PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 17.1 MILLION (US$22.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF UGANDA

FOR A

SECOND ENVIRONMENTAL MANAGEMENT AND CAPACITY BUILDING PROJECT

February 23, 2001

Environmental and Social Development Unit
Africa Regional Office
CURRENCY EQUIVALENTS
(Exchange Rate Effective: February 2, 2001)

Currency Unit = Shillings
UShs 1 = US$0.00057
US$1 = UShs 1750

FISCAL YEAR
July 1 - June 30

ABBREVIATIONS AND ACRONYMS

CARE Cooperative Assistance and Relief Everywhere
CAS Country Assistance Strategy
CBO Community Based Organization
CCT Coordinating Centre Tutors
CTB Central Tender Board
DCU District Coordination Unit
DDP District Development Plan
DEAP District Environmental Action Plan
DEC District Environment Committee
DENIVA Development Network of Indigenous Voluntary Associations
DEO District Environment Officer
DFA Director of Finance and Administration
DSOER District State of the Environment Report
DTPC District Technical Planning Committee
EAT Education, Awareness and Training
EIA Environment Impact Assessment
ELU Environment Liaison Unit
EMCBP Environmental Management and Capacity Building Project
EMCBP II Second Environmental Management and Capacity Building Project
ENGOLOG Environmental Lobby Group
GOU Government of Uganda
GPN General Procurement Notice
IAPSO Inter-Agency Procurement Services Office
ICB International Competitive Bidding
IDA International Development Association
IUCN World Conservation Union
IACP Loan Administration Change Initiative Handbook
LEC Local Environment Committee
MTEF Medium-term Expenditure Framework
MUIENR Makere University Institute of Environment and Natural Resources
MWLE Ministry of Water, Lands and Environment
NAWOU National Association of Women’s Organizations of Uganda
NCB National Competitive Bidding
NCDC National Curriculum Development Centre

<table>
<thead>
<tr>
<th>Vice President</th>
<th>Callisto E. Madavo</th>
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<tbody>
<tr>
<td>Country Director</td>
<td>James W. Adams</td>
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<tr>
<td>Sector Manager</td>
<td>Roger C. Sullivan</td>
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<tr>
<td>Team Leader</td>
<td>Nathalie W. Johnson</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>NEAP</td>
<td>National Environmental Action Plan</td>
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<td>NEF</td>
<td>National Environment Fund</td>
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<td>NEMA</td>
<td>National Environment Management Authority</td>
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<td>NES</td>
<td>National Environment Statute</td>
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<tr>
<td>NFEECT</td>
<td>Non-Formal Environmental Education Community Training</td>
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<td>NPPU</td>
<td>National Procurement and Policy Unit</td>
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<tr>
<td>PAD</td>
<td>Project Appraisal Document</td>
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<tr>
<td>PEAPEAP</td>
<td>Poverty Eradication Action Plan</td>
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<tr>
<td>PIP</td>
<td>Procurement Implementation Plan</td>
</tr>
<tr>
<td>PMA</td>
<td>Plan for Modernization of Agriculture</td>
</tr>
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<td>PMR</td>
<td>Procurement Management Report</td>
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<tr>
<td>PRA</td>
<td>Participatory Rural Appraisal</td>
</tr>
<tr>
<td>PRSC II</td>
<td>Poverty Reduction Support Credit</td>
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<tr>
<td>SDR</td>
<td>Standard Drawing Rights</td>
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<tr>
<td>SWAP</td>
<td>Sector Wide Action Plan</td>
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UGANDA
Second Environmental Management and Capacity Building Project

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MAP

IBRD 26375
Uganda
Second Environmental Management and Capacity Building Project
Project Appraisal Document
Africa Regional Office – Uganda

Date: February 23, 2001
Country Manager/Director: James W. Adams
Task Team Leader: Nathalie W. Johnson
Project ID: P073089
Sector: Environment
Lending Instrument: Specific Investment Loan (SIL)
Sector Manager/Director: Roger C. Sullivan
Themes: VI – Environmental Institutions
Poverty Targeted Intervention: [ ] Yes [ ] No

Project Financing Data

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<td>Total</td>
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For Loans/Credits/Others:
Amount (US$m/SDRm): US$22.0/SDR 17.1 million
Proposed terms: Standard Credit
Grace period (years): 10
Years to maturity: 40
Commitment fee: 0.5%
Service charge: 0.75%
Multicurrency [ ]
Standard Variable [ ]
Single currency, specify [ ]
LIBOR-based [ ]

Financing plan (US$m):

- Borrower: The Republic of Uganda
- Responsible agency(ies):
  - Ministry of Water, Lands & Environment:
    - Contact Person: Eng. B.K. Kabanda
    - Address: P.O. Box 7096, Kampala, Uganda
    - Tel. 256-41-230879 Fax: 256-41-230891 Email: mwle@infocom.co.ug
  - Other Agency(ies):
    - Ministry of Finance, Planning and Economic Development
    - Address: P.O. Box 8147, Kampala, Uganda
    - Contact Person: Mr. Emmanuel Tumusiime-Mutebile
    - National Environment Management Authority (NEMA)
    - Address: P.O. Box 22255, Kampala, Uganda
    - Contact Person: Prof. John Y. Okedi
    - Tel. 256-41-251064 Fax: 256-41-57521/232/232680 Email: info@nemaug.org

Estimated disbursements (Bank FY/US$m):

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<td>11.0</td>
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Project Implementation period: 5 years
Expected effectiveness date: 07/01/2001
Expected closing date: 12/31/2006
A. Project Development Objective

1. Project development objective: (see Annex 1)

The development objective of the Second Environmental Management and Capacity Building Project (EMCBP II) is as follows: Sustainable environmental management at the national, district and community levels.

EMCBP II represents the second five-year phase of a long-term effort to assist the Government of Uganda (GOU) in their implementation of the National Environmental Action Plan (NEAP) and related National Environment Statute (1995) and the Local Government Act (1997). The project consists of three components. The first focuses directly on enhancing environment management capacity in districts and communities and empowering them to address environmental degradation problems, and sustainable natural resource use for development through the planning and implementation of initiatives. The second component aims at enhancing environment management capacity in lead agencies at national level. The third component aims at enhancing environment management capacity in the National Environment Management Authority (NEMA), through institutional support and strengthening. In a similar way as under EMCBP, financing would be provided for training, consultant services (primarily local, with a limited amount for international consultants in specialist fields for short-term assignments), equipment, vehicles, and incremental recurrent costs.

2. Key performance indicators: (see Annex 1)

Progress in achieving the project objectives will be evaluated on the basis of the following key performance indicators:

- Outcomes from environmental protection and rehabilitation activities implemented within target districts. Impact of activities planned for under the District Environmental Action Plan (DEAP) process and implemented within the District Development Plans (DDP) will be monitored by DDP progress reports and by NEMA review.
- Measurable changes in Ugandan’s behavior from environmental awareness campaigns. Measured as statistically significant before and after changes in attitudes and behavior.
- Increasing level of compliance amongst regulated community. Compliance is measured as conformity to regulation within sectors and progress on mediation strategy for 21 of most polluting industries. Changes will be measured as improvement from baseline figures established at project effectiveness.
- 100 environment officers from districts and within partner agencies gazetted and equipped as environmental inspectors by 2004. Verified by national gazettement roster.
- The relevant policies of lead agencies will be revised to reflect NEMA review and are adopted. Verified as change from baseline established at project effectiveness through content analysis of relevant documents from target agencies.
- Lead agencies will annually report on their sector environmental performance beginning second year. The annual reports of the twelve (12) agencies targeted for strengthening will be content reviewed.
- The remaining environmental guidelines and regulations stipulated in the Environmental Statute 1995 are completed by 2003. Verified as completion and acceptance by GOU.
- Framework for at least 1 strategic and 5 sectoral (agriculture, mining, industrial development, waste, energy) Environment Impact Assessments (EIAs) developed. Verified through review of written frameworks.
- The 21 most polluting industries have environmental management programs consistent with ISO 1400 Series. Verified through review of written programs and compliance documents.
- Tertiary institutions and both primary and secondary education institutions within target districts adoption of curricula will be assessed as through review of curricula and reports from district environmental education officers.

B. Strategic Context

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

Government's strategy for economic transformation is spelled out in the Poverty Eradication Action Plan (PEAP) 2000. The PEAP provides a framework for Government planning and guides the formulation of Sector Wide Action Plans (SWAPs). The primary objective of the PEAP is to develop policies and resource allocations aimed at improving the welfare of all Ugandans and reducing the incidence of poverty to 10% or less by the year 2017. Government envisages that the following three conditions are pre-requisite for economic growth to eradicate poverty:

- Structural transformation (agricultural modernization, industrialization, institutional reforms and capacity development).

- The poor must participate in economic growth by expanding smallholder agriculture and employment in the industry and services sectors as well as expansion of the rural based non-farm enterprises.

- Economic growth must be sustainable. In particular, the modernization of agriculture will need to ensure that renewable natural resources are conserved and not “mined” in the pursuit of short-term growth. Therefore, judicious management of land, forests, wetlands, rangelands, rivers, lakes and the environment is essential for sustaining any gains in poverty eradication that are made possible by pursuing the above two conditions.

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

2. Main sector issues and Government strategy:
   Government Strategy to Address the Environment Sector Issues and Constraints


The National Environment Statute (1995) established a body, the National Environment Management Authority (NEMA), which is the apex institution for environment management in Uganda. NEMA co-ordinates, monitors and supervises all activities in the field of environment.

The agricultural modernization and the industrialization processes envisaged in the Poverty Eradication Action Plan (PEAP) and the Plan for Modernization of Agriculture (PMA) may pose serious environment concerns for Uganda that need to be assessed and monitored for appropriate control and or mitigation.

The Environment Sector Investment Needs and Programs

Government has developed an environment sector wide action program whose goal is to halt and reverse environment degradation so as to guarantee improved productivity of the environment and the natural resource base, accelerate sustainable economic growth and improve human welfare.

The main objective of the program is to build and strengthen institutional and human capacity in environment and natural resource management for the continued response to emerging demands and challenges.

The specific objectives include:

- To build institutional capacity to implement environment management programs To promote the development of adequate environmental awareness, knowledge, attitude and practical skills in environmental management;

- To build capacity in lead agencies to integrate environment considerations into sector policies, laws, plans and projects;

- To build capacity for integrated and participatory environment and development planning and management at district and community levels;
• To enhance the capacity for collection, analysis and dissemination of environmental information at district and sub-county levels;

• To develop and implement community focused programs that enhance natural resource management and productivity; and

• To protect the environment and enhance resource utilization during the agricultural modernization and industrialization processes.

The program contains five major areas: Institutional Capacity Building; Environmental Education and Public Awareness; Integration of Environmental Considerations into Planning at All Levels; Enhancing Resource Productivity; Pollution Management and Environment Health.

The sector wide environment program seeks to target interventions at the household level, which is the primary manager of the environment. However, to facilitate behavioral change, it is necessary to increase capacity of the supporting institutions, to build partnership and provide an enabling environment for compliance and law enforcement.

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

The primary development issue to be addressed by the project is institutional. The main challenge is how to build the capacity of key players at all levels, national, district and local, in both the private and public sector to work together to achieve environmental sustainable development. Environmental management is a multi-sectoral, cross-cutting issue which requires careful planning by coordinated and informed decision makers.

Decentralization and Capacity building of Local Governments and Communities: One of the main focuses of the project is on building the capacity of local to fulfill their roles in the decentralized management of the environment as stipulated in the Local Government Act (1997) and the National Environment Statute (1995). The project also aims to empower local communities to address environment degradation problems of local concern, use natural resources prudently and in a sustainable manner regardless of their efforts to alleviate poverty through agricultural modernization. This will be achieved through support for environmental planning at district and sub-county levels, implementation of environmental plans, and integration of environment education in formal and non formal systems at the local level.

National Level Coordination and Regulation and Compliance: There is a recognized lack of capacity in the lead agencies and sectoral ministries to fulfill their mandate for environmental management and compliance with the governments environmental protection regulatory framework. The project will build the capacity of the lead agencies and sectoral ministries through training about the environmental statutes, laws, and regulations which apply to each sector and through the provision of equipment and training for monitoring and compliance with environmental regulations. The project will also develop and strengthen the links between the lead agencies and NEMA to enable NEMA to effectively and efficiently co-ordinate the planning and management of the environment and natural resources. This approach, a departure from the Environment Liaison Unit (ELU) strategy, targets as much as possible the whole lead agency for
capacity building as opposed to focusing on the ELUs. It is envisaged to provide capacity at the different levels of the lead agency tailored to the needs of the staff and the agency.

C. Project Description Summary

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

The project comprises three components, each related to and building upon prior experience gained during the first five years of experience with EMCBP. The first project achieved three objectives. It established the National Environmental Management Administration, the need for which was identified in the 1994 NEAP, and then authorized under the Environmental Statute of 1995; NEMA is established and now exists as an institution recognized legally by the GOU. NEMA is well staffed and equipped, and has developed appropriate administrative procedures. During EMCBP implementation, NEMA successfully created about 60% of the tools (e.g., regulations and guidelines for sectoral policies and impact assessments) necessary to enforce the Environment Statute. Secondly, NEMA tested a model to influence other ministries to recognize their responsibilities towards and develop capacity for environmental management. Finally, NEMA identified a successful strategy for creating environmental protection and rehabilitation policies and plans at district and community level. The EMCBP II will allow NEMA to complete the development of policy tools necessary to enforce the Environmental Statute; develop and implement a strategy for devolving environmental management into the responsible ministries and agencies; and, extend to other districts the successful strategy for developing community management of the environment.

Component 1: Local Government and Communities Environmental Capacity Building: The objective of this component is to support the local governments and the communities to enable them to fulfill their statutory roles in decentralized environmental management. This component will provide logistical support, equip and assist local governments and communities to build and strengthen their capacities in environmental planning, and to redress key environmental issues. This component will complement the GOU effort to eradicate poverty and hence improve the quality of life of living standards of the people of Uganda.

Component 2: Capacity Building in Lead Agencies: This component aims at building partnerships with lead agencies to as part of their responsibilities within their sectoral mandate and as required by the National Environment Statute (1995). The ELU approach which was pursued under EMCBP proved to be ineffective. Therefore a new approach to developing the required capacity was designed. The approach will include a forward looking strategy which identifies lead agencies’ critical actions and policies. Based on this strategy, a list of possible partner agencies has been developed. This component will equip lead agencies with required skills, knowledge, and logistical support to enable them to integrate environmental concerns in their policies, plans and programs. Through this component, environmental assessments and monitoring will be undertaken by the lead agencies as an integral part of the program.

Component 3: Institutional Support to NEMA: This component will consolidate the institutional structure of the Authority as the apex regulatory body in the area of environment management. This component will ensure that capacities in regulation and compliance are built and enhanced. Capacities in environmental awareness and reporting targeted at promoting
sustainable development will be further strengthened through the component. Adequate human resource capacity in environmental management will also be developed and strengthened through this component.

<table>
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<tr>
<th>Component</th>
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<th>Indicative Costs (US$M)</th>
<th>% of Total</th>
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<td>Enhancing Environmental Management Capacity in Districts and Communities</td>
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</table>

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

The existing broad legislative, policy and institutional framework for the environmental sector in Uganda is strong. The objective of the project is to support the implementation of the existing legislation including the National Environment Statute by building the capacity of lead agencies and NEMA in (i) enforcement strategies; (ii) field inspections; (iii) development of regulations and guidelines; (iv) training in compliance assistance; and (v) creation of awareness on the law to the general public.

The project will also support a comprehensive review of Uganda's major sectoral policies. The objective of the review will be to assess the extent to which the sectoral policies adequately address environmental concerns. NEMA will provide guidance and assistance to sectoral ministries and lead agencies to amend and improve the sectoral policies to incorporate the necessary environmental issues.

