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**AFRICAN DEVELOPMENT
BANK GROUP**

FOREST INVESTMENT PROGRAM

SECOND JOINT MISSION AIDE MEMOIRE

Kampala , Uganda 10-14 October, 2016

UGANDA
FOREST INVESTMENT PROGRAM (FIP)
SECOND JOINT MISSION
OCTOBER 10-14, 2016

I. INTRODUCTION

1. A second joint mission¹ involving the Government of Uganda, the International Bank for Reconstruction and Development (IBRD) and the African Development Bank (AfDB) as the Multilateral Development Banks (MDBs) supporting Uganda's FIP process took place in Kampala between October 10 and October 14, 2016, following an invitation from the Ministry for Water and Environment (MWE)². The FAO team³ and a representative of the Climate Investment Funds (CIF) Administrative Unit (AU)⁴ joined the mission. The mission objective was to review progress in preparation of the FIP Investment Plan (IP), including stakeholder consultations, and assess readiness for submission to the FIP Sub-Committee (SC). The mission ran in parallel to a technical joint mission for the Pilot Program for Climate Resilience⁵ (PPCR).

2. The mission expresses its sincere appreciation to Mr. Charles Esimu Okuraja, Undersecretary, representing Permanent Secretary, MWE; Mr. Paul Mafabi, Director, Environmental Affairs, MWE; Mr. Samuel Otuba, Commissioner, Policy and Planning at the MWE and FIP National Focal Point (NFP); Mr. Chebet Maikut, Ag. Commissioner, Climate Change Department (MWE) and PPCR NFP; Mrs. Margaret Athieno Mwebesa, Assistant Commissioner (FSSD) and FIP Alternate NFP; and other individuals with whom the mission members interacted. A list of people met by the mission is attached (Annex 1).

3. The mission appreciates the guidance received from Hon. Dr. Mary Goretti Kitutu, Minister of State for the Environment, MWE – in particular, the Minister's endorsement of the key issues proposed to be included in the FIP IP as well as focus on integration of the livelihoods aspects. The Minister also indicated that the Albertine Zone is a strategic zone for a landscape intervention, considering its watershed protection and global biodiversity significance and also expressed her endorsement of the investment program. The minister reiterated the political will on the part of the Government to move both the FIP and PPCR programs forward.

4. During his meeting with the mission, the Permanent Secretary, MWE (represented by the Undersecretary, MWE) stressed the importance of continued close collaboration in the preparation of both the PPCR and FIP programs, and emphasized the need to explore and exploit synergies between PPCR and FIP and their interlinkages to key national development strategies.

¹ The mission included the following MDB representatives: IBRD – Mr. Ross Hughes (Sr. Natural Resources Management Specialist, IBRD Uganda FIP Focal Point), Ms. Lesya Verheijen (Sr. Operations Officer), and Mr. Paul Asiimwe (Forestry and Climate Change Specialist); and AfDB – Ms. Siham Mohamed Ahmed (Principal Natural Resources Management Specialist, AfDB Uganda FIP Focal Point), Mr. Ambrose Sunya Oroda (Environmental Specialist), and Mr. Robert Nabanyumya (Forestry Specialist).

² This formal second joint mission followed the scoping mission held in October 2015, the technical mission held in March 2016, and the first joint mission held in June 2016.

³ Massimo Castiello (Deputy Country Representative), Sergio Innocente (Technical Advisor, REDD+), Faustine Zoveda (Officer, Forest and Landscape Restoration Mechanism), and Grit Techel (Consultant).

⁴ Regina Nesiamia (Operations Analyst)

⁵ Mission members included: AfDB - Ms. Siham Mohamed Ahmed, Task Team Leader for PPCR and FIP; Mr. Ambrose Sunya Oroda (Environmental Specialist), Mr. Robert Nabanyumya (Forestry Specialist), and Mr. Aziz Bouzaher (Lead International Climate Change and Environment Consultant); WB - Mr. Ross Hughes (Senior Natural Resources Management Specialist and Task Team Leader); Ms. Susan Tambi Matambo (Environmental Specialist); Ms. Lesya Verheijen (Sr. Operations Officer); CIF AU – Ms. Regina Nesiamia, Operations Analyst. A representative of the European Space Agency, Mr. Simon Hughes, also joined the mission.

