

AFRICAN DEVELOPMENT FUND



ROAD SECTOR SUPPORT PROJECT V

COUNTRY: UGANDA

APPRAISAL REPORT

OITC DEPARTMENT

May 2014

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Currency Equivalents

As of 30 November 2013

1UA	=	1 SDR
1UA	=	UGX 3875.61
1USD	=	UGX 2524.485
1UA	=	USD 1.53521

Fiscal Year

Uganda: 01 July-30 June

Weights and Measures

1 metric tonne	=	2204 pounds (lbs).
1 kilogram (kg)	=	2.200 lbs.
1 meter (m)	=	3.28 feet (ft)
1 millimeter (mm)	=	0.3937 inch (")
1 kilometre (km)	=	0.62 mile
1 square kilometre (km ²)	=	0.386 square mile
1 hectare (ha) = 0.01 km ²	=	2.471 acres

Acronyms and Abbreviations

<p>AADT Annual Average Daily Traffic</p> <p>AC Asphalt Concrete</p> <p>ADB African Development Bank</p> <p>ADF African Development Fund</p> <p>BoQ Bill of Quantities</p> <p>BINP Bwindi Impenetrable National Park</p> <p>CBO Community Based Organization</p> <p>CBR California Bearing Ratio</p> <p>CEB China Exim Bank</p> <p>CCIs Cross Cutting Issues</p> <p>CoST Construction Sector Transparency</p> <p>CPIA Country Policy and Institutional Assessment</p> <p>CSP Country Strategy Paper</p> <p>DBST Double Bitumen Surface Treatment</p> <p>DP Development Partner</p> <p>DRC Democratic Republic of Congo</p> <p>EIRR Economic Internal Rate of Return</p> <p>ESIA Environmental and Social Impact Assessment</p> <p>ESMP Environmental and Social Management Plan</p> <p>EU European Union</p> <p>FE Foreign Exchange</p> <p>FM Financial Management</p> <p>GBV Gender Based Violence</p> <p>GCS Graded Crushed Stone</p> <p>GDP Gross Domestic Product</p> <p>GOU Government of Uganda</p> <p>HDM - 4 Highway Development & Management Model4</p> <p>HIV/AIDS Human Immuno Virus/Acquired Immune Deficiency Syndrome.</p> <p>ICB International Competitive Bidding</p> <p>IDA International Development Association / World Bank</p> <p>JICA Japanese International Cooperation Agency</p> <p>LC Local Currency</p> <p>LCS Least Cost Selection</p>	<p>MoFPED Ministry of Finance, Planning & Economic Development</p> <p>MoWT Ministry of Works and Transport</p> <p>MTEF Medium Term Expenditure Framework</p> <p>NDP National Development Plan</p> <p>NEMA National Environment Management Authority</p> <p>NGO Non-Government Organization</p> <p>NMT Non-Motorized Transport</p> <p>NPV Net Present Value</p> <p>OSBP One Stop Border Post</p> <p>OPRC Output and Performance Based Road Contract</p> <p>PAP Project Affected Persons</p> <p>PEAP Poverty Eradication Action Plan</p> <p>QCBS Quality and Cost Based Selection</p> <p>QENP Queen Elizabeth National Park</p> <p>QPR Quarterly Progress Report</p> <p>RAP Resettlement Action Plan</p> <p>RFP Request for Proposals</p> <p>RSAC Road Safety Awareness Campaign</p> <p>RSDP Road Sector Development Program</p> <p>RSSP Road Sector Support Project</p> <p>STI Sexually Transmitted Infections</p> <p>TOR Terms of Reference</p> <p>TSBFP Transport Sector Budget Framework Paper</p> <p>TSWG Transport Sector Working Group</p> <p>UA Unit of Account</p> <p>UGFO Uganda Field Office</p> <p>UGX Uganda Shillings</p> <p>UNRA Uganda National Roads Authority</p> <p>UNEP United Nations Environmental Program</p> <p>URF Uganda Road Fund</p> <p>UTSDPG Uganda Transport Sector Development. Partners Group</p> <p>VfM Value for Money</p> <p>VOC Vehicle Operating Costs</p>
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Loan Information

Client's information

BORROWER:

GOVERNMENT OF UGANDA

EXECUTING AGENCY:

**UGANDA NATIONAL ROADS
AUTHORITY**

Financing plan

Source	Amount (UA)	Instrument
ADF	70.00 million	Loan
GOU	12.25million	Counterpart Financing
TOTAL COST	82.25 million	

ADF's key financing information

Loan /Grant Currency	Unit of Account (UA)
Interest Type	Not Applicable
Interest Rate Spread	Not Applicable
Service Charge	0.75% per annum on amount disbursed and outstanding
Commitment Fee	0.50% per annum on the un-disbursed loan amount
Tenor	40 years
Grace Period	10 years
RSSP V (Rukungiri-Kihihi-Ishasha/ Kanungu and Bumbobi-Lwakhakha Roads Upgrading Project)	
EIRR (Base case scenario)	15.5%
NPV (Base case scenario)	USD 12.8 million

Timeframe - Main Milestones (expected)

Concept Note approval	11 November 2013
Negotiation	April 2014
Project approval	May 2014
Effectiveness	November 2014
Launching	February 2015
Project Completion Report	June 2018
Works Completion	October 2018
Last Date of Disbursement (Loan)	December 2020
Last repayment	April 2055

Project Summary

Project Overview: The Road Sector Support Project (RSSP) V roads are located in the south-western and eastern part of Uganda and the project comprises: (a) civil works for upgrading the Rukungiri-Kihihi-Ishasha/Kanungu and Bumbobi-Lwakhakha roads (123km) from gravel to bitumen standard; (b) consultancy services for: (i) construction supervision of the civil works; (ii) technical and financial audit; (c) capacity building for Uganda National Roads Authority (UNRA); (d) gender empowerment; and (e) compensation and resettlement. The total cost of the project amounts to UA 82.25 million, to be jointly financed through an ADF loan of UA 70.00 million and Government of Uganda (GOU) contribution of UA 12.25 million over a six year period.

Project Beneficiaries: The direct beneficiaries of the project outputs are approximately 1.0 million people living within the four districts namely: Rukungiri, Kanungu, Mbale and Manafwa. The majority of road users are people involved in agricultural activities, animal husbandry and trading, those seeking social services such as education and medical services, and tourists to Queen Elizabeth National Park (QENP) and Mount Elgon National Parks.

The outcomes of the project are reduction in transport costs; increased mobility; improved access to economic and social facilities; provision of clean water to households; and increase in income of women vendors on the roadside markets. The project will contribute to poverty reduction by improving household incomes and well-being through increased access to markets and social services. Additional benefits will emanate from jobs created during construction, sub-contracts for supply of goods and services and roadside socio-economic activities. The beneficiaries will participate in the project through involvement during public consultations; during implementation through employment and monitoring through representation at various district and local committees.

Project Rationale and Need: The rationale behind the project is that the improvement of the road will support the efforts of GOU in social and economic transformation in rural areas of south-western and eastern Uganda; promote the tourism industry; and support cross border trade activities in line with Road Sector Support Program (RSDP), the National Development Plan (NDP) and Vision 2040. The RSDP 3 is critical in achieving the objectives of the NDP that identifies infrastructure development and maintenance as one of the five pillars/themes to eradicate poverty. This is in line with the Bank's Ten-Year Strategy, which prioritizes support to infrastructure development as one of the key areas for the Bank's future assistance. The project intervention is in line with Pillar (1) of the Bank Group Results Based Country Strategy Paper (CSP) for Uganda that focuses on Infrastructure for development and increased agriculture productivity. The pillars of the CSP are fully aligned with the country's own NDP. The CSP at Mid Term Review included RSSP V as a pipeline project for 2014 to be considered under the African Development Fund XIII cycle intervention. One of the project roads (Bumbobi-Lwakhakha) connects Uganda with Kenya and therefore the project is aligned with the infrastructure plan of the East Africa Community Regional Integration Strategy Paper.

D c p m ø u " X c This is the fifth project of the Bank since the formulation of RSDP. The project also complements the Bank financed agriculture sector operations of Community Agriculture Infrastructure Improvement Projects and the Education Projects. The project has benefited from the Bank's extensive experience in the road sub-sector in Uganda in implementing similar projects in an environmentally and

socially acceptable manner. The Bank will bring, throughout the project cycle, engineering, environmental and economic expertise and experience to realize the objectives and benefits of the project.

Knowledge Management: Knowledge will be built in UNRA through the implementation of the capacity building component of the project and the counterpart training offered by the supervision consultants. The knowledge built will be captured through quarterly reports, supervision missions and the project completion report and will be shared with the Executing Agency and other Development Partners.

RESULTS-BASED LOGICAL FRAMEWORK

Country and project name : Uganda - Road Sector Support Project V

Purpose of the project : To improve transport services in South -western and Eastern Uganda

RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS/RISKS/MITIGATION MEASURES
		Indicator (including CSI)	Baseline 2013	Target 2018		
IMPACT	Increased welfare and trade	1. Population below poverty 2. GDP 3. Trade value between Uganda and Kenya 4 – Trade value between Uganda and DRC	< 19.7% < GDP growth at 5.8% < USD 1.04 billion in 2012 < USD 0.66 billion in 2012	< 16 % < GDP growth projected at 8% < 15% annual growth < 10% annual growth	National, Regional and International Statistics	<p>Risk: Delays in fulfilment of conditions for loan effectiveness and other associated implementation delays; Mitigation: The loan conditions for effectiveness are minimized and compensation by sections aligned to the implementation schedule. Advance Contracting procedures to fast track implementation; recruiting experienced contractor and consultant; provision of capacity building component in the project; experience of UNRA in Bank's rules and procedures; and close supervision and more proactive role by UNRA and Bank supervision missions should reduce the risks of implementation delays. The Bank's decentralization strategy will also have positive impact in assisting UNRA.</p>
	1. Reduction in transport costs	< Average passenger fare per person Rukungiri-Kihihi-Ishasha/Kanungu Bumbobi-Lwakhakha < Average vehicle travel time Rukungiri-Kihihi-Ishasha/Kanungu Bumbobi-Lwakhakha	< USD 13 < USD 2 < about 3 hrs < about 1.5 hrs	< reduced by 30% to USD 9 < reduced by 30% to USD1.4 < reduced by 50% to about 1.5 hrs < reduced by 50% to about 45 minutes	UNRA, Consultant's progress reports and Bank Review Reports, Targeted area socio-economic studies	
OUTCOMES	2. Increased Mobility	< Weighted annual average daily traffic volume (AADT) Rukungiri-Kihihi-Ishasha/Kanungu Bumbobi-Lwakhakha	< 1026 < 1349	< about 1500 < about 2200	National Statistics and project baseline data	
	3. Improved access to economic and social facilities	< % of paved trunk roads on the network < Reduced travel time and cost to health facilities < Reduced cost of transporting produce to and from markets < Increased girls enrolment ratio at secondary school level	< 17.9% < TBD in PY1 < TBD in PY1 < 84.7% in 2010	< To grow to 21% < 20% reduction in number of maternity emergencies < 30 % reduction in transport cost to and from markets < 95% secondary school enrolment ratio female to male		
	4. Provision of clean water to households	< Increased access to safe water	< An average of 74% ¹ in rural	< 5% increase by 2020		
	5 Increase in income of women vendors in the road side markets	< Income of women vendors	< TBD in PY1	< Increase % TBD		

¹ 91% for Kanungu , 91% for Rukungiri, 61% for Mbale and 54% for Manafwa districts