At the district and community level, the project will support the implementation of the Environment Statute and the Local Government Act through (i) awareness raising for environmental issues at all level; (ii) training of focus districts in environmental law; (iii) assisting districts in replication of bye-law formulation and enforcement; and (iv) implementation of local plans.

3. Benefits and target population: The project will benefit a wide array of stakeholders and target groups at various levels as follows:

- the community level: this includes communities benefiting from enhanced environment management capacity and access resources from community projects, and Non-Governmental Organizations (NGOs) and Community Based Organizations (CBOs) whose capacity is service delivery will be improved;
• Business enterprises and private sector agencies who benefit through capacity building for sustainable service delivery and contracting out of some project activities and provision of services to the project;

• Local governments at district, subcounty, municipal division and town council level which will benefit through capacity building for improved service delivery; and

• Lead agencies including NEMA at the central government level which will benefit through improved capacity and improved information flow between them and with the local governments and private sector.

The benefit of the project aims at national natural resources use for increased and sustainable income can be categorized as follows:

• participatory natural resources planning, allocation and management by concretizing on appropriate and effective relation between local community, private sector, local governments and central government agencies with respect to resources use and investment in natural resources management.

• Capacity building at (a) community level through empowering the communities to take greater responsibility in determining priorities for investment in natural resources management and resource use, monitoring the use of environmental resources and demanding accountability from their representatives in the local governments; (b) local Governments to manage and enhance sustainable resources use and other service to proportional equitable development (c) central government ministries to enhance linkages and define appropriate mechanisms for sustainable service delivery and monitoring a central government and local government level.

• Promoting private sector investment by empowering investors to take informed investment options through clear regulations, guidelines and requirements, and as a result of increased local government and community activities

• Reduction of poverty as living conditions of the beneficiary communities are improves through enhanced accessibility to and sustainable use of natural resources, and sustainability of service delivery by the local governments.

The benefits include sound environment and natural resources management as well as overall sustainable economic growth and development for the people of Uganda. This is to be achieved at all levels i.e. national, district, community and household levels.

4. Institutional and implementation arrangements:

Policy, Institutional and Legislative Framework for Project Implementation

This project is aimed at enhancing the capacity of NEMA to carry out its statutory mandate, building on the achievements realized during the EMCBP. NEMA was created by the National Environment Statute, 1995 with an overall mandate to oversee the implementation of the relevant
articles of the constitution that guarantee every person a right to a healthy and clean environment and ensure sustainable development. Specifically, the mandate of NEMA is to: (i) coordinate, monitor and supervise all activities in the field of the environment; (ii) ensure the integration of environmental concerns into planning and implementation of socio-economic activities in the country at all levels; (iii) carry out regulatory functions, including the development of laws and policy guidelines for regulating environmental management; and (iv) carry out environmental management capacity building and mobilization, as well as awareness and dissemination of environmental information at the center, local government and community levels.

In the light of the above mandate, NEMA is charged with responsibility to provide the central coordination of national interests on environment, further develop environment policy, enhance the legal and regulatory framework, coordinate and harmonize the sectoral interests and conflicts among other ministries, and facilitate the integration of environmental concerns into development activities (at all levels). It is also responsible for overseeing compliance with regulations and standards and for promoting environment awareness. An important element of NEMA’s work is the horizontal coordination with ministries and other agencies at national level, and vertical coordination with the local (especially district and community) level. NEMA is also expected to establish an outreach program to assist in strengthening the capacity of district administrations for environmental management and of communities to address local natural resource management concerns.

The Authority is overseen by the Policy Committee on the Environment. Its functions, as set out in the legislation, are to formulate and coordinate overall environmental policies, taking into account issues raised by the Cabinet and to ensure the smooth implementation of environmental policies and guidelines.

NEMA is supervised by a Board of Directors, which is appointed by the Minister, Water, Lands and Environment (MWLE), with the approval of the Policy Committee and it consists of: (i) representatives of MWLE; the Ministries of Agriculture, Animal Industry and Fisheries and of Finance, Planning and Economic Development; (ii) two representatives of academic and research organizations; (iii) two representatives of local non-governmental organizations; and (iv) two representatives of the private sector. The Executive Director of NEMA is an ex-officio member of the Board of Directors.

The functions of the Board of Directors are designed to oversee the operations of NEMA and ensure that they are in line with NEMA’s overall strategy. The Board also reviews and approves the annual budget and work plan and monitors and evaluates progress against those budgets and plans. Finally, it formulates personnel, administrative and financial procedures that govern the Authority.

Thus, although NEMA is located in the Ministry of Water, Lands and Environment (MWLE), it is able to operate with a high degree of autonomy and there is no overlap between MWLE’s regulatory and developmental functions.

As an outcome of previous supervision missions for the EMCBP, it was recommended and agreed that there was a need for a comprehensive review and evaluation of the appropriate
institutional arrangements and management structure of NEMA. Based on this agreement a consulting firm was contracted to undertake the evaluation and propose a framework for restructuring NEMA. The aim is to create a more effective and efficient institution which will be capable of achieving the project and sectoral objectives for environmental management in Uganda.

The EMCBP II project implementation period will be 5 years. The institutional and implementation framework for the three components will be as follows:

**Central Coordination by NEMA:** The National Environment Management Authority (NEMA) will continue playing a central role in environmental management capacity building, public awareness and dissemination of environmental information. NEMA will therefore be the Executing Agency for EMCBP II. It will also be responsible for the overall performance monitoring of the project implementation. As the executing agency, NEMA will be responsible for financial disbursement and accountability for all the components. Where necessary, NEMA will provide technical backstopping to project fund recipients to ensure smooth financial administration. Disbursements to the districts will be on quarterly basis based on agreed project outputs and approved work plans by NEMA while that to Lead Agencies will be directly based on specific project activities/outputs contained in approved work plans. Major procurements under all the components for instance, of equipment, consultancy and civil works will be undertaken by NEMA using the World Bank procurement guidelines. Equipment will be given to the Lead Agencies and districts under Memorandum of Understanding to ensure that they are used for the project implementation. International training under all the components will also be sourced by NEMA after reviewing the training needs assessment.

**Lead Agencies:** Sectoral responsibilities for environmental management in Uganda, involves Ministries and government agencies collectively referred to as Lead Agencies. According to the National Environment Statute, 1995, a Lead Agency is any Ministry, Department, parastatal agency, local government system or Public Officer, in which or whom any law vests functions of control or management of any segment of the environment.

NEMA’s mandate does not relieve Lead Agencies of their responsibilities to manage their segment of the environment. While the Authority is charged with monitoring, planning and coordination of environment/natural resources matters, the implementation is the responsibility of relevant line Ministries. Thus, the development of strong links between the Ministries and the Authority is critical if effective coordination is to be achieved. During EMCBP NEMA has invested a lot of time and resources in pursuit of this objective and some modest achievement has been made in this regard. However, the original idea of achieving the above objective using Environment Liaison Units has been found unworkable. Based on the experience gathered and the lessons learned, a new alternative strategy is to be adopted and is the focus of Component 2.

The component of enhancing capacity in Lead Agencies for environment management will be co-ordinated by NEMA. The new strategy is to target the whole Lead Agency for capacity building rather than the ELUs. Training, as part of capacity building will be provided at different levels according to the needs of the Lead Agency staff. Similar to the district training package, some staff will require only an initial package, while others will receive in-depth skill
development training. As another part of capacity building, equipment will be provided to selected Lead Agencies for data collection, processing and analysis.

In close collaboration with the management of the Lead Agencies, NEMA will organize and conduct sensitization and training workshops and seminars for their staff. Action plans for further collaboration between NEMA and the Lead Agencies will be drawn up. These will, among other things outline the activities to be jointly undertaken, responsibilities for each party and the resource requirements.

In some cases of skill development training, NEMA will sub-contract other institutions with the required expertise to conduct the training. For example, Makerere University Institute of Environment and Natural Resources (MUIENR) can be contracted to provide training in Environment Valuation and the use of Economic Instruments. However, this will be on a case by case basis after close analysis of costs and benefits.

Non-Government Organizations: Another very important partner who is assuming an increasingly important role in environmental management in Uganda is the Non-Governmental Organizations (NGO's) community. There are over 3000 NGO's registered with the Ministry of Internal Affairs. Of these, about 400 are working specifically in the areas of Environmental management and natural resource use. NGO’s are essentially national level organizations operating nationally, or in one or several districts. Some are international such as World Conservation Union (IUCN) and Cooperative Assistance and Relief Everywhere (CARE) whereas the majority are national. There is a National NGO Forum which brings together all NGO’s in the country. There is also the Development Network of Indigenous Voluntary Associations (DENIVA) which brings together all the indigenous NGO’s, the National Association of Women’s Organizations of Uganda (NAWOU) and the Environmental Lobby Group (ENGOLOG) which has a membership of about seventy. NEMA will use the capacities and network infrastructure of these NGO’s to implement some of the key project outputs particularly in the area of training and public awareness. This will be in form of sub-contracts or collaborative programs. CBO’s which are more active in the districts will be the key partners at the district level in this respect.

Districts: Under the Decentralization Policy, Local Governments, including districts, are responsible for development and environment planning. However, there is inadequate capacity at the district level for integrated environment and development planning. This is coupled with a lack of environmental awareness at local governments and community level. While Local Governments have established the necessary institutional frameworks for development and environmental planning, the capacity of these institutions are at varying levels. The proposed project would follow-on the initial work carried out in seven districts and replicate the environment management tools and systems that have been developed. This component will therefore involve capacity building activities at all local government levels, district, sub- county, parish and community levels. This component of the project links efforts of the proposed project at the sectoral agency and NEMA level to the district and community level. The component will be coordinated by the District Coordination Unit in NEMA focusing on the following discrete areas.
Institutional capacity building

Local governments continue to be constrained with financial resources and facilities for environmental management. These financial resources are essential for effective district and sub-county participation in environmental management programs. This activity area will therefore provide resources and facilities targeted at the District Environment Officer, District Technical Planning Committee and Environment Committees at district and sub-county level who will be responsible for planning, implementation and co-ordination of environmental programs at this level. This will include equipment procured and handed over to the district under a memorandum of understanding with NEMA and ear-marked funds remitted by NEMA to the district to implement key programs identified in the project.

Training

Training will also be provided to key personnel or stakeholders. The training is categorized into three main packages to be delivered through direct intervention by NEMA and contractual arrangements with private institutions and consultants where NEMA does not have the capacity. The district officials will undertake training at sub-county level with technical backstopping from NEMA. These three training packages are:

- Training at district and sub-county level in all districts that have to-date not benefited from this kind of training. This training is aimed at creating the minimum environment management capacity required by the district and the sub-county. Under this training, 31 districts will benefit and the target groups are District and sub-county Councilors, Sectoral staff, Local egos and CBOs. The key training areas included:
  1. Environment management
  2. EIA
  3. Environmental reporting
  4. Project design and planning
  5. Lobbying and advocacy
  6. Non-Formal Environmental Education
  7. Environment Materials development
  8. Environment Information Systems/Database management

- Advanced Training courses for the current seven districts that had been supported under the EMCBP. This is an advanced skills-based training package targeted at the District Environment Officers, Planners and a few other sectoral department staff to enhance their capacity to implement Environment Action Plans. The training include: waste management, eco-system management, environment audits, strategic environment assessment, environmental law and environment information systems. In addition, study tours for the seven districts with 'brown' environmental issues will be organized.

- Training for 15 districts to enable them to develop skills to prepare Environment Action Plans and integrate them into the District Development Plans. These 15 districts are the new districts where the DEAP process will be replicated. The key training areas include:
Orientation in the DEAP Process, Adapted PRA tools, Policy and bye-law formulation, District State of Environmental Report and Non-Formal Environmental Education.

Development and implementation of local government environment action plans

This activity area targets a total of 22 districts. This includes the seven districts that have already developed the Action Plans and 15 new districts where Environment Action Plans will be initiated. Under this activity area, financial support will be disbursed on a needs basis from NEMA to the District Environment Officers in the 15 districts to facilitate them in undertaking environment action planning at parish, sub-county and district level. NEMA will provide technical backstopping and supervisory functions while the district and sub-county officials will carry out the planning exercises at the various levels.

In addition, support will also be provided to the 22 districts to enable them to integrate Environment Action Plans into District Development Plans.

Under this component too, grants will be provided to local governments and the community to enable them implement priority environmental aspects in the DDP. These funds will cover 22 districts. The funds will be disbursed through a grants management agency, which will enter into contractual understanding with NEMA. The funds will be disbursed based on agreed criteria.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

The EMCBP II is a follow on project from EMCPBP which represented the first phase of a longer-term commitment of support by the Bank for environmental management in Uganda. Due to delays in disbursement the EMCBP project was expected to be extended by one year to close June 31, 2002. Under this scenario, support for environmental management in Uganda was being considered as part of the planned Second Poverty Reduction Support Credit (PRSC II). In the last year however, the project has exceeded disbursement estimates and the entire amount of the credit is expected to be disbursed within the current closing date. The plan to including support for environmental management in the PRSC II was no longer an option and it was agreed that we would prepare a follow-on project. This change in timing accounts for the quick preparation and processing of the EMCBP II. The design, structure and activities of the follow-on project are very similar to the original operation. Improvements have been made to incorporate lessons learned during the implementation of the initial 5 year project. One entirely new component has also been added to address the lack of capacity in the lead agencies and sectoral ministries to address environmental issues and to adhere to responsibilities for environmental regulation and compliance in the various sectors.
2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).

<table>
<thead>
<tr>
<th>Sector Issue</th>
<th>Project</th>
<th>Latest Supervision (PSR) Ratings (Bank-financed projects only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank-financed</td>
<td>Environmental Management and Capacity Building</td>
<td>Implementation Progress (IP) S  Development Objective (DO) S</td>
</tr>
</tbody>
</table>

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

3. Lessons learned and reflected in the project design:

There were several important lessons learned from implementing EMCBP and these have been taken into consideration in the design and formulation of the follow on project. These include the following:

- The ELU strategy for informing and engaging lead agencies did not work. There were a number of reasons for this failure, the most important of which was that the establishment of ELUs within the lead agencies was not seen as an opportunity, but rather, an imposition. The proposed follow-on project recognizes the failure of the ELU model and has therefore adopted a new strategy for engaging and building the capacity of lead agencies.

- At district level, development of environment management capacity cannot be accomplished as fast as desired because of the need to bring the district officials who have divergent views and responsibilities on board. This leads to delays in implementation of the project activities. The follow on project design caters for tailor made training packages to suit personnel needs at the different level and in the various agencies.

- Government may not conform to its financial obligations due to management of a cash basis budget that depends heavily on collected revenue as well as donor support. This leads to delays in project implementation and or adjustments such as scaling down some planned activities. In the follow on project we are trying to mitigate against this type of financial implementation constraint by encouraging GOU to include the environment and funding to NEMA in the Medium-term Expenditure Framework and also by securing a vote for NEMA. Adequate and timely release of counterpart funds will be pursued.

- The process of creating awareness and acceptance of the value of sound environment management and winning stakeholder-rapport is slow and this leads to delays in realizing project outputs and outcomes. The public education and awareness component will address this issue.
4. **Indications of borrower commitment and ownership:**

The Government of Uganda is committed to sustainable environmental management as expressed in the PEAP. During EMCBP project implementation the Government demonstrated their commitment and ownership of the project providing the following:

- Allocation of a building on plot 17/19/21 Jinja Road to NEMA;
- Creation of a budget program for NEMA during the current fiscal year to initiate the process of sustaining NEMA financially in the future;
- Strengthening of institutional capacity in environmental management at the district level through support to recruit and train the district and Municipal environment officers;
- Government commitment to promote private sector delivery of services and only retaining essential operations for public involvement;
- Government request to the World Bank early this year to put the follow-on project on fast track;
- Government efforts to identify the priority activities to be implemented in the follow-on project, which led to the preparation of the log-frame document. The document among other things highlights the aims and objectives of the project; and
- Government preparation of the draft project document, which includes the financial implications to IDA and GOU over the project life.

