

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.:78575

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Project Name	UG - FCPF REDD Readiness
Region	AFR
Country	REPUBLIC OF UGANDA
Sector	ENVIRONMENT
Lending Instrument	TF Grant
Project ID	P124296
<i>{If Add. Fin.}</i> Parent Project ID	N/A
Borrower(s)	Ministry of Finance, Planning and Economic Development
Implementing Agency	Ministry of Water and Environment (Forestry Sector Support Department)
Environmental Screening Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	May 10, 2013
Estimated Date of Appraisal Completion	N/A
Estimated Date of Board Approval	N/A
Concept Review Decision	Proceed with Grant Agreement signature

I. Introduction and Context

A. Country Context

1. Uganda is a landlocked country with an estimated population of 32.9 million (UBOS, 2011). Growing at 3.2 per cent per year (averaged over the past decade) (UBOS, 2011), Uganda currently has the third-highest population growth rate in the world. Uganda's population has more than tripled in the past 40 years, from 9.5 million in 1969, and it is predicted to double by 2050. Uganda's population is predominantly rural (approximately 85 per cent). The high rate of population growth puts pressure on the natural resources, which drives the expansion of agriculture into marginal lands and forested lands.

2. About 31 per cent of the population lives below the national poverty line (UBOS 2010), and food security is an issue for 62 per cent of the population. The economy is driven by natural resources, which, through the products and services they provide for consumption and trade, remain the primary source of livelihood for the vast majority of Ugandan households for the foreseeable future.

3. Uganda sustained significant economic growth over the last two decades. Annual GDP growth averaged over 8 per cent in 2001-2008. About 25 per cent of the GDP – more than US\$4 billion annually – is attributable to the natural resources. National estimates (NEMA,

Forests Valuation Study, 2011) put the total monetary value of forest products and services, including carbon stocks, at US\$1,276.95 million.

B. Sectoral and Institutional Context

4. **Status of Forest Resources.** According to the National Biomass Study 2005 (NFA 2009) a total area of Uganda's forests as of 2005 is 3,594,550 ha, or 15 per cent of the total country's land area. This includes a total of 1,300,994 ha of forests in Protected Areas (PAs), of which 627,897 ha (or 17 per cent) are managed by the National Forestry Authority (NFA); 641,138 ha (or 18 per cent) are managed by the Uganda Wildlife Authority (UWA); 30,748 ha (or 0.86 per cent) are jointly managed by the NFA and UWA; and 1,211 ha (or 0.03 per cent) are managed by the District Forest Service (DFS). The remaining approximately 2,293,500 ha (or 64 per cent) are forests on private land.

5. **High Rate of Deforestation.** Between 1990 and 2005, annual forest loss was estimated at 88,638 ha. There is a remarkable difference in the degree of deforestation inside protected areas as compared to forests on private land. Between 1990 and 2005 (NFA 2009 – Biomass Report) forest estate outside protected areas (PA) reduced from 3.46 million ha (70 per cent) in 1990 to 2.3 million ha (64 per cent) in 2005; a difference of about 1.2 million ha. Inside the Protected Areas forests reduced from 1.47 million ha to 1.3 million ha, a difference of about 0.2 million ha. Inside protected areas the deforestation rate is 0.7 per cent while outside protected areas it is 2.27 per cent - triple the rate in PAs. The overall (inside and outside PAs) deforestation rate per year is 1.8 per cent.

6. **Legal Framework.** The sector legal framework is based on the Constitution of the Republic of Uganda (1995), the National Environment Act, Cap 153 (1995), the National Forestry Policy (2002), National Forestry and Tree Planting Act (2003), the Land Act (2001), the Local Government Act (1997), National Environment Policy (1995), National Wetlands Policy (1994), and the Uganda Wildlife Policy (2003). The policy and law are reflected in the National Forest Plan (2002 and currently under review). A complete set of regulations implementing the National Forestry and Tree Planting Act is yet to be drafted and adopted.