OUTPUTS	<p>Component 1: Road upgrading works 1.1 Rukungiri-Kihihi-Ishasha/Kanungu and Bumbobi-Lwakhakha; (123 km)</p> <p>Ancillary Activities 1.2 Afforestation; 1.3 Road side markets 1.4 Boreholes or wells provided 1.5 Provision of cargo bicycles and carts to women vendor in the roadside markets</p> <p>Component 2: Institutional Support 2.1 Staff trained</p>	<p>< Km of climate resilient paved road from Rukungiri-Kihihi-Ishasha/Kanungu and Bumbobi-Lwakhakha</p> <p>< Number of trees planted < Number of roadside markets < Number of wells or boreholes</p> <p>< Number of bicycles and carts</p> <p>< Number of staff trained</p>	<p>< 123 km of gravel road</p> <p>< Nil trees planted < 17 roadside markets < Nil new wells or boreholes < Nil cargo bicycles for women groups < Nil carts for women groups</p> <p>< Nil staff trained</p>	<p>< 25 km for Rukungiri-Kihihi-Ishasha/Kanungu and 25 km for Bumbobi-Lwakhakha paved road in 2016</p> <p>< 123 km paved road in 2018 and 2 weighbridges installed < 28,000 trees planted < 17 improved roadside markets < 16 new wells or boreholes</p> <p>< 85 cargo bicycles² < 34 carts</p> <p>< 6 staff members trained (With gender equity)</p>	<p>Monthly and Quarterly Progress reports; disbursement and financial reports; Bank Supervision Missions Project Completion Report</p>	<p>Risk: cost overrun. Mitigation: Cost overrun is to be mitigated by review of the design, use of recent tender costs, implementing the project according to time schedule, contingencies to cover possible price increases, provisions for an elaborate and fair price adjustment formula, and advance contracting.</p> <p>Risk: Failure by GOU to disburse counterpart funds. Mitigation: The risk is minimized due the implementation of the three-year rolling Medium Term Expenditure Framework (MTEF).</p> <p>Risk: Sustainability - lack of maintenance funds; overloading of heavy vehicles to contribute to pre-mature road failure; and excessive flooding occurring on flat plains. Mitigation: The direct transfer of road users' charges to Uganda Road Fund (URF) will streamline the flow of fund to the road maintenance. Axle-load control measures are implemented at strategically important locations and the project incorporates the construction of a weighbridge for each road. Adequate drainage structures have been provided. Also afforestation component will increase CO₂ intake.</p>																											
	KEY ACTIVITIES	<p>COMPONENTS</p> <p>Component 1: Road upgrading works 1.1 Civil works 1.2 Supervision services 1.3 Technical and Financial Audit Services 1.4 Implementation of ESMP 1.5 Gender empowerment 1.6 Sensitization (HIV, Safety); 1.7 Local job Opportunities (participants: men and women) 1.8 Compensation / resettlement of PAP</p> <p>Component 2: Institutional Support 2.1 Capacity Building</p>	<p style="text-align: center;">INPUTS</p> <table border="1"> <thead> <tr> <th>Costs</th> <th>UA mil</th> </tr> </thead> <tbody> <tr> <td>Civil works including cross cutting issues*</td> <td>57.34</td> </tr> <tr> <td>Supervision</td> <td>3.44</td> </tr> <tr> <td>Technical and Financial Audit</td> <td>0.33</td> </tr> <tr> <td>Capacity building</td> <td>0.13</td> </tr> <tr> <td>Gender Empowerments</td> <td>0.13</td> </tr> <tr> <td>Compensation/Resettlement</td> <td>8.73</td> </tr> <tr> <td>Base Cost</td> <td>70.10</td> </tr> <tr> <td>Physical Contingencies</td> <td>7.01</td> </tr> <tr> <td>Price escalation</td> <td>5.14</td> </tr> <tr> <td>Project cost</td> <td>82.25</td> </tr> </tbody> </table> <p>< Cross cutting issues include implementation of ESMP, sensitization (HIV, safety), the road side markets and boreholes, which is included in the civil works BoQ.</p>			Costs	UA mil	Civil works including cross cutting issues*	57.34	Supervision	3.44	Technical and Financial Audit	0.33	Capacity building	0.13	Gender Empowerments	0.13	Compensation/Resettlement	8.73	Base Cost	70.10	Physical Contingencies	7.01	Price escalation	5.14	Project cost	82.25	<p>Sources of financing (million UA)</p> <table border="1"> <tbody> <tr> <td>ADF Loan</td> <td>70.00</td> </tr> <tr> <td>GOU</td> <td>12.25</td> </tr> <tr> <td>Total</td> <td>82.25</td> </tr> </tbody> </table>	ADF Loan	70.00	GOU	12.25	Total
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² Provide cargo bicycles and carts for hire to women groups 5 cargo bicycles and 2 ox/donkey carts per roadside market built

PROJECT TIMEFRAME

UGANDA : ROAD SECTOR SUPPORT PROJECT V

Activity	2014				2015				2016				2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Project Approval		■																										
Signature			■																									
Effectiveness				■																								
CIVIL WORKS																												
Pre-qualification			■	■																								
Bidding and Award of Contract				■	■	■	■	■																				
Implementation									■	■	■	■	■	■	■	■	■	■	■	■								
Defects Liability Period																					■	■	■	■				
SUPERVISION																												
RFP/ Shortlist			■																									
Bidding and Award of Contract				■	■	■	■	■																				
Implementation					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
CONSULTANCY SERVICES - AUDIT																												
RFP/ Shortlist						■																						
Bidding and Award of Contract							■	■																				
Implementation (2015, 16, 17, 18, 19 and 20)								■			■				■				■				■				■	
COMPENSATION/RESETTLEMENT																												
Compensation & Resettlement (2014, 15 and 16)		■	■	■	■	■	■	■	■	■	■	■																

UGANDA
REPORT AND RECOMMENDATION OF MANAGEMENT
ON THE PROPOSED LOAN TO UGANDA FOR THE ROAD SECTOR SUPPORT
PROJECT V

Management submits the following report and recommendation on a proposed loan for Unit of Account (UA) 70.00 million to the Government of Uganda to finance Road Sector Support Project V.

I – STRATEGIC THRUST & RATIONALE

1.1 Project Linkages with Country Strategy and Objectives

1.1.1 The road sections under Road Sector Support Project (RSSP) V are one of the priority roads in the Road Sector Development Program (RSDP), identified to support the realization of the National Development Plan (NDP) and Vision 2040 of Uganda. The project includes the upgrading of Rukungiri-Kihihi-Ishasha/Kanungu and Bumbobi-Lwakhakha roads from gravel to paved standard. The project is within the context of Uganda's Ten-Year RSDP 3. The roads serve the highly productive agricultural areas of Rukungiri, Kanungu (in the west of Uganda), Mbale and Manafwa districts (in the east of Uganda), thus providing the much needed development stimulus. The upgraded roads will also support cross border trade and regional integration by linking western Uganda with Democratic Republic of Congo (DRC) and eastern Uganda with Kenya at the border of Ishasha and Lwakhakha respectively. The roads will also support the tourism activities at Queen Elizabeth National Park (QENP) and Mount Elgon National Parks.

1.1.2 The project conforms to the key development policies of the Bank and its assistance strategy to Uganda. The project is in line with Pillar (1) of the Bank's 2011-2015 Results Based Country Strategy Paper (CSP) that focuses on Infrastructure for development and increased agriculture productivity that seeks the Bank Groups' response to Uganda's emerging development priorities as envisaged in the National Development Plan (NDP) and Vision 2040. The CSP is closely aligned to the NDP that includes infrastructure as one of the five pillars. This is in line with the Bank's Ten-Year Strategy (2013-2022), which prioritizes support to infrastructure development as one of the key areas for the Bank's future assistance. One of the project roads (Bumbobi-Lwakhakha) connects Uganda with Kenya and therefore the project is aligned with the infrastructure plan of the East Africa Community Regional Integration Strategy Paper. The CSP at Mid Term Review identified the RSSP V as a pipeline project for 2014 ADF XIII financing cycle.

1.2 R a t i o n a l e f o r B a n k ' s i n v o l v e m e n t

1.2.1 The rationale for Bank's intervention is to assist the country's aspirations of improving transportation services. The project has been identified as one of the priority road links requiring upgrading from gravel to paved standard and has been conceived under RSDP3, which is within the framework of the sector investment program. Thus, the Bank is addressing a pressing demand for the provision of good quality and reliable transport infrastructure needed by Uganda for its socio-economic development and poverty reduction agenda with the implementation of the proposed project. The RSDP 3 is critical in achieving the objectives of the NDP and Vision 2040. The project is the Bank's fifth intervention (the other four being RSSP 1 to 4), after the formulation of the RSDP. The Bank financed RSSP1-Kabale-Kisoro-Bunagana/Kyanika road (100km), completed in September 2012 and the loan savings was utilized for additional asphalt overlay works. RSSP

2- Fort Portal–Bundibugyo–Lamia road (103km) and RSSP3-Nyakahita–Ibanda–Kamwenge (143km) are completed in the first quarter of 2014 and are now in the Defects Liability Period. RSSP 4-Kigumba-Masindi-Hoima-Kabwoya (135 km) loan became effective in March 2014 and procurement is on-going.

1.2.2 The project road studies were financed by Government of Uganda (GOU) and the design was reviewed by the Bank. GOU requested the Bank on 30 October 2013 to finance the project. The project is in line with Bank strategy and the Bank has experience in the subsector. The rationale for the selection of these roads is that the Bank is already involved in projects in the areas and the roads complement the on-going interventions and will also enhance cross border trade with DRC at Ishasha and Kenya at Lwakhakha. Therefore, the continued support of the Bank is crucial and logical.

1.3 Donors Coordination

Table 1.1: Overview of Major Development Partners Assistance

	Sector or subsector*	Size		
		GDP	Exports	Labor Force
	Transport	[approx 3.2%]	[n/a]	[%]
Players - Public Annual Expenditure (2012/13)				
Total	Government	Donors	CEB	UA m (%)
UA 416.9 m	UA 282.6m	UA 134.3m	ADF	47.0 (35.0%)
100%	67.8%	32.2%	EU	31.0 (23.1%)
			IDA	30.0 (22.3%)
			JICA	23.8 (17.7%)
			Others	1.6 (1.2%)
				0.9 (0.7%)
Level of Donor Coordination				
	Existence of Thematic Working Groups			[Y]
	Existence of SWAps or Integrated Sector Approaches			[Y]
	ADB's Involvement in donors coordination***			[Member]
* as most appropriate ** Years [yy1 to yy2] *** for this sector or sub-sector				
**** L: leader, M: member but not leader, none: no involvement				

1.3.1 There is good co-ordination of activities of Development Partners (DPs) in the Transport Sector through the Uganda Transport Sector Development Partners Group (UTSDPG) which acts as the secretariat. The Group currently led by the European Union (EU), coordinates the transport sector and provides a platform on which financing and implementation issues are discussed. It is also consistent with the Paris Declaration concerning the harmonization of assistance. There is a continuous dialogue between GOU and DPs to ensure that results and outcomes are achieved in line with the agreed targets. Nine donor agencies/financial institutions: African Development Fund (ADF), European Union (EU), International Development Association / World Bank (IDA), Japanese International Cooperation Agency (JICA), China Exim Bank (CEB), Danish International Development Agency (DANIDA), Arab Bank for Economic Development of Africa (BADEA), Islamic Development Bank (IDB) and Department for International Development (DFID) are involved in funding the sector. The active UTSDPG participants are ADF, IDA, EU, DANIDA JICA and DFID. GOU also undertakes joint Transport Sector Working Group and Annual Joint Sector Reviews with participation of public sector stakeholders and DPs to provide a platform to discuss financing and implementation issues in the sector. The Bank's Uganda Field Office (UGFO) actively participates in all the sector coordination activities. Sectoral co-ordination is achieved through the Transport Sector Budget Framework Paper (TSBFP), a 3-year rolling Medium Term Expenditure Framework (MTEF), which is a tool for implementing the RSDP 3. The draft Transport Sector Budget

Framework Paper is always discussed with DPs prior to presentation to Cabinet and Parliament.

