (%)	2.7	2.6	2.4	
Most recent estimate (latest year available, 1994-00)				
Poverty (% of population below national poverty line)	35	..	..
Urban population (% of total population)	13	34	32	
Life expectancy at birth (years)	42	47	59	
Infant mortality (per 1,000 live births)	97	92	77	
Child malnutrition (% of children under 5)	26	..	..
Access to an improved water source (% of population)	52	55	76	
Illiteracy (% of population age 15+)	38	38	38	
Gross primary enrollment (% of school-age population)	122	78	96	
Male	129	85	102	
Female	114	71	86	
KEY ECONOMIC RATIOS and LONG-TERM TRENDS				
	1990	1999	2000	
GDP (US\$ billions)	4.3	6.4	6.2	
Gross domestic investment/GDP	12.7	16.4	18.1	
Exports of goods and services/GDP	7.2	11.3	10.1	
Gross domestic savings/GDP	0.6	4.7	2.6	
Gross national savings/GDP	0.6	10.3	10.6	
Current account balance/GDP	-10.0	-11.6	-13.9	
Interest payments/GDP	..	0.6	0.7	
Total debt/GDP	51.2	63.7	59.1	
Total debt service/exports	80.2	23.7	25.5	
Present value of debt/GDP	..	27.3	15.9	
Present value of debt/exports	..	225.3	146.2	
	1980-90	1990-00	1999	2000
(average annual growth)				
GDP	4.1	7.1	7.5	6.3
GDP per capita	1.3	3.9	4.5	3.8
Exports of goods and services	2.0	15.4	31.3	-0.7



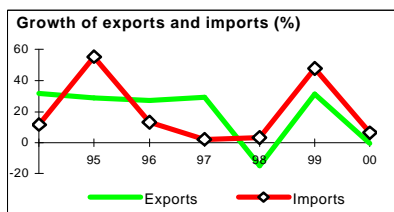
STRUCTURE of the ECONOMY

	1990	1999	2000
(% of GDP)			
Agriculture	56.6	44.4	42.5
Industry	11.1	17.8	19.1
Manufacturing	5.7	8.7	9.1
Services	32.4	37.8	38.4
Private consumption	91.9	85.4	86.9
General government consumption	7.5	9.9	10.5
Imports of goods and services	19.4	23.1	25.6



(average annual growth)

	1980-90	1990-00	1999	2000
Agriculture	3.3	3.7	6.9	4.1
Industry	6.8	12.3	9.3	6.5
Manufacturing	4.8	13.6	11.7	1.9
Services	3.9	7.9	7.2	5.3
Private consumption	3.9	7.5	17.3	0.9
General government consumption	1.7	6.4	-4.5	4.6
Gross domestic investment	11.2	10.1	14.1	30.5
Imports of goods and services	5.9	13.2	47.8	6.3

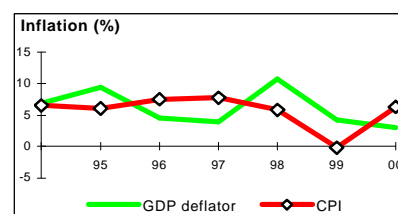


Note: 2000 data are preliminary estimates. Uganda data are in fiscal year: 1999 refers to 1998/99; 2000 refers to 1999/00.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

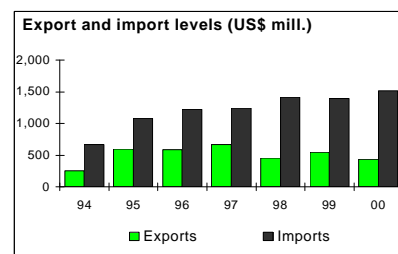
PRICES and GOVERNMENT FINANCE

	1990	1999	2000
Domestic prices (% change)			
Consumer prices	45.5	-0.2	6.3
Implicit GDP deflator	44.4	4.2	3.0
Government finance (% of GDP, includes current grants)			
Current revenue	6.8	10.9	10.8
Current budget balance	-0.3	0.9	0.4
Overall surplus/deficit	-5.9	-5.9	-9.0



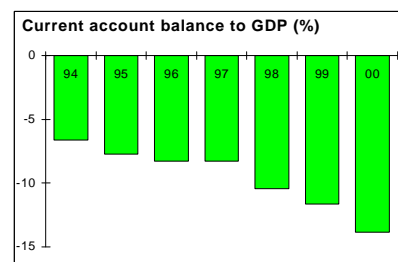
TRADE

	1990	1999	2000
(US\$ millions)			
Total exports (fob)	210	549	439
Coffee	159	307	187
Cotton	..	11	23
Total imports (cif)	584	1,392	1,513
Food	..	..	..
Fuel and energy	78	108	143
Capital goods	..	..	..
Export price index (1995=100)	56	67	58
Import price index (1995=100)	83	103	104
Terms of trade (1995=100)	67	65	56



