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Report No: PAD800

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 113.70 MILLION
(US\$175 MILLION EQUIVALENT)

TO THE

REPUBLIC OF UGANDA

FOR THE

SECOND KAMPALA INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT
PROJECT

February 25, 2014

Urban Development & Services Practice 1 (AFTU1)
Country Department AFCE1
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 1, 2014)

Currency Unit = Uganda Shillings (UGX)
US\$1 = UGX 2560
US\$1 = SDR 0.65 (0.649714)

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

APL	Adaptable Program Loan
CAS	Country Assistance Strategy
CBD	Central Business District
CSOs	Civil Society Organizations
EIRR	Economic Internal Rate of Return
ESAMI	Eastern and Southern Africa Management Institute
ESIAs	Environmental Social Impact Assessments
ESMF	Environmental and Social Management Framework
ESMPs	Environmental and Social Management Plans
GDP	Gross Domestic Product
GIMPA	Ghana Institute of Management and Public Administration
GKMA	Greater Kampala Metropolitan Area
GoU	Government of Uganda
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
ICE	Information, Communication and Education
ICR	Implementation Completion and Results Report
IDA	International Development Association
IFC	International Finance Corporation
IFRS	International Financial Reporting System
IGG	Inspectorate General of Government
IPF	Investment Project Financing
JICA	Japan International Corporation Agency
JV	Joint Venture
KARET	Kampala Recovery and Transformation Program
KCC	Kampala Capital City
KCCA	Kampala Capital City Authority
KDMP	Kampala Drainage Master Plan
KIIDP 1	First Kampala Institutional and Infrastructure Development Project
KIIDP 2	Second Kampala Institutional and Infrastructure Development Project
KUTIP	Kampala Urban Transport Improvement Plan
LGDP	Local Government Development Project
M&E	Monitoring and Evaluation
MEC	Management Executive Committee

MoFPED	Ministry of Finance, Planning and Economic Development
MoWT	Ministry of Works and Transport
NCB	National Competitive Bidding
NCRP	Nakivubo Rehabilitation Project
NEMA	National Environmental Management Authority
NMT	Non-Motorized Transport
NPV	Net Present Value
NTMP	National Transport Master Plan
NWSC	National Water and Sewerage Corporation
O&M	Operations and Maintenance
OAG	Office of the Auditor General
OSR	Own Source Revenue
PCRs	Physical Cultural Resources
PAPs	Project Affected Persons
PDU	Procurement and Disposal Unit
PIP	Performance Improvement Plan
PPDA	Public Procurement and Disposal of Assets Authority
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
RSISTAP	Road Sector Institutional Support Technical Assistance Project
RUC	Road User Cost
SFR	Strategic Framework for Reform
SMS	Short Messages Service
UGX	Uganda Shilling
US	United States
USMID	Uganda Support to Municipal Infrastructure Development

Regional Vice President:	Makhtar Diop
Country Director:	Philippe Dongier
Sector Director:	Jamal Saghir
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UGANDA

Second Kampala Institutional and Infrastructure Development Project

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PAD DATA SHEET*Uganda**Second Kampala Institutional and Infrastructure Development Project (P133590)***PROJECT APPRAISAL DOCUMENT***AFRICA**AFTUI*

Report No.: PAD800

Basic Information			
Project ID P133590	EA Category B - Partial Assessment	Team Leader Martin Onyach-Olaa	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 01-Jul-2014	Project Implementation End Date 31-Dec-2019		
Expected Effectiveness Date 01-Jul-2014	Expected Closing Date 30-Jun-2019		
Joint IFC No			
Sector Manager Rosemary Mukami Kariuki	Sector Director Jamal Saghir	Country Director Philippe Dongier	Regional Vice President Makhtar Diop
Borrower: Republic of Uganda			
Responsible Agency: Kampala Capital City Authority			
Contact: J. Semakula Musisi	Title: Executive Director		
Telephone 256-717440348	Email: Jmusisi@kcca.go.ug		
No.:			
Project Financing Data(in USD Million)			
[] Loan	[] Grant	[] Guarantee	
[X] Credit	[] IDA Grant	[] Other	
Total Project Cost:	183.75	Total Bank Financing:	175.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	8.75
International Development Association (IDA)	175.00
Total	183.75