5. **Value added of Bank support in this project:**

The World Bank has provided leadership and support for activities related to environmental management since the inception of the NEAP process in 1993. The Bank's leadership and support to the environmental sector has proved to be a catalyst to attract other donors support for environmental activities and has served to maintain sustainable environmental development as part of the government strategy for economic transformation. Sustainable growth and economic development require that natural resources are used judiciously and that priority environmental problems are addressed at an early stage. Sustainable economic growth also requires adequate human resources and capacity at all levels of government. The follow-on project is expected to make a significant contribution to the development of capacity for environmental management and planning at all government levels. Under the EMCBP project, the Bank supported the establishment of NEMA which has developed into an Authority with institutional integrity. In the first phase of Bank support NEMA developed a strong regulatory and monitoring framework. The implementation of this framework will be supported under the second phase project. Continued support and involvement of the Bank in this project will provide both financial and intellectual continuity and also allow further development of the capacity at all levels of government for sustainable environmental management.
E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (see Annex 4):
   Cost benefit
   Cost effectiveness
   Other (specify)
   \( \text{NPV} = \text{US$} \text{ million; ERR} = \% \) (see Annex 4)

2. Financial (see Annex 4 and Annex 5):
   \( \text{NPV} = \text{US$} \text{ million; FRR} = \% \) (see Annex 4)

N/A

Fiscal Impact: N/A

3. Technical: N/A

4. Institutional:

4.1 Executing agencies:

National Environment Management Authority (NEMA)

4.2 Project management:

NEMA will be responsible for implementing the project with proceeds of the credit being channeled to NEMA under a Project Agreement. NEMA would assist the line ministries and districts to implement their respective project activities. Maximum flexibility would be maintained during project implementation, to ensure that NEMA's phased expansion of capacity responds to environment management priorities, as these may vary over time, and that community natural resource management initiatives are adapted to accumulating experience. Effective coordination among the many entities concerned with the environment also would be essential, and thus the importance of the horizontal and vertical linkages built into the design of the institutional component. Coordination would be facilitated through regular meetings of NEMA's Policy Committee and Technical Committees, strengthened through meetings with sector ministries and districts.

4.3 Procurement issues:

An assessment of NEMA's procurement capacity has been re-assessed and there were only minor issues which were identified and these have been fully discussed with NEMA. Agreement has also been sought and NEMA has agreed to implement the recommendations to ensure that there is adequate institutional capacity to carry out procurement actions under the project. Furthermore, procurement of all goods financed by IDA would be in accordance with the Guidelines for Procurement under IBRD Loans and IDA Credits. Consultants would be hired in accordance with the World Bank Guidelines according to the Use of Consultants by World Bank Borrowers and by the World Bank as an Executing Agency.
Institutional Arrangement for Procurement

The key project beneficiaries will prepare their annual procurement requirements and procurement plans and forward them to NEMA by a fixed date to be agreed between the beneficiaries and NEMA management once every year.

NEMA, through its Procurement and Accounts Units, will consolidate requirements of the project components into annual work plans and procurement plans for the entire project. The plans will be reviewed and approved by NEMA Board of Directors, and will be furnished to IDA for concurrence.

A Procurement Specialist will be hired by NEMA to take full responsibility for procurement under the project which will include, among other things, the preparation and consolidation of the procurement plans with assistance from the Finance Administration Unit, preparation of bidding documents and RFPs, facilitation of obtaining required necessary clearances, preparation of advertisements, responding to bidders' clarifications on advertised contracts and playing a central role in the evaluation of bids and proposals, and contract management.

NEMA Tender Committee will be in charge of the processes of receiving, opening and evaluation of bids. It will also prepare evaluation reports and recommendation for award of contracts for approval of the Board. The Tender Committee will award contracts that are below the approval threshold of the Board.

4.4 Financial management issues:

Financial Management and Auditing. The Finance and Administration Division (FAD) of the National Environment Management Authority (NEMA) is responsible for ensuring that financial management and reporting procedures for the project is acceptable to the World Bank and Government of Uganda.

FAD's financial management system (FMS) supports management in their deployment of limited resources with the purpose of ensuring economy, efficiency and effectiveness in the delivery of outputs required to achieve desired outcomes. Specifically, the FMS is capable of producing timely, understandable, relevant and reliable financial information that enables management to plan, implement, monitor and appraise the project's overall progress towards the achievement of its objectives.

Details of the current financial management arrangements are included in Appendix 5 to the PAD.

Owing to the experience that it has in implementing IDA funded projects and the current financial management environment as set out in the Financial Management Assessment Report, NEMA satisfies the Bank’s minimum requirements under OP/BP10.02. However, the assessment indicates that there remains improvements to be effected for the system to be adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project as required by the IDA for PMR-based disbursements. The arrangements currently in
place do not satisfy the requirements for PMR-based disbursements, as outlined in the World Bank’s Loan Administration Change Initiative Handbook (LACI, September 1998). The actions required to be undertaken by the project, the completion of which will allow the it to qualify for the IDA credit to be disbursed on the basis of PMR’s, are set out in annex 5 and in the Financial Management Assessment Report.

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

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

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

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

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

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

6. Social:

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

The project focuses on enhancing environmental resources productivity by building the capacity of central government, local government, the private sector, NGOs and local communities in environmental management. The project will strengthen environmental accountability and structures at central local government and community levels and improve access of the public to environmental information.

The priority areas of focus of the project have been developed with the participation and consultation of various stakeholders including local communities, local governments, sectoral agencies and the private sector.

Project implementation is designed to empower these various stakeholders through training and information provision thus ensuring accountability in terms of benefits derived from the project and other partners. Project preparation and its implementation are participatory in nature. Environmental planning support and implementation will be initiated through multi-stakeholder consultation from the parish to the district level. Through this process, community demand driven priorities will be generated thereby ensuring ownership of the resultant interventions.
Through this bottom up targeted approach, the capacities of the local governments will also be enhanced thereby reinforcing the decentralization policy and governance. To ensure ownership and sustainability, the project will provide funds for various activities on a co-financing basis.

Gender considerations are to be promoted through targeting the specific needs of the poor and under-privileged women, youth, men and elderly. In order to attain the above objectives, environmental assessment capacity building and enforcement are integral parts of each component of the project.

The selection of the project components and activities are targeted at poverty reduction, through improvement of environmental quality and access to productive natural resources including land, water, forests, plants and human resources. The project will support the development and use of poverty and environmental indicators to help monitor progress of the respective segments of the project.

6.2 Participatory Approach: How are key stakeholders participating in the project? (See Annex 2)

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations? (See Annex 2)

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes? (See Para. 6 above)

6.5 How will the project monitor performance in terms of social development outcomes? (See Para. 6 above)

7. Safeguard Policies:
7.1 Do any of the following safeguard policies apply to the project?

<table>
<thead>
<tr>
<th>Policy</th>
<th>Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)</td>
<td>O Yes ⚫ No</td>
</tr>
<tr>
<td>Natural habitats (OP 4.04, BP 4.04, GP 4.04)</td>
<td>O Yes ⚫ No</td>
</tr>
<tr>
<td>Forestry (OP 4.36, GP 4.36)</td>
<td>O Yes ⚫ No</td>
</tr>
<tr>
<td>Pest Management (OP 4.09)</td>
<td>O Yes ⚫ No</td>
</tr>
<tr>
<td>Cultural Property (OPN 11.03)</td>
<td>O Yes ⚫ No</td>
</tr>
<tr>
<td>Indigenous Peoples (OD 4.20)</td>
<td>O Yes ⚫ No</td>
</tr>
<tr>
<td>Involuntary Resettlement (OD 4.30)</td>
<td>O Yes ⚫ No</td>
</tr>
<tr>
<td>Safety of Dams (OP 4.37, BP 4.37)</td>
<td>O Yes ⚫ No</td>
</tr>
<tr>
<td>Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)</td>
<td>O Yes ⚫ No</td>
</tr>
<tr>
<td>Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)</td>
<td>O Yes ⚫ No</td>
</tr>
</tbody>
</table>

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

N/A
F. Sustainability and Risks

1. Sustainability:

The long-term sustainability issues relate to the following: i) institutional and financial capacity of NEMA; ii) capacities of Lead Agencies, districts and communities to undertake long-term environmental planning; iii) continued government commitment and financing.

NEMA's institutional structure, in light of recent policy developments and changes will be assessed during the institutional review process which will precede the project implementation. This is aimed at removing structural overlaps and developing synergy with other efforts focusing on natural resources management. To address the financial sustainability of NEMA, the project will support mechanism that would enhance internal revenue generation by NEMA as an institution. The legal framework within which NEMA was established, and is now operating, provides opportunity for revenue generation through levying fees and fines. In 16 months of operationalizing the EIA Regulations for example, NEMA was able to collect about US$400,000- from EIA fees alone. The project will support the development of a comprehensive fee structure within the legal framework to supplement NEMA financial resources in the short run while pursuing the avenues of operationalizing a National Environment Fund.

Capacity building within Lead agencies, district and community levels will continue to be pursued through focussed training and awareness programs supplemented with targeted lobbying. This has so far demonstrated some results in 35 districts which have been able to provide for environmental programs in their district budgets although on average this only represents 2% of the total district budget. Four Lead agencies have also created special units within their institutions to deal with environmental matters and made budgetary provisions for them. Targeted awareness programs and lobbying could encourage increased budget allocation for environmental programs at the district and the lead agencies. Focused awareness programs will enhance peoples appreciation of environmental problems and hence the need to integrate environmental concerns in development programs at the community level.

Continued Government commitment and financing will have to be emphasized in the project agreement. While Government has expressed commitment to supporting NEMA establishment and operations, this has not been adequately reflected in the Government financing strategy. NEMA will continue to push for a more concrete financing strategy including the allocation of a vote for NEMA. Currently NEMA is operating as a program with earmarked funds for it remitted to the Ministry of Water, Lands and Environment. Although this provides flexibility for allocation of the financial resources to key activities in NEMA, it is not long term. The Ministry of Finance has expressed willingness to allocate NEMA a vote but some institutional structures have to be put in place by the Ministry for administration of this vote. The Government has also agreed to include Environment in the Medium-term Expenditure Framework (MTEF) and ultimately move towards financing NEMA out of Government budget from the Poverty Action Fund. A building has also been allocated to NEMA and will be rehabilitated to create a permanent home for the institution.
2. **Critical Risks** (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk Rating</th>
<th>Risk Mitigation Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Outputs to Objective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inadequate co-operation from stakeholders to improve the state of the environment and contribute to sustainable resource management and eradicate poverty.</td>
<td>S</td>
<td>Public awareness and sensitization messages through mass media and NGOs under component 1</td>
</tr>
<tr>
<td>Absence of Strong political support in enhancing capacity for environment management at national, district and community levels.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key Personnel at the District and Lead Agencies do not have the capacity to execute their responsibility</td>
<td>M</td>
<td>Sensitization workshops for National and district Councilors, members of LECs and DECs in component 1, and lobbying and negotiations with the Sessional Committee of Parliament on Natural Resources and the Policy</td>
</tr>
<tr>
<td>NEMA, Lead Agencies and Districts lack the relevant equipment to implement the key activities</td>
<td>M</td>
<td>Comprehensive and focussed training for the key personnel and consistent backstopping under component 1 and 2. Periodic (quarterly) progress assessment tied to disbursement and workplan under components 1 &amp; 2</td>
</tr>
<tr>
<td>Critical training programs for project implementation fails to be undertaken and implemented in a timely manner</td>
<td>M</td>
<td>Adoption of new institutional structure agree to as condition for project effectiveness during negotiations</td>
</tr>
<tr>
<td>NEMA institutional restructuring is not accepted and not implemented in a timely manner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Districts fail to meet accountability requirements of the project to ensure smooth disbursement</td>
<td>N</td>
<td>Procurement plan developed to ensure procurement and timely delivery of equipment under all the component</td>
</tr>
<tr>
<td>Inadequate and untimely disbursement of funds to NEMA to enable it perform its functions.</td>
<td>M</td>
<td>Institutional review exercise funded under EMCBP so that it is completed on time for follow-on project implementation. Critical training area under all components already identified and will form the basis of the training program.</td>
</tr>
</tbody>
</table>
Inadequate staffing at NEMA and districts

Guidelines for Financial management prepared and financial performance monitoring by NEMA’s Division of Finance and Administration provided for under component 3.

Clear budget allocation for their purpose provided under component 3.

Clear outputs and targets defined in workplans to guide disbursement

Explicit budget for staff cost at NEMA.

Districts will budget for environment Programs.

Districts will recruit and maintain Environment Offices.

Districts will maintain and sustain District and Local Environment Committees.

From Components to Outputs

Overall Risk Rating M

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

3. Possible Controversial Aspects:

None

G. Main Loan Conditions

1. Effectiveness Condition

- The final Project Implementation Plan will be completed and approved by the Bank.

- Agreement on the final institutional structure for NEMA and the timeframe and plan for implementation of the re-organization has been reached.

- The Project account has been opened.

2. Other N/A

H. Readiness for Implementation

☐ 1. a) The engineering design documents for the first year’s activities are complete and ready for the start of project implementation.

☒ 1. b) Not applicable.
2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.

3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.

☐ 4. The following items are lacking and are discussed under loan conditions (Section G):

I. Compliance with Bank Policies

☐ 1. This project complies with all applicable Bank policies.