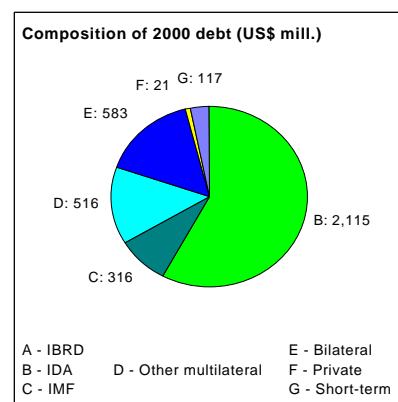
BALANCE of PAYMENTS

	1990	1999	2000
(US\$ millions)			
Exports of goods and services	246	726	626
Imports of goods and services	676	1,834	1,985
Resource balance	-430	-1,107	-1,359
Net income	-77	-14	-15
Net current transfers	78	375	513
Current account balance	-429	-746	-861
Financing items (net)	419	780	846
Changes in net reserves	10	-33	15
Memo:			
Reserves including gold (US\$ millions)	35	748	719
Conversion rate (DEC, local/US\$)	319.6	1,362.0	1,511.4



EXTERNAL DEBT and RESOURCE FLOWS

	1990	1999	2000
(US\$ millions)			
Total debt outstanding and disbursed	2,202	4,078	3,668
IBRD	21	0	0
IDA	805	2,043	2,115
Total debt service	197	184	172
IBRD	7	0	0
IDA	6	27	29
Composition of net resource flows			
Official grants	153	277	312
Official creditors	..	195	169
Private creditors	0	4	11
Foreign direct investment	6	230	248
World Bank program			
Commitments	227	165	107
Disbursements	165	132	190
Principal repayments	6	13	14
Net flows	159	119	176
Interest payments	7	14	15
Net transfers	152	104	161



**Additional
Annex 11**

Threats and Root Causes of Biodiversity Loss and Mitigating Actions

Uganda: Protected Areas Management And Sustainable Use Project

Critical Threats	Root Causes	Current Situation	Solution (GEF intervention)
<p>1. Integrity of Protected Areas in Uganda.</p> <p>2. Lack of Awareness of value of PAs and roles of respective stakeholders.</p> <p>3. Insufficient Conservation Education.</p> <p>4. Absence of a policy and strategy for sustainable and collaborative management of PAs.</p>	<ul style="list-style-type: none"> • 20 years of civil war and insufficient funding for PA management resulted in extensive encroachment, ignorance of PA boundaries and ignorance of the role of UWA and central government. • Extensive rural poverty and depletion of natural resources outside PAs. • Government has placed less emphasis on an integrated approach to sustainable biodiversity conservation than for example, the Plan for the Modernisation of Agriculture. • There is a lack of awareness for the economic opportunities that exist through the preservation of unique and globally threatened ecosystems (tourism, for example). • Central management and decision making does involve sufficient local participation, <i>ergo</i> ownership and responsibility for resources. 	<p>1.1 A new proposed PA system has been passed by Parliament, after six years of planning.</p> <p>1.2 This proposal excises many areas that have been settled and dissolves conflicts resulting from 70,000 people previously living inside PAs.</p> <p>1.3 Three new PAs have been created at the demand of the respective districts and communities.</p> <p>2.1 The recent establishment of decentralised government units in Uganda has created a need for building capacity at a local level to fully integrate PAs into district level planning for infrastructure and education complementarity.</p> <p>3.1 The existence of UWEC is an opportunity for education and awareness building.</p> <p>3.2 The existence of the nationwide network of Wildlife Clubs of Uganda is an opportunity that can be utilized to sensitise the nation on conservation education especially in rural areas where WCU already has a presence.</p> <p>4.1 Current wholly centralised PA management systems are not sustainable.</p>	<ul style="list-style-type: none"> • Finance boundary marking exercise for all PAs where required. • Awareness building and training of decentralised government officers (district, sub-county and parish levels) where their areas of responsibility include PA systems and communities around the PAs. • Support and advice for sustainable community-based biodiversity conservation and management initiatives that will be encouraged through policy and strategic interventions. • Support for Uganda Wildlife Education Centre and wildlife Clubs of Uganda to continue and strengthen their roles in conservation education and awareness building for the general public and especially school children. • Support ongoing strategy and policy formulation towards sustainable and collaborative PA management.

