

Probable Date of Board Presentation  
20 May 2015

FOR CONSIDERATION

## **MEMORANDUM**

**TO : THE BOARDS OF DIRECTORS**

**FROM : Cecilia AKINTOMIDE**  
**Secretary General**

**SUBJECT : MULTINATIONAL - LAKES EDWARD & ALBERT INTEGRATED FISHERIES & WATER RESOURCES MANAGEMENT PROJECT (LEAF II)\***  
**GEFTF GRANT OF USD 8.1MILLION TO NILE BASIN INITIATIVE**  
**ADF LOAN OF UA 5 MILLION TO UGANDA**  
**ADF GRANT OF UA 6 MILLION TO THE DEMOCRATIC REPUBLIC OF CONGO**

Please find attached the Appraisal Report relating to the above-mentioned project.

The Technical Annexes will be distributed separately.

The Outcome of Negotiations and draft Resolutions will be submitted to you as an addendum.

**Attach:**

**Cc: The President**

**\*Questions on this document should be referred to:**

|                  |                  |        |                |
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| Mr. G. NEGATU    | Director         | EARC   | Extension 8232 |
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# AFRICAN DEVELOPMENT BANK GROUP



## PROJECT: LAKES EDWARD & ALBERT INTEGRATED FISHERIES & WATER RESOURCES MANAGEMENT PROJECT (LEAF II)

COUNTRIES: DEMOCRATIC REPUBLIC OF CONGO & REPUBLIC OF UGANDA

### PROJECT APPRAISAL REPORT

*Date: March, 2015*

|                          |  |   |      |
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# **AFRICAN DEVELOPMENT BANK GROUP**



## **MULTINATIONAL**

### **LAKES EDWARD & ALBERT INTEGRATED FISHERIES & WATER RESOURCES MANAGEMENT PROJECT (LEAF II)**

**OSAN DEPARTMENT**

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May 2015

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## **CURRENCY AND MEASURES**

1 UA : USD 1.46424  
*Effective rate in December 2014*

## **GOVERNMENT FISCAL YEAR**

DRC: 1 January – 31 December  
Uganda: 1 July - 30 June

## **WEIGHTS AND MEASURES**

|                                       |   |                 |
|---------------------------------------|---|-----------------|
| 1 metric ton                          | = | 1,000 kilograms |
| 1 hectare (ha)                        | = | 2.471 acres     |
| 1 acre                                | = | 0.405 ha        |
| 1 square kilometre (km <sup>2</sup> ) | = | 100 ha          |

This Appraisal Report was prepared by a Bank team led by Mr. Olagoke OLADAPO, Chief Agro Economist, and comprises Mrs. Nathalie GAHUNGA, Chief Gender Specialist, Messrs. Jean-Louis KROMER, Chief Natural Resources Mgt Officer; Eshetu LEGESSE, Chief Financial Mgt Specialist; Laouali GARBA, Environmental Specialist. Bakach Dikand KADIATA, Senior Agronomist, David ENGWAU, Senior Procurement Officer, Vurse-Arsene LOSSOMBOT, Principal Financial Mgt Specialist and Daniel MARINI, Senior Procurement Officer. Enquiries should be addressed to Mr. Abdoulaye DAGAMAISSE, Division Manager, OSAN. 3

## **Acronyms and Abbreviations**

|           |   |
|-----------|---|
| ADB       | African Development Bank  |
| ADF       | African Development Fund  |
| BMU       | Beach Management Unit   |
| CBD       | (The) Convention on Biological Diversity                          |
| CCRF      | Code of Conduct for Responsible Fisheries                         |
| CIDA      | Canadian International Development Agency                         |
| CPUE      | (Average) Catch per Unit Effort                                   |
| DRC       | Democratic Republic of the Congo                                  |
| ENSAP     | Eastern Nile Subsidiary Action Program                            |
| FRD       | Fisheries Resources Department                                    |
| GDP       | Gross Domestic Product  |
| GEF       | Global Environmental Facility                                     |
| HDI       | Human Development Index   |
| ICCON     | International Consortium on the Cooperation on the Nile           |
| IGAD      | Intergovernmental Authority on Development                        |
| ILM       | Integrated Lakes Management Project                               |
| LEABO     | Lakes Edward & Albert Basin Organisation                          |
| LEAF I    | Lakes Edward & Albert Fisheries Project I                         |
| LDPG      | Local Development Partners Group                                  |
| MAAIF     | Ministry of Agriculture Animal Industry and Fisheries (Uganda)    |
| NBI       | Nile Basin Initiative   |
| NELSAP-CU | Nile Equatorial Lakes Subsidiary Action Program Coordinating Unit |
| SVP       | Shared Vision Program   |
| NGO       | Non-Governmental Organisation                                     |
| PCU       | Project Coordination Unit   |
| PID       | Project Implementation Document                                   |
| RAMSAR    | Ramsar Convention on Biodiversity                                 |
| RPSC      | Regional Program Steering Committee                               |
| SAP       | Subsidiary Action Program   |
| UNFCCC    | United Nations Framework Convention on Climate Change             |
| USD       | United States Dollar  |

## Loan Information

### Client's information

**RECIPIENT/BORROWER:** Democratic Republic of Congo and Republic of Uganda

**EXECUTING AGENCIES:** Nile Basin Initiative/ Nile Equatorial Lakes Subsidiary Action Program (NBI/NELSAP)  
Ministry of Water & Environment, Uganda  
Ministry of Agriculture & Fisheries DRC

### Financing plan

| Source            | Amount (UA)  | Instrument                     |
|-------------------|--|--------------------------------|
| ADF               | 5.00 million<br><u>6.00 million</u><br>11.00 million | Loan to Uganda<br>Grant to DRC |
| GEF               | 05.532 million                                       | Grant                          |
| NELSAP            | 00.228 million                                       | Counterpart contribution       |
| <b>TOTAL COST</b> | <b>16.76 million</b>                                 |                                |

### ADB's key financing information

|                       | Uganda  | DRC   | GEF     |
|-----------------------|---|-------|---------|
| Loan / grant currency | UA 5m   | UA 6m | USD8.1m |
| Interest type*        | NA  | NA    |         |
| Interest rate spread* | NA  | NA    |         |
| Commitment fee*       | 0.5% on non-disbursed amount beginning 120 days after signature |       |         |
| Other fees*           | NA  | NA    |         |
| Tenor                 | 30 years  | NA    |         |
| Service charge        | 0.75% pa on the amount disbursed and outstanding                |       |         |
| Grace period          | 10 years  | NA    |         |
| FIRR, NPV (base case) | (21.6%, NPV USD 23.8m)  |       |         |
| EIRR (base case)      | (25.42 % NPV USD 30.3m)   |       |         |

### Timeframe - Main Milestones (expected)

|                   |                  |
|-------------------|------------------|
| Project Appraisal | (December 2104)  |
| Project approval  | (May, 2015)      |
| Effectiveness     | (Dec, 2015)      |
| Last Disbursement | (June, 2021)     |
| Completion        | (December, 2020) |
| Last repayment    | (December 2070)  |

## PROJECT SUMMARY

### 1. Project Overview:

1.1 The Multinational Lakes Edward & Albert Integrated Fisheries & Water Resources Management Project (LEAF II) covers the Lakes Edward and Albert basin, which are part of the series of Rift valley lakes shared between the Democratic Republic of Congo and the Republic of Uganda. The Lakes and their catchment cover an area of about 622,472 km<sup>2</sup> and have an estimated population of about 12 million persons. The Lakes are characterized by over exploitation of main fisheries species, deforestation, insecurity as well as climate change impact all compounding the poverty levels in these areas.

1.2 The Project is a follow up to the Bank financed Lakes Edward & Albert Pilot Fisheries Project aptly termed LEAF I, which aims at reducing socio economic and environmental constraints and fighting fragility. More specifically, LEAF II aims to create an enabling environment and to strengthen the legal, policy, institutional and regulatory framework for sustainable management of natural resources and protection of the environment. It will also contribute to the creation of alternative incomes opportunities and food security for men and women in the fishing communities. The project will, in essence strengthen capacity of government institutions to promote environment-friendly interventions in the use of the Lakes' resources and promote regional trade and exchange.

1.3 The project's estimated total cost is **UA16.76million**, comprising an ADF resources of **UA 11.00 million** (*UA 5 million as loan to Uganda and UA 6 million as grant to DRC*), a co-financing of GEF grant of **UA 5.532 million** and a **UA0.228 million contributions from NELSAP**. It will be implemented over a five-year period through 3 components namely: 1) Fisheries Resources Development; 2) Integrated Water Resources Management and 3) Project Management and Coordination. The project will benefit about 400,000 people in the riparian communities of the two lakes in the two countries most of whom are living below poverty level, by improving their incomes, food security and access to basic social and economic infrastructure. In addition to job creation for local communities in the Lakes' regions (5000 jobs would be directly created while another 20,000 indirect with 50% of these benefiting the women), the project will also improve regional and local consultation/cooperation for integrated natural resources management and intra-regional trade in fish product as well as address the social dimensions of resilience, which will in the long run reduce potential sources of local conflict. In the drive to reduce the factors of fragility, LEAF II will be implemented according to a "participatory" and "conflict-sensitive" approach, which allows for continued consultation and coordination with the various stakeholders during the implementation of the activities.

1.4 The Bank's intervention will be coordinated within the mechanism of the existing Nile Basin Initiative (NBI) Shared Vision (SV) and a set of policy guidelines that provide a framework for partnership. To translate the Shared Vision into action, NBI launched a Strategic Action Program, comprising two subprograms: the basin-wide Shared Vision Program (SVP) and the Subsidiary Action Program (SAP). The SVP consists of seven thematic/facilitative projects aiming at building trust and capacity, and creating an enabling environment for regional development. The Subsidiary Action Program, pursued at sub-basin level, is to promote trans-boundary investments. At present, the NBI has two sub-basin investment programs: The Eastern Nile Subsidiary Action Program (ENSAP), and the Nile Equatorial Lakes Subsidiary Action Program (NELSAP). The NELSAP countries (Burundi, DRC, Kenya, Rwanda, Tanzania, Uganda, Egypt and Sudan) have established a NELSAP coordinating unit (NELSAP-CU) based in Kigali, Rwanda.



## **2. Needs Assessment:**

2.1 The communities in the Lakes Edward and Albert are characterized by high rate of poverty as compared to other parts of the two countries (for instance for DRC 85% of the people are below the poverty line in the riparian communities as against 71% national average), high population growth rate and all these worsened by political instability and food insecurity. These factors have exacerbated the pressure on exploitation of natural resources including the fish, water and forestry resources in the Lakes' basin. The project aims at reversing this trend (by ensuring sustainable development) by preserving and conserving the basin's water resources and fish breeding ecosystem.

2.2 Also, the fisheries sector (which constitutes the largest source of livelihood to about 7.1 million people of which approximately 51% are women) is constrained by various factors, among which are poor management and degradation of the resource (overfishing, use of inappropriate gears and vessels, pollution, non-alignment of legal and regulatory management framework for the two countries, inadequate numbers of qualified personnel, and lack of up to date information. The scenario is worsened by inadequate infrastructure and difficulties in marketing due to remoteness of principal fishing areas, leading to high post-harvest losses in the range of 20-30 % of landed fishes. The current situation whereby the forest resources are indiscriminately exploited has compounded the fishing activities in the lakes as it has led to siltation of lakes with its attendant poor fish harvest/catches.

2.3 The population's precarious living conditions and extreme vulnerability require development efforts to centre on: (i) improving the productive capacities of ecosystems; (ii) strengthening resilience in vulnerable segments of the population, especially women and youth; (iii) developing value chains; and (iv) establishing stronger regional integration among the two countries for trans-boundary natural resources management in the Lakes' region. This project will address these key issues affecting the sustainable management of the Lakes Edward and Albert Fisheries and water resources, by establishment of a Fisheries Monitoring, Control, and Surveillance System and Development of a Fishery Information System; establishing a Trans-boundary management institution; Development of Fisheries infrastructure at selected landing sites in Uganda and DRC; Development of selected upstream watersheds/wetlands management plans and rehabilitation/restoration; and combating invasive aquatic weeds; raising awareness on biodiversity. As identified in the Annex C3 lack of effective institutions and weak state capacity are key drivers of fragility in the project areas.

## **3. Bank's Added Value:**

3.1 The key value added by the Bank is its comparative advantage based on the experience and knowledge generated from the implementation of the Bank funded LEAF I pilot project which was completed in 2009. In addition, the Bank has accumulated experience through successful implementation of its environmental and natural resource management portfolio in various Regional Member Countries (RMCs). LEAF II also consolidates the Bank's leadership in the drive to address the fragilities in the Lakes basin and free up the inclusive-development potentials by facilitating a coordinated management of the water resources. In keeping with the Bank's Ten Year Strategy (2013-2022) and in addition to management of the water and other natural resources of the Lakes basin as well as regional economic integration, LEAF II addresses fragility, agriculture and food security and gender mainstreaming. It also takes on board the 2011-2015 Climate Change Plan of Action and the Bank Strategy to "address fragility and strengthen resilience in Africa during the 2014-2019 period" by consolidating the role of the local

communities and NGOs in resilience building and sensitization of the stakeholders on issues of fragility.

3.2 Furthermore the Bank's comparative advantage stems from its technical capacity to provide a rigorous definition and planning of project activities, based on its long experience in the implementation of regional projects. An in-depth assessment of the impacts of the project on the environment and their inclusion in the project components has been provided. Additionally, the Bank's Integrated Safeguards System (ISS) provides a much more comprehensive framework for environmental and social (E&S) management, which will substantially deepen E &S management and governance efforts for the project and its scope of beneficiaries.

#### **4. Knowledge Management:**

4.1 The project will contribute to knowledge management through the proposed baseline studies (with sex disaggregated data), lake wide and regionally coordinated fish surveys and also water quality and quantity assessments, development of Lake Edward and Albert Basin Water resources model, and progress reports which will inform the stakeholders on how to use the acquired knowledge and skills for better result-oriented achievements and benefits. Moreover, the value chain analysis and development that would be undertaken by the Project, will allow women and youth to design and manage sustainable SMEs. Co-management results will generate knowledge for better natural resource management. Knowledge generated through implementation of the project will be instrumental in designing and managing future projects. Furthermore, the project would facilitate exchange of knowledge and experiences across the Riparian countries on innovations and best practices in watershed management that would be promoted by its implementation.