He further emphasized that addressing climate change and deforestation through the proposed plans would have transformational sustainable economic development impacts, including improving livelihood resilience and reducing poverty. He reiterated the government's commitment to finalize consultations and submit both the SPCR and FIP plans as early as possible but without compromising quality.

5. This mission also met with Mr. John Ogol, Assistant Commissioner of the Ministry of Finance, Planning and Economic Development (MOFPED) along with the Green Climate Fund (GCF), Global Environment Facility (GEF), and Adaptation Fund Focal points. The Assistant Commissioner reaffirmed the Government's commitment to address climate change. He indicated that climate change has been identified as a cross-cutting issue to be reflected in the budget of all Ministries, Departments and Agencies, in the current budget cycle under preparation (for financial year 2017-2018). The Ministry's GCF Focal point agreed that the sectors and investments identified in the FIP IP and PPCR Strategic Program for Climate Resilience (SPCR) are consistent with priorities identified for the GCF which are aligned with the Nationally Determined Contributions (NDC) under the recently ratified Paris Agreement. The Ministry appealed to the CIFs and its donors to make funds available to fund the investments proposed in the FIP IP and SPCR and confirmed that they will continue to work closely with the MWE in preparing both strategies, so that they can be used concurrently for other fundraising activities.

6. This Aide Memoire summarizes the mission's key findings, agreements reached and recommendations. These are subject to the two Banks' management approval. The draft Aide Memoire was reviewed at the wrap-up meeting held on October 14, 2016 chaired by Mr. Paul Mafabi, Director, Environmental Affairs, representing the Permanent Secretary, MWE. The disclosure of this Aide Memoire was discussed with the Government of Uganda (GoU). As rules of the CIF require disclosure of mission Aide Memoires, the Government agreed to classify the Aide Memoire as public; the Aide Memoire will be disclosed by the CIF AU as well as the IBRD and AfDB.

II. KEY FINDINGS AND ISSUES

7. **Progress in FIP IP preparation.** The mission appreciates the progress in advancing FIP IP drafting, including through consultations with various stakeholders, commissioning of the analytical studies to contribute to the FIP as earlier identified, and development of the FIP project concepts.

8. **Submission to FIP SC.** The FIP IP will now be submitted for the endorsement of the June 2017 FIP SC meeting. The SPCR will also be submitted on the same timeline for endorsement by the PPCR SC. In the meantime, MWE will be able to continue advancing project designs, prior to submission for climate financing, using the remainder of the FIP preparatory grant, REDD+ Readiness support, and FAO support under the Forest and Landscape Restoration Mechanism (FLRM).

9. **Stakeholder engagement in FIP IP process.** Stakeholder engagement and consultations during the FIP IP preparation to date have been synergistic for the FIP and PPCR processes and have progressed well. The consultation workshops were organized in different locations throughout the country, with different stakeholder groups and have been well-documented. In addition, targeted consultations on specific proposed investments were held with key relevant institutions. Views and suggestions gathered during the consultations are now being addressed in the FIP IP design. A dedicated consultation for the non-governmental organizations is also being convened by Environmental Alert – a non-governmental organization (NGO) hosting the Environment and Natural Resources –CSO network and Uganda Forestry Working Group , with

financing from the FAO. In addition, FAO is financing two NGOs – Nature Uganda and IUCN - to conduct dedicated consultations with Indigenous People/Forest dependent people in the south-western and north-eastern Uganda, respectively.

10. **Next steps.** It is important that momentum is not lost after the mission and in the run-up to the UNFCCC COP 22 meeting in early November – by which time an advanced draft of the FIP IP should be ready. Later-than-anticipated submission of the FIP document for CIF endorsement will also bring a number of practical benefits. For example, it will allow the FIP IP to be better aligned to the REDD+ Strategy, which is currently under preparation and should be finalized by June 2017. It will enable GoU to finalize the preparation of the FIP IP in parallel with that of the SPCR and this will enhance integration between the two investment plans. This integration will be important for presenting a coherent action plan for implementation of both resilience and GHG reductions aspects of Uganda’s NDC. It will also allow Government more time for discussing potential co-financing with other development partners. As noted above, since the development of investment projects can continue with available support, there should be no substantive delays to the longer-term goal of finalizing the design of investment projects.