NAME OF SITE	ECOSYSTEM	SIZE (km2)	OUTSTANDING FEATURE	MAIN THREATS	GEF JUSTIFICATION	GEF MITIGATION ACTIONS
Queen Elizabeth N.P and adjacent buffer Zone	Savannah woodlands with Rift Valley	2,461	<ul style="list-style-type: none"> • Kazinga Channel • Crater Lake • Giant forest hogs • Many species of water birds • Hippos, etc 	<ul style="list-style-type: none"> • Poaching • Encroachment • Fishing village expanding 	<ul style="list-style-type: none"> • Contains the Lake George Ramsar Site • Biosphere Reserve • Constitute the only fully protected parts of the ecosystem mosaic with highest known Mammalian carrying capacity in the world 	<ul style="list-style-type: none"> • Improve law enforcement through regular patrols • Awareness building and community based conservation activities • Boundary demarcation
Kidepo Valley N.P and adjacent buffer zone	Savannah woodland	1,442	<ul style="list-style-type: none"> • Cheetah • Ostrich • The Kidepo Valley with Borassus palm forest • Kudu 	<ul style="list-style-type: none"> • Poaching • Wild fires 	<ul style="list-style-type: none"> • Represents the Karamoja/Turkana Dry mountain ecosystem • Regional endemism • Stop over for palaeoctic bird migrants 	<ul style="list-style-type: none"> • Awareness building community based conservation activities • Creating fire brakes at selected strategic locations around the Park • Better law enforcement through regular patrols
Lake Mburo N.P. and adjacent buffer zone	Savannah	260	<ul style="list-style-type: none"> • Zebra • Impala • Rare birds e.g. Narina's Trogon • Eland • Roan Antelope 	<ul style="list-style-type: none"> • Boundary uncertainty • Encroachment • Animal Grazing • Poaching 	<ul style="list-style-type: none"> • Supports 3 Red data book species of birds • Consensus part of the unique inter-lacustrine grassland ecosystem • Included in the IUCN's endangered parks of the world 	<ul style="list-style-type: none"> • Awareness building and country based conservation activities/initiatives • Boundary demarcation • Improved law empowerment through regular patrols
Bwindi Imp. N.P. and adjacent buffer zone	Afro Montane Forest	331	<ul style="list-style-type: none"> • Mountain Forest • Rare Birds • Chimpanzee 	<ul style="list-style-type: none"> • Pit Sawing • Wildfires • Encroachment • Boundary uncertainties with Zaire crop raiding 	<ul style="list-style-type: none"> • World Heritage site • One of the last habitats for the worlds largest remaining mountain gorilla population 	<p>In addition to Bwindi Trust Support, which covers mainly:-</p> <ul style="list-style-type: none"> - General Park Management support - Conservation awareness building and community based initiatives, and - Ecological monitoring & research <p>the Project will support the following:-</p> <ul style="list-style-type: none"> • Boundary demarcation • Support visitor centre establishment and initial operational aspects.
Mgahinga Gorilla N.P. and adjacent buffer zone	Afro Montane Forest	27	<ul style="list-style-type: none"> • Mountain Gorilla • Golden Cat 	<ul style="list-style-type: none"> • Encroachment • Pit sawing • Grazing • Crop raiding • Smuggling of animals through the parks • Poaching • Illegal removal of products 	<ul style="list-style-type: none"> • One of the few habitat for the worlds remaining mountain gorilla population 	-DITTO-