## LOGICAL FRAMEWORK

| <b>Countries and Project Name: DEMOCRATIC REPUBLIC OF CONGO &amp; REPUBLIC OF UGANDA: Multinational- Lakes Edward &amp; Albert Integrated Fisheries &amp; Water Resources Mgt. Project</b><br><b>Purpose of the Project: To sustainably utilize the fisheries and allied natural resources of the Lakes Edward and Albert Basin through harmonized legal framework and policies.</b> |  |  |  |  |   |  |
|--|--|--|--|--|---|--|
| RESULTS CHAIN  |  | PERFORMANCE INDICATORS   |  |  | Means of Verification   | RISKS / MITIGATION MEASURES  |
|  |  | Indicator (including CSI)  | Baseline   | Target   |   |  |
| IMPACT   | Poverty reduction and sustainable livelihoods for local communities and global environmental benefit   | <ul style="list-style-type: none"> <li>National Poverty Rate</li> <li>Food Security Status</li> </ul>  | <ul style="list-style-type: none"> <li>71% &amp; 19.5% respectively for DRC &amp; Uganda below USD 1.25 purchasing power parity/day</li> <li>75% and 65% food insecure person in DRC and Uganda respectively.</li> </ul> | By Year 2019 <ul style="list-style-type: none"> <li>60% &amp; 15% respectively below USD 1.25 PPP/day</li> <li>50% &amp; 45% of population food insecure</li> </ul>  | National Poverty Assessment Reports; UNDP HDI   | <u>Assumptions:</u> Governments of Uganda and DRC commitment to declared project objectives and peace initiative sustained.<br>Risks: Political instability<br>This is mitigated through strengthening of NBI. |
| OUTCOMES   | Sustainable utilization of fisheries and allied natural resources of the Lakes Edward and Albert Basin through harmonized legal framework and policies.<br><br>Enhanced women's access to resource   | Improved fisheries resources management through: <ul style="list-style-type: none"> <li>Average Catch Per Unit Effort (CPUE);</li> <li>% reduction in the use of illegal fishing system;</li> <li>% Catch of other fish species</li> </ul> Percentage of increased of allocated resources to women   | <ul style="list-style-type: none"> <li>Baseline study to be conducted (2015);</li> <li>Baseline study to be conducted (2015)</li> <li>Baseline study to be conducted (2015)</li> <li>Baseline study (2015)</li> </ul>    | <ul style="list-style-type: none"> <li>50% increase in yield of CPUE of baseline figure</li> <li>50% reduction in illegal fishing practices by 2019</li> <li>25% increase in catches for under-exploited pelagic species</li> <li>70% of women benefitting from the alternative livelihood options</li> </ul>      | Project reports<br>M&E reports<br>From the Implementing agencies as well as NELSAP; PCR |  |
| OUTPUTS  | <b>A) Fisheries Resources Development and Management</b><br><b>Component cost: UA 9.368 million</b><br><br>A.1 Well-equipped patrol Boats and Equipment;<br><br>A.2 Harmonized Policy Framework developed<br><br>A.3 Capacity building on best fishing practices and training in biodiversity protection<br><br>A.4 Estimation of sustainable Catches Assessment (Frame survey, Fish stock and catch assessment) | A.1) Increased patrol for Monitoring, Control and Surveillance (MCS) and Information Management<br><br>A.2) Improved compliance with fishing regulations<br><br>A.3) Number of Beach Management Units (BMUs) capacitated through trainings<br><br>A.4) Status of fish stock & CPUE established through improved data on fish stock for effective | <ul style="list-style-type: none"> <li>Zero (2014)</li> <li>Current level of infractions to be determine through baseline survey</li> <li>10 BMU as at 2014</li> <li>Nil</li> </ul>                                      | <ul style="list-style-type: none"> <li>48 patrols in total by 2019 (including 8 joint bilateral patrols</li> <li>50% Reduction in Number of infractions recorded</li> <li>60 BMU at 2019 with at least 50% women</li> <li>1 standardized Catch Assessment Survey designed and implemented on each lake)</li> </ul> |   |  |

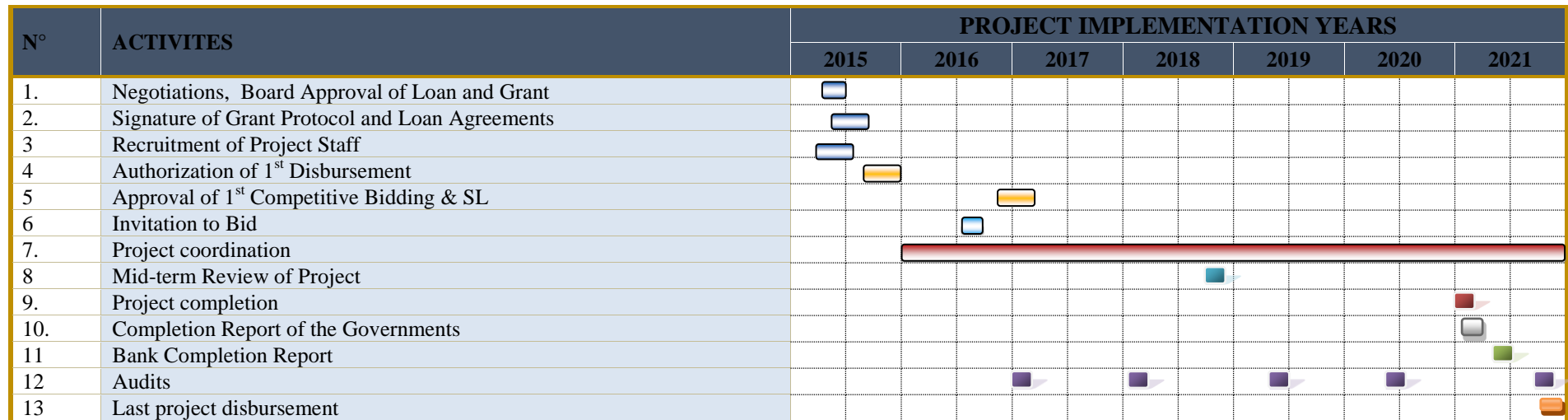
**Risk:** The vagaries of the weather can lead to the degradation of ecosystems and biodiversity

**Mitigation Measure:** Financing of resilience actions, fight against fragilities,

|  |   |   |  |   |   |
|--|---|---|--|---|---|
|  | A.5 Control of aquatic invasive weeds and conservation of aquatic biodiversity through procurement of mechanized weed harvesters  | management of fisheries resources;<br>A.5) Improved status of aquatic biodiversity of Lakes Edward and Albert through expansion of fishing grounds  | <ul style="list-style-type: none"> <li>Baseline to establish accurate current feed stock</li> </ul>  | <ul style="list-style-type: none"> <li>50% in increase fish stocks in sensitive breeding ;</li> </ul>   |   |
|  | A.6 Fish quality and value addition   | A.6) Reduction in post-harvest losses and improved fish quality and basic infrastructure provided   | <ul style="list-style-type: none"> <li>Baseline survey</li> </ul>  | <ul style="list-style-type: none"> <li>40 % increase in total volume of Fish traded by women fish marketers</li> </ul>  |   |
|  | A.7 Aquaculture Development   | <ul style="list-style-type: none"> <li>Number of Fish landing sites constructed with market stalls</li> <li>Feeder Roads rehabilitated</li> <li>Number of people gainfully employed of which women</li> <li>Estimate of Aquaculture potentials (carrying capacity) for each Laker</li> <li>Pilot Tilapia Cage farming</li> </ul>  | <ul style="list-style-type: none"> <li>Zero</li> <li>Zero</li> <li>Baseline survey</li> <li>Zero</li> </ul>  | <ul style="list-style-type: none"> <li>14 fish landing sites with marketing stalls constructed (80% allocated to women)</li> <li>150 km of Feeder roads rehabilitated</li> <li>15,000 at least 50% women</li> <li>1 aquatic survey conducted</li> <li>10 pilot fish cage farming</li> </ul>   |   |
|  | <b>B. Integrated Water Resources Management</b><br><b>Component cost: UA 4.290 Million</b><br><br><i>B.1) Water quality/quantity assessment</i><br><br><i>B.2) Pollution control and management</i><br><br><i>B.3) Establish catchment based water resources management</i><br><br><i>B.4) Catchment and wetland Management</i> | 1.1) Bathymetric/hydrographical surveys of LEA<br><br>1.2) Water resources monitoring network established<br><br>2. Number of water monitoring stations established.<br><br>2.) level of pollution released into lakes reduced<br><br>Number of Catchment Based water resources management plans developed (number of gender action plans)<br><br>Number of Catchment Management Organisation established<br><br>Number of trees planted as Improvement in basin vegetation cover<br>Soil erosion and water sedimentation reduced<br>Number of gender Community based | <ul style="list-style-type: none"> <li>Zero</li> <li>Zero</li> <li>Zero</li> <li>Baseline survey</li> <li>Zero</li> <li>Zero</li> <li>Zero</li> <li>Zero (ha)</li> <li>Zero</li> <li>Zero</li> </ul> | One water quality Bathymetric surveys developed information system<br><br>One water monitoring network developed<br><br>30 water monitoring stations<br><br>50 % reduction in pollution<br><br>6 catchment based water plans developed<br>6 catchment based organization established ( 60% of members being women)<br>1,940,000 agro forestry and fruit trees with 150,000 local trees planted by PY 3<br>320 ha of wetland and river bank areas resorted by project completion<br>6 three in each country<br><br>1 Navigational and maritime safety strategy established | <b>Risk:</b> Weak ownership of methods of sustainable ecosystem management by States and communities<br><b>Mitigation Measure:</b> Sensitization of States and residents on effective participatory ecosystems management |

|                |   |   |  |            |  |  |
|----------------|---|---|--|------------|--|--|
|                |   | wetland plans developed<br>Navigational and maritime safety<br>Gender sensitive management structures for the catchment resources established and strengthened.<br>Number gender inclusive Catchment management plans developed<br>Soil and water conservation methods developed<br>Gender sensitive community based wetland management plans developed | • Zero   | 6<br><br>6 |  |  |
|                | Diversified economic activities   | Shift in ratio of non-traditional / traditional economic activities   |  |            |  |  |
|                | <b>Project Management &amp; Coordination UA3.101 million</b><br>:   | Establishment of the Regional & National Mgt Unit<br><br>Baseline Survey<br><br>1) Regular reports: annual work Plan; b) Annual Procurement Plan; 3) Progress reports: quarterly and annually<br>2) Mid Term Review<br>3) PCR<br>Capacity building activities benefiting men/women  | Zero<br>Annual report: Zero<br>Quarterly report: Zero<br>Procurement plan: Zero<br>MTR: Zero<br>PCR  |            |  |  |
|                | <b>COMPONENT</b>  |   | <b>INPUTS</b>  |            | <b>FUNDING</b>   |  |
| KEY ACTIVITIES | <b>Component 1: Fisheries Resources Development and Management</b><br><i>Component cost: UA 9.368 million</i> |   | Number of Fish markets constructed; Feeder Roads rehabilitated; Market volume per fish species; Improved data on fish stock for effective management Water; Beach Mgt Units etc., patrol boats for monitoring. |            | ADF Grant & Loan UA 11.00 million<br>GEF grant. UA 5.532 million<br>NELSAP ( in kind counterpart contributions) UA0.228 million<br>Total: UA16.76million |  |
|                | <b>Component 2: Integrated Water Resources Management</b><br><i>Component cost: UA 4.290 Million</i>          |   | Bathymetric survey, catchment enrichment and planting, water pollution control measure<br>Project Management Unit, report baseline survey etc.   |            |  |  |
|                | <b>Component 3: Project Management &amp; Coordination UA3.101 million</b>                                     |   |  |            |  |  |

## Project Timeframe



**MULTINATIONAL  
LAKES EDWARD AND ALBERT FISHERIES & WATER RESOURCES MANAGEMENT  
PROJECT (LEAF II)**

**APPRAISAL REPORT**

Management hereby submits this report and recommends that the Board of Directors approve the proposed (i) ADF loan in the amount of UA 5 million to the Republic of Uganda; ii) ADF grant to the Democratic Republic of Congo in the amount of UA 6 million; and a GEF grant in the amount of USD 8.1 million (equivalent of UA 5.532 million) for the financing of the Lakes Edward & Albert Fisheries & Water Resources Management Project (LEAF II), for the purposes and subject to the conditions stipulated in this report.

**I – STRATEGIC THRUST & RATIONALE**

**1.1 Project linkages with country strategy and objectives**

1.1.1 The project is consistent with the shared vision of the Nile Basin Initiative (NBI), and the NELSAP Strategic Plan 2012-2016 which aims to contribute to the eradication of poverty, economic growth, and reversal of environmental degradation in the Nile Equatorial Lakes region. The project is also consistent with IGAD (of which Uganda is a member) Environment and Natural Resources Strategy, and the agricultural and environmental policies of ECCAS and the international agreements relating to wetlands (RAMSAR), climate change (UNFCCC), biodiversity (CBD) and the Code of Conduct for Responsible Fisheries (CCRF).

1.1.2 The project is aligned to the Bank's Ten-year 2013-2022 Strategy, which emphasizes inclusive and green growth by supporting activities that would increase the income of the vulnerable groups especially women and youth and promoting efficient forestry resource management. It is also in line with the Bank's Strategy for addressing fragility and strengthening resilience (2014-2019), and the thrusts of the 2011-2015 Action Plan on Climate Change. At the regional level, the project is in line with the Central Africa Regional Integration Strategy Paper (RISP 2011-2015) for (Pillar I: Developing Regional Infrastructure; Pillar II: institutional and human capacity building) and the Eastern Africa RISP 2011-2015 (Pillar I: supporting regional infrastructure development for greater competitiveness and enhanced trade; Pillar II: supporting institutional capacity building for stronger regional and national bodies). At the country level, LEAF II is consistent with the Bank's operations strategies in RDC- CSP (2013-2017) and its Pillar I: development of private investment and regional integration support infrastructure; and in Uganda – CSP 2011-2016, focusing on the development and rehabilitation of economic infrastructure and increased agricultural productivity (Pillar I); and (ii) improving capacity skills development for poverty reduction (Pillar II).

1.1.3 The proposed intervention is also reinforced by the Bank's Agriculture Sector Strategy (AgSS) by supporting fisheries economic infrastructure thereby guaranteeing the sustainable management of the fisheries natural resources in line with the two pillars of the AgSS namely: i) support to agricultural infrastructure and ii) support to Natural Resource Management (NRM). The project listed activities are also in alignment with the Program for the Infrastructure Development in Africa (PIDA) especially as it relates to "Water-Food-Energy Nexus" by putting in place effective and sustainable management systems and investing in infrastructure for river and lake basins. The project is in line with the Bank's Gender Strategy 2014-18 by ensuring economic empowerment of women through promotion of alternative livelihoods activities and women-targeted socio-economic infrastructure and skills training. The project is focussing on strengthening state capacity, establishing effective institutions and promotion of inclusiveness to build resilient societies in line with the Bank Group's Strategy on "Addressing Fragility and Building Resilience in Africa".

## **Rationale for Bank's involvement**

1.2.1 Firstly, the recent trend of environmental degradation in the Lakes Edward and Albert basin is a main source of threat not only to fish resources but also biodiversity degradation and over-exploitation of plant species. This has led to soil erosion, and pollution of soils, water and the atmosphere as well as vulnerability to climate change and all these raise concerns about the inherent risks in the basins immediate environment. Consequently, residents of basin (close to 12 million) live in precarious and increasingly vulnerable conditions.

1.2.2 Secondly, the Bank has previous knowledge in working in multi-state Lakes basins as it financed and implemented the Lakes Tanganyika Development Project which facilitated the establishment of the Lake Tanganyika Development Authority. The Project activities support the promotion of regional trade on the one hand and would help confidence building on the other hand between the two countries often with history of mutual suspicion of one another. It is envisaged that confidence building between the two neighbours through this project, will assist in reducing political tension which is common occurrence.

1.2.3 The Bank's involvement will also contribute to the achievement of the commitments made and compliance with international treaties such as the Ramsar Convention and the FAO Code of Conduct for Responsible Fisheries (two which the two countries are signatories) by ensuring equitable and reasonable utilisation of shared water resources; obligation not to cause significant harm to co-riparian's and information sharing which largely remain unimplemented.

## **1.2 Donors Coordination**

Bank Group has a strategic partnership with the World Bank on the economic integration of the Nile Basin Region; the pilot phase was jointly appraised in March 2003. Specifically, the Bank's coordination with other donors in DRC occurs within the framework of the consultative group for mobilization of resources in favour of the Emergency Multi-sector Programme for Infrastructure Rehabilitation and Reconstruction and the government's Economic Reform Program (reinforced at sectorial level by roundtable consultations). With regards to Uganda, the Bank participates in the Local Development Partners Group (LDPG) and macro and sector thematic working groups. Bank activities complement those of other donors and also government activities. The Bank has strong field presence in both countries (UGFO and CDFO) and Field based personnel of the Bank are instrumental to the in-country dialogue, portfolio management and coordination with other development partners.

## **II – PROJECT DESCRIPTION**

### **2.1 Project Components**

The sector goal of this project is poverty reduction and sustainable livelihoods for men and women (in the local fishing communities) and global environmental benefits in sustainable management of natural resources. The project objective is to ensure sustainable utilization of fisheries and allied natural resources of the Lakes Edward and Albert Basin through harmonized legal framework and policies. The project has three components namely: 1) Fisheries Resources Development & Management; 2) Integrated Water Resources Management and 3) Project Management and Coordination. The activities of the three components are as provided in the table 2.1 below. Detailed description of components is provided in Annex B1.



