

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC67578

Project Name	UG - FCPF REDD READINESS (P124296)
Region	AFRICA
Country	Uganda
Sector(s)	Forestry (100%)
Theme(s)	Climate change (100%)
Project ID	P124296
Borrower(s)	Ministry of Finance Planning and Economic Development
Implementing Agency	Ministry of Water and Environment
Environmental Category	B-Partial Assessment
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Estimated Date of Board Approval	

I. Introduction and Context

Country Context

Uganda is a landlocked country with an estimated population of 34.9 million (UBOS National Household Survey, 2014). Growing at 3.03 per cent per year (averaged over the past decade) (UBOS, 2014), 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 82 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.

About 19.7 per cent of the population lives below the national poverty line (UBOS Statistical Abstract 2015), including 18 percent of the population classified as chronically poor. 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.

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.

Sectoral and Institutional Context

Status of Forest Resources. According to the National Biomass Study 2005 (NFA 2009), the total area of Uganda's forests as of 2005 was 3,594,550 ha, or 15 per cent of the total country's land area. Recent estimates put forest cover in 2015 at only 10 percent of the land area; of this, approximately 61 percent are forests within protected areas (National Parks, Wildlife Reserves, Central Forest Reserves (CFRs) and Local Forest Reserves (LFRs) and approximately 39 percent is forest on private land.

High Rate of Deforestation. Preliminary results of the forestry inventory supported by the original FCPF grant indicate that rates of deforestation remain very high, with estimated average annual deforestation rate reaching 4.14 percent in the 2010-2015 period. The majority of recent loss of forest cover has occurred on private lands outside the protected forest estate.

Legal Framework. The legal framework for the sector 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 Energy Policy (2002), National Environment Policy (1995), National Wetlands Policy (1994), Climate Change Policy (2012), the Renewable Energy Policy for Uganda (2007); and the Uganda Wildlife Policy (2003). The policy and law are reflected in the National Forest Plan (2011).

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 National Forestry Authority (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 districts and manage LFRs. The Uganda Wildlife Authority (UWA) manages the forests in the National Parks and Wildlife Reserves.

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.

REDD+ and FIP are part of the national agenda in the forestry sector. The 2002 National Forestry Policy (NFP) and the 2011 National Forest Plan provide fundamental and holistic vision for the forest sector in Uganda. This foresees 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 proposed activities to be supported by this grant will contribute to the overall policy goal of the NFP since REDD+ supported activities should add value to ongoing forestry programs on number of themes such as the development of baseline

information and inventory, promoting stakeholder participation in forestry resources development and, in the longer-term, enhancing incomes from forestry resources management. It should also be noted that REDD+ is included as an integral part of the Climate Change Policy. REDD+ Strategy is a key analytical building block of Uganda's Intended Nationally Determined Contribution (INDC) and forestry is one of five key growth sectors as prioritized in the Second National Development Plan 2015-2020.

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.

Relationship to CAS

Uganda's REDD+ Program delivers on the commitments of the FY2011-2015 Country Assistance Strategy (Report number 54187-UG, April 27, 2010). The grant supported activities 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. They also contribute to achievement of the World Bank Group's Twin Goals to end extreme poverty and to promote shared prosperity with environmental, social, and fiscal sustainability, by addressing the problems of costs of natural resource degradation and the developmental threat of climate change.

II. Proposed Development Objective(s)

Proposed Development Objective(s)

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.

Key Results

n/a

III. Preliminary Description

Concept Description

The Forest Investment Program is a funding window of the Strategic Climate Fund. FIP supports developing countries' efforts to reduce emissions from deforestation and forest degradation and promote sustainable forest management and enhancement of forest carbon stocks (REDD+). FIP finances programmatic efforts to address the underlying causes of deforestation and forest degradation and to overcome barriers that have hindered past efforts to do so. The FIP complements other REDD+ financing mechanisms, including FCPF, Global Environment Facility, and UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD Programme). Unique to the FIP is the \$50 million Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM), which supports

community engagement in forest and REDD-related consultations, decision making and implementation. The FIP Investment Planning process also offers the Government of Uganda the opportunity to prepare for, access and leverage other emerging climate finance opportunities, notably the Green Climate Fund.

The AF grant will finance a set of activities aimed at preparing a FIP Investment Plan (IP) detailing strategies and actions that help to reduce and avoid deforestation and forest degradation – for example by supporting the sustainable forest management of protected forests, tackling drivers of deforestation and forest degradation and for increasing opportunities and incentives for private sector (and private land owners) investment in forestry management. The FIP IP preparation will be closely coordinated with the ongoing preparation of Uganda’s REDD+ Strategy and seek synergies with this process, especially in terms of consultations.

The Investment Plan shall be elaborated through a process led by Uganda’s MWE. The MWE will establish a multi-disciplinary FIP Planning Team to lead the design of Uganda’s FIP in a participatory and consultative manner. Uganda’s FIP will be endorsed/approved by relevant decision making processes and bodies within the Water and Environment Sector and Government of Uganda. Specifically this will include:

- Organization of meetings and workshops with key stakeholders in support of FIP IP preparation
- Meetings of the NCCAC to consider and approve the FIP IP.
- Meetings of FIP Planning Team to provide technical inputs and policy/sectoral level guidance and harmonization.
- National and District level consultative meetings and workshops with key stakeholders for the identification of priority areas for the FIP.
- National and District level validation meetings and workshops with key stakeholders for the identification of priority areas for the FIP.
- Support to the NCCAC and the multi-disciplinary and multi stakeholder FIP Planning Team for effective supervision, coordination and technical and policy level leadership during the development of FIP IP

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04	x		
Forests OP/BP 4.36	x		
Pest Management OP 4.09			x
Physical Cultural Resources OP/BP 4.11			x
Indigenous Peoples OP/BP 4.10			x
Involuntary Resettlement OP/BP 4.12			x
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	4.23	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.43
Readiness Fund of the Forest Carbon Partnership Facility			3.80
Total			4.23

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