1.3.2 The Bank's intervention is well coordinated with the other DPs in the sub-sector. During project preparation, the Bank project team held extensive consultations with the main DPs actively engaged in the transport sector.

II – PROJECT DESCRIPTION

2.1 Project Objectives

The project objective is to improve road access to socio-economic facilities and quality of transport service levels in south-western and eastern parts of Uganda by upgrading the Rukungiri-Kihihi-Ishasha/Kanungu and Bumbobi-Lwakhakha roads from gravel to bitumen standard thereby contributing to improved standard of living of the beneficiaries; support the tourism industry; and promote regional integration and cross border trade with DRC and Kenya. The expected project outcomes are reduction in transport costs; increased mobility; improved access to economic and social facilities; provision of clean water to households; and increase in income of women vendors in the roadside markets. The expected outputs include (i) upgrading the roads to bituminous standards, (ii) ancillary activities including, afforestation, upgrading of the existing road side markets, providing boreholes or wells and cargo bicycles and carts to women vendors in the road side markets and (iii) providing institutional support.

2.2 Project Components

The RSSP V project comprises civil works for upgrading of Rukungiri-Kihihi-Ishasha/Kanungu (78.5km) and Bumbobi-Lwakhakha (44.5km) to bitumen standard including HIV/AIDS mitigation and ESMP implementation; consultancy services for the supervision of the civil works and technical and financial audit; capacity building; gender empowerment; and compensation and resettlement. The project components are outlined in Table 2.1 below.

2.3 Technical Solution Retained and Other Alternatives Explored

2.3.1 Selection of the appropriate road alignments considered the following principles:

- i) Conformity to the specified geometric design parameters;
- ii) Utilisation of existing corridor: to the extent possible, the existing road alignments were followed to retain the present social function with minimum disruptions; and
- iii) Environmental considerations: sensitive areas like National Parks were avoided.

2.3.2 As a result, the proposed horizontal alignments generally follow the existing alignments where they comply with the minimum horizontal curvatures required for the design speeds. Minor re-alignments have been done where necessary to meet the required design speeds in a number of locations along the routes. A special case of realignment was made to a section of the existing Rukungiri-Kihihi-Ishasha/Kanungu road, which passes through the QENP. The design has adopted a new alignment, about 17 km, from km36+800 to km51+540 in order to avoid passing through the QENP.

Table 2.1: Project Components

No	Component name	Est. cost (UA million)	Component description
1	Civil works for upgrading of the Rukungiri-Kihihi-Ishasha/Kanungu and Bumbobi-Lwakhakha roads from gravel to bitumen standard and cross cutting issues	67.87	§ Upgrading the existing gravel roads to bitumen standard with a 7.0-m carriageway width and 1.5-m sealed shoulders on either side to Double Bitumen Surface Treatment (DBST); construction of two bridges at the border with DRC and Kenya; Construction of two weighbridges; HIV/AIDS mitigation; ESMP implementation; Upgrading of the existing 17 road side markets; Provision of 16 boreholes or wells and Road safety awareness.
2	Consultancy services for a) construction supervision, and (b) technical and financial audit	4.48	§ Design Review; Quality Assurance; Contract management; and Baseline data collection. § Financial audit and Technical audit.
3	Capacity Building	0.15	§ Training for UNRA staff
4	Gender empowerment.	0.15	§ Introduction of Non-Motorized Transport (NMT) (cargo bicycles and donkey carts) for women vendors in the roadside markets; and awareness campaign to complement on-going institutional actions on gender based violence prevention.
5	Compensation and Resettlement	9.60	§ Compensation of PAP
	Total	82.25	

2.3.3 Three alternatives were considered for pavement design, namely (i) Double Bitumen Surface Treatment (DBST); (ii) Asphalt Concrete (AC); and (iii) engineered gravel upgrade. For both roads, the retained option comprises a DBST over a carriageway width of 7.0m and on the shoulders of 1.5-2.0 m. The design is based on the traffic class determined according to the cumulative Equivalent Standard Axle loads over the design life (20 years) and sub-grade strengths.

Table 2.2: Project Alternatives Considered and Reasons for Rejection

Alternative	Brief description	Reasons for rejection
Asphalt Concrete	50 mm asphalt concrete surfacing on 150mm Graded Crushed Stone (GCS) base layer on 175-200mm stabilized natural gravel sub-base	§ Less economical (Economic Internal Rate of Return (EIRR) of 13.5% for Rukungiri-Kihihi-Ishasha/Kanungu and 15.5% for Bumbobi-Lwakhakha) viable when compared with DBST of 15.2% and 16.1% respectively, giving lower economic rate of return at higher cost.
Engineered Gravel Road	225 mm gravel wearing course on 275 mm natural gravel sub-base re-gravelled every three years.	§ Not economically viable (EIRR of -15.3% for Rukungiri-Kihihi-Ishasha/Kanungu and -13.9% for Bumbobi-Lwakhakha); Not environmentally sound and not in accordance with Government policy for Border access trunk roads.

2.4 Project Type

The project is a stand-alone operation in support of the priorities identified by the Government. The modality of operation suits the type of works typical of civil works contracts for road projects. The project approach would guarantee that the funds are targeted to the areas identified by the Government.

2.5 Project Cost and Financing Arrangements

2.5.1 The project cost estimate (net of taxes) is UA 82.25 million (Ugandan Shillings (UGX) 318.77 billion), which is made up of UA 58.12 million (70.7%) in FE and UA 24.13 million (29.3%) in LC. The project cost is based on the feasibility and detailed design study and the unit prices of similar recent international tenders in the country. The project cost

includes the base cost, physical contingencies of 10% and price escalation of 3% for the foreign exchange (FE) and 7% for local currency (LC). The project cost by Components and source of Finance are shown below in Tables 2.3 and 2.4 respectively.

Table 2.3: Project Cost Estimates by Component (UGX billion and UA million–net of taxes)

COMPONENT	Ugandan Shillings (billion)			Unit of Account (million)		
	FE	LC	Total	FE	LC	Total
A. Civil works						
Lot 1 - Rukungiri-Kihihi-Ishasha/Kanungu	113.84	28.46	142.30	29.37	7.34	36.72
Lot 2 - Bumbobi-Lwakhakha	63.94	15.98	79.92	16.50	4.12	20.62
Sub total	177.78	44.44	222.22	45.87	11.47	57.34
B. Consultancy Services						
Consultancy services for lot 1	6.83	1.71	8.54	1.76	0.44	2.20
Consultancy services for lot 2	3.85	0.96	4.81	0.99	0.25	1.24
Audit (technical and financial)	1.02	0.26	1.28	0.26	0.07	0.33
Sub total	11.70	2.93	14.63	3.02	0.75	3.77
Capacity building for UNRA	0.40	0.10	0.50	0.10	0.03	0.13
Gender empowerment	0.40	0.10	0.50	0.10	0.03	0.13
Sub total	0.81	0.20	1.01	0.21	0.05	0.26
C. Others (Compensation)	0.00	33.82	33.82	0.0	8.73	8.73
Base Cost	190.29	81.39	271.68	49.10	21.00	70.10
Physical Contingencies (10% base cost)	19.03	8.14	27.17	4.91	2.10	7.01
Price Escalation (3% for FE % 7% for LC)	15.95	3.98	19.93	4.11	1.03	5.14
Total	225.26	93.51	318.77	58.12	24.13	82.25

The cross cutting expenses of UA 1.11 million (the road side markets, boreholes, weighbridges, service ducts, two border bridges, implementation of ESMP, sensitization (HIV/AIDS & safety) are included in the Bill of Quantities (BoQ) of the civil works.

Table 2.4: Source of Finance (UA million – net of taxes)

SOURCE	FE	LC	Total	%
ADF	58.12	11.88	70.00	85.11
GOU	0.00	12.25	12.25	14.89
Total	58.12	24.13	82.25	100.00
Percentage	70.7	29.3	100.0	

2.5.2 The project is to be financed by ADF and GOU. The loan financing from ADF resource under ADF XIII, (UA 70.0 million equivalent to UGX 271.29 billion) is to cover 85.11% of the total project cost and the GOU has agreed to provide the required counterpart funding. GOU will finance 14.89% of the project costs amounting to UA 12.25 million (UGX47.48 billion). This contribution includes the Government financing of the entire compensation and resettlement amount. The project cost by Category of Expenditure and Expenditure schedule by Component are shown below in Tables 2.5 and 2.6 respectively.

Table 2.5: Project Cost by Category of Expenditure (UA million – net of taxes)

CATEGORY OF EXPENDITURE	FE	LC	TOTAL	% FE
Works	45.87	11.47	57.34	80.0
Services	3.23	0.80	4.03	80.0
Others - Compensation & Resettlement	0.00	8.73	8.73	0.00
Base Cost	49.10	21.00	70.10	70.0
Physical Contingencies (10% base cost)	4.91	2.10	7.01	70.0
Price Escalation (3% for FE % 7% for LC)	4.11	1.03	5.14	80.0
TOTAL	58.12	24.13	82.25	70.0

Table 2.6: Expenditure Schedule by Component (UA million – net of taxes)

COMPONENT	2014	2015	2016	2017	2018	2019	TOTAL
Civil Works	0.00	14.31	22.97	22.23	8.36	0.00	67.87
Construction Supervision	0.00	1.09	0.99	1.03	0.73	0.25	4.09
Technical and Financial Audit	0.00	0.00	0.10	0.10	0.10	0.09	0.39
Capacity Building	0.00	0.15	0.00	0.00	0.00	0.00	0.15
Gender empowerment	0.00	0.15	0.00	0.00	0.00	0.00	0.15
Compensation & Resettlement	4.80	4.80	0.00	0.00	0.00	0.00	9.60
TOTAL	4.80	20.50	24.06	23.37	9.18	0.34	82.25

2.6 Project's Target Area and Population

The project will involve upgrading two roads which are currently of gravel standards and located in the south-western and eastern parts of Uganda. The Rukungiri–Kanungu road starts from Rukungiri Town Council which is located approximately 400 km from Kampala traversing Rukungiri district through Kihihi town with a spur to Kanungu district and ending at Ishasha, the border with the eastern part of DRC. The Bumbobi–Lwakhakha road is located in Mbale and Manafwa districts starting at Bumbobi (approximately 250 km from Kampala) just outside Mbale Municipality, on the Tororo-Mbale Highway proceeding through Bubulo-Busumbu up to Lwakhakha on the Uganda-Kenya Border providing an international route to Kenya. The combined total population of the 4 project districts was estimated and projected to be 1.0 million people (2012 projections). It should be noted that the two roads will also benefit populations beyond the mentioned districts including users from Kenya, DRC and South Sudan. The project related outcomes include reduction in transport costs resulting in increased mobility; for the local communities, improved access to economic and social facilities (health, schools, and markets); provision of clean water to households; increased income for women through road side vending and assistance in non-motorised transportation facilities; and reduction in Gender Based Violence (GBV) through sensitization of the communities. Administrators and social workers will also benefit from the road to provide extension and outreach services.