**Table 2.1 – Project Components**

| No. | Components                         | Cost (UA Million) | Description   |
|-----|------------------------------------|-------------------|---|
| 1   | Fisheries Resources Devpt. and Mgt | 9.368             | <ul style="list-style-type: none"> <li>• <i>Regional Monitoring, Control Surveillance &amp; Maritime Safety:</i> i) 5 Well equipped Patrol Boats with radar &amp; communication equipment, and 4 surveillance stations, ii) Conducting joint surveillance operations; iii) Design of sub regional funds for MCS Operations maintenance and training of staff; iv) Harmonization of Policy Legislation against the use of illegal gears; v) Maritime security survey.</li> <li>• <i>Fishery management :</i> i) Fish frame Survey every two year; ii) Permanent Catch Assessment Survey with standard methodology for both countries; ii) 1 research vessel for Lake Albert; iii) ICT equipment ( shared data bases for each lake); iv) Construction of two fisheries research stations; v) Identification and demarcation of the main fish breeding areas; vi) Design and implementation of fisheries management plans for each lake ; vii) Removal and control of aquatic weeds by mechanical and manual harvesters.</li> <li>• Fish Conservation and value addition: i) Construction of 5 Standard Fish handling facilities in the major landing sites; ii) Construction/rehabilitation of 120 km of feeder roads; iii) Capacity Building/Training of Beach Mgt Units (at least 30% of women) and women associations in fish handling; iv) Sensitization program for the use of mukene and ragori stocks. Iv)Promotion of alternative livelihoods for women (Apiculture and poultry development, distribute Small ruminants (goat and sheep) and seeds through pass-on scheme for women); v) Survey to evaluate aquaculture potential (carrying capacity for tilapia cage farming) for each lake for women ; vi) 10 Demonstration sites for cage fish farming (5 each in each country; 50% women trained) vii) Support to fish farmers and women to access existing credit schemes; viii) Tree planting &amp; Woodlots development ix) Establishment for committee for Joint Forest Management (30% women) with special training for women in Joint Forest Management</li> <li>• ix) Boat construction and repairs; xi) Training of the BMUs in the use of appropriate fish capture technology with special training for women on financial literacy, leadership</li> </ul> |

|   |                                       |       |  |
|---|---------------------------------------|-------|--|
| 2 | Integrated Water Resources Management | 4.29  | <ul style="list-style-type: none"> <li>• <i>Catchment and wetland Management:</i> i) Soil erosion and lake water/siltation sedimentation reduced); ii) Improved basin vegetation cover (4,000,000 agro forestry and fruit trees with 500,000 local trees to be planted); iii) 1000 ha in each country wetland and riverbank buffer areas restored, iv) 2000 producers / fishers trained.</li> <li>• <i>Water quality and quantity assessments:</i> i) 2 well equipped water laboratories; ii) 2 Construction of hydro-meteorological stations and infrastructure; ii) Development of basin hydrological and natural resources database. iii) Provide on-site- sanitation facilities (40 toilets and 40 boreholes will be provided).</li> <li>• <i>Development of Lake Edward and Albert Basin Water resources model:</i> i) Establishment community based wetland management organization, ii) development and implementation trans-boundary management frameworks, iii) facilitate establishment of lake management funds, iv) support resources mobilization for LEA projects and v) building capacity on IWRM.</li> <li>• <i>Maritime safety:</i> Establishment and operationalization of a maritime safety system for</li> </ul> |
| 3 | Project Management & Coordination     | 3.101 | <ul style="list-style-type: none"> <li>• <i>Strengthening the existing Regional Project Coordination Unit in NELSAP:</i> i) Recruitment of the RPCU, Project Accountant &amp; Fisheries Expert; ii) Coordinate the establishment of the LEABO; iii) Coordinate the Procurement activities of the Project; iv) Coordination &amp; Supervision of the Work plan &amp; Budget; v) M &amp; E; vi) Audit of Project activities</li> <li>• <i>Support to the National Focal Institutions:</i> i) Identification and deployment of the Staff of Ministries of Fisheries &amp; Water Resources to work on the Project; ii) Support to National Focal Offices in Port Fortal (Uganda) and Bunia and Besmobo (DRC); iii) Capacity Building of the RCU and National Focal Institutions; Provision of 5 vehicles (2 for each country and 1 for NESAP); IT and Office equipment raining for the Field staff. Baseline Survey</li> </ul>   |

## 2.2. Technical solutions retained and other alternatives explored

One alternative to the Regional approach considered and rejected is as follows:

**Table 2.2: project alternatives considered and reasons for rejection**

| Alternative Option                              | Brief Description                              | Reason for Rejection  |
|---|--|---|
| i. National Projects separately by each country | Two Different Projects on the same Lake basin. | The sustainable management of the Lakes resources would not be realised and this will be lead to lack of sustainable development. Beside the Project design along national mandate would not have attracted the Bank's Regional Operations and GEF resources. |

## 2.3 Project type

2.3.1 This intervention is designed in the form of a stand-alone Investment Project with the main aim of supporting livelihood and infrastructure development and capacity building activities which will lead to enhanced harmonization of policy and regulative frameworks of the shared Lakes Edward & Albert. This would in turn, lead to better utilisation and management of natural resources, production and marketing of fisheries, forestry, wildlife and agricultural products of the Lakes.

## 2.4 Project Cost and Financing Arrangements

2.4.1 *Project Costs*: The total cost of the project is estimated at UA 16.76 million (USD 24.54million), net of taxes, and based on 2014 prices, comprising UA9.440 million (USD13, 822 million) or 56.33% of the total cost in foreign cost and UA 7.319 million (USD 10.718 million or 43.67% in local costs. This cost is inclusive of physical and price contingencies estimated at average rates of 5% and 5 % respectively. The price contingencies were estimated on the basis of actual and projected levels of local and foreign inflation rates of about 5.5-6.0% and 2.2% per annum, respectively. The physical contingencies are estimated from 0 to 15%, based on common practices. A summary of the project cost estimates by components and expenditure accounts is shown in Tables 2.3, 2.4 and 2.5 below, while details are provided in the Technical Annexes – Volume II of the appraisal report.

**Table 2.3:- Summary Project Cost by Component (US\$/UA)**

| COMPONENTS  | (USD '000)       |                  |                  | (UA '000)       |                 |                  | % FE      | % BC       |
|---|------------------|------------------|------------------|-----------------|-----------------|------------------|-----------|------------|
|   | Local            | Foreign          | Total            | Local           | Foreign         | Total            |           |            |
| <b>A. FISHERIES RESSOURCES DEVPT AND MGMT</b>         | 4,434.76         | 8,038.61         | 12,473.37        | 3,028.71        | 5,489.95        | 8,518.67         | 64        | 56         |
| Regional Monitoring Control Surveillance Safety       | 1,387.25         | 1,802.75         | 3,190.00         | 947.42          | 1,231.18        | 2,178.60         | 57        | 14         |
| Fishery Mgmt. Information System                      | 449.01           | 1,864.36         | 2,313.37         | 306.65          | 1,273.26        | 1,579.91         | 81        | 10         |
| Fish Conservation and Breeding Sites                  | 1,812.50         | 3,097.50         | 4,910.00         | 1,237.84        | 2,115.43        | 3,353.28         | 63        | 22         |
| Promotion of alternative livelihoods                  | 786.00           | 1,274.00         | 2,060.00         | 536.80          | 870.08          | 1,406.87         | 62        | 9          |
| <b>B. INTEGRATED WATER RESOURCES MGMT</b>             | 2,273.20         | 3,441.80         | 5,715.00         | 1,552.48        | 2,350.57        | 3,903.05         | 60        | 26         |
| Catchment and Wetland Management                      | 1,565.60         | 2,119.40         | 3,685.00         | 1,069.22        | 1,447.44        | 2,516.66         | 58        | 17         |
| Enhanced Trans-Boundary Lakes Management Coordination | 338.50           | 371.50           | 710.00           | 231.18          | 253.72          | 484.89           | 52        | 3          |
| Water Resources Monitoring and Assessment             | 102.10           | 487.90           | 590.00           | 69.73           | 333.21          | 402.94           | 83        | 3          |
| Maritime safety                                       | 267.00           | 463.00           | 730.00           | 182.35          | 316.20          | 498.55           | 63        | 3          |
| <b>C. PROJECT MANAGEMENT</b>                          | 2,893.04         | 1,197.32         | 4,090.36         | 1,975.80        | 817.71          | 2,793.50         | 29        | 18         |
| <b>Total BASELINE COSTS</b>                           | <b>9,601.00</b>  | <b>12,677.73</b> | <b>22,278.73</b> | <b>6,556.99</b> | <b>8,658.23</b> | <b>15,215.22</b> | <b>57</b> | <b>100</b> |
| Physical Contingencies                                | 526.67           | 631.53           | 1,158.19         | 359.68          | 431.30          | 790.98           | 55        | 5          |
| Price Contingencies                                   | 589.98           | 513.23           | 1,103.20         | 402.92          | 350.51          | 753.43           | 47        | 5          |
| <b>Total PROJECT COSTS</b>                            | <b>10,717.64</b> | <b>13,822.48</b> | <b>24,540.13</b> | <b>7,319.60</b> | <b>9,440.04</b> | <b>16,759.63</b> | <b>56</b> | <b>110</b> |

**Table 2.4:- Summary Project Cost by Expenditure Categories /UA)**

| CATEGORIES                            | (USD '000)       |                  |                  | (UA '000)       |                 |                  | % FE      | % BC       |
|---------------------------------------|------------------|------------------|------------------|-----------------|-----------------|------------------|-----------|------------|
|                                       | Local            | Foreign          | Total            | Local           | Foreign         | Total            |           |            |
| <b>I. Investment Costs</b>            | 6,381.34         | 11,924.13        | 18,305.47        | 4,358.13        | 8,143.56        | 12,501.69        | 65        | 82         |
| <b>A. WORKS</b>                       | 2,188.20         | 4,063.80         | 6,252.00         | 1,494.43        | 2,775.36        | 4,269.79         | 65        | 28         |
| <b>B. GOODS</b>                       | 1,338.04         | 3,260.43         | 4,598.47         | 913.81          | 2,226.70        | 3,140.52         | 71        | 21         |
| Vehicles                              | 83.00            | 332.00           | 415.00           | 56.68           | 226.74          | 283.42           | 80        | 2          |
| Equipment                             | 1,255.04         | 2,928.43         | 4,183.47         | 857.13          | 1,999.97        | 2,857.09         | 70        | 19         |
| <b>C. SERVICES</b>                    | 2,855.10         | 4,599.90         | 7,455.00         | 1,949.89        | 3,141.49        | 5,091.38         | 62        | 33         |
| Training                              | 1,351.50         | 1,351.50         | 2,703.00         | 923.00          | 923.00          | 1,846.01         | 50        | 12         |
| Technical Assistance                  | 65.60            | 1,246.40         | 1,312.00         | 44.80           | 851.23          | 896.03           | 95        | 6          |
| Studies                               | 137.50           | 412.50           | 550.00           | 93.91           | 281.72          | 375.62           | 75        | 2          |
| Contractual Services                  | 1,300.50         | 1,589.50         | 2,890.00         | 888.17          | 1,085.55        | 1,973.72         | 55        | 13         |
| Audit                                 | -                | -                | -                | -               | -               | -                | -         | -          |
| <b>II. Recurrent Costs</b>            | 3,219.66         | 753.60           | 3,973.26         | 2,198.86        | 514.67          | 2,713.53         | 19        | 18         |
| A. Personnel                          | 856.08           | -                | 856.08           | 584.66          | -               | 584.66           | -         | 4          |
| B. Daily Subsistence Allowance        | 1,253.09         | -                | 1,253.09         | 855.79          | -               | 855.79           | -         | 6          |
| <b>C. Operation &amp; Maintenance</b> | 187.17           | 357.89           | 545.06           | 127.83          | 244.42          | 372.25           | 66        | 2          |
| Vehicle                               | 57.60            | 134.40           | 192.00           | 39.34           | 91.79           | 131.13           | 70        | 1          |
| Equipment                             | 116.57           | 216.49           | 333.06           | 79.61           | 147.85          | 227.46           | 65        | 1          |
| Infrastructure                        | 13.00            | 7.00             | 20.00            | 8.88            | 4.78            | 13.66            | 35        | -          |
| D. General Operating Charges          | 923.32           | 395.71           | 1,319.03         | 630.58          | 270.25          | 900.83           | 30        | 6          |
| <b>Total BASELINE COSTS</b>           | <b>9,601.00</b>  | <b>12,677.73</b> | <b>22,278.73</b> | <b>6,556.99</b> | <b>8,658.23</b> | <b>15,215.22</b> | <b>57</b> | <b>100</b> |
| Physical Contingencies                | 526.67           | 631.53           | 1,158.19         | 359.68          | 431.30          | 790.98           | 55        | 5          |
| Price Contingencies                   | 589.98           | 513.23           | 1,103.20         | 402.92          | 350.51          | 753.43           | 47        | 5          |
| <b>Total PROJECT COSTS</b>            | <b>10,717.64</b> | <b>13,822.48</b> | <b>24,540.13</b> | <b>7,319.60</b> | <b>9,440.04</b> | <b>16,759.63</b> | <b>56</b> | <b>110</b> |

**Table 2.4 (A) UGANDA:- Summary Project Cost by Expenditure Categories /UA)**

|          | Category of Expenditure ('000 UA) |              |            |         |
|----------|-----------------------------------|--------------|------------|---------|
|          |                                   | Foreign Cost | Local Cost | Total   |
| <b>A</b> | Goods                             | 1009.88      | 422.31     | 1432.19 |
| <b>B</b> | Works                             | 1165.75      | 637.36     | 1803.10 |
| <b>C</b> | Services                          | 549.18       | 405.70     | 954.88  |
| <b>D</b> | Operating Costs                   | 224.97       | 584.86     | 809.82  |
|          | <b>Total</b>                      | 2949.78      | 2050.22    | 5000.00 |

**Table 2.4 (B) DRC:- Summary Project Cost by Expenditure Categories /UA)**

|          | Category of Expenditure ('000 UA) |              |            |         |
|----------|-----------------------------------|--------------|------------|---------|
|          |                                   | Foreign Cost | Local Cost | Total   |
| <b>A</b> | Goods                             | 985.39       | 412.17     | 1397.56 |
| <b>B</b> | Works                             | 1169.72      | 641.40     | 1811.12 |
| <b>C</b> | Services                          | 1170.41      | 653.83     | 1824.24 |
| <b>D</b> | Operating Costs                   | 247.02       | 720.05     | 967.08  |
|          | <b>Total</b>                      | 3572.54      | 2427.46    | 6000.00 |

**Table 2.4 (C) NELSAP:- Summary Project Cost by Expenditure Categories /UA)**

|          | Category of Expenditure ('000 USD) |              |            |          |
|----------|------------------------------------|--------------|------------|----------|
|          |                                    | Foreign Cost | Local Cost | Total    |
| <b>A</b> | Goods                              | 479.45       | 170.89     | 650.34   |
| <b>B</b> | Works                              | 914.16       | 493.11     | 1407.27  |
| <b>C</b> | Services                           | 2093.65      | 1659.35    | 3753.00  |
| <b>D</b> | Personnel                          | 0            | 856.08     | 856.08   |
| <b>E</b> | Operating Costs                    | 204.92       | 553.83     | 758.75   |
|          |                                    | 324.43       | 350.13     | 674.75   |
|          | <b>Total</b>                       | 4083.39      | 4016.61    | 8,100.00 |

**Table 2.5: Summary Project Cost Schedule by Components (UA 000)**

| COMPONENTS  | (UA '000)       |                 |                 |                 |                 |                  |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|   | 2015            | 2016            | 2017            | 2018            | 2019            | Total            |
| <b>A. FISHERIES RESSOURCES DEVPT AND MAGMT</b>        | 1,363.39        | 4,930.28        | 1,666.98        | 752.94          | 654.18          | 9,367.77         |
| Regional Monitoring Control Surveillance Safety       | 411.21          | 1,445.42        | 219.30          | 170.34          | 162.39          | 2,408.67         |
| Fishery Mgmt. Information System                      | 479.18          | 616.80          | 291.03          | 207.51          | 124.75          | 1,719.26         |
| Fish Conservation and Breeding Sites                  | 204.53          | 2,503.96        | 852.41          | 63.58           | 48.10           | 3,672.57         |
| Promotion of alternative livelihoods                  | 268.47          | 364.10          | 304.25          | 311.50          | 318.94          | 1,567.26         |
| <b>B. INTEGRATED WATER RESOURCES MANAGEMENT</b>       | 973.52          | 1,184.25        | 819.97          | 679.25          | 633.09          | 4,290.08         |
| Catchment and Wetland Management                      | 677.89          | 504.64          | 522.99          | 529.58          | 542.53          | 2,777.62         |
| Enhanced Trans-Boundary Lakes Management Coordination | 235.77          | 70.47           | 72.21           | 74.00           | 75.83           | 528.29           |
| Water Resources Monitoring and Assessment             | 2.90            | 246.54          | 164.98          | 14.41           | 14.73           | 443.56           |
| Maritime safety                                       | 56.96           | 362.59          | 59.79           | 61.26           | -               | 540.61           |
| <b>C. PROJECT MANAGEMENT</b>                          | 1,166.94        | 468.92          | 478.60          | 488.55          | 498.78          | 3,101.79         |
| <b>Total PROJECT COSTS</b>                            | <b>3,503.84</b> | <b>6,583.45</b> | <b>2,965.56</b> | <b>1,920.73</b> | <b>1,786.05</b> | <b>16,759.63</b> |

**2.4.2 Project Financing Arrangement:** The project will be jointly financed by AfDB Loans and grant resources from the International Water allocation of the GEF. The AfDB loans totalling UA 11 million (representing 65.6% of the total Project Cost) will comprise of UA 6 million for the Democratic Republic of Congo and UA 5 million. There would however be in-kind contribution, such as provision of office space and staff secondment from NELSAP. The breakdown of financing for the project is presented in the Tables 2.6.