7. **Institutional Set Up.** The key forestry sector institutions are: the Forestry Sector Support Department (FSSD) of the Ministry of Water and Environment (MoWE) which is in charge of policy, sector coordination and support to districts; the NFA which is in charge of managing the 506 CFRs and providing certain technical services; and the District Forest Services which provide decentralized forestry services in all 112 districts and manage LFRs. UWA manages the forests in the National Parks and Wildlife Reserves.

8. **Public Participation in Forestry Management.** Since 1997 forest sector reforms have developed frameworks for increasing active citizenship and participation (especially of the poor and vulnerable) in decision making in the management of key resources in the country. These reforms aimed at enhancing integrity, transparency, and accountability. The National Forestry Policy, the National Forest Plan and the National Forestry and Tree Planting (NFTP) Act promote public participation and partnership between government and private companies in forest management. The NFTP Act also requires the Minister to consult before taking major

decisions on forests reserves. The National Environment Management Policy and the Forestry Policy emphasize the participation of the private sector and communities in national resource management and recommend using incentives, including sharing of benefits from conservation. Collaborative Forest Management (CFM) is used by the NFA for benefit-sharing in select CFRs.

9. **National Development Plan (NDP)** for 2010/11-2014/15 is main strategic policy document that envisages “a transformed Ugandan society from a peasant to a modern and prosperous country within 30 years”. The forestry sector’s critical role in the country’s economy is recognized by the NDP that classifies forestry as a primary growth sector. The NDP also sets an ambitious target of restoring forest cover to 30% of the nation’s land, at the same time committing to restore degraded natural forests in forest reserves and private forests; reduce pressure on forest cover as a source of wood fuel and construction materials; and promote forestry based industries and trade.

10. **Forestry Sector Reforms.** Uganda was one of the first countries in Africa with an established Forest Department (created in 1898) and a forest policy (1929). The most recent forestry sector reform started in 1999; it resulted in a framework for development of the forestry sector (a new Forestry Policy and a new law) and creation of three new institutions to replace the Forest Department. These institutions are: the Forestry Sector Support Department (FSSD), National Forestry Authority (NFA) and the District Forestry Services (DFS). The three institutions were designed to operate in a complimentary and programmatic way under the Directorate of Environment Affairs (DEA) of the Ministry of Water and Environment with clearly defined functions described in the 2003 Act and elaborated in the 2002 NFP.

11. **REDD+ and National Agenda in the Forestry Sector.** The 2002 National Forestry Policy and the 2011 draft National Forest Plan provide fundamental and holistic visions for the forest sector in Uganda. The proposed activities will contribute to the overall policy goal of the NFPolicy, i.e. an integrated forest sector that achieves sustainable increases in the economic, social and environmental benefits from forests and trees by all the people of Uganda, especially the poor and vulnerable. The REDD+ activities will add value to ongoing forestry programs in the following areas: baseline information and inventory, sustainable management of forest resources, enhancing incomes from forestry resources management, and promotion of stakeholder participation in forestry resources development and management.

12. **Sector Challenges.** The sector faces many challenges due to continued destruction and degradation of forests; loss of forest cover; increased pressure on forests in protected areas due to rapid degradation of forests on private lands; poor enforcement of forest laws; uncontrolled encroachment on forests in protected areas, especially in the Central Forest Reserves; unclear land rights that result in issuance of land titles for land in the protected areas and disputes over land use; growing population pressures on the remaining forests; weak sector governance; political interference in management of protected forest estate; and a resultant failure to contribute to improving livelihoods and forest-based development to the levels expected in the Forest Policy and the National Forest Plan.

C. Relationship to World Bank engagement in Natural Resources Sector and Country Assistance Strategy (CAS)

13. The objectives and activities to be funded under the FCPF grant are consistent with the FY2011-2015 Country Assistance Strategy (Report number 54187-UG, April 27, 2010). The project will contribute to the CAS Strategic Objective 1 (Promote Inclusive and Sustainable Economic Growth), more specifically to CAS Outcome 1.4: Increased efficiency and sustainability of natural resource management.