2.7 Participatory Process for Project Identification, Design and Implementation, including active participation of the private sector and civil society

2.7.1 The project benefited from wider consultations and discussions within Government's central and sector ministries and key DPs through the UTSWG. The project roads have been identified as one of the priority road links conceived under the RSDP3. The design and implementation arrangements benefitted from several public and stakeholder consultations during the preparation of the Environmental and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP) reports. The participants included local communities and authorities; political leaders and Non-Government Organizations (NGOs). Key concerns raised during the consultations have been incorporated in the project design and these include: creation of local employment opportunities during construction; concern over land disputes in the project area that must be carefully considered during resettlement; timely compensation for project affected persons; contamination of water sources (wells); establishment of a grievance mechanism to handle complaints from affected persons; and the potential spread of HIV/AIDS and STIs.

2.7.2 There will be continued consultations during the life of the project where UNRA will present progress reports and participate in joint Transport Sector Review Meetings with

participation of public sector stakeholders and DPs; and through regular meetings of the UTSWG. Local communities, NGOs and other stakeholders will participate in various fora put in place for implementation and monitoring of the project.

2.8 Bank Group experience, lessons reflected in project design

Status and impact of prior Bank Intervention in the Sector

2.8.1 The Bank Group has a comparative advantage in the road sub-sector of Uganda due to its long standing experience that commenced operations in 1975; and to date, it has financed fourteen projects and sixteen studies in the transport sector for a total value estimated at approximately UA 445.37 million, of which UA 12.25 million has been in grants. Ten projects and fourteen studies have been completed and satisfactorily executed. The original works under RSSP1 were completed in September 2012 and the unutilized loan savings was used for asphalt overlay of the last section of the 22 km of the road. RSSP 2 and RSSP 3 have been completed in the first quarter of 2014 and are now in the Defects Liability Period. The RSSP 4 loan became effective in March 2014 and procurement is ongoing. The above Bank financial assistance has resulted in the rehabilitation and upgrading to bitumen standard of 673 km of main roads, 270 km of road resealed and re-gravelled, 2400 km of district roads maintained and 2000 km of spot improved district roads. These interventions have led to opening up of isolated and inaccessible areas to markets, health, education and other social services and improved the quality of transport services.

2.8.2 The average performance of RSSP 2 and 3 stands at 2.61 (November 2013), which is considered satisfactory. The Bank's Post evaluation undertaken for the completed projects has also indicated that the roads constructed have brought about an all-round improvement and growth in production in the agricultural and livestock sectors thus enhancing GOU's efforts of social and economic transformation. The Bank interventions have also fostered regional integration and trade between Uganda, Tanzania, Kenya, Rwanda and DRC. The rating of the recently completed RSSP 1 was 1.82, which is considered satisfactory. The RSSP V project also complements the Bank financed agricultural sector operations under the Community Agriculture Infrastructure Improvement Program (CAIIP)-1 and CAIIP-2 for Bumbobi-Lwakhakha road and CAIIP 3 for Rukungiri-Kihihi-Ishasha/Kanungu road. Further, some schools have been rehabilitated /constructed in the Bumbobi-Lwakhakha area under Bank financed Education III and IV projects and under Education III project in the Rukungiri-Kihihi-Ishasha/Kanungu area. The entire Bank portfolio includes 20 on-going projects as at December 2013, of which one regional energy project (NELSAP) is potentially problematic.

Lessons Learned and Reflected in project Design

2.8.3 The project design has taken into account lessons learnt from Bank's on-going as well as previous interventions in the sub-sector. Such lessons include (i) avoiding delays in start-up activities and commencement of project implementation, especially compensation. This has been mitigated by streamlining loan conditions by requiring compensating by sections and advance contracting to reduce delays in procurement; (ii) improving timely release of counterpart funds - this is addressed in the TSBFP by placing RSDP in the 'core area' of the consolidated budget to improve the availability of funds; (iii) non-submission of financial audit reports is mitigated in the project design by incorporating provision for procuring services of an independent auditing firm; (iv) monitoring of project management has been mitigated by allowing for a component of technical audit of the project to ensure technical compliance and value for money; (v) to avoid cost over-runs, critical review of the detailed design documents by UNRA during project processing was carried out to avoid

modification of the scope of works during project implementation; and ensuring that the Government holds design/supervision consultants accountable; (vi) premature failure of the pavements will be mitigated by the inclusion of weighbridges on the project road to manage vehicle axle load (vii) addressing road accidents through enhanced road safety awareness campaign. To minimize delays in procurement and disbursements, the UGFO will follow-up on required activities by UNRA. Bank has approved GOU's request for advance contracting.

2.9 Key performance indicators

2.9.1 At completion of project implementation five outcomes are expected; (i) reduction in transport costs; (ii) increased mobility; (iii) improved access to economic and social facilities; (iv) provision of clean water to households; and (v) increase in income of women vendors using the road side markets. The outputs of the project will be; (i) upgraded 123 km of gravel road to bitumen standard; (ii) ancillary services like 28,000 trees planted; improved existing 17 road side markets; provision of 16 boreholes, and provision of 85 cargo bicycles and 34 carts to women vendors; and, (iii) institutional support to UNRA. The output indicators will be measured during project implementation as sections of the road are opened to traffic and after project completion. In the medium term (2016), progress shall be gauged by completion of at least 25 km of each road. By 2018 the entire 123 km will be open to traffic. By 2018, there will be full compliance with Environmental and Social Management Plan (ESMP), complete RAP implementation, at least 18 communities sensitized, at least 900 of local jobs created, of which 25% will have been for women during road construction; 450 for routine maintenance, of which 25% are for women.

2.9.2 The supervision consultant will be responsible for the collection of baseline data (disaggregated by gender) at the beginning of project implementation. This includes (i) transport costs and travel time for specific types of vehicles and trips, (ii) transport fares and freight charges, (iii) accessibility index, (iv) road accidents, (v) jobs created in construction and maintenance with gender differential in roles and responsibilities, (vi) HIV/AIDS prevalence, (vii) utilization of health facilities by expectant women; (viii) girls secondary school attendance; (ix) the implementation of the ESMP, and (x) income /poverty indicators. The indicators will be reviewed as sections of the road are opened to traffic and at project completion as a means of ensuring that the intended targets are achieved. UNRA will review the indicators after three years of project completion. Furthermore, additional sources of data shall include quarterly progress reports, financial and technical reports, audit reports, disbursement records, Bank supervision mission and mid-term review reports.

III – PROJECT FEASIBILITY

3.1 Economic and financial performance

The methodology for the economic analysis is based on cost benefit analysis by comparing the “with” and “without” project scenarios over a period of 20 years, using the Highway Development and Management Model (HDM-4). A discount rate of 12%, a conversion factor of 0.83, a residual value of 20% and upgrading period of 3 years for Rukungiri-Kihihi-Ishasha/Kanungu and 2 years for Bumbobi-Lwakhakha starting November 2015 are adopted. The economic costs include both the maintenance and investment cost of upgrading to DBST for both roads. The benefits consist of savings in (i) vehicle operating costs; (ii) motorized traffic travel time for passengers and cargo; and (iii) non-motorized transport traffic travel and operation. The details of the traffic and economic analysis results for each road (Rukungiri-Kihihi-Ishasha/Kanungu and Bumbobi-

Lwakhakha) are presented in Annex B7. The summary of the combined economic analysis is shown in Table 3.1.

Table 3.1 : Summary of the Economic Analysis

Parameter	RSSP V
FIRR, NPV (base case)	(Not Applicable)
Economic Internal Rate of Return(EIRR)	15.5%
Net Present Value (NPV) in US\$	12.8 million
Sensitivity of EIRR of concurrently 10% increase in cost and 10% decrease in traffic	12.7%

3.2 Environmental and Social Impacts

3.2.1 The project is classified as Category 1 according to the Bank’s ESAP. The total project road length is 123Km. The Rukungiri–Kihiki–Ishasha/ Kanungu Road (78.5Km) traverses the boundary of Kigezi Wildlife Reserve and some sections of the road are through forested areas. The Bumbobi–Lwakhakha Road (44.5 km) traverses agricultural areas, several settlements and trading centers. The project will lead to loss of productive assets (land, residential and commercial structures) for more than 200 persons. The numbers of project affected households are estimated at 2,968 for the Rukungiri–Kihiki–Ishasha/Kanungu Road and 3,113 on the Bumbobi–Lwakhakha Road. A summary of the ESIA and RAP was posted on 27 January 2014.

Environment

3.2.2 The most significant adverse impacts of the project involves land take, road re-alignments, by-pass of some trading centres due to the re-alignments and displacement of populations that were earning their livelihood on the land in the re-aligned sections. Other impacts during construction include vegetation clearance for the re-aligned sections and at detours, impact from the establishment of quarries and borrow sites, soil erosion, noise, dust and impacts on water quality. During operation, the significant impact relates to traffic accidents due to higher speeds by motorists as a result of improved road conditions.

3.2.3 Adequate mitigation measures for adverse impacts have been identified and included in the ESMP. These include (i) compensation and relocation of project affected persons; (ii) A detailed construction material sourcing plan will be prepared. Subsequent to this, quarry areas shall be identified, marked on engineering drawings, and specified in the tender/contract document. Only approved quarry areas shall be used; (iii) Borrow sites and quarry areas, as well as access roads will be rehabilitated; (iv) general issues related to waste disposal will be implemented following the regulations stipulated in the National Environment (waste Management) Regulation 1999; (v) vegetation clearing will be minimized around all work sites including proposed campsite; (vi) construction equipment and vehicles must be maintained regularly in order to reduce gaseous emissions; (vii) personal protective equipment and measures shall be provided to construction workers as part of the Health and Safety Plan for the project.

3.2.4 The positive and beneficial impacts include enhancement of regional integration at Ishasha Border between Uganda and DRC and with Lwakhakha Border between Uganda and Kenya. Other positive impacts include improved accessibility, reduced public transport costs, road safety, improved access to social services, improved local economies, induced development, increase in value of agricultural products due to improved access to markets, stimulation and development of roadside economic activities and increased social mobility.

Climate change

3.2.5 Variation or increase in temperatures resulting from global warming is likely to affect the life span of the road, including bleeding of bitumen. Other effects will be the damage of concrete structures such as bridges and culverts due to expansion. In addition, flooding is likely to cause serious damages to or overtopping of hydraulic structures. The project roads have been designed in accordance with the national road design manual which includes the use of bitumen and bituminous binders characteristic to the local weather conditions. The project design has also included planting of an estimated 28,000 trees along designated areas in the road reserves to compensate for trees that shall be lost during construction. More so, trees act as carbon sinks and have the potential of slowing down climate change.

Gender

3.2.6 The project areas have on the average 51.5% of the population as female. Implementation of the project is not expected to result in negatively impacting on a particular gender group. However, it is noted that implementation of the RAPs will take particular consideration of the needs of vulnerable groups which include women. This will be both in terms of the potential for disruption to social networks and being fair to all affected persons during compensation payments. In line with the Bank's Ten-Year Strategy and the Bank's Gender Strategy (2014-2018) the project has paid particular attention to ensuring both men and women benefit from the project. During implementation, UNRA will advise the contractors to employ women to at least 25% of construction jobs. Among the project components and activities are the inclusion of non-motorized transport (NMT) facilities for use by women to take produce and inputs to and from markets. Among them will be the procurement of 85 cargo bicycles and donkey pulled 34 carts and donkeys which will be donated to women groups at parish and county levels. Implementation of the HIV/AIDS program shall give particular focus on girls and women to prevent casual and unwanted sexual relationships with construction workers. The project will also finance awareness campaigns for behavioural change in communities and institutional actions on gender based violence prevention and response as a complement to the on-going United Nations Population Funds financed program at district level.