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

Nathalie W. Johnson  
Team Leader

Roger C. Sullivan  
Sector Manager

James W. Adams  
Country Director
### Annex 1: Project Design Summary

**Second Environmental Management and Capacity Building**

<table>
<thead>
<tr>
<th>Hierarchy of Objectives</th>
<th>Key Performance Indicators</th>
<th>Monitoring and Evaluation</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector-related CAS Goal</strong>&lt;br&gt;The people of Uganda take control of environmental issues, improve the state of the environment, and contribute to sustainable development and poverty eradication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Project Development Objective:</strong>&lt;br&gt;Sustainable environmental and natural resources management at the national district and community levels.</td>
<td>1. Outcomes from activities implemented with planned 22 DEAP/DDPs. (see 1.4)&lt;br&gt;2. Measurable changes in behavior from environmental awareness campaigns.&lt;br&gt;3. Increasing compliance among regulated community. (see note).</td>
<td>1. Review of DDPs and DCU progress reports&lt;br&gt;2. National level survey statistics&lt;br&gt;3. NEMA compliance monitoring reports; state of the environment report</td>
<td></td>
</tr>
<tr>
<td><strong>Outputs</strong>&lt;br&gt;Enhanced environmental management capacity at district and community level</td>
<td>1. The DEAP process replicated in 15 districts by end of year 3.&lt;br&gt;2. 22 DDPs contain DEAP priorities by 2004&lt;br&gt;3. 22 DEC's functioning&lt;br&gt;4. Priority environmental aspects in the DDP implemented and monitored in 22 districts&lt;br&gt;5. 22 district environment officers gazetted and equipped as environmental inspectors by 2004; 7 receive further specialized training.&lt;br&gt;6. 13 new tertiary institutions adopted syllabi w/ EE component.&lt;br&gt;7. 40% of secondary and 50% of primary schools in 22 target districts adopt environmentally responsive curricula.</td>
<td>1. # of DEAP documents&lt;br&gt;2. review of DDPs in targeted districts&lt;br&gt;3. DEC minutes&lt;br&gt;4. DCU monitoring reports&lt;br&gt;5. Instrument of gazettement&lt;br&gt;6. syllabi documents&lt;br&gt;7. reports from district education officers</td>
<td>For critical risks see section F: 2</td>
</tr>
<tr>
<td>Hierarchy of Objectives</td>
<td>Key Performance Indicators</td>
<td>Monitoring and Evaluation</td>
<td>Assumptions and Risks</td>
</tr>
<tr>
<td>-------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td>Environmental management capacity of lead agencies strengthened</td>
<td>1. 36 persons (3/12 agencies) gazetted and equipped as environmental inspectors by 2004</td>
<td>1. Instrument of gazettement</td>
<td>1. review of report</td>
</tr>
<tr>
<td></td>
<td>2. Most relevant policies and plans within 12 key agencies are revised for environmental</td>
<td>2. before and after review of policy/plan documents</td>
<td>2. instrument of gazettement</td>
</tr>
<tr>
<td></td>
<td>concerns and adopted</td>
<td></td>
<td>3. NEMA reorganization complete</td>
</tr>
<tr>
<td></td>
<td>3. 12 lead agencies report annually on their sectoral environmental performance beginning</td>
<td></td>
<td>M&amp;E system in place</td>
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<td>second year</td>
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<td>4. 25 NGO/CBO sensitized, trained and implementing environmental programs responsive to</td>
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<td></td>
<td>NEMA guidance</td>
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<td>5. 12 remaining environmental guidelines and regulations stipulated in environmental</td>
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<td>statute are completed by 2003.</td>
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<td>6. Framework for at least 1 strategic and 5 sectors (ag, mining, industrial dev., waste,</td>
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<td></td>
<td>energy) EIA developed</td>
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<td>7. 21 of the most polluting regulated industries have environmental mgmt programs</td>
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<td>consistent with ISO 1400 Series</td>
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<td>NEMA capacity for supervising, monitoring, reporting and coordinating environmental</td>
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<td>matters is strengthened</td>
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<td>1. The state of the environment report for 2002 and on contains quantitative indicators</td>
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<td>covering 4 env. Priority areas</td>
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<td>2. 42 persons gazetted and equipped as environmental inspectors by 2004</td>
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<td>3. NEMA operating efficiently from new facility by mid year 2002.</td>
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<td>Hierarchy of Objectives</td>
<td>Key Performance Indicators</td>
<td>Monitoring and Evaluation</td>
<td>Critical Assumptions</td>
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<tr>
<td>Project/Components/ Sub-components</td>
<td>Inputs: (budget for each component)</td>
<td>Project Reports</td>
<td>(From Components to Outputs)</td>
</tr>
<tr>
<td>1. Enhancing Environmental Management Capacity in Districts and Communities</td>
<td>US$7.7 million</td>
<td></td>
<td>Key personnel at the District and Lead Agencies have adequate capacity to carry out their responsibilities.</td>
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<td>- Strengthen local governments and communities to plan for environmental management</td>
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<td>Strong political support from Government in building capacity for environmental management.</td>
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<td>- Support districts and communities plan for environmental concerns as an integral part of the local development plans</td>
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<td>Adequate cooperation between relevant stakeholders exist.</td>
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<td>- Provide training support to the local governments, NGOs and communities</td>
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<td>- Integrate environmental education in formal institutional programs and non-formal environmental education in day to day activities</td>
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<td>2. Enhancing Environmental management Capacity in Lead Agencies</td>
<td>US$2.2 million</td>
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<td>- Sensitization and awareness raising in lead agencies</td>
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<td>- Strengthening capacity in lead agencies through training</td>
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<td>- Creating partnerships with joint agencies.</td>
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<td>- Developing curricula and educational programs of secondary schools and tertiary institutions</td>
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<td>- Integrate civil society (NGOs and CBOs) into national environment management programs</td>
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<td>3. Enhancing Environmental Management Capacity in NEMA</td>
<td>US$14.3 million</td>
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<td>- Promoting compliance with environmental regulations</td>
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<td>- Strengthening the environmental monitoring and reporting capacity of NEMA</td>
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<tr>
<td>- NEMA functioning in a stable and efficient manner</td>
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Notes:

**Compliance:** Means the full implementation of environmental requirements as provided by law and meeting the desired changes: e.g. hazardous wastes are disposed of at approved sites, processes or raw materials are changed to achieve cleaner production.

**Regulated Communities:** Includes individuals, groups, facilities or organizations whose activities, actions or operations are subject of control by law (i.e. the National Environmental Statute, 1995).
Annex 2: Detailed Project Description
UGANDA: Second Environmental Management and Capacity Building Project

By Component:

Component 1: Enhanced environmental management capacity at district and community level (US$7.7 million)

This component aims to support and enable local governments and the communities to fulfill their roles in decentralized environment management in accordance with the Local Government Act, 1997 and the National Environment Statute, 1995. It also aims to empower local communities to use natural resources prudently and sustainably in their efforts to increase their incomes to alleviate poverty, while also appropriately addressing environmental degradation problems of local concern. This component has four activity areas. These are:

Activity Area 1.1: Strengthen local governments and communities to plan for environment management, particularly with regard to planning, implementation, monitoring and evaluation, and to address environmental degradation problems at community level. During EMCBP, environment management institutions and actors have been put in place at local government and community levels. These include environment officers, district and local environment committees and local council secretaries responsible for environmental management. Some crucial experiences have been gathered and lessons have been learnt from EMCBP, which have largely guided the choice of priority interventions under this project. This activity area will, therefore, address the key constraints faced by these institutions and actors, thereby creating the enabling capacity to fulfill their mandated roles. This activity area will support the following two main activities:

Supporting the development and replication of training in environmental bye-law formulation

Environmental by-laws are one of the tools for ensuring that sound environment management is achieved at all lower levels. Development of by-laws identifies environmental issues and existing local environmental management practices in need of regulation and enforcement. By-laws are the nearest laws to people's or communities’ daily operations because of their simplicity and popularity among the community. By-laws are also a translation of national legal and policy directives in a decentralized system. During EMCBP, 7 districts were supported in environmental bye-law formulation. During EMCBP II, training will be provided in 15 districts to staff involved in formulating and enforcing district by-laws. The training will target the following key local level actors:

- Local Communities and NGOs.
- DTPCs, DECs, DEOs, Chairpersons and councilors of the local councils from 15 districts
- Enforcement agents such as magistrates, resident state attorneys, the police, sub-county chiefs and lower council administration officials.
Training of local government officials, NGOs and communities

A minimum training package has been designed and will be delivered to 31 districts (the rest of the districts are already supported by other donor agencies). The aim of the training is to create the minimum environmental management capacity required by the districts and sub-counties to spearhead their own environmental management programs and activities. This training is targeting local government sectoral departments, councilors, educational institutions and NGOs. The training package, includes the following crucial areas: orientation training for District Environment Officers (DEOs), District Environment Committees (DECs) and District Technical Planning Committees (DTPCs) for each district in their roles in environment management, Environment Impact Assessment, environmental reporting, project design, management and evaluation, advocacy and lobbying, policy formulation, bye-law development and enforcement, and non-formal and formal environment education skills. The training program will be implemented mainly through a series of regional workshops and in some cases with the support of the services of consultants, targeting the above local level actors/stakeholders, and in some cases, targeting Training of Trainers (TOTs), particularly for the Non-formal environmental education community training (NFEECT).

Training for 15 districts to enable them develop skills to prepare Environment Action Plans and integrate them into the District Development Plans will be provided. These 15 districts are the new districts where the DEAP process will be replicated. The crucial areas of focus in these training modules include:

- DEAP orientation training for DECs and DTPCs;
- Training of district facilitators in adapted PRA tools;
- Training in district environmental policy formulation;
- Training (non-formal environmental education) for sub-county extension workers;
- Training in bye-law preparation and enforcement; and

The training program will be implemented mainly through a series of district and sub-county level workshops, targeting the above local level actors/stakeholders, and providing technical backstopping by NEMA staff, through field visits.

**Activity Area 1.2: Support districts and communities to plan for environmental concerns as an integral part of the local development plans.** The capacity for environmental planning is currently lacking in most districts. This will have to be developed and environment plans have to be prepared. This activity area is targeted at an additional set of 15 districts, which will bring the total number of districts undertaking environmental planning to 22, and will support the following two main activities:

**Provision of logistical support and office equipment**

Local governments continue to be constrained with financial resources and facilities for Environmental management. These financial resources are essential for effective district and sub-county participation in environmental management programs. This activity will therefore
provide resources and facilities targeted at the District Environment Officer, District Technical Planning Committee and Environment Committees at district and sub-county level who will be responsible for planning, implementation and co-ordination of environmental programs at this level. The project will therefore provide the following support:

- Fifteen additional districts selected for replication of the DEAP process do not have any means of transport for the District Environment Office. The project will therefore provide one motorcycle per district and 10 bicycles to ten sub-counties in each district;

- Operational Funds to cater for vehicle and motor cycle maintenance, staff travel costs will be disbursed to 22 districts (7 under EMCBP and 15 additional) by NEMA on a quarterly basis as earmarked funds for these activities; and

- Equipment for the district Environment Information System including computers and accessories, specialized software, photocopiers, digital cameras and Global Positioning Satellites (GPSs) will be provided to the 22 districts mentioned above. In addition, portable lab kits will be provided to seven selected districts with a high potential of pollution from industries (the 'brown' environmental issues).

Provide support to districts, sub-counties and parishes in the preparation of environmental plans

Under this activity, financial support will be disbursed on a needs basis from NEMA to the District Environment Officers in the 15 districts (as in (i) above) to facilitate them in undertaking environment action planning at parish, sub-county and district level. These funds will cover travel costs of local government officials involved in the planning and the costs of holding planning meetings at the various levels. NEMA will provide technical backstopping and supervisory functions while the district and sub-county officials will carry out the planning exercises at the various levels.

Provision of grant funds for implementation of DDP/DEAP priority activities

Under this activity financial resources will be provided to the selected local governments, NGOs and the communities, to enable them to implement specific priority environmental activities identified through their planning processes. This activity is targeted at the 22 districts (7 under EMCBP and 15 others under this project) where DEAPs will have been prepared and integrated into DDPs. NEMA will contract a firm or NGO (the Grants Management Agency) to manage the implementation of these grants. The general eligibility criteria and specific categories of environmental problems to be addressed under the program have been agreed and are as follows: (i) the activities must be generated from a district, sub-county, or parish environmental action plan; (ii) activities must address priority environmental problems which have been clearly identified by the communities during the environmental action planning process; (iii) benefits of the funded activities must be broadly targeted to the community; (iv) the activities must demonstrate a high degree of community initiative and ownership including willingness to make a meaningful cost-sharing contribution to the project; and (v) the activities must be technically feasible as well as environmentally, economically and socially beneficial. The specific areas are: soil erosion; declining soil fertility; protection of river banks; deforestation and biomass (fuel
and fodder) scarcity; water scarcity; health and sanitation; conflicts between communities and protected areas (e.g. reduced access to resources); wetland degradation / reclamation; declining fish yields due to overfishing and/or poor fishing practices; any other activities which is to contribute to the conservation of natural resources; urban environmental issues (e.g. poor waste disposal, pollution (water, air, soil and/or noise), poor physical planning.

Projects which promote linkages or partnerships between community-based organizations, NGOs, the private sector and/or local government extension services shall receive priority consideration.

The detailed guidelines for application, processing and delivery of resources will be developed by NEMA in consultation with the contracted grant management agency. The beneficiaries will seek funding using proposals prepared in accordance with these guidelines. NEMA will take the responsibility of monitoring and supervising the operations of the grant management agency to ensure that the funds are properly managed and achieving the intended impacts.

**Activity Area 1.3: Provide training support to the local governments, NGOs and communities.**

This activity area will provide support to local governments, communities, educational institutions, CBOs and NGOs and TOTs at the local level to enhance and strengthen their capacity to play their environment management roles. These actors/stakeholders will be supported to play more effective roles in achieving integration of environmental education in formal institutional programs, integrating of non-formal environmental education in their day to day activities, public awareness and adopting of sound environmental practices at the community levels. The activity area will support the following four main activities:

** Provision of specific training**

This activity will involve the provision of specific training in areas necessary for the implementation of environmental actions that have been identified. Tailor-designed training courses, targeting local government sectoral agencies, NGOs and the community, will be conducted in the following areas: ecosystem management including aspects of biodiversity, conservation, catchment management, land degradation and land management; waste management; information management; environmental audit; Strategic Environment Assessment; and gender issues and environmental planning.

**Strengthening non-formal environmental education and community training**

This activity will involve building the capacity of key change agents, who work directly with grass-roots communities and households to acquire practical environmental management knowledge and skills and pass them on to the communities they interact with. The main strategy to be employed in this activity is to build a system of passing on appropriate knowledge, attitudes and practical skills, through TOTs, to all levels of communities to enable them to carry out participatory and sound environment management activities at household and community levels. TOTs from local NGOs, CBOs, youth groups, women’s groups, religious institutions, cultural institutions, farmers and traders’ associations with development and environmental management responsibilities will be targeted. Capacity building for non-formal EE will mainly
involve training of the above actors/stakeholders (change agents) and community training. At district level, this activity will specifically involve the following:

- Identifying key trainers in the 31 districts that have not yet received any EMCBP interventions so far, and train them as TOTs and change agents to enable them to develop environmental management knowledge, skills and practices among their communities. This will involve identifying key training skills and technologies and package and deliver them through training workshops;

- Training sub-county trainers in good environmental practices and supporting them to introduce these skills in the village communities under their jurisdiction;

- Identifying district, sub-county and grassroot NGOs and CBOs, and set up a coordination and networking mechanism; and

- Holding mobilization fora to sensitize the NGOs and CBOs on environmental programs and priorities and train them as trainers in priority environmental management skills to pass them on to the grassroots communities.

**Activity Set 1.4: Integrate environmental education in formal institutional programs and non-formal environmental education in day to day activities.**

**Strengthening and furthering the integration of formal environmental education in institutional programs**

This activity will involve introducing formal environmental education in institutional programs in the additional 15 districts to ensure that environmental education is well integrated in the institutions in those districts. This activity will specifically involve the following:

- Working closely with District Education Officers and District Inspectors of Schools to sensitize them, plan together and train them to coordinate, supervise, monitor, and report on the progress of environmental education integration activities in their districts;

- Training Coordinating Centre Tutors (CCTs) from the 18 core primary teacher training colleges. These CCTs will be trained through a series of workshops, to build their competence to run in-service training for all head teachers and school environmental coordinators within their cluster schools, and to take responsibility for planning, coordination, monitoring and reporting on the environmental education activities by the schools in their zones;

- Environmental clubs will be started in selected schools in selected districts and linked to established organizations such as Wildlife Clubs of Uganda, through working closely with the selected schools. NEMA will also work with the districts to organize environmental competitions and exchange activities at inter-school, zonal and district levels to encourage active participation of the schools and the clubs in environmental management activities; and
- 32 -

- Developing training modules for trainers and developing educational training and information exchange materials print them and circulate them amongst the schools and institutions.

Enhancing district environmental public awareness and mobilization

This activity will involve implementing the National Public Awareness Strategy that was developed during EMCBP and expanding the scope of environmental public awareness and mobilization activities beyond the focus districts to 31 districts in the country. This activity will specifically involve the following:

- Linking and networking with district officials responsible for public awareness and information to study problems identified by the DEAPs and other environmental issues of public concern and good practices and prioritize them for designing targeted public awareness messages;

- Working with local information officers to cover such activities of interest and discuss them with the affected persons or groups and also pass on key messages through the media;

- Holding regular workshops for environmental awareness program officers to plan, lay strategies, share information and train in new methodologies and priority environmental issues to pass on to their target audiences, so that NEMA remains with the role of coordination, monitoring and support;

- Identifying critical issues of public interest and concern and hold public rallies, lectures and mobilization seminars at district and sub-county levels to stimulate public interest and have their input into decision making on matters affecting them;

- Producing and broadcasting community-based radio and television programs aimed at informing and mobilizing the public to take action and carry out desirable environmental practices; and

- Producing community based awareness and training films and audiocassettes to use for sensitizing target audiences during training sessions and public rallies/lectures by NEMA and partners, to put in district resource centers for use in training sessions, and to lend out to other partners in environmental mobilization and training.