**Table 2.6:- Project Costs by Financing Sources (UA/US\$)**

| FINANCING SOURCE        | (UA '000)       |                 |                  |              | (USD '000)       |                  |                  |              |
|-------------------------|-----------------|-----------------|------------------|--------------|------------------|------------------|------------------|--------------|
|                         | Foreign         | Local           | Total            | %            | Foreign          | Local            | Total            | %            |
| Global Environment Fund | 2,743.13        | 2,788.75        | 5,531.88         | 33.0         | 4,016.61         | 4,083.39         | 8,100.00         | 33.0         |
| African Devpt Bank      | 6,591.07        | 4,408.93        | 11,000.00        | 65.6         | 9,650.91         | 6,455.73         | 16,106.64        | 65.6         |
| NELSAP                  | 105.83          | 121.92          | 227.75           | 1.4          | 154.96           | 178.52           | 333.49           | 1.4          |
| <b>Total</b>            | <b>9,440.04</b> | <b>7,319.60</b> | <b>16,759.63</b> | <b>100.0</b> | <b>13,822.48</b> | <b>10,717.64</b> | <b>24,540.13</b> | <b>100.0</b> |

## **2.5. Project's target area and population**

**2.5.1 Project Areas:** The project will be executed in the communities within the catchment area of on Lakes Edward and Albert. These Lakes are part of the series of Rift valley lakes shared by the Democratic Republic of Congo and the Republic of Uganda. Lake Edward (90 km long and 40km wide) is situated at an altitude of 916 m and is bordered on the west by the high mountains of the Mitumba Range including the famous Mount Kyavirimu (3,117m), on the North and South by two alluvial plains, respectively, the Semliki (outlet) and the Rwindi- Rutshuru (tributaries). Its average depth is estimated at 34m, with a maximum of 117m towards the Congolese side. The lake is enclosed by two national parks, the Queen Elizabeth National Park (QENP) in Uganda and the Virunga National Park (PNVI) in the DRC. In Uganda, the lake waters are not included in the park, unlike in Congo. Lake Edward has a hydrographic basin estimated at 12,000 km<sup>2</sup>.

Lake Albert is situated at an altitude of 618 m. It is 160 km long and 35 km wide. It is relatively shallow with an average depth of 25 m and a maximum of 58m towards the Congolese border. The lake receives water from Lake Edward through the river Semliki in the south and from the Nile in the north. The Lake is rich in plankton and primary production is high, though the presence of blue-green algae (Anabaena) causes in some places anoxic conditions resulting in considerable mortality of the Nile Perch.

**2.5.2 Project Beneficiaries:** The estimated number of direct beneficiaries is about 400,000 people consisting mainly of the members of BMU/UGREP in the two countries who are active stakeholders along the value chains. They include about 35% fishermen who actually do fishing on the lakes, 10% crew members of the fishing boats/vessels while the rest is made of 55% who are involved in the various value addition processes of where the women predominate.

## **2.6 Participatory process for project identification, design and implementation**

**2.6.1** The Project was identified as a follow up to the closed LEAF I project which constructively engaged the various stakeholders in the Lakes' Catchment area that lead to the preparation of the Investment options. Furthermore, the Project design involved the direct engagement of all the key stakeholders. The Preparation mission had active participation of the direct beneficiaries (men and women) in the two countries through public consultations and interactions. The outcome of the public consultation identified the key project development problems among which were the declining catches, lack of policy harmonization between the countries which lead to the use of inappropriate fishing gears; the pollutions and siltation of the Lakes and lack of appropriate monitoring and surveillance include maritime hazards. All these were taken into consideration in identifying the project components and activities.

**2.6.2** The consultative process continued during the appraisal mission during which the two Governments (including ministries of women), NELSAP, women and men beneficiaries and ministries of Gender, NGOs (including working on women issues) were well represented and there were consensus of what the Project should fund in addressing the problems of the Lakes. The appraisal mission was rounded off at NELSAP Headquarters with the effective participation of the two countries. In effect, the project design and its listed activities were the outcome of broad-based consultations (meetings and discussions, and validation workshops) with all the stakeholders, expressed their views in what the project should aimed at achieving. These consultations will continue throughout project implementation period

## 2.7. Bank Group experience, lessons reflected in project design

The Project Task Team analysed the sector portfolio in the two countries, using the relevant Project Completion Reports. These helped to draw useful lessons for enhancing project quality and performance. The project design also draws on lessons from previous other projects financed by the Bank and other donors in the fisheries sub-sector. Lessons learnt (which were considered and incorporated in designing this project) include:

- a) Integrated Approach to Natural Resource Management: The need to adopt an integrated and participatory approach to solving common problems especially in the use of trans-boundary resources like the ones in Lakes Edward & Albert cannot be overemphasized. Thus the project design has taken cognizant of the need for complementary activities aimed at creating favourable conditions for a sustainable and integrated management of Lakes Edward and Albert fisheries and water resources. The Project emphasized co-joint management and the promotion of environmentally-friendly fishing and processing methods especially in line with the Code of Conduct for Responsible Fisheries.
- b) Gender Targeting: About 50% of the project beneficiaries are women (200,000 women) who are engaged in activities that promote value chain of the fish catches. The project therefore, not only ensure mainstreaming of gender activities but also specifically target activities that would benefit the women who are the predominate players along the fishing sector;
- c) Use of existing institutions and structures: The project design took into account the problem usually associated with the implementation of multinational Projects which is usually tied to the ill-conceived institutional arrangements especially where the fiduciary capabilities of the institutions were not well-assessed leading to bottleneck in the flow of funds and project management structures thereby hampering implementation progress. The project design undertook critical assessment of all the relevant institutions (both at the regional and national levels) and have proposed the most plausible implementations that would deliver the project development objectives.

## 2.8. Key performance indicators

The main performance indicators as per the project logical framework are: (i) Establishment of LEABO; ii) poverty reduction; (iii) improve income (disaggregated along gender lines); (iv) provision of basic infrastructures; (v) number of hectares protected against erosion; (vi) improvement in fish safety, quality, quantity and prices; (vii) the number and adoption rate of alternative livelihoods sources with data stratified by gender ; (viii) number of kilometres of rural access roads developed; ix) number of beneficiaries (males and females) benefiting from capacity building programs, and x) percentage of women in different committees and occupying leadership position established/strengthened by the project; xi) Percentage of resources allocated for gender activities. The project will also support the implementation, monitoring and evaluation of activities based on the results based logical framework. The presence of the Bank's field offices in both countries will significantly improve project implementation performance.

## III- PROJECT FEASIBILITY

### 3.1. Economic and financial performance

**Table 3.1: key economic and financial figures**

|              |                 |                 |
|--------------|-----------------|-----------------|
| FIRR :21.60% | NPV (base case) |                 |
| USD23.8m     |                 |                 |
| EIRR 25.42%  | NPV             | USD 30.3million |

NB: detailed calculations are available in Annex B6

3.1.1 **Financial Performance:** The financial analysis was carried out based on: (i) activity models using prevailing 2014 market prices of productions and inputs (investment and operating inputs, fishing gear (boat and nets), small equipment (outboard engines, and labour); (ii) area/family household models and (iii) farm distribution. In this condition, the analysis generated NPV, IRR and B/C ratio equal to USD 23.8 million, 21.60 % and 1.64, respectively, as captured in the technical annexes (B6).

3.1.2 **Economic Performance:** The economic analysis was conducted using the same approach as the financial analysis, on the basis of shadow prices (prices in conditions of the efficient market operation) of tradable goods most especially the various species of fish that are traditional to these lakes including *Neobola*, *Brycinus*, *Hydrocynus*, *Tilapia Aletes Lates*. For Lake Albert and *Bagrus*, *Protopterus*, *Clarias* and *Tilapia* for Lake Edward). In addition, other indirect benefits were also expected, such as, benefits from development of infrastructure for fish trade, alternative livelihoods, and access to social services benefits (reduction in the medical bill) and the reduction of women's households' chores (increased productivity). However, these additional benefits whose computation required dose responses, could not be adequately captured in the analysis. In these conditions, the economic analysis yielded an NPV, ERR and B/C ratio equal to USD 30.3 million, 25.42% and 2.12, respectively, as captured in the technical annexes.

3.1.3 **Sensitivity Analysis:** The results of the sensitivity analysis indicate that with 5%, 10% and 15% decrease in production the EIRR decreases to 19%, 15% and 12.5% respectively as indicated in Annex 3. Also a 10% increase investment decreases the EIRR to 22%, the switching value being 12%.

## **3.2. Environmental and Social impacts**

3.2.1 **Environment:** In line with the Bank's Integrated Safeguards System, the Lakes Edward and Albert Integrated Fisheries and Water Resources Project has been assigned environmental classification of category 2 which in essence implies that although the project has significant environmental and social benefits, it needed the articulation of Environmental and Social Management Plans to mitigate some of potential adverse environmental impacts (that are largely reversible), on human populations or environmentally important areas (including wetlands, forests, and other natural habitats) that may result from implementing some of its sub projects. The ESMP was prepared and has been posted on the Bank website

3.2.2 The Project is designed to have significant positive environmental and social impacts through promotion of ecological integrity of the Lakes' natural resources and ensuring sustainable livelihoods. The potential positive impacts of the project include (i) reduced siltation and sedimentation of the lakes, (ii) improved water quality in the lakes (iii) reduced overfishing and improved fish stocking (iv) Restored lakes' buffer areas through afforestation, and (vi) Restored and protected watersheds. An Environmental and Social Management Plan (ESMP) has been prepared to mitigate the largely localised and reversible negative environmental effects resulting from implementing the project. ESMP proposed mitigation measures which include afforestation to compensate vegetation loss, re-vegetating disturbed lands in works' areas, erosion control and the use of appropriate system to manage solid waste and effluent etc. The proposed mitigation measures have been assessed and the cost estimated captured as part of the Project detailed costing estimated at UA 348,304 (USD510, 000). The ESMP's summary is included in the technical annexes (Annex B8).

3.2.3 **Climate Change:** The Lakes Edward and Albert Basin is located in a transition zone between the high rainfall Congo Basin and the dry Eastern Africa region, which explains the high annual variability of rainfall and Lake in-flows. Any future climate change may thus potentially have a relatively strong impact on the hydrology of the region. Of interest are forecasts of both temperature and precipitation increases and how these changes are likely to impact on river flows and the water balance of the two lakes, especially in terms of future Lake water levels (relevant for wetlands, fisheries, Lake transport, and biodiversity). Component 2, includes catchment management interventions, which could help to reduce the impact of flooding as well as other water management mechanisms and investments to help smoothen the cyclical impacts of droughts and floods, and improve overall water resources management and availability. The Project's activities will promote climate change adaptation in order to improve resilience to climate variability through measures that will improve fisheries, forestry and crop production, household income, food security, and nutrition security.



This will be done through support to watershed management, and promotion of alternative livelihoods. Also, the project infrastructure are planned to be made more climate resilient in order to prolong the lives of such infrastructure.

**3.2.4 Gender:** Women constitute approximately 50.2 % of the population. Within households, allocation of responsibilities for different fishery activities indicated a lower but increasing participation of women in different fishery functions. Men are more involved in fisheries at production/harvesting stages (approximately 60% of men in Lake Edward and 90% for Lake Albert) while the women involved are in post-harvest processing (value addition) and sale of fish products. Decision making in the management of fishery resources tends to be a male domain. The gender assessment undertaken indicated limited participation of women in the various fisheries activities and low share of women in the benefits from fisheries activities as the most significant gender issues. In Uganda, each beach management unit elects a committee where 30% of all members are supposed to be women, although in practice it is unclear if this provision is consistently observed.

**3.2.5** The project will enhance women's economic empowerment and increase the space for women's participation in decision making processes. These will be achieved by mainstreaming their access for the project's productive resources and infrastructure as well as the necessary soft interventions. About 50% of the direct beneficiaries of the project are women who are engaged in value addition to the fish products along the value chain (approximately 200,000 women). At the policy level, gender issues will be taken into account in the harmonisation of fisheries regulations. The project will also promote alternative livelihoods options (small livestock, apiculture, agroforestry, ecotourism, etc.) and provide starter kits for women to start small business and promote their access to credit. About 70% of the beneficiaries supported under the alternative livelihood will be women in various enterprises of their choice. The programme will also ensure women's equal access to Employment Intensive Investment Programme (EIIP). Clean Gender friendly energy saving technologies (i.e. improved stoves and solar driers) that free or reduce time and labour for women will be promoted. The increased health (i.e. latrines) and socioeconomic infrastructures (i.e. dryer system, feeder roads, etc.) will ease access to their economic activities and improve access to social services. The project will ensure the inclusion of women in the community based wetland management organizations, BMUs, Catchment Management Committees, trans-boundary Lake Basin management co-ordination committee, etc. by ensuring at least 30% representation and the strengthening of the women's organisations/cooperatives. The project will support training of women in various technical skills (leadership, financial literacy, improved drying system, cage fishing, etc.) and on Conflict and Gender Based-Violence Prevention in DRC. Gender specific action plans will be integrated within the 4 catchment management plans. Moreover, the full monitoring of the gender dimension of the project will be ensured by the Gender Specialist of NELSAP, by the strengthening of the capacity on gender for all stakeholders and based on baseline survey, with sex disaggregated data conducted at the beginning of the project. Budget has been allocated for all the mentioned activities are totalling about UA 5 million representing about 30% of the total project cost estimates.

**3.2.6 Social:** There are around 12 million people in the Lake Edward and Albert Basin, of whom 73% (8.7 million people) are dependent on fisheries for their livelihoods. Fisheries sub-sector contributes between 1.5 and 2.5% to the GDP of the respective economies. Over 50% of those involved in fisheries are women who are engaged mostly in fish processing and marketing which are their only sources of income. LEAF will have major social impacts which will include jobs creation, revenue improvement, securing fisheries, maintaining of social cohesion and health improvement. But LEAF can also be a source of negative social impacts including the risk of conflicts related to an inequitable access to the project resources, land tenure, conflicts between local communities and resettled people, STD/HIV/AIDS proliferation, etc. The ESMP propose appropriated mitigation measures which include an adoption of local framework for and an inclusive and equitable access to the infrastructure and natural resources.