3.2.7 During operation, the project results are expected to deal with some of the challenges faced mostly by women. Most importantly, the reduction in travel time, which will enable emergency cases including those related to maternity cases reach health facilities in a timely manner, with the expected 20% reduction in number of maternity emergencies. Available transport such as mini-buses as opposed to motorcycles will enable girls access secondary schools with a potential for achieving 95% secondary school enrolment ratio female to male. The improvement of the roadside markets, which are mostly patronized by women (60%) will result in increased income opportunities for women, and also benefiting from the 30% reduction in transport costs. The 16 boreholes financed by the project will reduce the burden faced by women in search of clean water which often takes long hours and heavy loads. The time saved would be put into other productive use and education for girls. To ensure the gender outcomes are achieved, the project's contractor and site engineer will each hire a gender expert to prepare and supervise a Gender Management Plan, respectively, which will include gender sensitization and awareness under the guidance of UNRA.

Social

3.2.8 The project areas are characteristically land constrained resulting in low earnings from agricultural activities. However, the populations are predominantly agricultural; findings from the socio-economic baseline survey for the Bumbobi–Lwakhakha road, for instance, indicated that the main source of income for most of the households (74.3%) was farming, public service jobs accounted for 11.4%, trading 9.5%, service provision 1.9% (restaurants/hotels, salons, driving, boda-boda (motor cycle) riding and casual labour (2.9%). Rural and peri-urban incomes are generally low due to the nature of economic activities, which are informal and irregular. Poverty is estimated at 23.9% of the affected households who live below the poverty line of less than USD 1 per day. Land is the most available natural resource that is accessed by majority of the PAPs. Land in the areas is mainly customarily owned save for a few cases of titled land. The project will offer both direct and indirect financial benefits during construction through short-term jobs, and during operation through increased agricultural and economic activities. It is expected that approximately 900 jobs will be created during construction in the two roads and that all semiskilled and unskilled jobs will be offered to local communities.

3.2.9 The project areas are rich in agriculture whose activities will benefit from improved transportation system such as the tea growing areas of Kihihi, Nyamirama and Kayonza. Increased tea production shall translate in more jobs which are usually taken up by women. Kayonza Tea estate produced 12,460 tons of tea in 2012 benefiting 4,845 smallholder farmers. Improvement of 17 road side markets will facilitate local trade mostly in agricultural produce and storage. Fishing communities around Lake Edward will financially benefit from access to available markets in Kanungu and Rukungiri. Furthermore, the Kanungu area is the gateway to mountain gorilla sanctuary in Bwindi Impenetrable National Park (BINP) which has not attracted as many tourists as its counterpart parks such as the QENP and Kigezi due to a bad road. The BINP has been receiving 11,407 tourists on average per year between 2006 and 2010 compared to 57,621 tourists at QENP over the same period and yet these parks are on the opposite ends of the same lake. The number of tourists is likely to grow once transportation is improved. The provision of clean water to house-holds will improve the wellbeing of large numbers of households which currently cannot access clean water. In Kanungu clean water coverage is 74% which shows a large population not well served. The project will drill 16 boreholes for local communities. The areas around Ishasha and Kanungu have had difficulties to attract well qualified health workers and access to higher level health services have been hampered by bad road conditions. Ishasha has depended on a hospital in neighbouring DRC and Kanungu has depended on Kambuga and Mbarara hospitals which are over 6 and 12 hours away on the current road conditions and are not conducive for emergency cases. In addition, the project will embark on HIV/AIDS campaigns for both project workers and communities living along the project zone of influence; project workers will be provided with mosquito nets for use in homes or construction workers' camps; and a road safety awareness campaign both during construction and operation will be conducted which will focus on the modes mix especially for the NMT operators who will utilise the paved shoulders provided by the project design.

Involuntary resettlement

3.2.10 It is expected that the Rukungiri-Ishasha/Kanungu road will affect, in various ways and magnitudes, 2,968 property owning households with approximately 12,417 persons. Among these are 32 household heads who are vulnerable (26 male and 6 female). On the other hand, the Bumbobi-Lwakhakha road will directly affect a total of 3,113 households representing approximately 20,857 household members (PAPs). This will mainly be through loss of land, structures, trees, crops, etc. Of this total, 527 households will need to construct new dwelling houses; and of these 123 are vulnerable PAPs that will need special assistance in helping them to relocate. Some of the impacts will be on communal facilities such as schools and prayer houses; graves and loss of livelihoods. In addition, there will be impacts of public facilities such as utilities (water tanks, power lines and communication system). Given the magnitude of the affected persons and in compliance with Bank Policy and procedures, 2 full Resettlement Action Plans have been prepared and adequately budgeted for as follows: UGX 7.762 billion (USD 3.2 million) for the Rukungiri-Ishasha/Kanungu road, and UGX29.442 billion (USD 11.5 million) for the Bumbobi-Lwakhakha road.

IV – IMPLEMENTATION

4.1 Implementation Arrangements

Executing Agency

4.1.1 UNRA will be the implementing agency for the project. UNRA has in the past satisfactorily supervised similar road projects financed by DPs including the Bank and has the institutional capacity to handle this project. UNRA, presently headed by an Acting Executive Director, runs the day to day operations of the Authority through six directorates, namely Planning; Projects; Operations; Finance and Administration; Audit and Procurement. The Directorate of Projects is responsible for the implementation of this project. UNRA through the nominated Project Coordinator (already approved by the Bank) will be responsible for overall coordination of the activities of the project, and serve as a contact person for all the parties involved in the project. He/she will be assisted by project engineers and diverse team of professionals within UNRA comprising procurement, environmental, social and finance experts. To strengthen the institutional capacity of UNRA, a capacity building component (training of six staff members) is included in this project, as a continuation of Bank's RSSP 4 intervention.

4.1.2 The civil works will be implemented under two contracts (Rukungiri-Kihihi-Ishasha/Kanungu for 36 months and Bumbobi-Lwakhakha for 24 months). Implementation of the ESMP shall be the responsibility of the contractor under supervision of the construction supervision consultant and inspected by UNRA. The RAP shall be implemented by UNRA in collaboration with the District Land Boards. The Gender empowerment will be implemented by UNRA in collaboration with the Ministry of Gender, local NGO's, Community Based Organizations (CBOs) and local authorities including the District Development Offices. Compliance with environmental laws and regulations will be monitored by National Environment Management Authority (NEMA) both at national and district levels. Implementation of the Cross Cutting Issues (CCIs) mainly HIV/AIDS and road safety awareness measures will be sub-contracted to service providers (NGOs, CBOs, etc.). Implementation of physical road safety measures will be done by the contractor. Various

sectoral ministries, agencies and NGOs shall be involved in the project implementation through their participation in the various fora.

Procurement

4.1.3 All procurement of works under ICB (International Competitive Bidding) and acquisition of consulting services will be carried out in accordance with the Bank's "Rules c p f " R t q e g f w t g u " h q t " R t q e dated May 2008 as amended from time to time and "T w n g u " c p f " R t q e g f w t g u " dated May 2008 as amended from time to time, using the relevant Bank Standard Bidding Documents and provisions stipulated in the Legal Agreement. UNRA shall prepare a Procurement Plan acceptable and submit it to the Bank for review and approval before negotiations of the Legal Agreement. The summary of the procurement arrangements is attached as Appendix V and the detailed procurement arrangements are explained in Technical Annex B 5.

4.1.4 UNRA has in its establishment a Directorate of Procurement that will be responsible for procurement of works, consulting services, training and miscellaneous items. The Directorate is headed by an Acting Director reporting directly to the Executive Director. The position of Director is still vacant although there is a Procurement Consultant in an acting capacity. In addition, three Procurement Officers, three Procurement Assistants and one Documentation officer positions are still vacant. Two procurement consultants provide technical assistance to the Directorate. A Contracts Committee is in place and functional. There is also an Independent Parallel Bid Evaluation Committee in place for evaluation of high value procurements. The current structure, resources, capacity, expertise and experience of UNRA are satisfactory to carryout procurement under the project. However, it is recommended that UNRA expedites action to fill the vacant positions. In order to expedite project implementation, Bank has approved GOU's request for advance contracting for selection of consultants for construction supervision of the two roads; and procurement of contractors for the civil works.

Financial Management

4.1.5 The Financial Management (FM) capacities of UNRA are found to be adequate for the project. The Organization has proper structures in place as well as adequate staff to carry out the FM responsibilities of the project. UNRA is currently implementing Bank projects. This project will substantially make use of the Uganda's Public Financial Management systems where applicable. UNRA's Directorate of Finance and Administration will second a Project Accountant to the project who will be in charge of the day to day financial management operations of the project using UNRA's financial management systems. UNRA uses Pastel Partner, Version 9 Build 9.3.3 accounting software which is adequate and capable of recording accurate and complete transactions and delivering financial reports timely. This software is also being upgraded. Different "companies" are operated in Pastel to ensure separation of accounting records and to avoid co-mingling of funds.

4.1.6 UNRA has a Planning Directorate which is responsible for consolidating UNRA's overall budget. Each of the six UNRA Directorates prepares their own annual budget estimates which are based on individual activities and in accordance with the budget ceilings as advised by the Ministry of Finance Planning and Economic Development (MoFPED). After approval by UNRA's Board of Directors, the consolidated budget is then submitted to MoFPED which through the Minister of Finance, submits the national budget to Parliament for approval. Budget performance and monitoring is primarily done under the Directorate of Finance and Administration. They are also assisting the Monitoring and

Evaluation team under the Directorate of Planning in preparing reports for a host of stakeholders (government, donors etc.). The Budgeting for this project will follow UNRA's procedures as explained above. The budget will be consolidated in the global UNRA's budget and will be approved by the Board and will follow the above explained procedures for inclusion in the National budget.

4.1.7 UNRA has an Internal Audit Directorate headed by a Director who reports to the Board of Directors and administratively to the Executive Director. This Directorate has six qualified auditors. A technical audit section has just been started and one out of the two engineers to be engaged has joined the Directorate. The Internal Audit function of UNRA will play an important role in conducting regular project internal audits for the project as it is currently doing. The annual project financial statements will be prepared in accordance with the International Financial Reporting Standards annually by 30th September. The annual financial statements should include: (i) a Balance sheet that shows assets and liabilities; (ii) a statement of Receipts and Expenditures showing separately Bank's funding, those of counterpart and co-financiers if applicable, and cash balances; (iii) Statement of Special Account, Dollar accounts and (iv) Notes to the Financial Statements describing the applicable accounting principles in place and a detailed analysis of the main accounts. In addition, the Project will provide an update on financial performance of the project as part of the Quarterly Progress Report (QPR) as required by the Bank not later than 45 days after the end of the Quarter.

4.1.8 The project financial statements will be audited by the Uganda's Auditor General using the Bank's audit Terms of Reference. The audited project financial statements will be submitted to the Bank within six months after the close of the fiscal year. At the program midterm, a Value for Money (VfM) Audit will be carried out by the Auditor General or his appointee on Terms of Reference agreed with the Bank.

Disbursement Arrangements

4.1.9 The project will utilize both the Special account and the direct payment methods of disbursement as prescribed in the Bank's Disbursement Handbook details of which are explained in the FM assessment.