Implementing national environmental public awareness and mobilization programs

It is Government policy to integrate environmental concerns into the agenda of every organization and individual resident in Uganda, including central government agencies, industries, fishing and farming communities, property developers, politicians, planners and community leaders. Some ground has been covered during EMCBP, mainly by introducing environmental issues to the public and carrying out general awareness raising. This activity will aim at mobilizing more institutions, organizations, communities and individuals to actively play
their roles in managing the environment. Achievement of this will involve the following specific activities:

- Assessing the impact of the current awareness programs;
- identifying target groups, their information needs and media use patterns as a basis to design more effective and focused programs;
- Designing and broadcasting the targeted/focused programs;
- Training environmental awareness officers in environmental reporting;
- Organizing public lectures and rallies, debates, sensitization seminars and exhibitions on issues of national significance and public interest;
- Holding annual fora for environmental awareness program officers to exchange views and set priorities; and
- Designing, producing and distributing environmental awareness and training materials.

**Training TOTs in non-formal environmental education**

In order to achieve speedy dissemination of environmental information, knowledge, skills and practices among partners and communities, a team of national TOTs will be trained, under this activity, to build their capacity to handle much of the community training now handled by NEMA. This will involve the following specific activities:

- Developing training modules for the National TOTs;
- Conducting one national workshop for 40 identified trainers; and
- Holding annual refresher courses for this team of trainers.

**Building capacity for production and distribution of awareness materials at the district level**

This activity will involve working with the districts to improve the quality and the availability of training materials to districts and grassroots communities through the following specific activities:

- Developing the capacity of trainers to develop their own materials;
- Conducting 5 regional workshops of 8-10 trainers from each district to develop these skills;
- Collecting the materials developed during the workshops and hire consultants to translate them into local languages, reproduce the materials and disseminate them to grassroots trainers; and
- Identifying key issues raised by the DEAPs and work with the districts to produce awareness and training materials targeting specific audiences and problems.
Project Component 2: Environmental management capacity of lead agencies strengthened (US$2.2 million)

This component aims at building partnerships with lead agencies to manage the environment and natural resources in a sustainable manner as part of their responsibilities within their sectoral mandate and as required by the National Environment Statute (1995). The Environment Liaison Unit (ELU) approach which was pursued under EMCBP proved to be ineffective. Therefore a new approach to developing the required capacity was designed. The approach will include a forward looking strategy which identifies lead agencies’ critical actions and policies. Based on this strategy, a list of possible partner agencies has been developed. This component will equip lead agencies with required skills, knowledge, and logistical support to enable them to integrate environmental concerns in their policies, plans and programs. Through this component, environmental assessments and monitoring will be undertaken by the lead agencies as an integral part of the program.

Activity Area 2.1: Sensitization and awareness raising in lead agencies. This activity area aims at achieving sensitization and awareness raising in lead agencies to instill into the agencies to assume ownership of the responsibility to deal with environmental issues. This will be done through holding orientation seminars to achieve the following:

- exposing the lead agency staff to the environmental policy and law;
- increasing awareness on the general environmental issues and problems;
- introducing key concepts and tools for environment management;
- articulating and obtaining consensus on the lead agencies’ roles and responsibilities in environmental management;
- identifying areas for partnerships with NEMA;
- articulating and strengthening linkages with local governments in environmental management;
- developing an activity plan for further collaboration between NEMA and the lead agencies; and
- articulating methods of collaboration similar to those in the district initiation package.

The seminars will target and be attended by lead agency staff whose job descriptions require some knowledge and skills in environment management, policy makers and planners, extension agents and other relevant technical staff. These training seminars will provide the starting point to capacity building necessary to establish the environment management and planning process in the lead agencies, and the training is essential for ensuring sustainability. This activity will also involve routine technical backstopping visits by NEMA staff to provide guidance.

Activity Area 2.2: Strengthening capacity in selected lead agencies through training in key skills in environmental management. The main activities will involve regular training in in-depth skills to selected staff of the lead agencies. The training will mainly involve staff whose work already requires them to have those skills and it will be based on a Training Needs Assessment (TNA). The initial TNA undertaken in 12 lead agencies has identified the following areas, on which training will be focused *inter alia*:
- environmental information collection and analysis;
- environmental reporting;
- sectoral EIAs;
- strategic environmental assessment;
- environmental audits and regulation;
- environmental inspections;
- environmental policy and law;
- environmental planning;
- training and awareness raising; and
- environmental standards

Developing guidelines for strategic environmental assessment and sectoral EIA

This activity is aimed at enhancing the role and capacity of sectoral lead agencies in the EIA review process. This will involve the following specific activities:

- Developing and publishing the two types of guidelines mentioned above;
- Training of staff in the relevant sectoral agencies;
- Developing capacity in scenario modeling within NEMA to support the EIA review process; and
- Providing technical assistance.

Building enforcement capacity within the lead agencies

NEMA completed putting in place a number of regulatory instruments during EMCBP. Most of the areas of regulation fall under the jurisdiction of lead agencies. In order to relieve pressure from NEMA and allow the Authority to focus on coordination, monitoring and oversight, it will be necessary to build capacity in monitoring, audits, EIA, legislation and other environment management tools in the relevant lead agencies. This will involve the following specific activities:

- training;
- provision of specialized monitoring equipment; and
- production of specialized training and awareness materials.

Developing use of economic instruments in environment management

This activity area will aim at building capacity in some of the lead agencies to use economic instruments in environment management. The main activities will involve the following:

- Conducting a technical consensus building workshop on the economic instruments user manual;
- Carrying out training of selected members of staff of the Ministry of Finance, Planning and Economic Development on economic instruments;
- Carrying out training for selected members of staff of the Uganda Manufacturing Association on economic instruments; and
- Carrying out phased implementation of the use of economic instruments through integrating the instruments into the budget bill and Ministerial Policy Statements.

**Activity Area 2.3: Creating partnerships with joint agencies.** NEMA is positioned to work with and through lead agencies and, therefore, it is necessary that strong and functional partnerships exist between NEMA and the lead agencies. Already, collaborative links have been established during EMCBP in the areas of: reviewing sectoral policies, assessment of adequacy of integrating environmental concerns in policies and plans, reviewing of EIA statements, development of sectoral guidelines and regulations, integration of environmental education in the formal education system, standards development, development of cross-sectoral environment management strategies. This has included the National Action Plan for combating Desertification, and the National Biodiversity Strategy and Action Plan. The main activities under this sub-component will focus on strengthening the above partnerships and adding new ones. Specific activities will involve the following:

- Collaboration with lead agencies in information collection and analysis;
- Environmental reporting;
- Joint monitoring and inspections;
- Assisting lead agencies to integrate obligations of international conventions in their policies and plans; and
- Identify environmental problems and issues to be integrated in sectoral plans and programs.

It is further planned that NEMA should delegate more of its functions to some lead agencies. Already the enforcement of the Effluent Management Regulation has been delegated to the Directorate of Water Development. Arrangements are underway to delegate the enforcement of the Wetland Regulations to the Wetlands Inspections Division of the Ministry of Water, Lands and Environment. More similar arrangements will be worked out with relevant lead agencies during this project.

**Activity Area 2.4: Developing curricula and educational programs of secondary schools and tertiary institutions.** This activity area will aim at strengthening and furthering environmental education and public awareness in the country. The primary pre-occupation of NEMA’s Education, Awareness and Training (EAT) program during EMCBP has been the promotion and development of environmental knowledge, skills and awareness among targeted groups and the Ugandan public at large. Considerable progress has been realized during the project life, as is clearly demonstrated by the attitude change and general environmental awareness achieved among the people of Uganda. The school curricula and educational programs at the lower levels have also been revised to incorporate in them environmental education. Under this activity area of the project, NEMA will consolidate these achievements and expand the program to cover more target areas and groups. The activity area will involve and support the following three priority activities:
Government through the Ministry of Education and NEMA has integrated environmental education into the new primary schools curriculum covering the subjects taught in those schools. Under this activity of the project, priority will be given to the integration of environmental education into the secondary school syllabus and in relevant courses taught in tertiary institutions. To achieve this will involve the following specific activities:

- Provision of training for the National Curriculum Development Centre (NCDC) secondary school curriculum panels;
- Annual training workshop for NCDC curriculum developers to review and update environmental education components;
- Training of trainers in tertiary institutions;
- Developing, printing and disseminating environmental education curriculum and course guidelines; and
- Developing and delivering training modules and support materials to institutions and trainers.

**Activity Area 2.5. Integrate civil society (NGOs and CBOs) into national environment management programs.** Under this activity area NEMA will identify key NGOs and CBOs that work closely with communities nation-wide and establish close working partnerships to carry out environment management activities. This will involve the following specific activities:

- Identifying, registering and publishing all NGOs/CBOs operating at national, district and lower levels;
- Sharing information on environmental priorities and promoting joint planning meetings between sectoral lead agencies and civil society organizations;
- Holding training for civil society organizations on urgent and key issues of national concern;
- Coordinating, organizing and holding joint training between NEMA staff and NGOs for targeted audiences on key issues of common interest and of national concern;
- Holding annual fora for NGOs/CBOs, to review progress and set new focused priorities for the following year;
- Holding annual exhibitions of training materials and technologies of environmental interest; and
- Producing and distributing tailor-designed environmental awareness and training materials to lead agencies and NGOs/CBOs.

**Project Component 3: NEMA Capacity Building for Supervising, Monitoring, Reporting and Coordinating Environmental Matters Strengthened (US$14.3 million)**

This component aims at further strengthening and consolidating the institutional capacity of the National Environment Management Authority (NEMA) as the apex institution responsible for supervising, monitoring and coordinating environmental matters in the country in accordance with its mandate as prescribed by the National Environment Statute, 1995. Basic capacity has been created during EMCPBP and EMCPBP II will focus on achieving consolidation and sustainability, through institutional support. This component has three activity areas:
• Promoting compliance with environmental regulations through enforcement and compliance assistance;
• Strengthening the monitoring and reporting capacity of the Authority; and
• Strengthening and furthering environmental education and public awareness.

Activity Area 3.1: Promoting compliance with environmental regulations through a combination of strengthening enforcement and providing compliance assistance to foster voluntary compliance. EMCBP focused on putting in place regulatory instruments and tools to give NEMA the legal and operational framework to implement the NES. EMCBP II will focus on compliance monitoring and promotion of voluntary compliance where appropriate, or institute civil and criminal enforcement procedures. The activity area will support the following five priority activities:

Strengthening the enforcement capacity of NEMA

This activity will aim at enhancing the status and credibility of the Authority as the lead regulatory and enforcement agency in the environment sector in the country. It will also include spreading out and making the presence of the Authority felt throughout the country. Specific activities will include the following:

• Training gazetted inspectors;
• Equipping inspectors with portable equipment and manuals for field inspections;
• Training Personnel in the Police and in the DPP’s office in environmental crime detection and legal interpretations;
• Developing additional standards; and
• Procuring mobile laboratories.

Developing 12 guidelines and regulations to implement the NES

The NES was enacted as a framework law with a view that detailed regulations and guidelines would be made to operationalize the statute. During EMCBP, a number of regulations under the NES were developed. In order to complete the regulatory framework established under the NES, a number of regulations need to be developed and finally gazetted. Development of the regulations will target industries, the agricultural sector, riverbanks, lake shores and the local communities. This activity will involve developing regulations on the following priority areas during this project:

• Easements;
• Oil spills and spillers liability;
• Management of toxic and hazardous chemicals and materials;
• Standards for sub-sonic vibrations;
• Standards for minimization of radiation,
• Environmental standards of noise, control of noxious smells, solid waste disposal, vibration and sonic pollution, water use and air quality; and
• Audit regulations.
The activity will also involve developing the following priority guidelines during this project:

- Guidelines for conservation of biological diversity;
- Guidelines for the management of forests;
- Guidelines for the sustainable management of rangelands;
- Guidelines for the management of dangerous materials and processes;
- Guidelines for the management of hazardous wastes, chemicals and materials; and
- Guidelines for the gathering, processing and dissemination of environmental information.

A comprehensive assessment on the effectiveness of the NES will also be undertaken. This will necessarily involve the review of the NES vis-à-vis laws enacted thereafter in order to identify gaps, overlaps and inconsistencies. The review will also assess NEMA’s mandate vis-à-vis mandates of related institutions in order to help the Authority to focus on critical areas and where possible, delegate to concerned authorities. More importantly, this review is expected to come up with recommendations for amendment of NEMA’s powers with regard to levying of administrative fines that would contribute to the NEF and reduce the number of violators going through the court process. At the international level, it is intended that Uganda's obligations under environment-related treaties are translated into national legislation and competent authorities and focal points are designated under each treaty and communicated to the respective secretariats.

**Activity Area 3.2: Strengthening the environmental monitoring and reporting capacity of NEMA.** Monitoring the state of the environment is a pre-requisite for strategic planning in the environment sector and up-to-date and timely information is a key tool in this process. During EMCBP, NEMA has compiled 3 State of Environment Reports which have highlighted the environmental performance in the country and the reports have, to a large extent, helped to shape the development of key policies and programs in Uganda. However, it has been noted that quantitative indicators in the report have been inadequate and yet they are relevant in assessing the impact of various interventions in the environment sector. Under this activity area of this project, therefore, focus will be directed at developing a reporting process which uses quantitative indicators with a clear framework for sectoral input. This will foster an environmental monitoring process for both the “Green” and “Brown” environment with involvement of the relevant lead agencies. The activity area will support the following three priority activities:

**Developing environmental monitoring indicators**

Environmental indicators are key in monitoring environmental performance and evaluating the impact of various intervention measures aimed at environmental improvement in quantitative terms. During EMCBP, the focus has been on developing standards as indicators for monitoring the “Brown” environment. There is need to expand this effort to include indicators for monitoring the “green” environment. This will involve the following specific activities:

- identifying the key parameters for monitoring the “green” environment;
- developing the parameters into indicators;
• reviewing the indicators extensively through a consultative process; and
• publishing the indicators.

**Strengthening the environmental monitoring and reporting system**

Monitoring and reporting on sectoral environmental performance are core responsibilities of the lead agencies. However, during the implementation of EMCBP, it was realized that the lead agencies did not fulfill this statutory obligation and their main constraint was lack of guidelines to enable them do this. Building capacity in this area will, therefore, be a key area of focus in this project. It will include the following specific activities:

• Developing capacity in data/information management on indicators;
• Training in environmental monitoring and reporting;
• Developing guidelines for environmental reporting based on indicators;
• Publishing biannual National State of Environment Reports;
• Developing an integrated database for post-EIA monitoring, inspections and audits to;
• guide the sectors in follow up; and
• Maintaining a metadatabase and an up-to-date website at NEMA to enhance information exchange.

**Activity Area 3.4: NEMA functioning in a stable and efficient manner.** This activity area aims at supporting and enabling NEMA to achieve continued existence as a body corporate and the principal agency responsible for environmental management in Uganda, as mandated by the National Environment Statute. This component will build on the achievements realized during EMCBP and consolidate them by putting in place a sustainability framework for the Authority.

**Renovation of NEMA House**

This will involve provision of funds required to complete the renovation of the building that was allocated to NEMA on Plots 17, 19 & 21, Jinja Road, in Kampala City during EMCBP so that the Authority acquires its own home. Renovation of this building commenced in the year 2000 with the appointment of consultants to supervise the works. The total cost for renovation is estimated to be US$2 million of which US$0.8 million is available in the current phase. The balance of US$1.2 million is required to complete the renovation and is requested to be provided in the follow-on project. Additional funds will also be required for furnishing the building upon its completion. This will specifically involve civil works, supervision of the construction works by a consultant and furnishing and commissioning of the building to make it ready for occupation by the Authority.

**NEMA staff training**

This activity aims to continuously develop the capacity of NEMA staff and to enable management and the staff to continuously review and agree on a focused vision, mission and objectives of the Authority. During EMCBP, a Training Needs Assessment (TNA) exercise was carried out and a training program designed. A new TNA will be undertaken building on the original TNA, and taking into consideration changes in structure and staffing of NEMA as an
outcome of the institutional review and assessment. Annual training plans will be developed and financed under the project. A review of the existing personnel policies & procedures will be undertaken and a complete induction manual will be prepared.