Kibale N.P. and adjacent buffer zone	Low altitude Tropical high Forest	983	<ul style="list-style-type: none"> • Chimpanzee • Other primate 	<ul style="list-style-type: none"> • Poaching • Pit sawing • Saw milling • Problem animals • Illegal forest product removal • Wildfires • Livestock grazing • Fishing within the park 	<ul style="list-style-type: none"> • Supports nine species of animals considered to be globally threatened • Has the highest primate density in the world 	<ul style="list-style-type: none"> • Support the implementation of sustainable utilisation of resources in the park through the multiple use zones approach outlined in the management plan • Improved law enforcement through regular patrols • Awareness building and county based conservation initiatives • Boundary demarcation
Rwenzori Mts. N.P. and adjacent buffer zone	Afro Montane Forest	996	<ul style="list-style-type: none"> • Lobelia • High altitude forest • Delicate bogs • Snow cap Mountain 	<ul style="list-style-type: none"> • Poaching • Illegal forest products removal • Agricultural encroachment 	<ul style="list-style-type: none"> • World Heritage site • Water Catchment • Snow feeds water into the Nile 	<ul style="list-style-type: none"> • Awareness building and community based conservation initiatives (e.g. Agro Forestry) • Improved law enforcement through regular patrols
Semuliki N.P. and adjacent buffer zone	Low altitude Rainforest	768	<ul style="list-style-type: none"> • Low altitude forest • Hot springs • Pygmies • Eastern extension of Congo forest belt 	<ul style="list-style-type: none"> • Wildfires • Problem animal • Fishing within park • Pouching • Illegal forest product removal 	<ul style="list-style-type: none"> • Transitional zone between Congo forest and E. African region • Contains half of the recorded bird species of the entire Congo basin • Located close to postulated pleistocene forest refugium 	<ul style="list-style-type: none"> • Creating fire brakes at selected strategic areas around the park • Awareness building and community based conservation initiatives • Improved law enforcement through regular patrols
Mt. Elgon N.P. and adjacent buffer zone	Afro Montane forest	1,192	<ul style="list-style-type: none"> • Afro Montane Forest • Caldera • Lobelia • Extensive Afro-alpine and bamboo zone • Endemic butterflies & bird species 	<ul style="list-style-type: none"> • Poaching • Cattle raiding • Smuggling (Cross Boarder) • Pit Sawing • Illegal forest product removal • Grazing 	<ul style="list-style-type: none"> • Extensive Afro-Montane with unique vegetation • Craters • Water catchment areas 	<ul style="list-style-type: none"> • Boundary demarcation • Awareness building and community based conservation initiatives (Agro Forestry)

**Additional
Annex 12**

STAP Technical Review

Uganda: Protected Areas Management And Sustainable Use Project

STAP Reviewer: Kenton R. Miller, Ph. D.

Date: October 8, 2001

KEY ISSUES

1. *Scientific and Technical Soundness of the Project.* The proposal is the second phase of a process that first focused on building the institutional and human capacity to restore the wildlife resource and the potential for tourism in Uganda. Given the nation's history in terms of the loss of wildlife resources and tourism capacity, and continuing insecurity, the two-step approach is rational. Of particular importance in project design is the long-term commitment of the effort. Project planners recognize the need for significant time to restore wildlife populations and communities, development of private sector capacity to operate tourism facilities, and the development of solid community relations and benefit sharing opportunities.
2. *Identification of the Global Environment Benefits.* Uganda was and remains one of the richest biodiversity countries for reasons explained in the document. Thus, the restoration of its wildlife is of global interest. What is perhaps weak in the document is the role of Uganda's ecosystems in terms of their ecosystem services that are of value to the greater region; water and fish protein resources are examples.
3. *Fit of the Project within GEF Goals.* The objectives and measures proposed fit well within the GEF operational guidelines. The proposal also responds to the directives of the COP, especially COP3.
4. *Regional Context.* The relationship of this work with activities and investments in neighboring Kenya and Tanzania could be strengthened in the document, including other GEF projects. The opportunities for cross-boundary PA work, and shared ecosystems including Lake Victoria could be mentioned.
5. *Replicability.* The lessons learned by the project will be of value and interest to neighboring countries and beyond. Specifically, this includes:
 - restoring wildlife populations and tourism capacity following periods of insecurity;
 - the work on financial sustainability;
 - "business planning"; and
 - establishing financial independence from regular governmental appropriations for the UWA and the UWEC.
6. *Sustainability of the Project.* The project proposal recognizes well the sequence of steps needed to create a sustainable economy based upon wildlife tourism. Specifically, establish the human and institutional capacity (ICB-PAMSU previous phase); secure the Protected Areas and enable wildlife populations to be re-established; build a private sector capable of managing tourism marketing and facilities; and, very importantly, work with local communities to address their concerns, e.g., animal

damage to crops, and to engage them in planning, management of wildlife and tourism, leading up to benefit sharing with them. This will take time, as the document makes clear.

7. *Indicate the Extent to which this Project will Contribute to Improved Definition of GEF Strategies and Policies.* Unfortunately, the situations that Uganda has experienced will be/is being repeated in Africa and elsewhere. Thus, GEF can continue to develop its strategies and policies to address this context drawing upon the lessons learned in Uganda. The key issues here are to be considered at the 5th World Protected Congress (Durban 2003), including:

- building the capacity to deal with biophysical, socio-economic, and institutional change;
- local communities, equity, and sustainability;
- decentralization;
- sustainable finance and business planning; and
- management effectiveness; among other points.

SECONDARY ISSUES

8. *Linkages to Other Focal Areas.* Little reference is made in the document to other focal areas, specifically carbon sequestration, fresh water supplies and international waters. Clearly, Uganda's Parks contribute importantly to these other global goals.