4.2 Monitoring

4.2.1 UNRA, MoFPED, the Supervision Consultant and Bank supervision mission will monitor the project. However, the day to day activities for the civil works contract will be supervised by the Supervision Consultant. UNRA through the Project Co-ordinator will submit QPR in Bank's format. These reports will include physical, financial, social and environmental indicators that the project has achieved. The reports will also provide updated information on project implementation, highlighting key issues and problem areas, and recommending action plans for resolving identified bottlenecks. The Bank will also undertake field Supervision missions (twice a year), and a mid-term review to monitor the project performance indicators and the project compliance with the loan conditions; Banks procurement, financial management, rules, procedures and work plans.

4.2.2 Monitoring of implementation of the ESMP and RAP shall be the responsibility of UNRA, NEMA, Ministry of Works and Transport (MoWT). In all cases, local NGOs, CBOs and local administration shall also monitor the relevant activities. The Bank's supervision missions and UGFO will also be responsible for monitoring the implementation of the ESMP. At 85% completion of the project components, the Bank and UNRA will prepare a Project Completion Report. This report, the consultant's final project completion

report and UNRA's performance statistics and financial performance will form the basis of project post-evaluation.

4.3 Governance

4.3.1 The Country Policy and Institutional Assessment (CPIA) rating of Uganda has shown slight improvement from 4.1 in 2011 to 4.2 in 2012 where it stagnated in 2013. The CPIA Governance rating however declined from 3.6 in 2012 to 3.3 in 2013. The decline in CPIA was mainly attributed to the weaknesses in governance that led to wastage and leakage of public funds in some sectors. Despite the weaknesses in governance at country level the rating is well above the average East Africa rating of 3.0 in 2013. The sector has also undergone significant policy reforms in the last decade that have culminated in the separation of roles and responsibilities, with respect to policy formulation, road development and maintenance, regulation and financing. UNRA became operational on 1 July 2008 to develop and maintain the national road network and Uganda Road Fund (URF) in January 2010 with the principal objective of financing maintenance of public roads. The MoWT is concentrating on policy, setting standards, regulations, monitoring and evaluation. Government is intending to create by 2015 a separate authority to manage District, Urban and Community Access Road networks, National Road Safety and a Metropolitan Area Transport Authorities.

4.3.2 The Bank's portfolio was satisfactorily managed as it is mainly under projects arrangement. Generally, in each of the Bank funded projects, the procurement and the financial procedures required as well as the management of the contracts have been satisfactory. UNRA has enrolled for the Construction Sector Transparency (CoST) initiative in September 2013 and the Bank included under RSSP 4 a support component for CoST initiative for the sector to improve governance. The audit and supervision reports of the recent Bank projects have not confirmed any irregularities that would compromise fiduciary assurance. Hence, the choice to use the project approach in this operation will yield higher efficiency of resource utilization. The Bank's supervision and audit system will be proactive during the implementation period and provide the desired guidance on internal control systems. Furthermore, the project has a capacity building component to UNRA to improve its performance.

4.3.3 The specific risk mitigation measures of the project include (i) the appointment of an independent financial auditing firm to ensure that funds are used efficiently and for the intended purposes (ii) carrying out independent technical audit of the project to ensure that there is value for money; (iii) Bank prior review and approval of all project procurement activities; and (iv) use of direct disbursement methods to channel funds to contractors and service providers.

4.4 Sustainability

4.4.1 GOU has identified transport infrastructure development as one of the priority focus areas to attain the objectives of the NDP. To that effect, the road sub-sector has undergone reforms that include the establishment of UNRA and URF, as well as restructuring the MoWT. UNRA has been mandated to maintain the national road network with financing from the URF. There is inadequate human resource capacity in the transport sector as a whole but the ADF, DFID, EU and IDA are funding capacity building programs in the MoWT, Road Safety, the National Construction Industry, URF and UNRA. However, more support is required to enhance project management in UNRA This project has a capacity building component as a continuation of the Bank's previous intervention under RSSP 4, as stated in paragraph 4.1.1.

4.4.2 The URF is supposed to derive its revenues mainly from road user charges like fuel levies, transit charges and overloading fees. However in the last four financial years (2010/11- 2013/14), URF's sources of funds were appropriations by Parliament from the consolidated fund. In 2010/11, fuel levy revenue was estimated to be UGX813.5 billion (USD322.2 million), while the allocation to URF was UGX 273.06 billion (USD108.1 million), only 33.6 % of the revenue. UNRA received UGX177.79 billion (USD70.4 million). To date, road user charges have not been directly identified / charged and transferred to URF. This is awaiting the removal of the legal gap / omission in the Uganda Revenue Authority law, for which a draft Cabinet memo was prepared and expected to be considered by Parliament before June 2015.

4.4.3 A review of the national roads routine maintenance needs and allocation of the last 7 years (2006/07 to 2012/13) shows an annual average routine maintenance gap of UGX95.5 billion (USD37.8 million). Analysis of road maintenance funding shows that sufficient funds will be available to cover routine maintenance of the road network in good and fair condition, once the fuel excise duty is fully dedicated to road maintenance. This does not include the backlog maintenance. In the medium to long term, GOU is considering directly channelling the proceeds of road users' charges (fuel levies, transit fees, vehicle license fees, axle load fines and weigh-distance charges) to the URF for road maintenance. However, the process has taken more time than expected and is affecting the sustainability of the investment in the subsector. In order to ensure sustainability of the investment in the road subsector, the Bank is planning to introduce Output and Performance Based Road Contract (OPRC) in its future intervention in the road subsector, through which the private sector is entrusted not only with the construction but also the maintenance of the road, through an asset management contract. Initial dialogue on this initiative was made by the Bank during this project appraisal. The World Bank is also planning to finance the North Eastern Corridor Project using the OPRC approach.

4.4.4 UNRA is contracting out routine and periodic maintenance to the private sector and the private contractors carry out the entire periodic and 70% of the routine maintenance. In the medium term (3 years), the routine maintenance will be increased to 90% and the role of force account units of UNRA will be limited to emergency response only. UNRA is enforcing axle load control using eight fixed and two mobile weighbridges on the road network to protect the investment. An additional two fixed and four automated and weigh in motion weighbridges are planned to be operational at strategically important locations. Like earlier Bank's intervention in RSSP3 and 4, this project also includes provision for a weighbridge for each road.

4.4.5 With respect to the project road, maintenance of the completed sections of the road will be the responsibility of the contractor during the construction phase. After completion, UNRA will be responsible for maintenance of the road through financing from URF. The financial requirement for routine maintenance of the road amounts to United States Dollar (USD) 1.6 million per year, starting 2020, which is within the financing capacity of URF. The impact of the project maintenance costs on GOUs' recurrent costs will not be significant and the GOU has financial and institutional capacity to carry out the routine maintenance. The first periodic maintenance for the project road (about USD 25 million) will be due around 2026, twelve years from 2014. GOU would have to consider additional sources of revenues, in order to mobilize sufficient funds and close the general road maintenance funding gap. The sustainability of the project will depend largely on the ability of UNRA to implement timely maintenance and to exercise effective axle-load-control on the project road. From the foregoing, it is evident that implementation of the measures

above (direct transfer of the fuel levies to URF and introducing measures like OPRC) will ensure sustainability of the sub-sector.

4.5 Risk Management

4.5.1 Implementation delays: The risk of delays in fulfilment of conditions for loan effectiveness and other risks associated with implementation delays (that results in failure to achieve the project objectives in time) have been mitigated by ensuring that the conditions for effectiveness are reasonable. For example, compensation will be made by sections of the road instead of the entire road. Furthermore, there will be close monitoring of the procurement process to ensure recruitment of suitably experienced civil works contractors and supervising consulting firms and use of Advance Contracting to fast track implementation. The experience of UNRA with the Bank's rules and procedures, close supervision and more pro-active role by UNRA and the Bank during project implementation should also reduce the risks of implementation delays. The Bank's decentralization strategy will also have positive impact in assisting UNRA through timely support and response.

4.5.2 Cost overrun: The risk of increase in project costs has been mitigated by proper review of the detailed design and basing the cost estimates on recent tender rates of similar contracts. The proposed implementation periods have been determined after close review of the anticipated works and realistic implementation rates. Provisions have been made for physical and price contingencies to cater for possible escalation of prices of materials, labour and fuel. The bidding documents will make provisions for an elaborate and fair price adjustment formula for each of the currencies of payment and each of the types of construction work to be performed and plant to be supplied by the Contractor. The recommendations of the Unit Cost Study have also been reviewed and incorporated where applicable. Periodic Technical Audits and Advance Contracting will be utilized to further minimize potential overruns. The fiscal impacts of the global economic crises on the government capacity to meet counterpart contribution will be mitigated by the anticipated GOU favourable oil revenue during project implementation.

4.5.3 Counterpart Financing: There is a risk of GOU's failure to pay counterpart financing, in accordance with the projections. The risk is minimized by the implementation of the three-Year Rolling MTEF sector ceilings. The MTEF is reviewed annually in consultation between DPs and the GOU, consistent with the MTEF sector ceilings before finalization of the budget in June, and this serves to minimize the risk of failure to pay counterpart financing.

4.5.4 Sustainability: There is a risk that annual maintenance program would not be implemented as scheduled because of lack of maintenance funds. Overloading of heavy vehicles might contribute to pre-mature road failure. The expected approval by Parliament of the direct transfer of road users' charges to URF (introduction of second generation road fund) before June 2015 will streamline the flow of funds to road maintenance. Furthermore, axle-load control measures are to be implemented at strategically important locations to reduce pre-mature road failure by incorporating the construction of a weighbridge for each road. The capacity building component is expected to impart skills to UNRA staff for future implementation and sustainability. Lastly, the risk of climate change due to excessive flooding occurrence on flat plains is mitigated by providing adequate drainage structures. Also afforestation component will increase CO₂ intake.

4.6 Knowledge Building

The project has a capacity building component for UNRA, which will enable knowledge building. In addition, there will be counterpart training offered by the supervision consultants as well as on-site training of UNRA staff during construction. The effectiveness in knowledge building will be captured through quarterly reports, supervision missions and project completion report and will be shared with UNRA and other DPs.

V – LEGAL INSTRUMENTS AND AUTHORITY

5.1 Legal Instrument

ADF Loan to the Republic of Uganda.

5.2 *C o n d i t i o n s A s s o c i a t e d w i t h B a n k ' s I n*

5.2.1 The Loan shall be subject to the following conditions:

A. Conditions Precedent to Entry into Force:

The entry into force of the Loan Agreement shall be subject to the fulfilment by the Borrower of the provisions of Section 12.01 of the General Conditions Applicable to Loan Agreements and Guarantee Agreements of the Fund (Sovereign Entities).

B. Conditions Precedent to First Disbursement:

The obligation of the Fund to make the first disbursement of the Loan shall be conditional upon the entry into force of the Agreement in accordance with Section 5.2.1 A. above and the fulfilment by the Borrower of the following conditions:

The Borrower shall provide evidence in form and substance satisfactory to the Fund confirming that:

- (a) The Borrower has opened one (1) foreign currency denominated Special Account in Bank of Uganda for the deposit of part of the proceeds of the Loan to finance relevant components of the Project; and
- (b) The Borrower has developed and submitted to the Fund a Resettlement Action Plan (the “RAP”) for each of the two lots of the civil works (the Rukungiri-Kihihi-Ishasha/Kanungu and the Bumbobi-Lwakhakha lots, respectively) together with a schedule (the “Works and Compensation Schedule”) detailing, *inter alia*, (i) the sections into which each lot of the civil works will be divided and (ii) a timeframe for the compensation of the Project Affected Persons (“PAPs”) with respect to all such sections.