14. The project will contribute to strengthening Uganda's governance structures, institutions and capacity building processes for sustainable forestry resources use and planning while promoting the participation and generating benefits to the local communities – thus, contributing to the CAS Strategic Objective 4 (Improve Good Governance and Value for Money).

15. The project is consistent with the Bank long term investment support to environment and natural resources management, and climate change resilience. It follows on afforestation and carbon finance activities under the recently completed Second Environment Management Capacity Building Project (P073089), complements watershed management under the ongoing Second Lake Victoria Environment Management Project (P103298) and recently approved Water Management and Development Project (P123204). It complements the planned new natural resource management operation (P145632) focused on landscape restoration and climate resilience.

II. Proposed Development Objective(s)

A. Proposed PDO

16. The Project Development Objective is to design a socially and environmentally viable national strategy for reducing emissions from deforestation and forest degradation as compared to a reference level.

B. Key Results

17. The Key result from R-PP Implementation is the REDD+ Strategy for Uganda. The following are the specific results:

- ✓ A national REDD+ strategy and actions for addressing deforestation and forest degradation and enhancing carbon stock that has been consulted upon and validated by national stakeholders;
- ✓ A preliminary national/sub national forest emissions reference level that is based on updated and quantified information of forest resources and national circumstances;
- ✓ A Strategic Environmental and Social Assessment is completed and findings are validated by stakeholders and integrated into the design of REDD+ strategy.

III. Preliminary Description

Concept

18. The FCPF grant will provide funding to support Uganda in carrying out selected key activities outlined in the R-PP for the REDD+. The total funding requested from the FCPF is \$3,634,000 of which \$200,000 is earmarked for the feedback and grievance redress mechanism, as per FCPF PC decision, and \$ 34,000 is the unutilized balance of the initial \$ 200,000 allocation by FCPF to Uganda. This grant will fund a portion of the identified R-PP activities and will help the Country progress towards achieving REDD+ Readiness. The gap between the total amount requested for the R-PP (\$10, 617,000) and the FCPF contribution will be financed by additional funds (other donors and interested partners and Government of Uganda). Additional funding sources will be mobilized through regular updates to the Climate Change Policy Committee and potential interested partners. Annex VII compares the proposed Readiness Grant activities vis a vis the R-PP components, showing FPCF and GoU financing.

19. The FCPF will finance components of the R-PP that have been prioritized by the REDD+ National Steering Committee. The prioritization process took into consideration (i) how critical activities are to get Uganda REDD+ ready; (ii) the potential to raise financing for other activities from alternative sources; and (iii) their usefulness to the forest sector management regardless of success of REDD+ (the “no-regrets” options) – all this within the limits of available financing. Discussions with counterparts confirm that the selected activities can be implemented independently and do not depend on other potential financial contributions (which would jeopardize their full completion in case the co-financing could not materialize).

20. This support is limited to technical assistance, analytical studies, capacity building, consultations and meetings, and operating costs; the FCPF support does not include the implementation of the site-specific REDD+ programs (pilots / demonstration sites). The activities have been prioritized keeping in view the comparative advantages of the FCPF and the likelihood of follow up work by others actors active in the REDD+ space in Uganda. As it is observed in several other FCPF countries, satisfactory progress on REDD+ under FCPF has invited interest and support from other financial contributors.

21. The grant support will be organized along five components that correspond with the components and sub-components of Uganda R-PP.