**3.2.7 Green Growth:** In the two countries, there is a nexus between economy and environment as the vast majority of rural people are dependent on agriculture and its allied sub sectors. This Project will enhance crop, fish productivity by increasing Catch per Unit Efforts (CPUE) and value addition to improve marketable surplus. The Project will empower the youth and promote sustainable use of the Lakes resources and thereby mitigating the deleterious impacts to climate change. The Project has incorporated solutions to



the negative impact on environmental changes such as land degradation, natural resource depletion and climate change which will result in improved well-being of participating beneficiaries and also social equity.

**3.2.8 Involuntary Resettlement:** There will be no resettlement as the project will focus on small infrastructure. Any proposed infrastructure will be located in areas which have no land disputes. No land acquisition is envisaged under this Project.

## **IV - IMPLEMENTATION**

### **4.1. Implementation arrangements**

**4.1.1 Executing and Implementing Agencies:** The project took cognizant of past experience in arriving at the institutional framework by adequately considering as much as possible: (i) the need to have: i) a high level political support; (ii) a sizeable level of autonomy; (iii) stakeholder participation; (iv) sustainable funding mechanism; and (v) coordinated implementation of projects and programs. The proposed implementation/institutional arrangements are as follows

**4.1.2** At the regional level, the Project will be coordinated by utilising the existing structure at NELSAP and its constituent staff. The structure comprises experts in (i) Water Resources management and development, (ii) water resources data base, GIS and remote sensing, (iii) environmental management, (iv) social development, (v) development communication (v) economics and strategic planning, (vi) Monitoring and Evaluation (vii) procurement and (viii) finance and administration. This structure will be complemented by three positions to be financed by the project which include the *Regional Project Manager (RPM)*, *Fisheries Expert*, and *Financial Management Expert* who will be regionally recruited and funded by the Project. NELSAP will (i) provide technical assistance, and expertise in project supervision, (ii) implement regionally significant activities, (iii) share information on good practices, and organize training related to strengthening project implementation capacity in the two countries, (iv) coordinate the harmonization (convergence) of procedures and (v) Monitor and report on progress and maintain relations with national implementing institutions and the Bank. The details of the Terms of Reference of the RPM and other staff are contained in Technical Annex to Project Appraisal Report (PAR). Basically, NELSAP-CU will take full responsibility of the joint and regionally coordinated activities.

**4.1.3** A Regional Project Steering Committee will be established comprising the Permanent Secretaries and Secretary Generals from the Ministries in charge of Agriculture and Water/Environment of the two countries. The RPSC will provide strategic guidance for the smooth implementation of the project. The RPSC chair will be rotated between the Permanent Secretary and Secretary General in both countries on an annual basis. Semi-annual meetings will be held. Other representation on the RPSC, depending on the issues to be discussed will include, but not limited to, the following entities: the National Environment Protection Agencies, Ministries responsible for Transport, Local Government and Works, representatives of Beach Management Units and Civil Society (including women and youth associations). NELSAP CU will convene the RPSC meetings and act as the RPSC Secretariat. The Regional Project Manager (RPM) will be the Secretary to the RPSC.

**4.1.4** At National level, the National Focal Point Ministries in the member States, will serve as the main NELSAP hub in the respective countries, with respect to project implementation and have been designated as: (i) DR Congo - Ministry of Agriculture and (ii) Uganda - Ministry of Water and Environment.

**4.1.5** A National Project Steering Committee (NPSC) will be established in each of the two countries comprising Permanent Secretaries from the actively involved line ministries. The Chair of the NPSC will be the Permanent Secretary of the Focal Point Ministry. The NPSC will be convened by the Chair on a semi-annual basis. The NPSC will be mainly responsible for (i) policy guidance on all issues relating to the project; (ii) approval of project investments; (iii) approval and monitoring of project annual work plans and budgets; and (iv) resolving implementation bottlenecks and providing positive impetus to facilitate achievement of the project's development objectives (results/outcomes). Membership of the NPSC will

include the two Ministries of Agriculture & Water of the two countries the National Environment Protection Agencies, Ministries responsible for Transport, Local Government and Works, representatives of Beach Management Units and Civil Society (including women and youth associations). The National Project management team (NPMT), will convene the NPSC meetings.

4.1.6 The multi-sectorial nature of interventions proposed under LEAF II will require competent and devoted project management at the national level, in Uganda and DRC. The sectors to be supported are varied and therefore require informed and focused coordination. The project design embraces the use of existing country systems and structures/institutions. To the extent possible, the intent is to select the NPMT from the pool of existing ministerial staff, based on technical expertise and requisite experience. However, provision has been made to seek technical assistance for the establishment of a competent NPMT, to satisfactorily guide, coordinate and manage the project implementation in all respects at national level.

4.1.7 With respect to Uganda, the National Project Management Team (NPMT) will be located in Fort Portal. The Project activities will be mainstreamed into the existing structures of the Ministry of Water and Environment. The NPMT will have *fully deployed* staff from the concerned agencies including: a) Water Resources Expert who doubles as the Lead; b) Fisheries Expert and c) Project Accountant.

4.1.8 Specifically for DRC, the National Project Management Team (NPMT) will be located in Bunia with a satellite office located in Butembo. Each of these offices will include three experts: a) Fisheries Expert who doubles as the Lead; b) Water Resources Expert; and c) Project Accountant. This office will however be reporting to the Office in Bunia. The preferred option is the deployment of these staff from the existing civil service structures supplemented with Technical Assistance to be financed by the Project as necessary. Two NGOs will be recruited in DRC (one per Lake) as Local Executing Agency for the implementation of the field activities.

## **4.2 Procurement and Financial Management Arrangements:**

### **Procurement**

4.2.1 Procurement of ICB contracts and Consulting services for the proposed project would be carried out in accordance with the Bank's Rules and Procedures: "Rules and Procedures for Procurement of Goods and Works", dated May 2008 revised July 2008; and "Rules and Procedures for the Use of Consultants", dated May 2008 revised July 2012, using the relevant Bank Standard Bidding Documents, and the provisions stipulated in the Financing Agreement. For the proposed project, in reference to Section B.5.1, procurement of NCB contracts would be carried out in accordance with the National Procurement Procedures using the national Standard Bidding Documents, and the provisions stipulated in the Financing Agreements signed between the Bank and the Governments of Uganda and Democratic Republic of Congo. The summary of the procurement arrangements is attached as Appendix V and the detailed procurement arrangements are explained in Technical Annex B 5

4.2.2 In the Uganda case, Ministry of Water and Environment (MoWE) will be responsible for the procurement of all goods, works, consulting and training services. The ministry has Procurement and Disposal Unit (PDU) staffed with six procurement officers headed by a Principal Procurement Officer. The PDU is responsible for procurement across the Ministry including all procurements for Bank financed projects. A contracts committee is in place and functional. Based on the assessment carried out, procurement risk is low. In the DRC case, Ministry of Agriculture and Rural Development will be responsible for the procurement of all goods, works, consulting and training services.

4.2.3 The Ministry of Agriculture, Fisheries and Livestock of the Democratic Republic of Congo will be responsible for the procurement of all Goods, Works and Consulting Services. It was observed during appraisal that the Ministry of Agriculture, Fisheries and Livestock has a Management and Public Procurement Unit composed on a qualified Permanent Secretary, a national procurement counterpart and 12 trained experts. The resources, competence, expertise and experience of this Unit are therefore sufficient to conduct the project's procurement activities.

4.2.4 NELSAP-CU will be responsible for procurement of goods and services for its activities using its institutional procurement procedures. NELSAP-CU has Procurement Unit staffed with three procurement personnel headed by a Procurement Specialist. The Procurement Unit is responsible for procurement for projects coordinated by NELSAP including procurements for Bank financed projects. A Procurement and Disposal Committee is in place. Based on the assessment of its institutional procurement procedures, procurement risk is low for activities to be undertaken by NELSAP.

4.2.5 Each entity responsible for conducting procurement activities will develop a procurement plan (PP), which will include the list of procurement methods to be used for the project. The initial versions of the procurement plans will be agreed upon by the Borrower and the Bank's Task Manager and published on the Bank's external website. The procurement plan will cover a period of eighteen (18) months and will be updated annually or required during the implementation of the project period, but always for the subsequent 18 month period.

### ***Financial Management and Disbursement:***

#### **Uganda**

4.2.6 In line with the Paris Declaration and Accra Agenda for Action and donor harmonization, the project's financial management transactions will be managed using a hybrid system- comprising country systems and Project specific arrangements. The financial transactions of the Program will be initiated, processed, recorded and reported in accordance with the country's Treasury Accounting Instructions 2003 issued under the Public Finance and Accountability Act 2003. To facilitate implementation of the Project, MoWE will establish a National Project Management Team (NPMT). The NPMT will be staffed with a Project Manager, a Procurement Specialist, and an Accountant (with a wide experience in Public Financial Management). MoWE through the NPMT will be required to produce quarterly interim financial reports for the project, which will be submitted to the Bank no later than forty-five days after the end of each quarter.

4.2.7 MoWE will use the Special Account (SA) disbursement method for recurrent cost and the direct payment method of disbursement for payment of contracts related to goods, services and works. MoWE will open a Special Account in a bank acceptable to the African Development Bank, where disbursements from the Fund will be deposited. All bank accounts will be managed in accordance with provisions in place in the manual of procedures and the Bank's Disbursement Handbook.

4.2.8 The Bank requires the submission of quarterly progress reports within 45 days after the end of each quarter showing cash receipts by sources and expenditures by main expenditure classifications together with physical progress reports linking financial information with physical progress and highlighting issues that require attention. The Project financial statements will include: a) Statement of Receipts (funds received from the Bank, counterpart funding and where applicable, co-financiers' funding); b) Statement of Special Account; c) Statements of Expenditures (expenditures incurred for both the current year and accumulated to-date); and d) Notes to the Financial Statements describing the applicable accounting principles in place and a detailed analysis of the main accounts. The annual financial statements should be prepared in accordance with International Public Sector Accounting Standards (which inter alia includes the application of the cash basis of recognition of transactions).

4.2.9 The Office of the Auditor General is primarily responsible for auditing of all government projects. Usually, the audit is subcontracted to a firm of private auditors, with the final report being issued by the Office of the Auditor General based on the audit work carried out by the subcontracted audit firm. In case the audit is subcontracted to a firm of private auditors, the project resources may be used to pay the cost of the audit. The audits are done in accordance with International Standards on Auditing. The ToRs for the external audit will be agreed between the Bank and the Ministry during negotiations. MoWE will submit the annual Project audit to the Bank within six (6) months after the end of each fiscal year.

## **NELSAP**

4.2.10. NELSAP will coordinate the Project activities at the regional level and implement the GEF component. It will use its existing systems in initiating, recording, reporting, and auditing the financial transactions of the Project. NELSAP has adequate financial management system to handle the Project resources. NELSAP will have the options of using the Special Account (SA) and the direct payment methods of disbursement. NELSAP will open a special account in USD and another special account in local currency in a bank acceptable to Bank. NELSAP will produce quarterly interim financial reports and submit the same to the Bank within forty-five days after the end of each calendar year. NELSP will also submit annual audited project accounts within six months after the end of each fiscal year.

## **D R Congo**

4.2.11 Fiduciary responsibility of the project will be entrusted to the Project National Coordination Unit (PNCU) to be created within the General Secretariat for Agriculture, Fisheries and Livestock which has offices in both Bunia and Butembo. The PNCU will also be supported by technical assistance based in Bunia. Financial management of project activities will be centralized in Bunia and undertaken by staff who will be recruited. Financial and administrative staff will include an accountant based in Bunia and a financial and administrative assistant based in Butembo.

4.2.12 A consolidated report compiled from data generated by the computerized financial management system will be submitted to the Bank by the SGAPE. The format of this report will be agreed upon during negotiations. The reports will be prepared and submitted to the Bank within 45 days of the end of each quarter. Details of other financial reporting requirements particularly report contents will be included in the Project Manual of Procedures. At the end of each year, the certified / audited financial statements and management letter will be submitted to the Bank by the SGAPE within six months of the end of the year audited.

4.2.13 Two methods will be used for disbursement of funds by the Bank: (i) the Special Account Method (mainly for operating expenses), and (ii) the Direct Payment Method (for the procurement of goods and services and other relatively high value expenses). Due to the security situation in the project area, a special account denominated in US dollars to receive the grant resources will be opened in a commercial bank acceptable to the Bank in Kinshasa. Two subsidiary accounts of the main Special Account denominated in USD and domiciled in the same commercial bank as the Special Account will be opened in Bunia and Butembo to receive quarterly resources necessary to fund the operations of the respective implementing units. The Special Account will be jointly managed by the SGAPE and the Ministry of Finance while the two subsidiary accounts will be managed by the project team based at each location. All bank accounts will operate in accordance with the provisions of the Manual of Procedures and the Bank's Disbursement Handbook for the management of special and bank accounts. The SGAPE will justify all advances received under PRODAP prior to negotiations.

4.2.14 Annual audits will be carried out by an independent external audit firm recruited on a competitive basis and in accordance with the standard Terms of Reference (TOR) of the Bank. The PNCU will be responsible for recruitment of the external auditor which may be done in consultation with the Office of the Auditor General. Audit related expenses will be borne by the project. The TOR of the external auditor will be adapted to reflect specificities of the LEAF II project and will be validated during negotiations to ensure recruitment of an independent firm with experience in audit of Bank-financed projects. Audit exercises will be conducted according to international standards ISA / ISSAI. The audited financial statements prepared by the independent audit firm will be submitted (see table for submission frequency) to the Bank no later than six months after the close of the financial year.

## **4.3 Monitoring:**

4.3.1 NELSAP has the required result based monitoring and evaluation systems and capacity (these include a result based monitoring and evaluation policy, strategy and tool box for planning, monitoring, evaluation and reporting). NELSAP will also provide M & E support to the National Project management teams. The

project's progress will be monitored on the basis of a Results Based Framework that emphasizes the results chain and links inputs to activities, to outputs, to project outcomes and project impact.

4.3.2 The Project's reports and key milestones are indicated in the table below. The Bank will supervise the implementation of the Project through regular Supervision Missions which will be undertaken at least twice a year. The Missions will verify implementation progress to ensure that key verifiable indicators, including gender specific indicators, related to the outputs, outcomes and impacts are being monitored. The M&E activities, including implementation progress and expenditure will therefore be an integral part of the project implementing agency, as a regular management function through the PCU's M&E Specialist. The Lead of the National Project Management Team for both countries will ensure that quality and verifiable reports are produced and presented to the District and Provincial.

4.3.3 A coordinated progress reports, annual work plans and budgets, and annual procurement plans using Bank's format would be submitted regularly to the Bank. The quarterly progress report will be submitted to the Bank within thirty days (30) after the end of the reporting period, whilst the annual progress report will be submitted within three months after the end of reporting period

**Table 4.3: Project Implementation Framework by Milestones**

| Time-Frame   | Milestones                      | Monitoring Process (Feedback Loop)          |
|--------------|---------------------------------|---|
| Year 1       | Baseline Survey                 | NELSAP/NPMT and Consultant.                 |
| Years 1 to 5 | Project Implementation          | NPMT Communities, project implementers      |
|              | Financial Audit Reports         | NELSAP/NPMT External Audit Firm (Annually). |
| Year 3       | Mid-Term Review                 | NELSAP/NPMT/Bank                            |
|              | Gender Audit                    | NELSAP/NPMT                                 |
| Year 4       | Beneficiary Impact Assessment   | NELSAP/NPMT                                 |
| Year 5       | Project Completion Review (PCR) | NELSAP/NPMT/Bank                            |

## 4.4 Governance

4.4.1 Using the 2014 Mo Ibrahim Index of Governance (IIAG) shows that sharp difference between the two countries Democratic Republic of Congo and Uganda. DRC ranks 47<sup>th</sup> out of the 52 graded countries in Africa with an overall rating of 34.2 %. This is in sharp contrast to the Ugandan rating which is ranked 19<sup>th</sup> of the 52 African countries with a total index of 56.1. This marked difference in the IIAG is a reflection fragility status of DRC. In specific terms, a comparative analysis of the 2014 IIAG for selected indicators provided the two countries performance follows: DRC (a) Safety & Rule of Law (51<sup>st</sup> out of 52), (b) Participation & Human Rights National Security ( 44<sup>th</sup> out of 52), (c) Gender (36<sup>th</sup> out of 52), and (d) Human Development (48<sup>th</sup> out of 52). For Uganda Safety & Rule of Law (25<sup>th</sup> out of 52), (b) Participation & Human Rights National Security (18<sup>th</sup> out of 52), (c) Gender (6<sup>th</sup> out of 52), and (d) Human Development (19<sup>th</sup> out of 52)

4.4.2 However, the Project will attempt to provide mitigation measures to some of the governance issues at the micro level by ensuring (i) deployment /recruitment qualified staff particularly in the area financial management and procurement (ii) provision of a financial management manual to guide Project staff; (iii) strengthening of Internal Audit capacity to identify pre-audit transaction challenges; and (iv) provision of an off-the-shelf accounting package for financial transactions, and (vi) regular supervision and reporting of project activities.