11. **Prioritization.** Mission discussions emphasized the importance of the plans providing a clear indication of priorities for financing over the short, medium, and longer terms. This is especially important given current financing constraints and uncertainties with CIF financing.

12. **Progress update to the December FIP SC meeting.** The GOU confirmed it will present a progress report to the December FIP SC. The CIF AU will be informed of this request for a presentation, and a representative of the GoU will attend the meeting to make this presentation. The next version of the draft FIP IP will also be shared with the CIF AU for their technical feedback.

13. **Financing for FIP IP.** The mission met with the Ministry of Finance to discuss climate financing developments with regard to ongoing transition from the CIFs to GCF. The FIP funding for the second round of countries, of which Uganda is one, remains uncertain. The mission reiterated that the MDBs will seek to use climate financing committed by the CIF / GCF to leverage additional financing from the MDBs to increase the scale and impact of these projects.

III. CONTEXT

14. **Uganda’s Expression of Interest to participate in the FIP was approved in May 2015** and a grant of US\$250,000 was approved by the FIP sub-committee to support Uganda to prepare its FIP IP. This grant is channeled through the World Bank (as additional funding to the ongoing REDD+ readiness preparation support, using the same Designated Account). The grant became effective on July 7, 2016 and current disbursements stand at US\$100,000 (40 percent).

15. **FIP and REDD+ Agenda in Uganda.** The Uganda FIP is part of the overall REDD+ process⁶. The proposed activities will contribute to the overall policy goal of the National Forest Policy, i.e. an integrated forest sector that achieves sustainable increases in the economic, social and environmental benefits from forests and trees by all the people of Uganda, especially the

⁶ General objectives of FIP are to support developing country efforts to reduce emissions from deforestation and forest degradation and promote sustainable forest management and enhancement of forest carbon stocks (REDD+), including: (i) promoting forest mitigation efforts, including protecting forest ecosystem services; (ii) providing support outside of the forest sector to reduce pressure on forests; (iii) helping countries strengthen institutional capacity, forest governance, and forest-related knowledge; and (iii) mainstreaming climate resilience considerations and contribute to biodiversity conservation, protecting the rights of indigenous peoples and local communities, and poverty reduction through rural livelihoods enhancements.

poor and vulnerable. The activities proposed for inclusion in the FIP IP are also designed to contribute to Uganda's achievement of its commitments under the NDC⁷ and its commitment as part of the Bonn Challenge⁸ and the AFR100 Initiative⁹.

IV. OTHER MISSION FINDINGS, AGREEMENTS REACHED AND RECOMMENDATIONS

16. **Progress in utilization of the FIP preparatory grant.** The preparatory grant resources have been used to finance the stakeholder consultations undertaken to date for the FIP. Current expenditure stands at approximately US\$15,000, with another approximately US\$100,000 committed in signed contracts. The three identified preparatory studies (on the forest sector expenditure review; assessment of constraints to private sector involvement in the forestry sector; and assessment of opportunities for the engagement of indigenous peoples and forest dependent communities) are ongoing. The three additional landscape studies were intended to support development of the landscape projects but these have not yet been initiated. Given the projects have now been identified, the focus of these studies will now need to be adjusted to support further project development.

17. **Project Synergies with PPCR.** The FIP IP is being prepared in parallel to the SPCR (under PPCR). This provides opportunities for synergies between the two potential sources of financing and the plan under development identifies a number of potential investments where both sources could be used together, in particular in relation to landscape management programs and institutional capacity building and governance. Two landscape level projects combining FIP and PPCR interventions were identified in the Albert Nile Water Management Zone (WMZ) and Upper Nile / Lake Kyoga WMZs. The identification of these project ideas was mindful of the benefits of creating synergies between FIP and PPCR at project level.