Table 1: Project Components and Costs (US\$, million)

	R-PP Component	Total Cost	FCPF Grant
Component 1: Coordination and Monitoring of REDD+ Readiness Process		0.672	0.474
1.1 Coordination capacity of REDD+ Readiness Process	1A	0.562	0.414
1.2 Monitoring and reporting Readiness process	6	0.110	0.060
Component 2: Stakeholder Engagement and Feedback in Readiness Process		0.625	0.585
2.1 Participatory structures and capacity building to enhance stakeholder engagement	1B	0.235	0.235
2.2 Communication materials/tools	1C	0.150	0.150

2.3 Strengthening national feedback and grievance redress mechanism for REDD+	1[D]	0.240	0.200
Component 3: REDD+ Strategy and SESA	2	0.820	0.730
Component 4: REDD+ Implementation Framework	2	0.355	0.355
4.1 Review of benefit sharing arrangements		0.230	0.230
4.2 Guidelines and Standards for REDD+ demonstration		0.120	0.120
4.3 Review of existing REDD+ demonstration activities		0.005	0.005
Component 5: National Reference Scenario and Inventory of Forest Resources	3	1.140	1.040
Carbon Offset		0.050	0.050
Total for all components		3.662	3.234
Contingency		0.400	0.400
TOTAL		4.062	3.634

Component 1: Coordination and Monitoring of REDD+ Readiness Process (\$672,000, including \$474,000 from FCPF)

22. The objective of this component is to support national level coordination and monitoring of the REDD+ process. The component will have two sub-components: (a) national management and coordination, and (b) M&E framework.

Sub-component 1.1: Coordination Capacity of REDD+ Readiness Process

This sub-component will fund the National Readiness Management Arrangement Activities, such as technical assistance, capacity strengthening, and operations of the National Focal Point and other participating institutions.

Sub-component 1.2: Monitoring and Reporting Readiness Process

This sub-component will fund monitoring and transparent reporting on the progress made on implementation of REDD+ readiness and independent assessment of progress at mid-term and final stages of FCPF grant. The R-Package Assessment Framework will be applied as guidance when preparing the M&E framework and progress reports, in accordance with the process adopted through Resolution PC/12/2012/2

Component 2: Stakeholder Engagement and Feedback in Readiness Process (\$625,000 including \$585,000 from FCPF)

23. The objective of this component is to support ensure broad stakeholder engagement and use of stakeholder feedback in shaping the REDD+ readiness. The component has three sub-components as follows.

Sub-component 2.1: Participatory Structures and Capacity Building to Enhance Stakeholder Engagement

This sub-component will fund strengthening of participatory structures to enhance stakeholder engagement in REDD including local and national structures, community based forest associations, religious institutions, women's and youth associations, national association of tree growers, etc. The resources shall be used to strengthen stakeholder structures specifically in prioritized areas/regions where Uganda expects REDD+ to be concentrated.

Sub-component 2.2: Communication Materials and Tools

This sub-component will fund development of communication materials and tools for all components supported by the Readiness grant and to suit different stakeholder groups. The sub-component activities will be guided by the Communication Strategy that was developed as a complement to the Consultation and Participation Plan prepared in conjunction with the R-PP.

Sub-Component 2.3: National Feedback and Grievance Redress Mechanism for REDD+

This subcomponent will build upon the framework assessment already undertaken by the Government of Uganda during the formulation phase and the SESA findings that identify the potential sensitive issues. It will fund assessment of existing the capacity of institutions and customary mechanisms to handle grievances and support their strengthening specifically for REDD.

Component 3: REDD+ Strategy and SESA (\$820,000, including \$730,000 from FCPF)

24. The objective of this component is to develop REDD+ strategy informed by strategic environmental and social impact considerations. The component has two interrelated activities: Strategic Environmental and Social Assessment (SESA) and the REDD+ Strategy. The SESA will contribute to the REDD+ Readiness process in Uganda by assessing how REDD+ strategy options address environmental and social priorities associated with current patterns of land use and forest management. Gaps identified through this assessment would lead to formulation of the REDD+ strategy options for close those gaps. Also, the SESA will provide an ESMF that will outline the procedures to be followed for managing potential environmental and social impacts of specific policies, actions and projects during the implementation of the REDD+ strategy that is finally selected. The component will fund cost/benefit analysis, review of legal, policy and political economy considerations, and validation of the proposed REDD+ Strategy.