## 4.5 Sustainability:

The participatory approach adopted during the design stage of Project will continue even at implementation. The integration of the Projects' team within the existing structures of the NPMTs in DRC and Uganda will ensure continuity even after the Project's cessation. The sensitisation, organisation and training and capacity building of the beneficiaries will ensure adequate management of the infrastructure which would be entrusted to beneficiary organizations like the UGREP/BMU. The labour intensive method

of maintain the feeder roads particularly in DRC will create opportunities for the youth and at the same time allow for sustainability.

#### 4.6 Risk management

Political disagreement between the two participating states may stall the overall objective of the Project. However, the mitigation measure will be to promptly implement this project so that confidence building between the two states will be a dividend especially when a neutral third party like the Bank and NBI play a critical role. The added risk is the volatility of the DRC region as result of the prolonged civil war in that country. Recent oil discoveries may have a potentially devastating impact on the lakes environment and the livelihoods pattern in the area. The project will create the enabling environment for gradual engagement with the oil prospecting companies to meet their social corporate responsibilities to the project beneficiaries. The project will support activities that will support equitable distribution of resources in collaboration with the participating countries in order to reduce tension created by poverty.

**Table 4.6: Potential Risks and Mitigation Measures**

| No | Potential Risks                            | Rating | Mitigation Measures  |
|----|--|--------|--|
| 1. | Political Volatility in the Project Region | High   | The introduction of alternative that would make the militant   |
| 2. | Oil Exploration                            | Medium | Project will be providing the enabling environment for the prospecting companies to meet their Social Corporate Responsibilities |

#### 4.7 Knowledge building

The various surveys including the Catch Assessment Survey, Hydro acoustic survey and Fish frame surveys which will be carefully analysed will all generate valuable knowledge that will be valuable knowledge and planning purpose. The MCS system which will be integrated into the Fish and Water Information Database will also readily provide reliable information for planning purposes. There will also be regular chemical analyses of the quality of the water and this will help to have time series data on what has happened for purposes of future planning. On completion, there would be an array of information on the Lakes' that would help further development programs related to the Lakes Management.

### V – LEGAL INSTRUMENTS AND AUTHORITY

#### 5.1 Legal instrument

The legal instruments for the Project will be: (i) a loan agreement to be signed between the Republic of Uganda (as “Borrower”) on the one hand and the African Development Fund (the “Fund” or ADF) on the other hand (the “ADF loan”) for an amount of UA 5 million ; and (i) a Protocol of Agreement to be signed between the Democratic Republic of Congo (as “Recipient”) on the one hand and the Fund on the other hand (the “ADF grant” for an amount of UA6 million; and (ii) a Protocol of Agreement between the Nile Basin Initiative on the one hand and the Bank and the Fund on the other hand as Executing Agencies of the Global Environment Facility (GEF) Trust Fund (the “GEF grant”) for an amount of USD8.1 million.

#### 5.2 Conditions associated with Bank’s intervention

**5.2.1 Conditions Precedent to entry into force of the Loan Agreement/Protocol of Agreements:** The Loan Agreement will enter into force upon fulfilment by the Borrower of the provisions of Section 12.01 of the *General Conditions Applicable to Loan Agreements and Guarantee Agreements of the ADF (Sovereign Entities)*. The ADF/GEF Protocol of Agreements will enter into force upon signature between the Recipient on the one hand and the Bank and the Fund on the other hand in accordance with section 10.01 of the *General Conditions Applicable to Protocols of Agreement for Grants of the ADF*.

**5.2.2 Conditions Precedent to First Disbursement of the ADB Loan and the ADF/GEF Protocol of Agreements:** The obligations of the Bank to make the first disbursement of the afore-mentioned Loan and the two (2) Grants shall be conditional upon the entry into force of the Loan Agreement and the two (2) Protocols of Agreement, respectively, and the fulfilment, in form and substance satisfactory to the Bank, of the following conditions:

- (i) Evidence of: a) the opening of three (3) Special Accounts in a bank(s) acceptable to the Bank, in the name of the Project, into which the proceeds of the ADF loan, the ADF grant, and the GEF grant shall respectively be deposited.

#### 5.2.3 Other conditions:

The Borrower/Recipient shall provide evidence, in form and substance satisfactory to the Bank, of the fulfilment of the following condition:

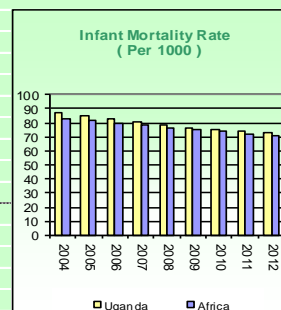
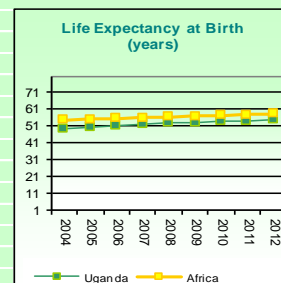
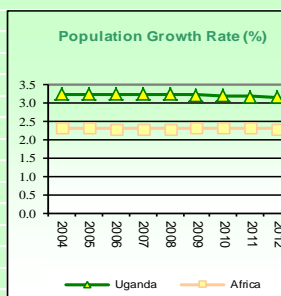
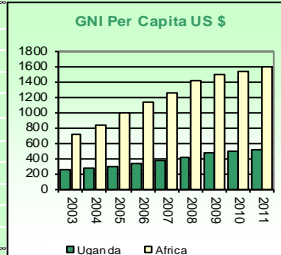
- (i) within six months(6) months after first disbursement, evidence of the recruitment of a Project Manager, Fisheries Expert and Financial Management Expert at the regional level whose qualifications and experience shall be found acceptable by the Fund; and
- (ii) Within six (6) months after first disbursement evidence of the establishment of a Regional Project Steering Committee (RPSC) comprising the Permanent Secretaries and Secretary Generals from the Ministries in charge of Agriculture and Water/Environment of the two (2) countries to provide strategic guidance for the smooth implementation of the project.

## **VI – RECOMMENDATION**

The Management recommends that the Boards of Directors approve the proposal to award a GEF grant of USD 8.1 million, an ADF loan of UA 5 million and an ADF grant of UA 6 million to the Nile Basin Initiative, to the Republics of Uganda and Democratic Republic of Congo and respectively for the above mentioned purpose and in accordance with the conditions specified in this Report.

## APPENDIX I: Uganda Comparative Socio-Economic Indicators

|  | Year      | Uganda | Africa  | Developing Countries | Developed Countries |
|--|-----------|--------|---------|----------------------|---------------------|
| <b>Basic Indicators</b>                              |           |        |         |                      |                     |
| Area ( '000 Km <sup>2</sup> )                        | 2011      | 242    | 30,323  | 98,458               | 35,811              |
| Total Population (millions)                          | 2012      | 35.6   | 1,070.1 | 5,807.6              | 1,244.6             |
| Urban Population (% of Total)                        | 2012      | 13.7   | 40.8    | 46.0                 | 75.7                |
| Population Density (per Km <sup>2</sup> )            | 2012      | 48.9   | 34.5    | 70.0                 | 23.4                |
| GNI per Capita (US \$)                               | 2011      | 510    | 1,609   | 3,304                | 38,657              |
| Labor Force Participation - Total (%)                | 2012      | 38.5   | 37.8    | 68.7                 | 71.7                |
| Labor Force Participation - Female (%)               | 2012      | 49.1   | 42.5    | 39.1                 | 43.9                |
| Gender -Related Development Index Value              | 2007-2011 | 0.509  | 0.502   | 0.694                | 0.911               |
| Human Develop. Index (Rank among 186 countries)      | 2012      | 161    | ...     | ...                  | ...                 |
| Popul. Living Below \$ 1.25 a Day (% of Population)  | 2009-2011 | 38.0   | 40.0    | 22.4                 | ...                 |
| <b>Demographic Indicators</b>                        |           |        |         |                      |                     |
| Population Growth Rate - Total (%)                   | 2012      | 3.2    | 2.3     | 1.3                  | 0.3                 |
| Population Growth Rate - Urban (%)                   | 2012      | 4.7    | 3.4     | 2.3                  | 0.7                 |
| Population < 15 years (%)                            | 2012      | 48.3   | 40.0    | 28.5                 | 16.6                |
| Population >= 65 years (%)                           | 2012      | 2.5    | 3.6     | 6.0                  | 16.5                |
| Dependency Ratio (%)                                 | 2012      | 103.1  | 77.3    | 52.5                 | 49.3                |
| Sex Ratio (per 100 female)                           | 2012      | 100.1  | 100.0   | 103.4                | 94.7                |
| Female Population 15-49 years (% of total populatic  | 2012      | 22.0   | 49.8    | 53.2                 | 45.5                |
| Life Expectancy at Birth - Total (years)             | 2012      | 54.5   | 58.1    | 67.3                 | 77.9                |
| Life Expectancy at Birth - Female (years)            | 2012      | 55.2   | 59.1    | 69.2                 | 81.2                |
| Crude Birth Rate (per 1,000)                         | 2012      | 44.2   | 33.3    | 20.9                 | 11.4                |
| Crude Death Rate (per 1,000)                         | 2012      | 11.8   | 10.9    | 7.8                  | 10.1                |
| Infant Mortality Rate (per 1,000)                    | 2012      | 72.7   | 71.4    | 46.4                 | 6.0                 |
| Child Mortality Rate (per 1,000)                     | 2012      | 114.5  | 111.3   | 66.7                 | 7.8                 |
| Total Fertility Rate (per woman)                     | 2012      | 6.0    | 4.2     | 2.6                  | 1.7                 |
| Maternal Mortality Rate (per 100,000)                | 2010      | 310.0  | 417.8   | 230.0                | 13.7                |
| Women Using Contraception (%)                        | 2012      | 37.0   | 31.6    | 62.4                 | 71.4                |
| <b>Health &amp; Nutrition Indicators</b>             |           |        |         |                      |                     |
| Physicians (per 100,000 people)                      | 2004-2010 | 11.7   | 49.2    | 112.2                | 276.2               |
| Nurses (per 100,000 people)*                         | 2004-2009 | 130.6  | 134.7   | 187.6                | 730.7               |
| Births attended by Trained Health Personnel (%)      | 2006-2010 | 41.9   | 53.7    | 65.4                 | ...                 |
| Access to Safe Water (% of Population)               | 2010      | 72.0   | 67.3    | 86.4                 | 99.5                |
| Access to Health Services (% of Population)          | 2000      | 49.0   | 65.2    | 80.0                 | 100.0               |
| Access to Sanitation (% of Population)               | 2010      | 34.0   | 39.8    | 56.2                 | 99.9                |
| Percent. of Adults (aged 15-49) Living with HIV/AIDS | 2011      | 7.2    | 4.6     | 0.9                  | 0.4                 |
| Incidence of Tuberculosis (per 100,000)              | 2011      | 193.0  | 234.6   | 146.0                | 14.0                |
| Child Immunization Against Tuberculosis (%)          | 2011      | 86.0   | 81.6    | 83.9                 | 95.4                |
| Child Immunization Against Measles (%)               | 2011      | 75.0   | 76.5    | 83.7                 | 93.0                |
| Underweight Children (% of children under 5 years)   | 2006-2011 | 16.4   | 19.8    | 17.4                 | 1.7                 |
| Daily Calorie Supply per Capita                      | 2009      | 2,137  | 2,481   | 2,675                | 3,285               |
| Public Expenditure on Health (as % of GDP)           | 2010      | 9.0    | 5.9     | 2.9                  | 8.2                 |
| <b>Education Indicators</b>                          |           |        |         |                      |                     |
| Gross Enrolment Ratio (%)                            |           |        |         |                      |                     |
| Primary School - Total                               | 2010-2012 | 113.2  | 101.9   | 103.1                | 106.6               |
| Primary School - Female                              | 2010-2012 | 114.2  | 98.4    | 105.1                | 102.8               |
| Secondary School - Total                             | 2010-2012 | 28.1   | 42.3    | 66.3                 | 101.5               |
| Secondary School - Female                            | 2010-2012 | 25.8   | 38.5    | 65.0                 | 101.4               |
| Primary School Female Teaching Staff (% of Total)    | 2010-2011 | 40.9   | 43.2    | 58.6                 | 80.0                |
| Adult literacy Rate - Total (%)                      | 2010      | 73.2   | 67.0    | 80.8                 | 98.3                |
| Adult literacy Rate - Male (%)                       | 2010      | 82.6   | 75.8    | 86.4                 | 98.7                |
| Adult literacy Rate - Female (%)                     | 2010      | 64.6   | 58.4    | 75.5                 | 97.9                |
| Percentage of GDP Spent on Education                 | 2008-2012 | 3.3    | 5.3     | 3.9                  | 5.2                 |
| <b>Environmental Indicators</b>                      |           |        |         |                      |                     |
| Land Use (Arable Land as % of Total Land Area)       | 2011      | 33.8   | 7.6     | 10.7                 | 10.8                |
| Annual Rate of Deforestation (%)                     | 2000-2009 | 2.0    | 0.6     | 0.4                  | -0.2                |
| Forest (As % of Land Area)                           | 2011      | 14.5   | 23.0    | 28.7                 | 40.4                |
| Per Capita CO2 Emissions (metric tons)               | 2009      | 0.1    | 1.2     | 3.1                  | 11.4                |



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

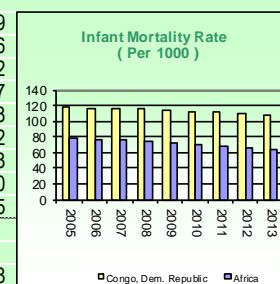
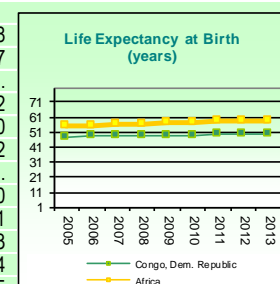
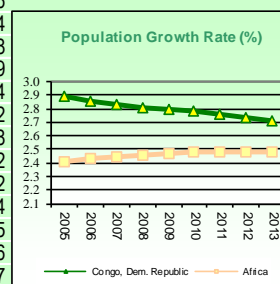
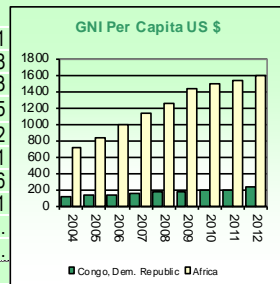
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Note : n.a. : Not Applicable ; ... : Data Not Available.