18. **Institutional arrangements for implementing the FIP IP.** The Mission and the Government broadly agreed on an overall implementation architecture through existing structures involving (a) oversight by the Policy Committee on Environment at the Cabinet level, (b) at the program steering level, oversight and coordination by the National Climate Change Advisory Committee (NCCAC), and (c) at the investment level, implementation by the Project Management Units mainstreamed in the relevant coordinating departments or ministries. The MWE will be responsible for overall program coordination, monitoring, and reporting.

19. **FIP IP period.** Current FIP IP is planned for a period of 10 years. To ensure that the FIP IP remains a current planning tool for priority interventions to assist the implementation of the NDC, the plans will include a periodic review provision, including a mid-term review. These reviews will provide an opportunity to update the plan as implementation progresses and as new priorities and sources of financing emerge.

20. **FAO's Support to FIP Preparation.** The Government and the mission acknowledged FAO's contribution to the preparation process. As agreed during the first joint mission, the FAO FLRM¹⁰ joined the FIP as a technical partner¹¹ at the invitation of the GoU. It is providing

⁷ MWE (2015). *Uganda's Intended Nationally Determined Contribution*. Ministry of Water and Environment.

⁸ Uganda pledged to restore 2,500,000 hectares of deforested and degraded lands by 2020 under the Bonn challenge

⁹ African Forest Landscape Restoration Initiative, a pan-African initiative, is a country-led effort to restore 100 million hectares of degraded and deforested landscapes by 2030.

¹⁰ The Forest and Landscape Restoration Mechanism (FLRM) is working to help countries restore degraded landscapes by identifying and implementing practices that restore a balance of the ecological, social and economic benefits of forests and trees within a broader pattern of land uses.

technical assistance to the Government and will support the finalization of the FIP IP according to the updated preparation roadmap. It will also provide technical inputs for the development of the full project documents, including through support to the analysis of restoration opportunities within landscapes selected for FIP support. The FAO FLRM team will continue participating in the FIP process.

21. **Updated Preparation Roadmap.** The mission updated the preparation roadmap in view of the intention to submit the FIP IP for the June 2017 meeting. The revised roadmap is included in Annex 2.

22. The mission reviewed and discussed the latest draft of the FIP document. On the basis of this review, the mission and the Government agreed to submit the FIP IP for consideration at the June 2017 FIP SC meeting. There are various reasons for this position. These include that: (i) The October 15 deadline for submission for independent technical review will be missed (a requirement for presentation to the December 5th meeting of the CIFs). (ii) The FIP IP draft has not yet been revised following the comments provided earlier by the MDBs and with feedback from stakeholder consultations. (iii) Additional work will be needed to improve presentation (for example, inclusion of maps and figures). (iv) Analytical studies commissioned to inform the design of the FIP will need to progress further in order to generate the evidence needed to address key gaps (e.g. on public expenditure for forestry and for developing options for private sector support). (v) Investment project concepts are not yet fully drafted and further discussions and revision will be needed to address review comments and improve synergies between FIP and PPCR support.

V. NEXT STEPS

23. The next steps are as per the revised Roadmap in Annex 2. The next mission (in person or virtual) is tentatively scheduled for mid-February 2017.

ANNEXES

Annex 1. List of persons met

Annex 2. Updated roadmap

¹¹ IBRD & AfDB (2016). Forest Investment Programme. First Joint Mission Aide Memoire. Kampala, Uganda. 13-24 June, 2016