9. *Linkages to Other Programs and Action Plans at Regional and Sub-regional Levels.* This proposal contributes importantly to wider East African biodiversity conservation and economic development based upon wildlife tourism. There are major investments by the GEF, bilateral assistance, and NGOs in Protected Areas, wildlife management and restoration, tourism, and capacity building.

10. *Other Beneficial Environmental Effects.* As noted above, the restoration of Uganda's Parks will yield outcomes beyond tourism and related economic development. These include restored and secured water regimes that flow into lakes that provide significant fish protein.

11. *Degree of Involvement of Stakeholders in the Project.* The document is not clear as to how local communities have been involved in project design. Also, the nomenclature of the document, using terms like "target population" and "target groups" suggest a one-way flow of energy. That is, the project is giving benefit to others. Rather, the project surely seeks to engage these communities and institutions in project design and management. In this way obviously these institutions and communities help share in the costs (effort) and benefits.

12. *Innovativeness of the Project.* The first significant innovation of this Project has been the separation of the original 1997 ambitious effort into what has become two phases: first, to develop institutional and human capacity, and then to restore wildlife populations and tourism facilities, and establish community-based cooperative mechanisms. The second is to take the important, normally neglected, step of reforming existing institutions to establish the capability to manage the key components of wildlife management and tourism. And third, is the way the Project has dealt with time. This is clearly a long-term effort in response to the biology of wildlife population restoration, developing tourism facilities anew, and importantly, an honest recognition that insecurity will limit the rate of tourism visitation to the Country.

Additional Annex 13

Response to the STAP Technical Review

Uganda: Protected Areas Management And Sustainable Use Project

Scientific and Technical Soundness of the project: The STAP reviewer's assessment of the project is that the proposal is scientifically and technically sound. Given the nation's history, and lack of institutional capacity in the sector, he views the two-step approach as rational. The reviewer cites the long-term commitment to the process of rehabilitation and capacity building as an important design feature of the project that should ultimately lead to greater success in achieving project objectives.

Identification of the Global Environment Benefits: The reviewer concurs with the evaluation of the biodiversity assets in Uganda and their global importance. He suggests that the proposal could be strengthened by including a discussion of the ecosystem services that are provided by the conservation of the ecosystems and their value to the greater region. This has been added to the proposal in the Summary Project Analysis section.

Regional Context: The reviewer suggests that mention should be made of related activities in the region, specifically Kenya and Tanzania, and also efforts to better manage Lake Victoria. Associated activities have now been included in the proposal under the Project Rationale section.

Replicability: The lessons learned by the project will be of value and interest to neighboring countries and beyond in the reviewer's judgment.

Sustainability of the Project: The review thinks that the proposal recognizes well the sequence of steps needed to create a sustainable economy based upon wildlife tourism. He highlights the project's aim to work with local communities to address their concerns as an important element in achieving sustainability. The reviewer concurs with the view that this is a long-term goal that will take time to achieve.

Improved Definition of GEF Strategies and Policies: The reviewer's judgment is that the experience of Uganda is and will be repeated in Africa and elsewhere. Thus, GEF can continue to develop its strategies and policies to address this context drawing upon lessons learned in Uganda.

Secondary Issues

Degree of Involvement of Stakeholders in the Project: The reviewer thought the project proposal was not clear on the involvement of local communities. The proposal has been improved to address this concern under the Summary Project Analysis section Social.

**Additional
Annex 14**

Letter of Endorsement

Uganda: Protected Areas Management And Sustainable Use Project

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Reference: ISS 57/255/28
Date of Issue: 5th October 2001

5th October 2001

The Country Director for Uganda
Africa Region
The World Bank
1818 Street N.W.
Washington D.C. 20433
USA

Dear Mr. Adams,

**PROTECTED AREAS AND SUSTAINABLE USE (PAMU) PROJECT -
ENDORSEMENT FOR THE GEF FUNDING**

As you may be aware, the Institutional Capacity Building phase of PAMU Project is coming to an end in June 2002 and arrangements are underway for the second phase.

The Government reaffirms its commitment to biodiversity conservation and protected areas management as contained in the project document. In continuing the work initiated under the ICB-PAMU, the second phase will consolidate the foundation for a biodiversity strategy in Uganda.

The Ministry of Tourism, Trade and Industry will continue to be the focal point for the project and for biodiversity planning.

I take this opportunity to thank the Bank for the assistance rendered for the sustainable development of this country.

Yours sincerely,

M. C. Muduli (Mrs.)

For: Permanent Secretary/Secretary to the Treasury

c.c. The Permanent Secretary
Ministry of Tourism, Trade and Industry
Kampala