C. Other Conditions:

The Borrower shall provide evidence, in form and substance acceptable to the Fund confirming:

- (a) that it has included in its national budget for each fiscal year when the civil works will be executed, the funds required for compensation of the PAPs with respect to the sections of the civil works to be executed in that fiscal year, such evidence to be provided in the form of a Budget Framework Paper to be issued by the Borrower’s Ministry responsible for Finance, no later than the 31st day of March immediately preceding the commencement of the relevant fiscal year;
- (b) that prior to commencement of construction on any section of any lot of the civil works, all Project Affected Persons have been compensated and/or resettled with respect to the relevant section of the relevant lot in accordance with the relevant

RAP and any updates to that RAP as well as the Works and Compensation Schedule.

(D) Undertakings of the Borrower

In respect of the Project, the Borrower undertakes to: (a) Carry out traffic counts on the project road on a bi-annual basis as from the commencement of the civil works and on the national road network every year; (b) Implement all measures necessary to : (i) mitigate the environmental and social impacts of the Project as detailed in the Environmental and Social Management Plan (ESMP) (ii) comprehensively report on the implementation of the ESMP every six-months, (iii) adopt effective measures for the safety of the project roads, and (iv) progressively sensitize the local population on HIV/AIDs, STI, TB and gender issues; (c) Provide the Fund with an annual report on measures adopted for the safety of project roads, sensitization of local populations on HIV/AIDS, STI, TB and gender issues; (d) include the funds required as counterpart financing for the project in the Borrower's three years Mid Term Expenditure Framework; and (e) provide to the Fund, no later than the 31st of January each year, an annual report evidencing the axle load control measures on the national road network.

5.3 Compliance with Bank Policies

This project complies with all applicable Bank policies and does not require any exception from Bank policies.

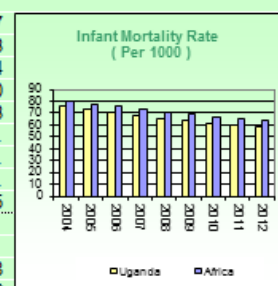
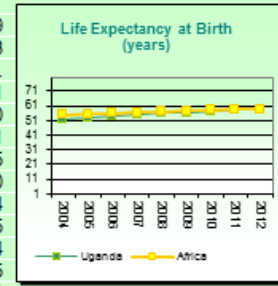
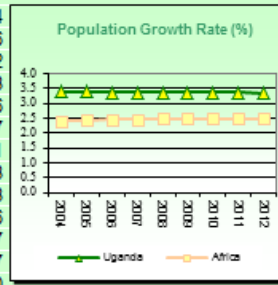
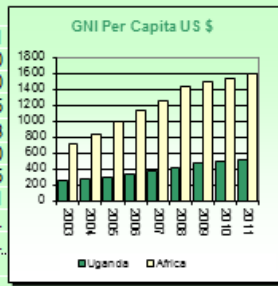
VI – RECOMMENDATION

Management recommends that the Board of Directors approve the proposed loan of UA 70.00 million for the Road Sector Support Project V out of the ADF-13 allocation to the Government of Uganda for the purposes and subject to the conditions stipulated in this report.

APPENDIX I: Uganda - Comparative Socio – Economic Indicators

Uganda
COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Uganda	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2011	242	30,323	98,458	35,811
Total Population (millions)	2012	36.3	1,070.1	0.0	0.0
Urban Population (% of Total)	2012	16.0	40.8	47.1	78.0
Population Density (per Km ²)	2012	48.9	34.5	69.8	23.5
GNI per Capita (US \$)	2012	440	1 604	3 795	37 653
Labor Force Participation - Total (%)	2012	37.8	37.8	68.7	72.0
Labor Force Participation - Female (%)	2012	49.1	42.5	38.9	44.5
Gender -Related Development Index Value	2007-2011	0.509	0.525	0.694	0.911
Human Develop. Index (Rank among 187 countries)	2008-2012	161
Popul. Living Below \$ 1.25 a Day (% of Population)	2009-2011	38.0	40.0	20.6	...
Demographic Indicators					
Population Growth Rate - Total (%)	2012	3.4	2.3	1.3	0.3
Population Growth Rate - Urban (%)	2012	6.0	3.4	2.6	0.7
Population < 15 years (%)	2012	48.6	40.0	28.5	16.4
Population >= 65 years (%)	2012	2.4	3.6	6.0	16.6
Dependency Ratio (%)	2012	103.1	77.3	52.6	49.2
Sex Ratio (per 100 female)	2012	100.5	100.0	103.3	94.3
Female Population 15-49 years (% of total population)	2012	21.9	49.8	53.3	45.6
Life Expectancy at Birth - Total (years)	2012	58.7	58.1	68.2	77.7
Life Expectancy at Birth - Female (years)	2012	62.2	59.1	70.1	81.1
Crude Birth Rate (per 1,000)	2012	43.7	33.3	21.4	11.3
Crude Death Rate (per 1,000)	2012	9.5	10.9	7.6	10.3
Infant Mortality Rate (per 1,000)	2012	57.8	71.4	40.9	5.6
Child Mortality Rate (per 1,000)	2012	87.4	111.3	57.7	6.7
Total Fertility Rate (per woman)	2012	6.0	4.2	2.6	1.7
Maternal Mortality Rate (per 100,000)	2006-2010	310.0	415.3	240.0	16.0
Women Using Contraception (%)	2012	37.0	34.5	62.4	71.4
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2004-2010	11.7	49.2	103.7	291.9
Nurses (per 100,000 people)*	2004-2009	130.6	133.0	168.7	734.3
Births attended by Trained Health Personnel (%)	2006-2010	57.4	53.7	64.3	...
Access to Safe Water (% of Population)	2011	74.8	67.8	86.5	99.1
Access to Health Services (% of Population)	2000	49.0	65.2	80.0	100.0
Access to Sanitation (% of Population)	2011	35.0	40.2	56.8	96.1
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2011	7.2	4.6	0.9	0.5
Incidence of Tuberculosis (per 100,000)	2011	193.0	234.6	146.0	23.0
Child Immunization Against Tuberculosis (%)	2011	86.0	81.6	83.9	95.4
Child Immunization Against Measles (%)	2011	75.0	76.5	83.7	93.5
Underweight Children (% of children under 5 years)	2006-2011	16.4	19.8	17.0	1.4
Daily Calorie Supply per Capita	2009	2 137	2 481	2 675	3 285
Public Expenditure on Health (as % of GDP)	2010-2011	2.5	5.9	2.9	7.4
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2009-2012	113.2	107.0	107.8	102.7
Primary School - Female	2009-2012	114.2	103.1	106.2	102.3
Secondary School - Total	2009-2012	28.4	46.3	66.4	100.4
Secondary School - Female	2009-2012	25.6	41.9	65.1	100.0
Primary School Female Teaching Staff (% of Total)	2009-2012	40.9	39.2	58.6	81.3
Adult literacy Rate - Total (%)	2010	73.2	71.5	80.2	...
Adult literacy Rate - Male (%)	2010	82.6	78.4	85.9	...
Adult literacy Rate - Female (%)	2010	64.6	64.9	74.8	...
Percentage of GDP Spent on Education	2008-2010	3.3	5.3	4.5	5.5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2011	33.8	7.6	10.7	10.8
Annual Rate of Deforestation (%)	2000-2009	2.0	0.6	0.4	-0.2
Forest (As % of Land Area)	2011	14.5	23.0	28.7	40.4
Per Capita CO2 Emissions (metric tons)	2009	0.1	1.2	3.0	11.6



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators; last update : october 2013
 UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP: Country Reports.
 Note : n.a. : Not Applicable ; ... : Data Not Available.

Summary of Bank Group Portfolio of On-going and Newly-approved Projects/Programs/Studies