Establish Internal Monitoring and Evaluation System

This activity will create an internal monitoring and evaluation system for tracking project inputs, and their contribution to outputs. The importance of this activity has been recognized in previous reviews of EMCBP and NEMA as the primary implementing agency for EMCBP II will take responsibility for implementing this activity.

Providing for NEMA’s recurrent and capital expenditure requirements

The project will provide for the following recurrent and capital expenditures: staff salaries and benefits packages, vehicles and equipment, rent until NEMA house is constructed, operations and maintenance expenses for NEMA activities.
## Annex 3: Estimated Project Costs

**UGANDA: Second Environmental Management and Capacity Building Project**

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<tr>
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<tr>
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<tr>
<td>Training</td>
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</tr>
<tr>
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<td>-</td>
<td>2.2</td>
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<tr>
<td>Operating Costs</td>
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</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
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<td>24.1</td>
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</table>
Annex 4: Economic Justification Summary
UGANDA: Second Environmental Management and Capacity Building Project

Section 1: Overview and Background to EMCBP

In principle, this being a follow-on project, the economic justification that underlay EMCBP at the time of its design in 1995, continues to be largely relevant to the follow-on project, though some changes have occurred in the Ugandan economy and society over the last five years. This justification is briefly recapitulated here, and further justification for the follow-on project is presented under section 2. It should be noted that the follow-on project is aimed at enhancing and strengthening what EMCBP set out to achieve (environment management capacity building). Therefore, its justification must be understood mainly in terms of consolidating the socio-economic objectives that have been significantly achieved by EMCBP.

It should also be noted that, like EMCBP, the follow-on project is not a traditional investment project. Rather, it is principally aimed at enhancing and strengthening national and local level environment management capacity created during EMCBP which is crucial for sustainable socio-economic development. Thus, the justification of the EMCBP II must be understood in terms of its potential and efficacy in ensuring or facilitating sustainable economic growth and development (for inter alia, facilitating poverty reduction) through ensuring prudent resource use, sustainable investment and natural resource exploitation, as well as environmental conservation and protection.

Since mid-1987, Uganda has been implementing an economic recovery program, supported by financial and technical assistance from the International Monetary Fund, the World Bank, and other multilateral and bilateral donors. The objective of the Government’s program has been (and continues to be) to reduce poverty through the acceleration of economic growth and the provision of key social services to the poor. The key elements have been to restore fiscal and monetary discipline, improve the incentive structure and investment climate for exports and other productive activities, rehabilitate the country’s social, economic and institutional infrastructure, and to promote increased savings and investment, especially by the private sector. These objectives largely continue to hold true.

At the time of designing the EMCBP (1995), it was recognized that, as a result of the policy reforms and adjustment measures undertaken, the country had realized an encouraging annual average GDP growth rate of 7.7 percent from 1986-1993. In the agricultural sector, the backbone of the Ugandan economy, growth had averaged 6.0 percent per year, well above the annual population growth rate of 2.6 percent. High inflation had been controlled as inflation, which was 63 percent between March 1991 and March 1992, was estimated to be below 10 percent. Over the medium-term, the Government’s economic program aimed at a real GDP growth of at least 5 percent per annum. In this high growth scenario, the private sector was envisaged to play the lead role through the agricultural and industrial sectors. The Government’s role was (and continues to be) to facilitate sustainable growth through: (i) implementation of macro-economic policies that encourage investment and mobilize
domestic savings; (ii) the provision of social services; and (iii) addressing environmental issues.

Indeed, the Government of Uganda has over the past seven years continued to maintain a macro-economic framework that has featured fiscal and monetary discipline, investment friendly environment, liberalization of trade and privatization.

However, it was also recognized (and this continues to hold true) that sustainable growth and economic development requires that natural resources are used prudently and that environmental problems are addressed at an early stage. It was rightly anticipated that the adverse impact of natural resource degradation on production and conservation would intensify with the rising demand for food and energy. Also, increased consumption levels would lead to higher levels of waste and pollution. This has already been proven to be true over the 5-year period of implementing EMCBP.

In light of the above realizations, it was emphasized that in promoting its economic growth strategy, the Government must be concerned with the associated effects of environmental degradation. On one hand, an effective strategy for environmental management ensures that the negative impacts of economic policy and the core investment program are controlled to allow for sustainable natural resource management. On the other hand, the environment strategy actively includes programs and projects, which are explicitly aimed at redressing the priority environmental problems. The National Environment Action Plan (NEAP), therefore, recognized (and continues to recognize) the need for both. It also proposed an institutional framework for strategy implementation, and identified the need for strengthening the implementation capacity.

It was further recognized that environmental management faced the challenge of reversing the problems and trends of environmental degradation linked to economic growth. The rates of deforestation and soil erosion needed to be slowed, or stopped, heavily degraded areas needed to be rehabilitated and the sustainable use of the fishery resources of Uganda’s lakes needed to be secured. Similarly, the uncontrolled destruction of wetlands throughout the country needed to be brought under control and Uganda’s bio-diversity needed to be safeguarded. These crucial developmental concerns continue to be valid.

The project design process of EMCBP also emphasized (as part of its justification) the role of communities and individuals, and this continues to hold true. It was aptly noted that environmental management is not the exclusive prerogative of the Government. It involves the communities of Uganda in their capacity as primary users or managers of land, water and other natural resources. In addition, many of the natural resource management problems facing communities required (and continue to require) collective action. For example, the rehabilitation of denuded hillsides, or grazing areas, involve externalities and are in the nature of public goods.
In a related way, it was noted that the incidence of poverty affects people’s ability to manage their environment in a sustainable manner. As people lack resources and appropriate technologies, many farmers resort to cultivating steep slopes on erosion-prone hillsides or encroach on the protected areas in order to meet their demands. In short, poverty compels them to destroy the very resources that are necessary to relieve them from hunger, disease and further poverty. EMCBP, therefore, aimed inter alia, to address several of the above constraints and problems.

The NEAP process arose from concerns about the rapidly degrading environment and the need to take immediate and appropriate actions to reverse the trends and conserve the natural resources for the present and future generations. It was intended to provide a broad framework for integrating environmental considerations into social and economic development planning. The NEAP process identified, analyzed and prioritized major environmental problems and opportunities and developed a comprehensive national strategy for participatory, sustainable development based on sound environmental management. The NEAP package comprised, inter alia, a set of documents on policy, legislative and institutional reforms needed for effective management of Uganda’s natural resources. Additionally, an investment program was attached to it, which provided the rationale for investing in environment and natural resource management, the criteria for prioritizing the numerous environmental problems, the issues in the key program areas and a summary of recommended projects. Addressing these priorities, the NEAP identified five environmental issues and areas for action, namely; (i) capacity building in environmental management; (ii) enhancing resources’ (land and water) productivity; (iii) management and use of bio-diversity; (iv) environmental education and public awareness; and (v) environmental health and pollution management.

The NEAP also defined the public sector’s mandate in implementing the policy as including users of environment and natural resources in rural and urban areas to utilize resources in a way that supports sustainable economic development, in part, through conservation of these resources. Interventions to this effect were grouped into four main categories. These were: (i) establishment and enforcement of regulations designed to control resource use directly, and implementation and enforcement of these regulations to take place at the local level; (ii) incentives and taxation measures; (iii) investments by central and local governments to redress specific environmental problems; and (iv) dissemination of technical and other information regarding environment and natural resources to raise public awareness of problems and measures needed to address them, together with NGOs and community organizations.

However, the NEAP study had concluded that Government’s capacity through policies and institutional arrangements to address the above priority areas was extremely limited. It had concluded that environmental management in Uganda was essentially ad hoc in nature, with inadequate mechanisms to coordinate the conflicting interests.

Thus, EMCBP was designed to assist the Government in the implementation of key parts of this NEAP, especially the strengthening of the environmental management capacity at the national and local levels. The project was designed to support the objective of both the Government’s development strategy and the Bank’s Country Assistance Strategy (CAS), which seek to reduce
poverty within a framework of economic stability, and protection of the environment and natural resources. The strategy includes strong gender and environmental protection aspects. The main thrust of IDA’s strategy over the medium-term was articulated as to support Government’s efforts to accelerate economic growth. However, it was also noted that the link between this strategy and environmental problems, which EMCBP was designed to address, was (and continues to be) sustainability. It was further recognized that sustainable economic growth also requires adequate human resources and capacity at all levels of Government. The development of both these assets were clearly stipulated as primary objectives of the EMCBP and this continues to hold true for the follow-on project. In the same logic, in pursuit of both the Government’s development strategy and the Bank’s Country Assistance Strategy (CAS), the rationale of EMCBP was based on the Government’s view that the need to strengthen the institutional capacity for environmental management at the national, district and community levels is the first priority.

It was well recognized that sustainability in economic growth in Uganda depends, inter alia, on the maintenance of the integrity of environmental processes and conservation of the natural resource base. As policies and actions addressing environmental degradation and protection support grow, they also contribute to the primary development goal of reducing poverty. EMCBP was, therefore, meant to be the first phase of a long-term program of support required to implement the NEAP.

NEMA was created with financial support from EMCBP to provide the central coordination of national interests on environment, further develop environment policy, enhance the legal and regulatory framework, coordinate and harmonize the sectoral interests and conflicts of other ministries. It was also meant to facilitate the integration of environmental concerns into development activities (at all levels), oversee compliance with regulations and standards and promote environmental awareness. An important element of NEMA’s work would be horizontal coordination with ministries and other agencies at national level, and vertical coordination with the local (especially district and community) level. NEMA would also establish an outreach program to assist in strengthening the capacity of district administrations for environmental management and of communities to address local natural resource management concerns. The implementation of EMCBP has gone a long way in creating the basic capacity, but consolidating, strengthening and enhancing this capacity at all levels still needs to be done.

Section 2: The Environment Management Follow-on Project (EMCBP II)

The follow-on project is aimed at enhancing, strengthening and consolidating what EMCBP set out to achieve (environment management capacity building), by building on the basic capacity built over the 5-year project implementation period. It is further justified in terms of enhancing and strengthening the capacity of the Ugandan economy and society to adequately address and manage the environmental implications of the policy-induced rapid overall economic growth in general, and the ever-increasing socio-economic activities and consumption levels in almost all sectors of the Ugandan economy and society in particular.
The poor households have not fully benefited from the macro-economic stability created by the Government's economic policies. This necessitated Government to develop the Poverty Eradication Action Plan (PEAP), which was launched in 1997 and established the policy framework for eradication of poverty, as its top priority for the following two decades. It emphasizes that the best way to remove people from poverty is to enable households to earn decent incomes and facilitate the improvement of the quality of their lives. However, Environment Management has continued to be a major priority of Government. It is one of the five priority measures in the PEAP, which Government is to undertake to improve the quality of life of the poor. It is recognized that poverty is a major cause and consequence of the environmental degradation and resource depletion, which threaten present and future economic growth. Poverty and environmental degradation are linked in a vicious circle in which people cannot afford to take proper care of the environment. It is for this reason that Government is focusing on environment management as a key area for investment.

In more specific terms, the project is justified on the following major grounds: (i) the rapid overall economic growth in general, and the ever-increasing socio-economic activities and consumption levels in particular, do necessitate continued and even higher investment in environment management to counteract their adverse impacts on the environment, and hence also facilitate sustainable natural resource use, socio-economic growth and development; (ii) environment management continues to be a major priority for the Government of Uganda; (iii) EMCBP also envisaged replication of the gains/impacts and experiences from its implementation in the original 7 focus districts into more districts of the country with a view to expanding the nation-wide environment management capacity; and (iv) The PEAP and its associated strategies, such as the Program of Action for the Modernization of Agriculture (PMA) involve the implementation of numerous projects and execution of numerous socio-economic activities, all of which have major implications for environmental degradation, and hence the need for higher investment in environment management to counteract and control them.

Indeed, over the last 5 years (1995 - 2000), GDP growth having averaged around 6% for many years, has now stabilized at 5% (Uganda: Statistical Abstract, 2000) and it is envisaged that it will continue to grow. In the agricultural sector, real agricultural production has grown at an average of 3.9%, despite the adverse effect on the sector of El-Nino and drought in 1997 and 1999 respectively. In the mining and quarrying sector, a positive growth rate has been maintained, with a further 5% growth in 1999/2000 over the previous financial year. The manufacturing sector grew by an average of 18.7% over the period. In the electricity industry, real production has grown at an average of 8.1% per annum. The construction sector (dominated by Government road and dam construction, airport rehabilitation and private commercial and residential building construction), has also been growing over the period, with real growth during 1999/2000 being 9.0%. In the wholesale, retail trade, hotels and restaurants (consumption-related sub-sectors), the volumes of trade inflows have been increasing over the period. Production in these sub-sectors (combined) has been growing at an average of 6.3% per annum over the period. In the transport and communications sector, production in real terms has averaged 9.0% per annum. In the community services sub-sector,
growth has averaged 5.1% over the 5-year period, while rent and own-occupied production has been growing at an average of 7.1% per annum over the period. While all the above are positive developments in terms of economic growth, development and potential for poverty alleviation, it is clear that their environmental implications are also considerable, and they must be timely and effectively addressed.

According to the Draft State of Environment Report, 2000, Uganda’s national environment outlook is based on ‘the great transition development scenario’, which is the focus of Government. According to this scenario, it is envisaged that there will be rapid urbanization. Indeed, according to the Uganda Statistical Abstract, 2000, the urban population which is currently estimated to be 3.6 million, is projected to have reached 6.3 million by 2010, which represents approximately 77% growth over the 10-year period. This sort of development is strategically favored in the plan for modernization of agriculture, which advocates for radical transformation of rural areas. Rapid economic growth is also foreseen through the combined effects of modernization of agriculture, petroleum and mineral production, export of hydropower, and agro-based manufacturing supported by a stable and effective decentralized governance system and high level of investment in infrastructure development.

The implication of this scenario will be increased levels of pollution, resulting from agricultural run-offs (herbicides, pesticides, fertilizers), industrial effluents and emissions, and waste from petroleum processing and mining. The envisaged scale of urban growth will require careful planning, otherwise, problems of unplanned settlements and congestion will arise. Standards must be set to guard against degradation of the environment and this must be accompanied by effective enforcement of environmental laws, effective environmental monitoring and management in general, supported by a strong institutional framework.

Cost-benefit

Like under EMCBP, the follow-on project is justified in terms of its benefits expected to emanate from the achievement of its key objectives, namely: (i) sustainable development through appropriate environmental management; (ii) integration of environmental concerns into all development policies; (iii) preservation and/or restoration of the equilibrium of ecological processes; and (iv) enhancing public participation in environmental affairs. The project would therefore strengthen the management of environmental resources by both Government and the people, and strengthen mechanisms for decision-making at national, district and community levels.

It should be noted that, given the uncertainties and imprecision in applying conventional cost-benefit analysis to environmental projects, Financial Rates of Return and Economic Rates of Return cannot be meaningfully estimated. However, the expected economic costs and benefits can be identified and qualitatively articulated as summarized below. First, the project is expected to enhance and strengthen capacity at national and district levels by helping to develop the foundation for long-term sustainable development through the strengthening of environmental management capacity and increasing the awareness of the environmental
consequences of economic policies. In particular, the development and strengthening of an environmental information system, the application of environmental impact assessments and the implementation of environmental awareness and education programs at all levels would result in a greater availability of environmental information. The improved information would result in better decision-making. Capacity enhancement at the district level would result in the integration of environmental concerns into overall development activities and would be clearly expressed in district environmental action plans and in overall district development plans, which incorporate environmental concerns. This would have a positive impact on the quality of decision-making and on management capability in general.