Annex 1. List of persons met

1. Hon. Mary Goretti Kitutu, State Minister for the Environment, MWE;
2. Charles Esimu Okuraja, Undersecretary, MWE;
3. Paul Mafabi, Director, Environmental Affairs, MWE;
4. Samuel Otuba, Director, Policy and Planning, National Focal Point for FIP, MoWE;
5. Margaret Mwebesa, Assistant Commissioner, National Focal Point for REDD+, FSSD / MoWE;
6. Xavier Mugumya, Climate Change Coordinator, Alternate National Focal Point for REDD+, National Forestry Authority;
7. Alex Muhweezi, Lead Technical Advisor, REDD+ and FIP, REDD+ Secretariat, MoWE;
8. Chebet Maikut, Ag. Commissioner, Climate Change Department, National Focal Point for PPCR, MoWE;
9. Muhammad Semambo, Senior Climate Change Officer – Adaptation, Climate Change Department, MoWE;
10. Issa Katwesige, Senior Forestry Officer, FSSD / MWE;
11. Evelyn Atuhaire, Economist, FSSD, MWE;
12. Mark Infield, Technical Adviser, Directorate of Environment, Ministry of Water and Environment;
13. John Ogol, Assistant Commissioner, MOFPED;
14. Samson Muwanguzi, Ministry of Finance, MOFPED;
15. Andrew Masaba, Senior Economist, MOFPED;
16. Richard Cong, Commissioner, Water for Production, Directorate of Water Development, MWE;
17. John Lawrence Sebuyira, Principal Urban Development Officer, Department of Land Use Regulation and Compliance, Ministry of Lands, Housing and Urban Development;
18. Dennis Kavuma, Uganda Timber Growers Association
19. Robert Bakiika, EMLI-Bwaise Facility
20. John Begumana, GIS Specialist, FAO

Annex 2. Updated Roadmap

The steps below have already been completed:

Activity
Prepare and submit ToR for MDB review for consultant/contract staff to support CCD/REDD+ Secretariat
Solicit ideas for proposals for preparation grants
Prepare inception report for review prior to 1st joint mission (4 weeks prior to mission)
Prepare and submit request to lead MDB for preparation funds.
Prepare stakeholder engagement plan
Prepare and submit for lead MDB review procurement plans for FIP preparation funds
Confirm the steering and oversight arrangements for FIP
Mobilize consultants/experts to support FIP IP preparation ¹²
Develop a draft agenda for the First Joint Mission
Prepare and submit to CIF AU the ToR for the First Joint Mission (5 weeks ahead of mission start date)
Submit first joint mission invitation/announcement to development partners and CSOs
Detailed agenda development and skype calls to review agenda
Prepare an update on Uganda's FIP draft FIP (for presentation to the meeting for new FIP countries) and share with MDBs (and expert reviewer afterwards)
Undertake First Joint Mission (including field visits)
Submit request for assignment of the expert reviewers (from the FIP roster)
Countersign FIP Grant Agreement (by Minister of Finance)
Update Draft FIP incorporating Mission conclusions/recommendations and share with FIP Team in WB and AfDB
Develop a draft agenda for the Second Joint Mission
Finalize recruitment/award contracts to undertake the FIP Studies
Prepare and submit to CIF AU the ToR for the Second Joint Mission (5 weeks ahead of mission start date)
Complete Key Consultations with Stakeholders
Undertake Second Joint Mission

The roadmap below sets out an outline of remaining steps before the FIP IP is finalized and key areas of work that would need to be undertaken for the finalization of the FIP IP.

Activity	Who	Due date
Finalize advanced draft FIP IP based on inputs from consultations, comments from the MDBs, inputs from the mission discussions and include developed project concepts (Draft FIP Document for initial technical review)	GoU	Nov 4, 2016
Initial expert technical review	WB (as lead MDB)	Nov 4-18, 2016
Finalize FIP IP, including technical review inputs	GoU	Nov 30, 2016
Further development of project concepts	GoU	Feb 1, 2017
Joint mission	GoU and MDBs	Feb 13-17, 2017

¹² Additional consultants to be hired with the US\$250,000 grant

Expert technical review	WB (as lead MDB)	Feb 20-March 3, 2017
Revision of FIP IP based on technical review comments	GoU	March 15, 2017
Post on the MWE website – 2 week mandatory posting period as per FIP guidelines	GoU	March 20-April 3, 2017
Incorporation of comments (if any) received during the disclosure period; final editing of the investment plan	GoU	April 5, 2017
Endorsement by the NCCAC	GoU	April 10, 2017
Submit investment plans to CIF AU	GoU	April 15, 2017
FIP Sub-Committee	--	<i>TBC June 2017</i>