Component 4: REDD+ Implementation Framework (\$355,000, all from FPCF)

25. The objective of this component is to design the implementation framework and procedures for REDD+ implementation. The component will include sub-components on (i) review and assessment of existing benefit sharing arrangements¹ and recommendations of options for benefit sharing for REDD+; (ii) Interim Guidelines for early implementation of pilot or demonstration activities; and (iii) Review and documentation of existing REDD+ demonstration activities.

¹ Benefit sharing arrangements are understood in a broad sense, denoting individual and collective benefits, monetary and non-monetary benefits, and dimensions of participatory REDD+ funds management, carbon rights, and REDD+ revenues distribution.

Sub-Component 4.1: Review of Benefit Sharing Arrangements

This sub-component will review and analyze the existing benefit sharing systems in country and in the region for use under REDD+; recommend possible options for adapting existing the system for REDD+; and consult and validate these at sub-national/district level. This activity will also include analysis of carbon rights.

Sub-Component 4.2: Guidelines and Standards for REDD+ Demonstration Activities

This sub-component will fund preparation of national guidelines and/or standards that clearly set (to the extent possible at this stage of readiness) the parameters and eligibility criteria (social, environmental, scale, engagement of stakeholder, types of forests/ land uses, etc.) for potential REDD+ programs in the country with special consideration to the public and private ownership of forests, an equitable and transparent incentive structure. It will advance the ongoing work on the existing Interim Guidelines.

Sub-Component 4.3: Review of Existing REDD+ Demonstration Activities

This sub-component will fund a review of the ongoing REDD+ efforts and demonstration activities / pilots in Uganda, particularly those driven by private and NGO actors.

Component 5: National Reference Scenario and Inventory of Forest Resources (\$1,140,000, including \$1,040,000 from FCPF)

26. The objective of this component is to establishing a reference scenario for emissions from deforestation and/or forest degradation. The REDD+ reference scenario is as a combination of recent historical data on emissions from deforestation and/or forest degradation and other relevant land uses and estimations of future emissions and removals, to produce a Uganda-specific baseline scenario of GHG emissions without additional REDD+ incentives. The component will fund designing a methodology, reviewing "national circumstances", inventory of forests and mapping of forest cover, spatial modeling, calculating of carbon emissions and establishing the reference level.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered (<i>please explain why</i>)	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
The Readiness preparation stage is meant primarily for technical assistance and capacity building activities. The grant will not finance any implementation of REDD+ activities on the ground (investments, pilot activities). In order to identify risks and potential consequences, both positive and negative, from the implementation of the National REDD+ Strategy, the country will carry out a Strategic Environmental and Social Assessment that should ensure: (i) the integration of social and environmental considerations into the final REDD+ Strategy; (ii) a participatory process for the preparation of the national REDD+ Strategy; and (iii) the preparation of an Environment and Social Management Framework (ESMF) to support the country in managing and mitigating potential future negative consequences and enhancing opportunities from the implementation of the REDD+ Strategy.			