Country: UGANDA

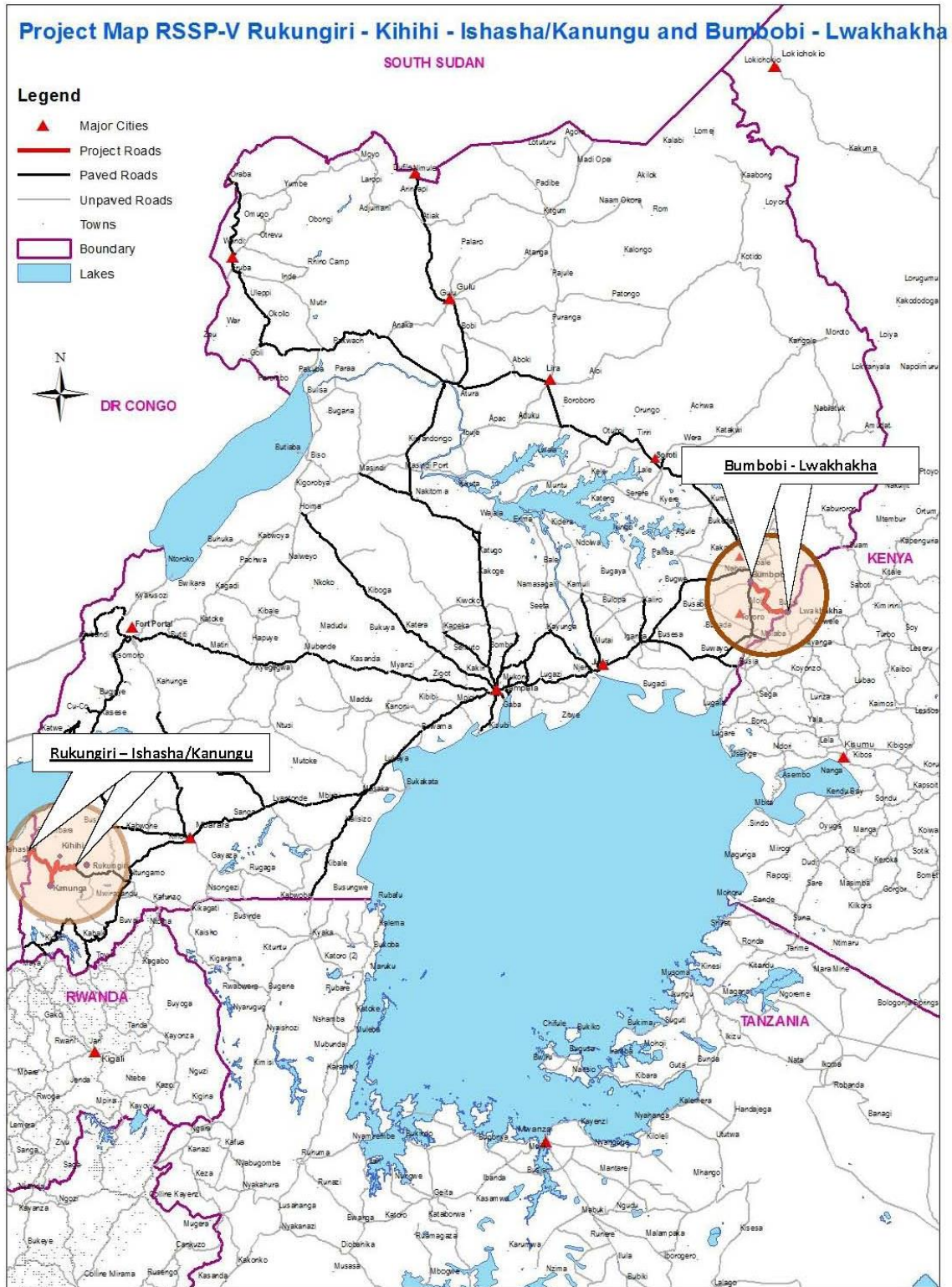
Date of Update: 31st March 2014

Serial No.	Project Description	Approval Date	Signature Date	Disbursement Effectiveness Date	1st Date of Disbursement	Approved Amount UA million				Amount Cancelled (UA million)			Net Commitments (UA million)	Amount Disbursed (UA million)	Disbursed (%)	Deadline for Last Disbursement	Extended date of Last Disbursement disbursement	Status (not effective & on-going/ineffective, etc)
						ADB	ADF Loan		ADF Grant	ADB	ADF	ADF Grant						
A. AGRICULTURE																		
1	Community Agricultural Infrastructure Improvement Programme- Project I	31/01/07	17/05/2007	21/09/07	19/10/07	nil	30.00	nil	nil	nil	nil	nil	30.00	27.64	92.1%	30/06/2014	31/12/2013	ongoing
2	Community Agricultural Infrastructure Improvement Programme- Project II	17/09/08	11.05.2009	02/09/09	23/10/09	nil	45.00	nil	nil	nil	nil	45.00	24.75	55.0%	31/12/14		ongoing	
3	Markets and Agricultural Trade Improvement (MATIP)	25/03/2009	13.05.2009	05/02/10	17/03/10	nil	38.00	nil	nil	nil	nil	38.00	30.22	79.5%	30/09/15		ongoing	
4	Community Agricultural Infrastructure Improvement Programme III	03/05/2011	10/06/2011	22/02/12	21/03/2012	nil	40.00	nil	nil	nil	nil	40.00	0.77	1.9%	31/12/2016		on going	
Agriculture - Sub Total													153.00	83.38	54.5%			
B. TRANSPORT																		
5	Road Sector Support Project 1 (Kabale Kisoro Bunagana Rd) (100.3KM)	27/04/06	19/05/06	24/07/06	12/04/07	nil	27.01	nil	1.49	nil	nil	nil	28.50	26.94	94.5%	31/12/13	29/12/2012	Additional works completed in Dec 2013
6	Road Sector Support Project 1 supplementary Loan (100.3KM)	20/12/2006	22/01/2007	18/02/2008	22/06/09	nil	32.99	nil	nil	nil	nil	32.99	31.25	94.7%	31/12/13	29/12/2012	Additional works completed in Dec 2013	
7	Road Sector Support Project 2 (Fort portal Bundibugyo Rd) (103KM)	17/12/07	15/05/08	18/11/2009	20/01/2010	nil	56.65	nil	1.35	nil	nil	58.00	51.82	89.3%	31/09/15	31/12/13	Civil works completed in 1st Q	
8	Road Sector Support Project 3(Nyakahaha Ibanda Rd)(143KM)	25/09/09	12/04/2010	13/07/2011	29/07/2011	nil	80.00	nil	nil	nil	nil	80.00	65.32	81.7%	31/12/14		Civil works completed in 1st Q	
9	Road Sector Project 4 (Kigumba Masindi Rd) 135 KM	13/03/2013	07/11/2013	nil	nil	nil	72.94	nil	nil	nil	nil	72.94	-	0.0%	30/06/2018		Loan is effective and procurement is on-going	
Transport - Sub Total													272.43	175.33	64.4%			
10	Kampala Water Sanitation Project	16/12/2008	11/05/2009	18/02/10	16/07/10	nil	35.00	nil	nil	nil	nil	35.00	9.33	26.7%	31/12/14		ongoing	
11	Water Supply and sanitation program	5/10/2011	11/01/2012	26/09/2012		nil	40.00	nil	3.59	nil	nil	43.59	13.79	31.6%	30/06/2016		ongoing	
Water and Sanitation - Sub total													78.59	23.12	29.4%			
D. SOCIAL																		
13	Rehabilitation of Mulago and KCC Clinics	06/07/2011	11/01/2012	02/07/2012	28/08/2012	nil	46.00	10.00	nil	nil	nil	56.00	4.57	8.2%	31/12/2016		on going	
13	Support to Post Primary Education and Training Project (Education IV)	25/11/08	11/05/2009	31/08/09	22/12/09	nil	52.00	nil	nil	nil	nil	52.00	32.40	62.3%	31/12/14		on going	
14	Education V Project (HEST)	21/11/2012	06/07/2013	18/11/2013		nil	67.00	nil	nil	nil	nil	67.00	0.88	1.3%	31/12/2017		On going	
15	Rural Income and Employment Enhancement Project	17/11/09	12/04/10	14/02/08	05/06/08	nil	10.20	nil	0.00	nil	nil	10.20	8.64	84.7%	31/07/2015		ongoing	
Social - Sub Total													185.20	46.49	25.1%			
16	Bujagali Transmission Interconnection Project	28/09/07	26/10/07	23/04/08	14/02/08	nil	19.21	nil	nil	nil	nil	19.21	16.72	87.0%	31/12/15	31/12/2013	ongoing	
17	Mbarara-Nkenda-Tororo-Lira-Transmission Lines Project	16/12/08	26/03/2010	18.02.2011	20/04/11	nil	52.50	nil	nil	nil	nil	52.50	14.41	27.4%	31/09/15	31/12/2013	ongoing	
Energy - Sub total													74.71	31.43	43.4%			
GRAND TOTAL FOR PUBLIC SECTOR OPERATIONS													760.93	359.45	47.2%			
F. MULTI NATIONAL PROJECT																		
18	NELSAP 1	27/11/08	13/05/09	04/07/2011	25/10/2011	nil	7.59	nil	0.00	nil	nil	7.59	1.50	19.8%	31/12/14		on going	
19	Lake Victoria Water Supply and Sanitation program phase II	17/12/2010	04/04/211	04/04/11	31/01/2012	nil	nil	nil	11.13	nil	nil	11.13	1.75	15.7%	31/12/2015		ongoing	
Multi National Projects- Subtotal													18.72	3.25	17.4%			
H. PRIVATE SECTOR OPERATION																		
20	Housing Finance Project	23/11/2011		20/07/2012		12.85	nil	nil	nil	nil	nil	12.85	9.67	75.3%	20/07/2017		ongoing	
Private Sector Operation - subtotal													12.85	9.67	75.2%			
GRAND TOTAL INCLUDING MULTI NATIONAL AND PRIVATE SECTOR PROJECTS													792.50	372.37	46.9%			

Appendix III: Key Related Projects Financed by the Bank and Other DPs in Uganda- March 2014

Project	Financier	Amount Million USD	Implementation Progress	Development Objectives
Construction of Jinja Nile Bridge	JICA	111	Contractor has been selected and works are expected to commence early 2014	To construct a new bridge comprising a dual carriageway, two way single-plane cable-stay bridge with a total length of 525 m with a central span of 290m and end spans of 135m and 100m on the eastern and western banks respectively.
Upgrading of Atiak-Nimule road	JICA	34	Works are on-going and completion is expected in 2014	To upgrade to bitumen standard approximately 35 km of existing gravel road between Atiak, North of Gulu in Northern Uganda and Nimule at the Sudan border.
Rehabilitation of Mbarara-Katuna road	EU	159	Works are on-going and completion is expected in 2015.	To improve international and domestic trade, to promote international and sub-regional integration, and to achieve goals of Poverty Eradication Action Plan
Dualising of Kampala Northern Bypass	EU	80	Under procurement and works are planned to start in July 2014.	To improve international and domestic trade, to promote international and sub-regional integration, and to relieve congestion in Kampala city centre.
Upgrading of Kamwenge-Fort Portal road	IDA	67	Works are on-going and completion is expected in 2016.	To improve the connectivity and efficiency of the transport sector through (i) improved condition of the national road network; (ii) improved capacity for road safety management; and (iii) improved transport sector and national road management.
Upgrading of Vurra-Arua, Koboko-Oraba road	IDA	74	Works are on-going and completion is expected in 2014.	To improve the connectivity and efficiency of the transport sector through (i) improved condition of the national road network; (ii) improved capacity for road safety management; and (iii) improved transport sector and national road management.
Upgrading of Gulu-Atiak road	IDA	68	Works are on-going and completion is expected in 2014.	To improve the connectivity and efficiency of the transport sector through (i) improved condition of the national road network; (ii) improved capacity for road safety management; and (iii) improved transport sector and national road management.
Upgrading of Kabale-Kisoro-Bunagana	ADF	92	Original works completed in September 2012 and loan savings utilised for additional works in December 2013.	To reduce transport costs and travel time between Kabale & Kisoro districts, promote regional integration with DRC and Rwanda and to prepare road projects to enhance accessibility in the South-western region of Uganda
Upgrading of Fort Portal-Bundibugyo-Lamia road	ADF	87	Works completed in January 2014 and are now in the Defects Liability Period.	To improve the road transport service levels between Kabarole and Bundibugyo districts and by so doing, provide access by the majority of the rural people to socio-economic facilities and integration to the rest of the country; and also support regional integration and cross border trade with DRC.
Upgrading of Nyakahita-Kazo-Kamwenge	ADF	120	Works for Nyakahita-Kazo completed in December 2013, while Kazo-Kamwenge was completed in February 2014 and are now in the Defects Liability Period.	To improve road access in rural areas of western Uganda (Kiruhura, Ibanda and Kamwenge districts) by upgrading the Nyakahita – Ibanda – Kamwenge road from gravel to bitumen standard; and assess the feasibility of investing in the Kayunga – Galiraya and Hoima – Butiaba - Wanseko roads.
Upgrading of Kigumba-Masindi-Hoima-Kabwoya road	ADF	122	Under procurement and works expected to commence in November 2014	The project objective is to improve road access to socio-economic facilities and quality of transport service levels in western Uganda by upgrading the Kigumba-Masindi-Hoima-Kabwoya road from gravel to bitumen standard thereby contributing to improved standard of living.
Kampala – Entebbe Express way	CEB	360	Current progress at 17% and expected to be completed in 2017.	To reduce congestion between Kampala and Entebbe

Appendix IV: Map of the Project Area



This map has been drawn by the African Development Bank Group exclusively for the use of readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the Bank and its members any judgment concerning the legal status of a territory or any approval or acceptance of these borders.

Appendix V : Summary of Procurement Arrangements

Project Categories	UA' million			
	Use of Country Procurement Procedures	Use of Bank's Procedures	Non-Bank-Funded	Total
1. Civil Works				
1.1 Construction of Rukungiri-Kihihi-Ishasha/Kanungu Road		43.61[42.43]		43.61[42.43]
1.2 Construction of Bumbobi-Lwakhakha Road		24.26[23.61]		24.26[23.61]
2. Consulting Services				
2.1 Road Design Review and Supervision (Rukungiri-Kihihi-Ishasha/Kanungu)		2.63[2.11]		2.63[2.11]
2.2 Road Design Review and Supervision (Bumbobi-Lwakhakha)		1.46[1.16]		1.46[1.16]
2.3 Technical and Financial Audit		0.39[0.39]		0.39[0.39]
3. Capacity Building				0.15[0.15]
	0.15[0.15]			
4. Gender Empowerment				0.15[0.15]
	0.15[0.15]			
5. Compensation and Resettlement			9.60[0.00]	9.60[0.00]
	9.60[0.00]			
TOTAL	9.90[0.30]	72.35[69.70]	9.60[0.00]	82.25[70.00]

+Figures in brackets are amounts financed by the ADF.