Expected Disbursements (in USD Million)

Fiscal Year	2015	2016	2017	2018	2019	2020	0000	0000	0000
Annual	8.38	36.75	73.50	36.78	18.34	1.25	0.00	0.00	0.00
Cumulative	8.38	45.13	118.63	155.41	173.75	175.00	0.00	0.00	0.00

Proposed Development Objective(s)

The project development objective (PDO) is enhanced infrastructure and institutional capacity of KCCA to improve urban mobility in Kampala.

Components

Component Name	Cost (USD Millions)
Component 1 – City Wide Road Infrastructure and associated investments	165.00
Component 2 - Institutional and Systems Development Support	10.00

Institutional Data

Sector Board

Urban Development

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Transportation	Urban Transport	40		
Water, sanitation and flood protection	Flood protection	30		
Public Administration, Law, and Justice	Sub-national government administration	30		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%	
Urban development	City-wide Infrastructure and Service Delivery	70	
Urban development	Municipal governance and institution building	30	
Total		100	
Compliance			
Policy			
Does the project depart from the CAS in content or in other significant respects?		Yes []	No [X]
Does the project require any waivers of Bank policies?		Yes []	No [X]
Have these been approved by Bank management?		Yes []	No [X]
Is approval for any policy waiver sought from the Board?		Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?		Yes [X]	No []
Safeguard Policies Triggered by the Project		Yes	No
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36			X
Pest Management OP 4.09			X
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10			X
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37			X
Projects on International Waterways OP/BP 7.50			X
Projects in Disputed Areas OP/BP 7.60			X
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Project Escrow Account		01-Jul-2014	
Description of Covenant			
The Recipient shall, through the Project Implementing Entity, open, and thereafter maintain, at all times during the implementation of the Project, in a financial institution and on terms and conditions acceptable to the Association, a Project Escrow Account, into which all counterpart funds required for the Project shall be deposited and maintained until required to pay for RAP compensation costs			
Name	Recurrent	Due Date	Frequency

Procurement Training		01-Jul-2015	
Description of Covenant			
The Recipient, through the Project Implementing Entity, shall, not later than twelve (12) months after the Effective Date, provide procurement training for PDU staff and contract managers, under terms of reference acceptable to the Association.			
Name	Recurrent	Due Date	Frequency
Procurement Filing and Records		01-Dec-2014	
Description of Covenant			
The Recipient, through the Project Implementing Entity, shall, not later than six (6) months after the Effective Date, update its procurement filing and record keeping system, in form and substance acceptable to the Association.			
Name	Recurrent	Due Date	Frequency
Contract Management System		01-Jul-2015	
Description of Covenant			
The Recipient, through the Project Implementing Entity, shall, not later than twelve (12) months after the Effective Date, establish a contract management system, in form and substance acceptable to the Association.			
Name	Recurrent	Due Date	Frequency
Procurement Specialist		01-Aug-2014	
Description of Covenant			
The Recipient shall, not later than one (1) month after the Effective Date, appoint a procurement specialist, in accordance Section III of Schedule 2 to the Financing Agreement.			
Conditions			
Name			Type
Subsidiary Agreement			Effectiveness
Description of Condition			
The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity, in accordance with the provisions of Section I.B of Schedule 2 to the Financing Agreement			
Name			Type
Project Implementing Entity			Effectiveness
Description of Condition			
The Recipient has, through the Project Implementing Entity, recruited a Highway Engineering Specialist, a Transport Planning and Traffic Engineering Specialist, a Geographic Information Systems Specialist, an Environmental Management Specialist, a Social Development Specialist, and a Revenue Management Specialist, all in accordance with Section III.C of Schedule 2 to the Financing Agreement			
Name			Type
Deposit into Project Escrow Account			Effectiveness
Description of Condition			

The Recipient, through the Project Implementing Entity, has deposited Uganda Shillings 2.98 billion (US\$1.19 million equivalent) into the Project Escrow Account, in accordance with the provisions of Section I.F of Schedule 2 to the Financing Agreement