Building on the basic capacity created under EMCBP, the follow-on project is expected to enhance community natural resource management through strengthening the process by which local communities are empowered to achieve sustainable management of their natural resources. Furthermore, while the project is not a targeted poverty reduction initiative, its implications for poverty alleviation are significant. The establishment and implementation of improved sustainable production practices and improved agriculture, forestry and livestock production would contribute to a better standard of living and quality of life for the communities involved in the project. The association between poverty and poor land management means that serious efforts to improve land management would tend to be targeted to poorer households and communities. Ultimately, an increased capacity for natural resource management would result in welfare gains and would, therefore, have a significant positive impact on efforts to alleviate poverty. Actions aimed at the sustainable use of land, water and forest resources would result in increased productivity of these resources, thus raising individual and community incomes. Concrete welfare gains would also enhance the sustainability of natural resource management practices, provided the distribution of these benefits would be equitable, by motivating the communities to continue the new management techniques. Hence, the project would have a significant long-term poverty alleviation impact, which is the central theme of the Bank’s country strategy and a top priority of the Government of Uganda.

In a nutshell, it may be noted that without the above benefits, the potential purely economic and easily measurable benefits in terms of rapid and sustainable economic growth and development, together with sustainable poverty reduction cannot be realized.

**Cost-effectiveness**

The proposed EMCBP II project, just as demonstrated by its predecessor (EMCBP), has good chances of ensuring cost-effectiveness. In addition to the fact that its activities are to benefit and have impact on a large number and diversity of people in Uganda (through enhancing sustainable natural resource use and sound environmental management), it will help in reducing not only the financial debt burden but also the environmental debt.
Conclusion

In light of all the foregoing, most of the justifications articulated for the EMCBP at the time of its design still hold true for the follow-on project. In fact, the follow-on project is further justified by the fact that the anticipated socio-economic, environmental and natural resource situations that EMCBP was designed to address are now even more significant than in 1995. Thus, the follow-on project is aimed at strengthening and enhancing environment management capacity at all levels in Uganda, building on the achievements of the first phase of EMCBP, with a view to creating adequate capacity in the country to measure up to the realities of the current and future challenges. This will involve further strengthening the national institutional and legislative frameworks, local government structures and communities to be able to play their roles more effectively with a view to achieving sound environment management and prudent exploitation of natural resources to facilitate sustainable development and ultimately, poverty reduction.

It is evident from, inter alia, NEMA’s progress reports, aide memoires of the World Bank supervision missions, the mid-term review report and other assessments that the foreseen capacity has been created, albeit at a basic level. For instance, practical illustrative examples on the ground of the basic capacity created at the local level include the fact that local government environmental management structures (e.g., DECs and LECs) are in place and operational in the original focus districts, and the majority of districts in Uganda have been assisted under the project to recruit District Environment Officers. In short, the processes of achieving the above objectives has been set in motion through the implementation of EMCBP (where it has been implemented) and what now needs to be done is to consolidate and strengthen that basic capacity created and also replicate it in more districts of the country.
### Annex 5: Financial Summary

**UGANDA: Second Environmental Management and Capacity Building Project**

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|                      |         |         |         |         |         |
| **Financing Sources (% of Total)** |         |         |         |         |         |
| IDA                  | 90%     | 93%     | 91%     | 92%     | 90%     |
| Government           | 10%     | 7%      | 9%      | 8%      | 10%     |
| **Total**            | 100%    | 100%    | 100%    | 100%    | 100%    |
Institutional arrangements

The Finance and Administration Division (FAD) of the National Environment Management Authority (NEMA) is responsible for ensuring that financial management and reporting procedures for the project is acceptable to the World Bank and Government of Uganda.

FAD's financial management system (FMS) supports management in their deployment of limited resources with the purpose of ensuring economy, efficiency and effectiveness in the delivery of outputs required to achieve desired outcomes. Specifically, the FMS is capable of producing timely, understandable, relevant and reliable financial information that enables management to plan, implement, monitor and appraise the project's overall progress towards the achievement of its objectives.

Overall policy guidance

NEMA is supervised by a Board of Directors, which is appointed by the Minister, Water, Lands and Environment (MWLE) and it consists of representatives of MWLE; the Ministries of Agriculture, Animal Industry and Fisheries and of Finance, Planning and Economic Development; two representatives of academic and research organizations; two representatives of local non-governmental organizations; and two representatives of the private sector. The Executive Director of NEMA is an ex-officio member of the Board of Directors.

The functions of the Board of Directors are designed to oversee the operations of NEMA and ensure that they are in line with NEMA’s overall strategy. The Board also reviews and approves the annual budget and work plan and monitors and evaluates progress against those budgets and plans. Finally, it formulates personnel, administrative and financial procedures that govern the Authority. Thus, although NEMA is located in the Ministry of Water, Lands and Environment (MWLE), it is able to operate with a high degree of autonomy and there is no overlap between MWLE’s regulatory and developmental functions.

These arrangements are satisfactory for the purposes of the project.

Staffing

The FAD is headed by the Director of Finance and Administration (DFA) who directs and guides the financial management operations of NEMA. A Chief Accountant, a Personnel Officer and an Administrative Assistant assist him. The department is also manned by two experienced accounting Support staff.
Banking arrangements

For IDA and GOU funding, bank accounts are maintained as follows:

- Special Account (current account) in denominated in US Dollars at a Commercial Bank acceptable to IDA on which drawdowns from the Credit Account are deposited for financing of project activities eligible for Bank financing. This Account shows:
  - Dollar/Shilling cost of payments to suppliers;
  - Dollar advances (replenishments) from the IDA Credit Account;
  - Opening and Closing balances; and
  - Project Account (current account) in Uganda Shillings at the same Bank to which GOU counterpart funds are credited.

The World Bank regularly distributes the following documents to enable NEMA keep its records up-to-date in respect to the IDA Credit:

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

Bank statements for the two accounts are reconciled to the Project’s accounting records on a monthly basis. The Finance and Administration Director on a timely basis approves reconciliations. Identified differences are expeditiously investigated.

All bank accounts have separate files each holding correspondence, bank statements, advices, list of signatories and other relevant information. Bank cheque books are kept under the safe custody of a person specifically appointed by the Executive Director or his representative. The same applies to all cheque folios and related bank account information.

Account signatories are authorized by GOU (the Treasury). The account signatories are authorized NEMA representatives were appointed by the Treasury.

Fixed Assets, consulting services and civil works

A Fixed Assets Register will be prepared, regularly updated and checked.

Regarding Construction/Capital Work in Progress, controls will be established over the awarding of contracts as well as for ensuring that payments are made in a timely and orderly
manner in respect of certified work. Contract Status Reports will be prepared quarterly by the Engineering Division Manager for consideration by the FMSC as part of the Procurement Management Report referred to in Appendix 1.

Control procedures over fixed assets, consulting services and civil works will be documented in the Financial Management Manual.

Financial Reporting

The Finance and Administration Director is responsible for preparing Financial reports for the Executive Director NEMA.

**Monthly Reports.** The Finance and Administration Director will be responsible for preparing a Monthly Status of Funds Report for the Board.

**Quarterly/Annual Reports.** The Finance Committee of the NEMA Board, having considered the recommendations of the Director Finance and Administration, will determine the financial reports that are needed. These will include a Statement of Sources and Use of Funds by Loan Category/Activity.

**Program Balance Sheet,** (if the accrual accounting method is adopted) as at the reporting date.

**Notes** in respect of significant accounting policies and accounting standards adopted by management when preparing the accounts and any supplementary information or explanations that may be deemed appropriate by management in order to enhance the presentation of a "true and fair view" position.

**Special Account Statement/Reconciliation** showing deposits and replenishments received, payments substantiated by withdrawal applications, interest that may be earned on the account and the balance at the end of the fiscal year.

**SOE Withdrawal Schedule** (pending the introduction of PMR based disbursements), listing individual withdrawal applications relating to disbursements by the SOE Method, by reference number, date and amount.

**Cash Forecast** for the quarter.

Indicative formats for the reports already produced by NEMA are outlined in the NEMA Financial Management Manual. Formats of the various additional periodic financial reports to be generated from the financial management system as required for PMR based disbursements should be agreed between IDA and the project team and include:
- Financial Statements: These are to provide information on the sources and uses of funds by loan category and by project activity, forecasts of expenditure, amount of disbursement requested and a reconciliation of the SA;

- Project Progress Reports: These are to provide information on project implementation progress in physical and financial terms using monitoring indicators, including identifying deviations from plan and explaining reasons for such variations; and

- Procurement Management Reports: These are to indicate the status of procurement and contract commitments and expenditure including source of supply data for contracts subject to the Bank's prior review, as well as post-review contracts above a certain threshold.

Annual Financial Statements and Annexes for the project should additionally include:

- Implementation Report, which would be a narrative summary of the implementation progress for the project; and

- Summary of Credit Withdrawals using PMR’s, listing individual withdrawal applications by reference number, date and amount.

Indicative formats for the various reports will be agreed with IDA.

External audit. The Auditor General is primarily responsible for the auditing of all government projects.

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

Arrangements for the external audit of the financial statements of the project will be communicated to, and agreed with IDA.

Internal controls and Financial Management Manual

NEMA’s internal control procedures, as laid down in the Financial Management Manual (FMM), aim to ensure that Authority’s resources are properly managed and safeguarded. This manual will be updated to take into account the procedures used in the preparation of the PMRs and the disbursement of the IDA Credit on the basis thereof.
The Manual describes several aspects of the accounting system, including:

- the major transaction cycles of the project;
- funds flow processes;
- the accounting records, supporting documents, computer files and specific accounts in the financial statements involved in the processing of transactions;
- the accounting processes from the initiation of a transaction to its inclusion in the financial statements;
- authorization procedures for transactions;
- the financial reporting process used to prepare the financial statements;
- financial and accounting policies for the Project;
- procedures undertaken for the replenishment of the Special Account; and
- The updating of the manual is being undertaken by the project. Draft copies of the updated manual, particularly the sections relating to the project, will be submitted for review by the IDA.

**Accounting system software**

NEMA currently runs its accounts using PASTEL accounting software. There are plans to upgrade this package to enable the automatic generation of PMRs from the FMS.

**Books of accounts and list of accounting codes**

Books of accounts will be set up and will include:

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

A Chart of Accounts will also be drawn up to match with the classification of expenditures and sources and application of funds indicated in the Credit Agreement. The Chart of accounts will be developed in a way that allows project costs to be directly related to specific work activities and outputs of the project.

**Project Documentation**

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

- Inputs and Outputs of financial information required to track project implementation;
- Inputs and Outputs of physical information matched with financial information required; and
- Arrangements for recording project impacts, outcomes, outputs, and inputs that are required to assess project progress toward project objectives.
These will be important ingredients in the preparation of the Monitoring Reports required quarterly under PMR-based disbursements.

Summary Assessment

Owing to the experience that it has in implementing IDA funded projects and the current financial management environment as set out in the Financial Management Assessment Report, NEMA satisfies the Bank’s minimum requirements under OP/BP10.02. However, the assessment indicates that there remains improvements to be effected for the system to be adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project as required by the IDA for PMR-based disbursements. The arrangements currently in place do not satisfy the requirements for PMR-based disbursements, as outlined in the World Bank’s Loan Administration Change Initiative Handbook (LACI, September 1998).

Action Plan

The actions required to be undertaken by the project, the completion of which will allow it to qualify for the IDA credit to be disbursed on the basis of PMR’s, are outlined below:

- Completion of the updating of the Financial Management Manual describing the project’s accounting systems and procedures, internal controls and funds flow processes;
- Completion of upgrading of the accounting system software;
- Opening books of account and completion of the Chart of Accounts;
- Agreement of financial reporting formats;
- Agreement of Terms Of Reference for the audit of the project;
- Opening Bank Accounts; and
- Completion of the Project Implementation Plan.

The action plan should be fully achieved by 31 December 2001. An intervening period to allow for observation for compliance with the requirements of PMR-based disbursements will follow, and it is expected that the IDA Credit will be disbursed on the basis of PMRs starting from 1 July 2002.

Transitional arrangements for disbursement

It is expected that the project will become effective in June 2001 and that the project will be ready for PMR-based disbursements after completion of the actions set out below and an intervening period of observation by 31 December 2001. Commencement of the disbursement of the Credit on the basis of PMR’s will be on 1 July 2002. In the intervening period after Credit effectiveness, disbursement will be done using traditional methods. An advance into the Special Account will be made at the inception of the project, and subsequent replenishments will be made on the basis of withdrawal applications and Statements of Expenditure (SOE’s).
During intervening period, quarterly reports and forecasts that are required under PMR-based disbursements will be prepared by the project and submitted to the IDA for review. They will be used to assess progress towards meeting the requirements of PMR-based methods of disbursement. At the time of conversion, the project will prepare a reconciliation of project expenditures, disbursements received, and Special Account movements up to the proposed date of the conversion. Other details for the conversion will be worked out closer to the time of conversion between the project team and IDA.
Annex 6: Procurement and Disbursement Arrangements
UGANDA: Second Environmental Management and Capacity Building Project

Procurement

Procurement requirements for the entire project will be carried out at the National Environment Management Authority (NEMA) but in close collaboration with the beneficiaries of the project. The Lead Agencies will be responsible for the preparation of lists of requirements and annual procurement plans for works, goods and services that are to be procured under their respective components. A Procurement Unit to be established within NEMA under the guidance of a Procurement Officer (to be recruited by NEMA) will consolidate the individual needs and procurement plans of such agencies into an overall annual procurement plans for the project. The consolidated annual work plans and procurement plans of the project will be reviewed by the Board of Directors of NEMA, and subsequently agreed with the Bank.

Procurement methods (Table A)

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

Advertising

Two General Procurement Notices (GPN), one for consulting services and one for goods, have been prepared and submitted to the Bank for publication in the United Nations Development Business. The GPNs will be updated at least once a year and submitted to IDA for review.

Procurement Plan

A procurement plan for works, goods and services for the first year of project has been prepared. The plan includes relevant information on works, goods and consulting services as well as the timing of each milestone in the procurement process. The procurement schedule will be updated every quarter and reviewed by IDA at each supervision mission. The detailed implementation plan is included in the PIP.

Civil Works

The only works to be financed under the project is the construction contract for the rehabilitation of the NEMA House, estimated to cost US$2.0 million equivalent, the construction of which has started and will be funded partly under the EMCBP and partly under EMCBP II.
Goods

The total cost is estimated at US$2.2 million for the entire project. Procurement will be bulked where feasible into packages valued at US$100,000 equivalent or more and will be procured through ICB procedures.

Goods estimated to cost less than US$100,000 equivalent per contract up to an aggregate amount of US$200,000, will be procured through NCB procedures that are acceptable to IDA.

Goods that are estimated to cost less than US$30,000 equivalent per contract up to an aggregate amount of US$400,000 equivalent may be procured through National Shopping procedures for goods available in the local market and/or through International Shopping procedures for goods that cannot be supplied within the country.

Goods that are estimated to cost less than US$50,000 equivalent per contract, up to an aggregate amount of US$400,000 equivalent, may be procured through the Inter-Agency Procurement Services Office (IAPSO) of the UNDP.

Services

The total cost of consultant services is estimated at US$1.9 million equivalent. Except as detailed below, consulting services will be selected through competition among qualified shortlisted firms based on Quality- and Cost-Based Selection (QCBS) in accordance with the provisions of Section II of the Guidelines.

Consulting service contracts estimated to cost less than US$100,000 for firms may be awarded through the Consultants' Qualifications selection method. For contracts of a routine nature estimated to cost less than US$100,000 and where well established practices and standards exist, Least-Cost selection method may be used. In this regard, raining consultants estimated to cost US$50,000 equivalent or less per contract, up to an aggregate amount of US$200,000 equivalent, will be selected through Least-Cost Selection as prescribed in paragraph 3.6 of the Guidelines.

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

In exceptional cases that meet the conditions set forth in paragraph 3.8 – 3.11 of the Guidelines, consultancy services may be procured on single-source basis subject to prior clearance with the Bank.

Goods, works and services for microprojects.

Estimated total cost of goods, works and services for implementation of microprojects at the community level is US$2.2 million. A description of the activities to be carried out are described in Annex 2 (Project Description Summary).
To ensure that priority is given to the identification of suitable and qualified national consultants, short-lists for contracts estimated to cost US$100,000 equivalent or less may be comprised entirely of national consultants (in accordance with the provisions of paragraph 2.7 of the Consultants Guidelines.