Safeguard Policies Triggered (please explain why)	Yes	No	TBD
<p>The Strategic Environmental and Social Assessment (SESA), to be carried out under the Project, will help ensure compliance with the Bank's safeguards policies. It will serve to identify, avoid, and mitigate the potential negative environmental and social impacts associated with the final REDD+ Strategy. It will also serve to identify and promote potentially positive impacts and benefit sharing opportunities in connection with the Strategy. The SESA will influence the final national REDD+ Strategy, by ensuring that the consideration of social and environmental risks and potential impacts is a factor in its preparation. It will also provide guidance and key elements for the preparation of the ESMF.</p> <p>The future investments and carbon finance transactions will require specific environmental and social assessments (ESAs) but these will benefit from the strategy context created by the SESA and ESMF. The ESMF will include standing methods and procedures, along with appropriate institutional arrangements for screening, reviewing, implementing, and monitoring specific ESAs to prevent adverse impacts, as well as cumulative impacts.</p>			
Natural Habitats (OP/BP 4.04)	X		
<p>The application of this policy seeks to ensure that all options proposed in the national REDD+ Strategy take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society. Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective strategy to reduce loss of natural forests. The SESA will address issues related natural habitats and potential impacts of the national REDD+ Strategy, which will later be included in the ESMF.</p>			
Forests (OP/BP 4.36)	X		
<p>Overall, REDD+ activities are expected to have significant positive impacts on forests, in that the main goal of the program is to reduce deforestation and forest degradation, while contributing to the well-being of forest-dependent communities. Potential impact of the National REDD+ Strategy on natural forests will be assessed through the SESA and included in the ESMF. The SESA and associated ESMF will reflect the requirements of the Bank's Operational Policy regarding forest management.</p>			
Pest Management (OP 4.09)			X
<p>This policy could be triggered depending on the final scope of the National REDD+ Strategy. Agricultural intensification and reforestation activities, for instance, could trigger this policy, depending on the methods employed by concrete activities on the ground to manage pests. The SESA will address critical issues related to pest management, as necessary.</p>			
Physical Cultural Resources (OP/BP 4.11)			X
<p>Some of the future project activities may affect physical cultural resources. Further investigation is needed to determine if this policy would be triggered or not. The SESA process will determine the existence of culturally and socially sensitive sites that have significance to local forest dependent communities. This policy, therefore, could be triggered, based on the SESA outcomes.</p>			
Indigenous Peoples (OP/BP 4.10)			X
<p>REDD+ activities might trigger the Indigenous People Policy in situations involving the issue of IPs living in protected areas, loss of livelihood pertaining to REDD+ strategies, access and rights to land, user rights, land tenure to include customary land disputes, carbon rights, benefit sharing. Through the SESA any issues relating to social impacts of REDD+ (that would impact on IPs and other vulnerable groups) such as but not limited to: land tenure, benefit sharing, livelihoods and implementation of REDD+ strategies will be identified, and an Indigenous</p>			

Safeguard Policies Triggered (please explain why)	Yes	No	TBD
Peoples Policy Framework may be prepared as needed. The Batwa and Benet occupy forest ecosystems of South West and Mount Elgon. Groups that may be considered indigenous could be identified though the SESA process. Some groups of the Karamojong are pastoralist, and the Uganda R-PP identifies livestock rearing as one of the drivers of deforestation. In this regard, therefore, pastoralist groups could be affected by REDD+ activities.			
Involuntary Resettlement (OP/BP 4.12)			X
REDD+ activities might trigger Involuntary Resettlement in situations involving involuntary restrictions of access to legally designated parks, land acquisition, protected areas, or forest management / reforestation areas. The policy aims to avoid involuntary resettlement to the extent feasible, or to minimize and mitigate its adverse social and economic impacts in cases where resettlement or other involuntary restrictions cannot be avoided. Through the SESA process, any issues related to land acquisition or involuntary resettlement will be identified, and a Resettlement Policy Framework and/or Process Framework may be prepared as needed. To help identify and mitigate restriction of access to natural resources in protected areas, a Process Framework may be prepared.			
Safety of Dams (OP/BP 4.37)		X	
The REDD+ activities do not involve the construction of new or use of existing dams.			
Projects on International Waterways (OP/BP 7.50)		X	
The REDD+ activities do not involve international waterways.			
Projects in Disputed Areas (OP/BP 7.60)		X	
Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP/BP 4.00)		X	

V. Tentative financing

	(\$m.)
Source:	
Borrower/Recipient	0.428
IBRD	N/A
N/A IDA	N/A
Others (FCPF)	3.634
Total	4.062

VI. Contact point

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