## Appendix II: DRC Comparative Socio-Economic Indicators

|  | Year      | Congo, Dem. Republic | Africa  | Developing Countries | Developed Countries |
|--|-----------|----------------------|---------|----------------------|---------------------|
| <b>Basic Indicators</b>                              |           |                      |         |                      |                     |
| Area ('000 Km²)                                      | 2011      | 2,345                | 30,323  | 98,458               | 35,811              |
| Total Population (millions)                          | 2013      | 67.5                 | 1,109.0 | 5,909.3              | 1,252.8             |
| Urban Population (% of Total)                        | 2013      | 35.4                 | 40.2    | 47.7                 | 78.3                |
| Population Density (per Km²)                         | 2013      | 28.9                 | 46.9    | 70.7                 | 23.5                |
| GNI per Capita (US \$)                               | 2012      | 230                  | 1 719   | 3 815                | 38 412              |
| Labor Force Participation - Total (%)                | 2012-2013 | 39.4                 | 37.4    | 67.9                 | 72.1                |
| Labor Force Participation - Female (%)               | 2012-2013 | 49.6                 | 42.5    | 38.6                 | 44.6                |
| Gender-Related Development Index Value               | 2007-2011 | 0.370                | 0.502   | 0.694                | 0.911               |
| Human Develop. Index (Rank among 187 countries)      | 2012      | 186                  | ...     | ...                  | ...                 |
| Popul. Living Below \$ 1.25 a Day (% of Population)  | 2008-2011 | 87.7                 | 40.0    | 20.6                 | ...                 |
| <b>Demographic Indicators</b>                        |           |                      |         |                      |                     |
| Population Growth Rate - Total (%)                   | 2013      | 2.7                  | 2.5     | 1.3                  | 0.3                 |
| Population Growth Rate - Urban (%)                   | 2013      | 4.3                  | 3.4     | 2.5                  | 0.6                 |
| Population < 15 years (%)                            | 2013      | 45.0                 | 40.9    | 28.3                 | 16.4                |
| Population ≥ 65 years (%)                            | 2013      | 2.9                  | 3.5     | 6.1                  | 16.8                |
| Dependency Ratio (%)                                 | 2013      | 92.9                 | 77.9    | 52.4                 | 49.9                |
| Sex Ratio (per 100 female)                           | 2013      | 98.7                 | 100.0   | 103.3                | 94.4                |
| Female Population 15-49 years (% of total populatic  | 2013      | 22.9                 | 24.0    | 53.1                 | 45.2                |
| Life Expectancy at Birth - Total (years)             | 2013      | 50.0                 | 59.2    | 68.4                 | 77.8                |
| Life Expectancy at Birth - Female (years)            | 2013      | 51.6                 | 60.3    | 70.3                 | 81.2                |
| Crude Birth Rate (per 1,000)                         | 2013      | 42.7                 | 34.8    | 21.2                 | 11.2                |
| Crude Death Rate (per 1,000)                         | 2013      | 15.4                 | 10.4    | 7.6                  | 10.4                |
| Infant Mortality Rate (per 1,000)                    | 2013      | 108.1                | 61.9    | 39.8                 | 5.5                 |
| Child Mortality Rate (per 1,000)                     | 2013      | 179.0                | 97.4    | 56.3                 | 6.6                 |
| Total Fertility Rate (per woman)                     | 2013      | 5.9                  | 4.6     | 2.6                  | 1.7                 |
| Maternal Mortality Rate (per 100,000)                | 2010      | 540.0                | 415.3   | 240.0                | 16.0                |
| Women Using Contraception (%)                        | 2013      | 21.9                 | 34.9    | 62.6                 | 71.3                |
| <b>Health &amp; Nutrition Indicators</b>             |           |                      |         |                      |                     |
| Physicians (per 100,000 people)                      | 2004-2011 | 11.0                 | 47.1    | 117.8                | 297.8               |
| Nurses (per 100,000 people)*                         | 2004-2011 | ...                  | 132.6   | 202.7                | 842.7               |
| Births attended by Trained Health Personnel (%)      | 2006-2011 | 80.4                 | 52.6    | 66.3                 | ...                 |
| Access to Safe Water (% of Population)               | 2012      | 46.5                 | 68.8    | 87.2                 | 99.2                |
| Access to Health Services (% of Population)          | 2000      | 59.0                 | 65.2    | 80.0                 | 100.0               |
| Access to Sanitation (% of Population)               | 2012      | 31.4                 | 39.4    | 56.9                 | 96.2                |
| Percent. of Adults (aged 15-49) Living with HIV/AIDS | 2012      | 1.1                  | 3.9     | 1.2                  | ...                 |
| Incidence of Tuberculosis (per 100,000)              | 2012      | 327.0                | 223.6   | 144.0                | 23.0                |
| Child Immunization Against Tuberculosis (%)          | 2012      | 78.0                 | 83.0    | 81.5                 | 96.1                |
| Child Immunization Against Measles (%)               | 2012      | 73.0                 | 74.0    | 83.0                 | 94.3                |
| Underweight Children (% of children under 5 years)   | 2005-2012 | 24.2                 | 19.7    | 17.0                 | 1.4                 |
| Daily Calorie Supply per Capita                      | 1974      | 2 262                | 2 481   | 2 675                | 3 285               |
| Public Expenditure on Health (as % of GDP)           | 2011-2012 | 2.9                  | 2.9     | 3.0                  | 7.5                 |
| <b>Education Indicators</b>                          |           |                      |         |                      |                     |
| Gross Enrolment Ratio (%)                            |           |                      |         |                      |                     |
| Primary School - Total                               | 2012      | 110.9                | 101.9   | 109.4                | 100.9               |
| Primary School - Female                              | 2012      | 103.6                | 97.9    | 107.6                | 100.6               |
| Secondary School - Total                             | 2012      | 43.3                 | 47.4    | 69.1                 | 100.2               |
| Secondary School - Female                            | 2012      | 32.2                 | 44.0    | 67.8                 | 99.7                |
| Primary School Female Teaching Staff (% of Total)    | 2012      | 25.5                 | 46.6    | 58.0                 | 84.3                |
| Adult literacy Rate - Total (%)                      | 2007-2012 | 61.2                 | 62.0    | 80.3                 | 99.2                |
| Adult literacy Rate - Male (%)                       | 2007-2012 | 76.9                 | 70.7    | 85.9                 | 99.3                |
| Adult literacy Rate - Female (%)                     | 2007-2012 | 46.1                 | 53.7    | 74.9                 | 99.0                |
| Percentage of GDP Spent on Education                 | 2010-2012 | 2.5                  | 5.3     | 4.3                  | 5.5                 |
| <b>Environmental Indicators</b>                      |           |                      |         |                      |                     |
| Land Use (Arable Land as % of Total Land Area)       | 2011      | 3.0                  | 7.6     | 10.7                 | 10.8                |
| Annual Rate of Deforestation (%)                     | 2000-2009 | 0.4                  | 0.6     | 0.4                  | -0.2                |
| Forest (As % of Land Area)                           | 2011      | 67.9                 | 23.0    | 28.2                 | 35.0                |
| Per Capita CO2 Emissions (metric tons)               | 2010      | 0.0                  | 1.2     | 3.0                  | 11.6                |



Sources: AfDB Statistics Department Databases;

last update :

May 2014

United Nations Population Division, World Population Prospects: The 2012 Revision;

World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

For any given interval, the value refers to the most recent year available during the period

Note : n.a. : Not Applicable ; ... : Data Not Available.

## Appendix III: Table of ADB's portfolio in Uganda

| AfDB's Ongoing Portfolio in Uganda - 30 August 2014              |   |               |                |                                 |                          |                            |          |       |           |                              |                               |               |                                |
|--|---|---------------|----------------|---------------------------------|--------------------------|----------------------------|----------|-------|-----------|------------------------------|-------------------------------|---------------|--------------------------------|
| Serial No.   | Project Description   | Approval Date | Signature Date | Disbursement Effectiveness Date | 1st Date of Disbursement | Approved Amount UA million |          |       |           | Net Commitments (UA million) | Amount Disbursed (UA million) | Disbursed (%) | Deadline for Last Disbursement |
|  |   |               |                |                                 |                          | ADB                        | ADF Loan |       | ADF Grant |                              |                               |               |                                |
| A. AGRICULTURE   |   |               |                |                                 |                          |                            |          |       |           |                              |                               |               |                                |
| 1  | Community Agricultural Infrastructure Improvement Programme- Project II | 17/09/08      | 11.05.2009     | 02/09/09                        | 23/10/09                 | nil                        | 45.00    | nil   | nil       | 45.00                        | 29.01                         | 64.5%         | 31/12/14                       |
| 2  | Markets and Agricultural Trade Improvement (MATIIP)                     | 25/03/2009    | 13.05.2009     | 05/02/10                        | 17/03/10                 | nil                        | 38.00    | nil   | nil       | 38.00                        | 31.81                         | 83.7%         | 30/09/15                       |
| 3  | Community Agricultural Infrastructure Improvement Programme III         | 03/05/2011    | 10/06/2011     | 22/02/12                        | 21/03/2012               | nil                        | 40.00    | nil   | nil       | 40.00                        | 1.58                          | 4.0%          | 31/12/2016                     |
| Agriculture - Sub Total  |   |               |                |                                 |                          |                            |          |       |           | 123.00                       | 62.40                         | 50.7%         |                                |
| B. TRANSPORT   |   |               |                |                                 |                          |                            |          |       |           |                              |                               |               |                                |
| 4  | Road Sector Support Project 2 (Fort portal Bundibugyo Rd) (103KM)       | 17/12/07      | 15/05/08       | 18/11/2009                      | 20/01/2010               | nil                        | 56.65    | nil   | 1.35      | 58.00                        | 52.10                         | 89.8%         | 31/08/15                       |
| 5  | Road Sector Support Project 3( Nyakahaiba Ibanda Rd)(143KM)             | 25/09/09      | 12/04/2010     | 13/07/2011                      | 29/07/2011               | nil                        | 80.00    | nil   | nil       | 80.00                        | 70.68                         | 88.4%         | 31/12/15                       |
| 6  | Road Sector Project 4 ( Kigumba Masindi Rd) 135 KM                      | 13/03/2013    | 07/11/2013     | 08/08/2014                      | nil                      | nil                        | 72.94    | nil   | nil       | 72.94                        | -                             | 0.0%          | 30/06/2018                     |
| Transport - Sub Total  |   |               |                |                                 |                          |                            |          |       |           | 210.94                       | 122.78                        | 58.2%         |                                |
|  |   |               |                |                                 |                          |                            |          |       |           |                              |                               |               |                                |
| 7  | Kampala Sanitation Project  | 16/12/2008    | 11/05/2009     | 18/02/10                        | 16/07/10                 | nil                        | 35.00    | nil   | nil       | 35.00                        | 10.34                         | 29.5%         | 31/08/2016                     |
| 8  | Kawempe Urban Poor and Sanitation Improvement Project                   | 4/1/2013      | 02/04/2013     | 02/04/2013                      | 26/04/2013               | nil                        |          | nil   | 0.99      | 0.99                         | 0.41                          | 41.4%         | 04/04/2016                     |
| 9  | Water Supply and sanitation program                                     | 5/10/2011     | 11/01/2012     | 26/09/2012                      |                          | nil                        | 40.00    | nil   | 3.59      | 43.59                        | 20.77                         | 47.6%         | 30/06/2016                     |
| Water and Sanitation - Sub total                                 |   |               |                |                                 |                          |                            |          |       |           | 79.58                        | 31.52                         | 39.6%         |                                |
| D. SOCIAL  |   |               |                |                                 |                          |                            |          |       |           |                              |                               |               |                                |
| 10   | Rehabilitation of Mulago and KCC Clinics                                | 06/07/2011    | 11/01/2012     | 02/07/2012                      | 28/08/2012               | nil                        | 46.00    | 10.00 | nil       | 56.00                        | 6.58                          | 11.8%         | 31/12/2016                     |
| 11   | Support to Post Primary Education and Training Project (Education IV)   | 25/11/08      | 11/05/2009     | 31/08/09                        | 22/12/09                 | nil                        | 52.00    | nil   | nil       | 52.00                        | 37.80                         | 72.7%         | 31/12/14                       |
| 12   | Education V Project (HEST)  | 21/11/2012    | 05/07/2013     | 18/11/2013                      |                          | nil                        | 67.00    | nil   | nil       | 67.00                        | 0.88                          | 1.3%          | 31/12/2017                     |
| 13   | Rural Income and Employment Enhancement Project                         | 17/11/09      | 12/04/10       | 14/02/08                        | 05/06/08                 | nil                        | 10.20    | nil   | 0.00      | 10.20                        | 8.67                          | 85.0%         | 31/07/2015                     |
| Social - Sub Total   |   |               |                |                                 |                          |                            |          |       |           | 185.20                       | 53.93                         | 29.1%         |                                |
| 14   | Bujagali Transmission Interconnection Project                           | 28/06/07      | 26/10/07       | 23/04/08                        | 14/02/08                 | nil                        | 19.21    | nil   | nil       | 19.21                        | 16.72                         | 87.0%         | 31/03/2015                     |
| 15   | Mbarara-Nkenda/Tororo-Lira Transmission Lines Project                   | 16/12/08      | 26/03/2010     | 18.02.2011                      | 20/04/11                 | nil                        | 52.50    | nil   | nil       | 52.50                        | 22.84                         | 43.5%         | 31/08/15                       |
| Energy - Sub total   |   |               |                |                                 |                          |                            |          |       |           | 71.71                        | 39.56                         | 55.2%         |                                |
| GRAND TOTAL FOR PUBLIC SECTOR OPERATIONS                         |   |               |                |                                 |                          |                            |          |       |           | 670.43                       | 310.19                        | 46.3%         |                                |
| F. MULTI NATIONAL PROJECT  |   |               |                |                                 |                          |                            |          |       |           |                              |                               |               |                                |
| 16   | NELSAP 1  | 27/11/08      | 13/05/09       | 04/07/2011                      | 25/10/2011               | nil                        | 7.59     | nil   | 0.00      | 7.59                         | 1.80                          | 23.7%         | 31/12/15                       |
| 17   | Lake Victoria Water Supply and Sanitation program phase II              | 17/12/2010    | 04/04/211      | 04/04/11                        | 31/01/2012               | nil                        | nil      | nil   | 11.13     | 11.13                        | 3.77                          | 33.9%         | 31/12/2015                     |
| Multi National Projects- Subtotal                                |   |               |                |                                 |                          |                            |          |       |           | 18.72                        | 5.57                          | 29.8%         |                                |
| H. PRIVATE SECTOR OPERATION                                      |   |               |                |                                 |                          |                            |          |       |           |                              |                               |               |                                |
| Private Sector Operation - subtotal                              |   |               |                |                                 |                          |                            |          |       |           | 0.00                         | 0.00                          | 0.00          |                                |
| GRAND TOTAL INCLUDING MULTI NATIONAL AND PRIVATE SECTOR PROJECTS |   |               |                |                                 |                          |                            |          |       |           | 689.15                       | 315.76                        | 45.82         |                                |