### Annex 6, Table A1, Project Costs by Procurement Arrangements
**(in US$ million equivalent)**

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>ICB</th>
<th>NCB</th>
<th>NIS</th>
<th>Others</th>
<th>Total (incl. Contingencies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Works</td>
<td>2.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td>(1.91)</td>
<td>-</td>
<td></td>
<td>-</td>
<td>(1.91)</td>
</tr>
<tr>
<td>Goods, Equipment &amp; Vehicles</td>
<td>1.77</td>
<td>0.03</td>
<td>0.42</td>
<td>-</td>
<td>2.22</td>
</tr>
<tr>
<td></td>
<td>(1.68)</td>
<td>(0.03)</td>
<td>(0.39)</td>
<td>-</td>
<td>(2.10)</td>
</tr>
<tr>
<td>Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.94</td>
<td>1.94</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1.94)</td>
<td>(1.94)</td>
</tr>
<tr>
<td>Training</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6.41</td>
<td>6.41</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6.41)</td>
<td>(6.41)</td>
</tr>
<tr>
<td>Microprojects (^1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.18</td>
<td>2.18</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2.18)</td>
<td>(2.18)</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9.36</td>
<td>9.36</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7.42)</td>
<td>(7.42)</td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>3.77</strong></td>
<td><strong>0.03</strong></td>
<td><strong>0.42</strong></td>
<td><strong>19.90</strong></td>
<td><strong>24.12</strong></td>
</tr>
<tr>
<td>of which Funded by IDA</td>
<td><strong>(3.59)</strong></td>
<td><strong>(0.03)</strong></td>
<td><strong>(0.39)</strong></td>
<td><strong>(17.96)</strong></td>
<td><strong>(21.97)</strong></td>
</tr>
</tbody>
</table>

\(^1\)/Goods, works & services for microprojects
Annex 6, Table A2: Consultants Selection Arrangements  
(in US$ million equivalent)

<table>
<thead>
<tr>
<th>Consultant Services Expenditure Category</th>
<th>Selection Method</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IC</td>
<td>QCBS/CQ/LC</td>
</tr>
<tr>
<td>A. Firms</td>
<td>-</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>(1.4)</td>
</tr>
<tr>
<td>B. Individuals</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(0.5)</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>0.5</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td>(0.5)</td>
<td>(1.4)</td>
</tr>
</tbody>
</table>

QCBS = Quality- and Cost-Based Selection  
CQ = Consultants Qualifications  
IC = Individual Consultants  
LC = Least Cost Selection  
Others = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, Educ. Inst., etc.

Table B: Thresholds for Procurement Methods and Prior Review

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Contract Value Threshold (US$)</th>
<th>Procurement Method</th>
<th>Contracts Subject to Prior Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works:</td>
<td>≥100,000</td>
<td>ICB</td>
<td>Prior Review</td>
</tr>
<tr>
<td></td>
<td>&lt;100,000</td>
<td>NCB</td>
<td>Post Review</td>
</tr>
<tr>
<td>Goods:</td>
<td>≥100,000</td>
<td>ICB</td>
<td>Prior Review</td>
</tr>
<tr>
<td></td>
<td>&lt;100,000</td>
<td>NCB</td>
<td>Post Review</td>
</tr>
<tr>
<td></td>
<td>&lt;50,000</td>
<td>IAPSO</td>
<td>Post Review</td>
</tr>
<tr>
<td></td>
<td>≥30,000</td>
<td>N/IS</td>
<td>Post Review</td>
</tr>
<tr>
<td>Consultants</td>
<td>Firms</td>
<td>QCBS</td>
<td>Prior Review</td>
</tr>
<tr>
<td></td>
<td>&lt;100,000</td>
<td>CQ</td>
<td>Post Review</td>
</tr>
<tr>
<td></td>
<td>≥50,000 (Training)</td>
<td>LCS</td>
<td>Post Review</td>
</tr>
<tr>
<td></td>
<td>&lt;50,000</td>
<td>IC</td>
<td>Prior Review</td>
</tr>
<tr>
<td></td>
<td>&lt;50,000</td>
<td>IC</td>
<td>Post Review</td>
</tr>
<tr>
<td></td>
<td>All</td>
<td>Single Source</td>
<td>Prior Review</td>
</tr>
</tbody>
</table>

Total value of contracts subject to prior review: US$1.8 million

Overall Procurement Risk Assessment

<table>
<thead>
<tr>
<th></th>
<th>High</th>
<th>Average</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Frequency of procurement supervision missions proposed: One every six months (includes special procurement supervision for post-review/audits).

An assessment of NEMA procurement capacity has been conducted, and a report has been prepared. The report indicates "High" risk based on: (i) weaknesses in the current institutional and legal framework of GOU procurement; (ii) non-existence of procurement proficient staff at NEMA; and (iii) prevalence of conditions conducive to corruption in procurement practices in the public sector. (A National Integrity Survey conducted in Uganda in 1998 revealed that the prevalence of corruption is the highest in the area of procurement).

However, the assessment concludes that the following factors would reduce the procurement risk to "Average":

1. Creation of a procurement unit and appointment of a qualified procurement officer selected through competitive selection procedure;

2. Experience gained by the staff of the Division of Finance & Administration (DFA) under the on-going first phase of the project (EMCBP); and

3. the expected establishment of a comprehensive national institutional and legal framework for public procurement management under the on-going procurement reform program.

The current capacity of NEMA without appointment of procurement proficient staff would be inadequate to handle the procurement activities under the project; therefore, recruitment of a procurement officer and creation of an adequately staffed procurement unit in NEMA is vital. The responsibilities of the procurement officer would include supervision of all procurement activities under the project including hands-on training of the other procurement staff, and provision of guidance in preparing procurement plans to other implementing agencies of the project components.

The procurement process of all goods and works contracts, and selection of all officers under the project as well as the evaluation process of received bids and proposals will be carried out by the NEMA in close collaboration with other implementing agencies.

Many of the system-wide weaknesses revealed by the procurement capacity assessment and listed above are being addressed under the recommendations of the Task Force for Procurement Reform, and the recently concluded CPAR. The on-going Procurement Reform Program comprises: (i) creation of an oversight body (National Procurement & Policy Unit - NPPU); (ii) harmonization of all procurement regulations that govern all public procurements; (iii) establishment of Contract Committees to take over the functions of CTB, and Procurement Units within the procuring entities; (iv) preparation and enactment of a comprehensive public procurement law; and (v) adoption of a Public Sector Code of Business Ethics for Employees.
Disbursement

Allocation of credit proceeds (Table C)

Disbursements of IDA funds will initially assume the traditional disbursement mechanisms for this project. There will be retroactive financing in the amount of US$1.7 million for the civil works contract associated with the rehabilitation and renovation of the NEMA house. It is expected that the project will become effective in June 2001. Disbursement will be done using traditional methods. An advance into the Special Account will be made at the inception of the project, and subsequent replenishments will be made on the basis of withdrawal applications and Statements of Expenditure (SOE’s).

Quarterly reports and forecasts will be prepared by the project and submitted to the IDA for review.

Table C: Allocation of Credit Proceeds
Expenditure Category Financing Percentage

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Amount US$ million</th>
<th>Financing Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Civil Works</td>
<td>1.7</td>
<td>100% Foreign, 90% Local</td>
</tr>
<tr>
<td>2. Goods, equipment &amp; vehicles</td>
<td>1.8</td>
<td>100% Foreign, 95% Local</td>
</tr>
<tr>
<td>3. Consultants services &amp; training</td>
<td>7.3</td>
<td>100%</td>
</tr>
<tr>
<td>4. Goods, works &amp; services for microprojects</td>
<td>1.9</td>
<td>95%</td>
</tr>
<tr>
<td>5. Operating costs</td>
<td>6.5</td>
<td>95%</td>
</tr>
<tr>
<td>6. Unallocated</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Use of Statements of Expenditure (SOEs):

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

Special Account

To facilitate disbursements the Government of Uganda will establish and maintain a special account in US dollars in a commercial bank acceptable to IDA. In order to ensure timely release of funds for the project activities, a project account in Uganda Shillings will be maintained in the same bank.
Annex 7: Project Processing Schedule  
UGANDA: Second Environmental Management and Capacity Building Project

<table>
<thead>
<tr>
<th>Project Schedule</th>
<th>Planned</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time taken to prepare the project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(months)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Bank mission (identification)</td>
<td></td>
<td>10/02/2000</td>
</tr>
<tr>
<td>Appraisal mission departure</td>
<td>01/29/2001</td>
<td>01/26/2001</td>
</tr>
<tr>
<td>Negotiations</td>
<td>02/08/2001</td>
<td>02/07/2001</td>
</tr>
<tr>
<td>Planned Date of Effectiveness</td>
<td>07/01/2001</td>
<td></td>
</tr>
</tbody>
</table>

Prepared by:

National Environment Management Authority (NEMA)

Preparation assistance:

Bank staff who worked on the project included:

<table>
<thead>
<tr>
<th>Name</th>
<th>Speciality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nathalie W. Johnson</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Hassan M. Hassan</td>
<td>Lead Environment Specialist</td>
</tr>
<tr>
<td>Richard Cambridge</td>
<td>Lead Specialist</td>
</tr>
<tr>
<td>Joseph M. Kizito</td>
<td>Financial Management Specialist</td>
</tr>
<tr>
<td>Rogati Kayani</td>
<td>Procurement Specialist</td>
</tr>
<tr>
<td>Yves Prevost</td>
<td>Peer Reviewer</td>
</tr>
<tr>
<td>Peter Trenchard</td>
<td>District Institutional Specialist</td>
</tr>
<tr>
<td>Reynaldo P. Castro</td>
<td>Operations Analyst</td>
</tr>
<tr>
<td>Dahir E. Warsame</td>
<td>Procurement Specialist</td>
</tr>
<tr>
<td>Jay Wysocki</td>
<td>Institutional &amp; Monitoring &amp; Eval.</td>
</tr>
<tr>
<td>Marie Claire Li Tin Yue</td>
<td>Program Assistant</td>
</tr>
<tr>
<td></td>
<td>Specialist</td>
</tr>
</tbody>
</table>
Annex 8: Documents in the Project File
UGANDA: Second Environmental Management and Capacity Building Project

A. Project Implementation Plan

Project Implementation Manual

B. Bank Staff Assessments

Procurement Assessment
Financial Management Assessment

C. Others

Letter of Sector Policy from the Government of Uganda
Annex 9: Statement of Loans and Credits
UGANDA: Second Environmental Management and Capacity Building Project
Feb-2001

<table>
<thead>
<tr>
<th>Project ID</th>
<th>FY</th>
<th>Purpose</th>
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UGANDA
STATEMENT OF IFC's
Held and Disbursed Portfolio
Feb-2001
In Millions US Dollars

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Approvals Pending Commitment

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Total Pending Commitment: 1000.00 0.00 0.00 0.00
Annex 10: Country at a Glance
UGANDA: Second Environmental Management and Capacity Building Project

### 1999
- **Population, mid-year (millions)**: 21.5
- **GNP per capita (Atlas method, US$)**: 320
- **GNP (Atlas method, US$ billions)**: 6.6

### Average annual growth, 1993-99
- **Population (%)**: 2.9
- **Labor force (%)**: 2.7

### Most recent estimate (latest year available, 1993-99)
- **Poverty (% of population below national poverty line)**: 44
- **Urban population (% of total population)**: 13
- **Life expectancy at birth (years)**: 42
- **Child malnutrition (% of children under 5)**: 26
- **Access to improved water source (% of population)**: 41
- **Gross primary enrollment (% of school-age population)**: 122

### Key Economic Ratios and Long-Term Trends

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Note: 1999 data are preliminary estimates.

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

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<th>Consumer prices</th>
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<th>Current revenue</th>
<th>Current budget balance</th>
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### TRADE

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<th>Cotton</th>
<th>Manufactures</th>
<th>Total imports (cif)</th>
<th>Food</th>
<th>Fuel and energy</th>
<th>Capital goods</th>
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### BALANCE OF PAYMENTS

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<th>Imports of goods and services</th>
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<th>Net income</th>
<th>Net current transfers</th>
<th>Current account balance</th>
<th>Financing items (net)</th>
<th>Changes in net reserves</th>
<th>Memo: Reserves including gold (US$ millions)</th>
<th>Conversion rate (DEC, local AJS$)</th>
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<td>748</td>
<td>1,362.0</td>
</tr>
<tr>
<td>1999</td>
<td></td>
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</table>

### EXTERNAL DEBT and RESOURCE FLOWS

<table>
<thead>
<tr>
<th>Year</th>
<th>(US$ millions)</th>
<th>Total debt outstanding and disbursed</th>
<th>IBRD</th>
<th>IDA</th>
<th>Total debt service</th>
<th>IBRD</th>
<th>IDA</th>
<th>Composition of net resource flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td></td>
<td>1,903</td>
<td>24</td>
<td>605</td>
<td>173</td>
<td>5</td>
<td>5</td>
<td>Official grants</td>
</tr>
<tr>
<td>1989</td>
<td></td>
<td>3,631</td>
<td>0</td>
<td>1,971</td>
<td>179</td>
<td>0</td>
<td>24</td>
<td>Official creditors</td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td>3,480</td>
<td>0</td>
<td>2,042</td>
<td>176</td>
<td>0</td>
<td>24</td>
<td>Private creditors</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td>3,480</td>
<td>0</td>
<td>2,042</td>
<td>176</td>
<td>0</td>
<td>24</td>
<td>Foreign direct investment</td>
</tr>
</tbody>
</table>

### Memo:

Reserves including gold (US$ millions)
Conversion rate (DEC, local AJS$)

### Other

Development Economics 9/9/00
ANNEX 11: Details of the Environmental Sector Investment Program
UGANDA: Second Environmental Management and Capacity Building Project

The program is divided into the following five major areas:

1. **Institutional Capacity Building.** This activity is intended:

   - To enhance the capacity of NEMA to coordinate, monitor and supervise environmental activities;
   - To build the capacity of sector ministries to provide policy guidance and technical back up to district departments to integrate environment concerns into sector plans and programs; and
   - Build the capacity of districts and the sub-county levels to manage the environment and provide households with the necessary information and extension support to enable them adopt improved and sustainable resource management technology.

2. **Environmental education and Public Awareness.** This involves:

   - Integration of environment education into the formal education system so that schools can teach environment education and provide practical lessons to pupils.
   - Strengthening capacity to provide non-formal environmental education through partnership with private sector enterprises, NGOs, Associations, Spiritual and Cultural institutions as well as involving local councils in mobilizing the community and households for training and implementation of agreed upon management practices.
   - Promotion of public awareness of environment issues.

3. **Integration of Environment considerations into planning at all levels.** The component includes:

   - National Environment Action Planning; and
   - Greening the public accounts.

4. **Enhancing Resource Productivity.** This has seven main activities that include:

   - To enhance rangeland productivity and improve incomes of pastoralists;
   - To enhance community forest and energy resources;
• Conservation and management of terrestrial and aquatic biodiversity for social economic development;

• Rehabilitation of degraded lands and protection of farm land;

• Formulation of a National Land Use Plan for Uganda;

• Restoration of degraded and protection of wetlands; and

• Protection of riverbanks and water bodies from eutrophication.

5. Pollution management and environment health. The component envisages six major activities of:

• To establish and strengthen the necessary institutional structures to monitor and control industrial and other pollution;

• To control development related pollution and sanitary problems;

• Strengthen capacity of environmental Impact Monitoring and Self Auditing;

• To strengthen the environment information management systems;

• Develop environment disaster preparedness; and

• Municipal solid waste management.

The sector wide environment program seeks to target interventions at the household level, which is the primary manager of the environment. However, to facilitate behavioral change, it is necessary to increase capacity of the supporting institutions, to build partnership and provide an enabling environment for compliance and law enforcement.