### Appendix IV: Table of ADB's portfolio in DRC

|   | Nom du projet  | Source   | Date        | Date       | Date mise  | Date de    | Montant  | Total    | % Décais. |
|---|--|----------|-------------|------------|------------|------------|----------|----------|-----------|
|   |  | Finance  | approbation | signature  | en vigueur | clôture    | approuvé | Déboursé |           |
|   | SECTEUR AGRICOLE   |          |             |            |            |            | 49.46    | 7.12     | 14.4%     |
| 1 | PROJET D'APPUI AU DEVEL INFRASTR RURALES                       | don FAD  | 11/10/2011  | 20.01.2012 | 20.01.2012 | 31.12.2017 | 49.46    | 7.12     | 14.4%     |
|   | SECTEUR TRANSPORT ET TIC                                       |          |             |            |            |            | 211.63   | 48.83    | 23.1%     |
| 2 | PROJET PRIORITAIRE - SECURITE AERIENNE                         | don FAD  | 9/29/2010   | 02.11.2010 | 02.11.2010 | 31.12.2015 | 88.60    | 40.95    | 46.2%     |
| 3 | PROJET DE REHABILITATION ROUTE BATSHAMBA-TSHIKAPA              | don FAD  | 6/13/2012   | 07.08.2012 | 07.08.2012 | 31.12.2017 | 53.55    | 7.88     | 14.7%     |
| 4 | PROJET DE AMENAGAMENT ROUTE BATSHAMBA-SECTION SECTION LOVUA    | don FAD  | 12/10/2013  | 07.01.2014 | 07.01.2014 | 31.12.2019 | 13.26    | 0.00     | 0.0%      |
|   |  | Prêt FAD | 12/10/2013  | 07.01.2014 |            | 31.12.2019 | 0.66     | 0.00     | 0.0%      |
|   |  | FEF      | 12/10/2013  | 07.01.2014 | 07.01.2014 | 31.12.2019 | 55.56    | 0.00     | 0.0%      |
|   | SECTEUR EAU ET ASSAINISEMENT                                   |          |             |            |            |            | 175.94   | 56.67    | 32.2%     |
| 5 | PROJET D'AEPA EN MILIEU SEMI URBAIN                            | don FAD  | 6/9/2007    | 09.08.2007 | 04.04.2008 | 31.12.2014 | 70.00    | 56.67    | 81.0%     |
| 6 | PROJET DE REHABILITATION DES INFRA. SOCIO-ECO DANS ZONE CENTRE | don FAD  | 11/27/2013  | 07.01.2014 | 07.01.2014 | 31.12.2019 | 43.52    | 0.00     | 0.0%      |
|   |  | Prêt FAD | 11/27/2013  | 07.01.2014 |            | 31.12.2019 | 1.47     | 0.00     | 0.0%      |
|   |  | FEF      | 11/27/2013  | 07.01.2014 | 07.01.2014 | 31.12.2019 | 55.00    | 0.00     | 0.0%      |
|   |  | RWSSI    | 11/27/2013  | 07.01.2014 | 07.01.2014 | 31.12.2019 | 5.95     | 0.00     | 0.0%      |
|   | SECTEUR PRIVE  |          |             |            |            |            | 39.11    | 0.00     | 0.0%      |
| 7 | PROJET DE CIMENTERIE DE NYUMBA                                 | Prêt BAD | 2/12/2014   |            |            |            | 39.11    | 0.00     | 0.0%      |
|   | SECTEUR ENERGIE  |          |             |            |            |            | 105.39   | 36.76    | 34.9%     |
| 8 | PROJET REHAB. HYDROELECTRIQUE INGA-PMEDE                       | don FAD  | 12/18/2007  | 10.04.2008 | 10.04.2008 | 31.12.2014 | 35.70    | 18.82    | 44.75%    |

|                              |  |         |            |            |            |            |               |               |               |
|------------------------------|--|---------|------------|------------|------------|------------|---------------|---------------|---------------|
| 9                            | PROJET ELECTRIFICATION PERIURBAINE RURAL                     | FEF     | 12/15/2010 | 10.03.2011 | 10.03.2011 | 31.12.2015 | 60.00         | 15.93         | 17.60%        |
|                              | PROJET ELECTRIFICATION PERIURBAINE RURAL                     | don FAD | 12/15/2010 | 10.03.2011 | 10.03.2011 | 31.05.2015 | 9.69          | 2.01          | 20.76%        |
| <b>SECTEUR MULTISECTEUR</b>  |  |         |            |            |            |            | <b>40.96</b>  | <b>11.17</b>  | <b>27.3%</b>  |
| 10                           | PROJET D'APPUI A LA MODERN. FIN. PUB                         | don FAD | 4/25/2010  | 29.05.2012 | 29.05.2012 | 31.12.2015 | 10.00         | 2.39          | 23.86%        |
| 11                           | MOBILISATION RES HUM ADMIN PUBLIQUE                          | don FAD | 1/21/2011  | 04.05.2011 | 05.05.2011 | 31.12.2015 | 20.00         | 8.78          | 43.92%        |
| 12                           | APPUI INSTITUTIONNELLES EN STATISTIQUE ET FINANCES PUBLIQUES | don FAD | 10/23/2013 | 07.01.2014 | 07.01.2014 | 31.12.2016 | 10.96         | 0.27          | 2.46%         |
| <b>Opérations nationales</b> |  |         |            |            |            |            | <b>622.49</b> | <b>160.55</b> | <b>25.79%</b> |
| <b>AIDE D'URGENCE</b>        |  |         |            |            |            |            | <b>0.67</b>   | <b>0.00</b>   | <b>0.0%</b>   |
| 1                            | AIDE D'URGENCE AUX POPULATIONS DEPLACEES DU KATANGA          | ERF     | 2/20/2014  | 8/20/2014  | 8/20/2014  | 12/31/2014 | 0.67          | 0.00          | 0.0%          |
| <b>GUICHET III FEF</b>       |  |         |            |            |            |            | <b>5.31</b>   | <b>1.51</b>   | <b>28.3%</b>  |
| 1                            | RENF CAP INSTITU DU MINISTERE DE L'ENSEI                     | FEF     | 7/11/2011  | 24.08.2011 | 24.08.2011 | 30.06.2014 | 0.28          | 0.26          | 94.07%        |
| 2                            | CREATION DE L'AGENCE POUR LE SITE D'INGA                     | FEF     | 4/17/2013  | 31.05.2013 | 31.05.2013 | 30.06.2015 | 1.99          | 0.00          | 0.00%         |
| 3                            | PROJET DEVELOPPEMENT D'INGA3 -INGA/PATCD                     | FEF     | 5/13/2013  | 31.05.2013 | 31.05.2013 | 30.06.2015 | 1.5           | 1.06          | 70.96%        |
| 4                            | RENFORCEMENT DES CAPACITES DE PILOTAGE DES REFORMES          | FEF     | 7/18/2013  | 06.11.2013 | 06.11.2013 | 31.12.2014 | 1.54          | 0.18          | 11.53%        |
| <b>CBFF</b>                  |  |         |            |            |            |            | <b>22.32</b>  | <b>11.19</b>  | <b>50.1%</b>  |
| 1                            | SANKURU FAIR TRADE CARBON INITIATIVE                         | CBFF    | 4/7/2010   | 14.02.2011 | 10.03.2011 | 01.05.2015 | 1.12          | 1.01          | 90.14%        |
| 2                            | CONSERVATION INTERNATIONALE FOUNDATION                       | CBFF    | 6/9/2010   | 26.07.2001 | 10.11.2011 | 28.02.2014 | 1.15          | 0.15          | 12.78%        |
| 3                            | ECOMAKALA  | CBFF    | 7/12/2011  | 31.08.2011 | 31.08.2011 | 31.03.2014 | 2.12          | 0.65          | 33.29%        |
| 4                            | REDD AGROFORESTERIE SUD KWAMOUTH                             | CBFF    | 7/12/2011  | 31.08.2011 | 31.08.2011 | 31.03.2014 | 2.11          | 1.16          | 54.79%        |
| 5                            | PROJET PILOTE REDD D'ISANGI                                  | CBFF    | 5/19/2011  | 08.06.2011 | 17.08.2011 | 31.03.2014 | 1.95          | 1.21          | 62.10%        |
| 6                            | CIVIL SOCIETY AND GOVERNANCE CAPACITY BUILDING               | CBFF    | 7/13/2011  | 31.08.2011 | 15.10.2011 | 31.03.2014 | 2.71          | 0.55          | 20.32%        |
| 7                            | PROJET REDD LUKI   | CBFF    | 7/22/2011  | 31.08.2011 | 31.08.2011 | 31.03.2014 | 1.98          | 0.62          | 31.48%        |
| 8                            | PROJET REDD MAMBASA  | CBFF    | 4/27/2011  | 08.06.2011 | 17.08.2011 | 31.03.2014 | 2.51          | 1.61          | 63.99%        |
| 9                            | VAMPEEN VALORISATION OF AFRICAN MEDICINE                     | CBFF    | 11/16/2011 | 09.12.2011 | 30.12.2011 | 31.12.2014 | 1.37          | 0.99          | 74.14%        |

|   |   |          |            |            |            |            |               |               |               |
|---|---|----------|------------|------------|------------|------------|---------------|---------------|---------------|
| 10  | APPUI AU DEVELOPPEMENT DE<br>L'AGROFORESTERIE                                   | CBFF     | 4/2/2012   | 12.06.2012 | 30.08.2012 | 28.02.2015 | 5.30          | 3.25          | 61.29%        |
| <b>Programme d'investissement Forestier (PIF)</b> |   |          |            |            |            |            | <b>14.67</b>  | <b>0.00</b>   | <b>0.0%</b>   |
| 1   | Projet intégré REDD- MBKIS  | PIF      | 9/11/2013  | 15.08.2014 | 15.08.2014 | 31.07.2018 | 14.67         | 0.00          | 0.00%         |
| <b>MULTINATIONAL</b>                              |   |          |            |            |            |            | <b>94.06</b>  | <b>13.91</b>  | <b>14.8%</b>  |
| 1   | Etude du pont entre Kinshasa (RDC) et Brazzaville<br>(Congo)                    | don FAD  | 12/3/2008  | 13.05.2009 | 13.05.2009 | 30.06.2014 | 3.59          | 1.86          | 51.77%        |
| 2   | Etude de la route Ousso-Bangui-Ndjaména et Navigation<br>fluviale               | don FAD  | 12/1/2010  | 29.04.2011 | 29.04.2011 | 31.12.2014 | 0.44          | 0.06          | 12.79%        |
| 3   | PROG. D'AMENAG. LAC TANGANYIKA (RDC)  | Prêt FAD | 11/17/2004 | 01.02.2005 | 24.11.2006 | 31.12.2014 | 6.79          | 5.92          | 87.22%        |
|   |   | don FAD  | 11/17/2004 | 01.02.2005 | 01.02.2005 | 31.12.2014 | 4.96          | 4.10          | 82.57%        |
| 4   | NELSAP INTERCONNECTION PROJECT - DRC  | don FAD  | 11/27/2008 | 28.05.2010 | 28.05.2010 | 31.12.2014 | 27.62         | 1.67          | 6.05%         |
| 5   | Interconnexions des réseaux électriques de Boali                                | don FAD  | 9/19/2012  | 20.02.2013 | 20.02.2013 | 31.12.2017 | 5.55          | 0.00          | 0.00%         |
| 6   | Projet d'appui au développement du site d'Inga et de<br>l'accès à l'électricité | don FAD  | 11/20/2013 | 07.01.2014 | 07.01.2014 | 31.12.2019 | 44.40         | 0.00          | 0.00%         |
| 7   | Etude Extension du chemin de fer Kinshasa-Ilebo                                 | Don IPPF | 7/15/2012  | 13.08.2012 | 13.08.2012 | 31.12.2015 | 0.71          | 0.30          | 42.61%        |
| <b>TOTAL GENERAL</b>                              |   |          |            |            |            |            | <b>759.52</b> | <b>187.15</b> | <b>24.64%</b> |

## Appendix IV: Sources of Fragility in the Democratic Republic of Congo (DRC) and Uganda

### Background information

The project is within the catchment area of on Lakes Edward and Albert, part of the series of Rift valley lakes shared by the Democratic Republic of Congo and the Republic of Uganda. Lake Edward is bordered on the west by the high mountains of the Mitumba Range including the famous Mount Kyavirimu, on the North and South by two alluvial plains, respectively, the Semliki (outlet) and the Rwindi- Rutshuru (tributaries). The lake is enclosed by two national parks, the Queen Elizabeth National Park (QENP) in Uganda and the Virunga National Park (PNVI) in the DRC. On the other hand, Lake Albert receives water from Lake Edward through Semliki River in the south and from the Nile in the north. The Lake Edward and Albert basin area has an estimated population of about 12million people of which 73% depend on fisheries for livelihoods. The project beneficiaries is estimated at 400,000 of which 50% (200,000) are women.

### Fisheries and Natural Resources Sector – Sectoral Assessment – Drivers of Fragility

1. **Population increase and destructive fishing methods:** The country has a burgeoning population of youth who have grown up in a war context with no skills/education. The migration inflows from Uganda and DRC into the lakes areas have increased interethnic rivalries and clashes. To the East of DRC many youths have either been involved in various militia groups or failed to have a solid education due to the constant interruption of regular life that conflict has created. As a result many have no skills/education, and in the West of the country, many educated young men and women cannot find adequate work and sources of livelihood, creating a restive situation.
2. **Lack of basic infrastructure:** The vast part of both countries (DRC and Uganda) has little or no interconnecting infrastructure. This is severe in rural project areas. This makes the conduct of any activity, whether to keep peace or the provision of basic services very difficult given distance and inaccessibility. The lack of basic infrastructure particularly health, education, and trade infrastructure also has the effect of entrenching exclusion and increased competition over livelihoods.
3. **Governance failures in the planning and implementation of solutions:** Lack of harmonized fishing regulations and clear boundaries between these two countries exacerbate tension between fishermen especially those practicing legal fishing and those practicing illegal fishing and fishing grounds. The regulations and laws where they exist are not being enforced. DRC lacks local institutions for law enforcement. The major drawback for both countries is lack of political interest to resolve these issues despite acknowledgement of their existence has been contributing to governance failures in natural resources management.
4. **Lack of trust between two countries (DRC & Uganda):** Long history of prolonged tension and suspicion between these two countries including oil drilling has worsened the situation in this area. No coordinated efforts has existed to address the high influx of migrants, social infrastructures including housing and livelihoods.
5. **A long history of atrocities and grievances:** Decades of intra- and intercommunity conflict have entrenched group suspicion and broken down social bonds and cohesion; heightening the frequency of low intensity conflict, and deepening negative cycles of interaction. These conflicts have not respect boundaries and the fishing communities within the project areas have experienced direct violence or spillovers.
6. **A long period of conflict in the East:** Many parts of North and South Kivu as well as Ituri district continue to struggle with insecurity and instability, which make lawful economic activity difficult. Continuing

existence of armed groups engaged in natural resource exploitation generates and sustains a war economy, providing incentives for individuals and groups to continue to engage in war and violence.

| Core areas of the Project linked to addressing the remaining downside risks stemming from the root causes of fragility as identified in Qualitative Fragility Assessment of the DRC and Knowledge of the Project Area |           |   |  |
|---|-----------|---|--|
| Driver of Fragility   | Dimension | Downside risks stemming from the root causes of fragility   | Proposed Project interventions   |
| Lack of basic infrastructure  |           | <ul style="list-style-type: none"> <li>(a) Lack of surveillance and monitoring safety systems</li> <li>(b) Lack of fishery management facilities</li> <li>(c) Access roads</li> </ul>   | <p>Component 1:</p> <p>MCS systems, boats, research vessels, feeder roads, fishing handling facilities, research stations, landing sites etc.</p>  |
| Population increase and destructive fishing methods   |           | <ul style="list-style-type: none"> <li>(a) Lack of jobs</li> <li>(b) Lack of alternative livelihoods</li> <li>(c) Destruction of fish stocks</li> <li>(d) Lack of women empowerment</li> </ul>  | <p>Component 1:</p> <p>Capacity building of women, 5000 job creations, alternative livelihoods for women and youths, apiculture and poultry developments, small ruminants distribution, aquaculture and fish farming demonstration, credit schemes etc.</p>          |
| Governance failures in the planning and implementation of solutions   |           | <ul style="list-style-type: none"> <li>(a) Lack of harmonized fishing regulations and laws</li> <li>(b) Lack of enforcement</li> <li>(c) Use of illegal fishing gears</li> <li>(d) Disputed fishing grounds</li> <li>(e) Destructive fishing methods</li> <li>(f) Destruction of the environment and sensitive areas</li> </ul> | <p>Component 1 &amp; 2:</p> <p>Maritime security survey, policy legislation and harmonization, MCS, research vessels, shared ICT databases, aquatic weeds removal, capacity building, tree planting, woodlot development, wetland and riverbank restoration etc.</p> |
| Lack of trust between two countries (DRC & Uganda)  |           | <ul style="list-style-type: none"> <li>(a) Lack of political interests</li> </ul>   | <p>Component 1 &amp; 2:</p> <p>NELSAP will act as an interlocutor to bring two countries in management of shared natural resources thereby enhance trust between them. Harmonize regulations and laws and provide training to authorities of both countries.</p>     |
| A long history of atrocities and grievances   |           | <ul style="list-style-type: none"> <li>(a) Lack of regional integration</li> <li>(b) Increased tension and hostilities</li> </ul>   | <p>NELSAP as a REC will help to build peace, security and corporation between participating countries through economic integration and exploitation of natural resources</p>   |
| A long period of conflict in the East   |           | <ul style="list-style-type: none"> <li>(a) Influx of migrants,</li> <li>(b) Oil drilling</li> </ul>   | <p>Component 1 &amp; 2</p>   |



## Appendix V. Map of the Project Area