Team Composition

Bank Staff

Name	Title	Specialization	Unit
Marie Claire M. Li Tin Yue	Senior Program Assistant	Senior Program Assistant	AFTU1
Roland White	Lead Urban Specialist	Lead Urban Specialist	AFTU1
Labite Victorio Ocaya		Sr Highway Engineer	AFTU1
Martin Onyach-Olaa	Sr Urban Spec.	Team Lead	AFTU1
Grace Nakuya Musoke Munanura	Senior Procurement Specialist	Senior Procurement Specialist	AFTPE
Paul Kato Kamuchwezi	Financial Management Specialist	Financial Management Specialist	AFTME
Annette Nabisere Byansansa	Team Assistant	Team Assistant	AFMUG
Zemedkun Girma Tessema	Sr Transport. Spec.	Sr Transport. Spec.	AFTTR
Herbert Oule	Environmental Specialist	Environmental Specialist	AFTN3
Constance Nekessa-Ouma	Social Development Specialist	Social Development Specialist	AFTCS
Jennaro Boniface Odoki	Consultant		AFTU1

Non Bank Staff

Name	Title	Office Phone	City

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments

I. STRATEGIC CONTEXT

A. COUNTRY CONTEXT

1. **Uganda established a strong record of prudent macroeconomic management and structural reform in the 1990s.** The decade saw strong growth in Uganda's Gross Domestic Product (GDP), averaging 7.5 percent per annum. Successive shocks, both internal and external, including a global economic crisis, drought and corruption cases, have affected Uganda's macroeconomic stability in recent years. However, real GDP growth¹ improved again in 2013, bouncing back to 5.8 percent from 3.4 percent in 2012. Inflation rates fluctuated from 6.5 percent in 2011, spiking to 23.5 percent in 2012, but ebbed to 5.6 percent in 2013². In the medium term, Uganda's growth prospects remain positive at around 6 - 7 percent per annum with moderate inflation averaging around 5 percent³.

2. **Uganda continues to experience high population growth and rapid urbanization.** Uganda's population has increased rapidly, from 24.2 million in 2002 to around 35 million in 2013. Its high population growth rate, averaging 3.3 percent per year in the last two decades, makes it one of the fastest growing countries in Africa. The urban population growth rate is also high, at 5.1 percent per annum. It is projected that by 2035, of a total population of 68 million, 30 percent (or 20 million people) will be in urban areas. This compares to 16 percent in urban areas today, the majority of whom are concentrated around Kampala, the capital city. Kampala is the largest city, with a population of 1.53 million growing at an annual growth rate of 5 percent per annum. Greater Kampala Metropolitan Area (GKMA) is estimated to have around 3.15 million people.

3. **Urban areas are the economic hubs of Uganda, and Kampala is the economic, political, and administrative capital.** Currently, urban areas account for about 72 percent of manufacturing output and over 55 percent of national GDP. While accurate data on the spatial distribution of economic activity in Uganda is not readily available, it is estimated that about 80 percent of the country's industrial sector is located in Kampala and the City generates about 50 percent of national GDP.

4. **The growth of the Uganda economy is intrinsically linked to how efficiently Kampala is managed and how well it is connected to the rest of the country.** Once oil production begins⁴, it is expected that Kampala will take on an even more important role in providing core business and financial services. Meeting these growing demands is a challenge as the current pace of investment support, institutional development, and policy reform in the city and wider metropolis is not keeping pace with growth.

¹ Calculated at constant 2002 market prices. Source: Uganda Bureau of Statistics. September 2013. A Brief on Key Indicators Released by the Bureau during the Month of September 2013.

² Composite Consumer Price Index (CPI) (Base: 2005/2006 =100). Source: Uganda Bureau of Statistics. September 2013. Consumer Price Index.

³ Source: Bank of Uganda. June 2013. Financial Stability Report. Issue 5.

⁴ Full-scale oil production in the Albertine Region is not expected to begin before 2017 although exploration and appraisal activities are ongoing.

5. **With sustained and high economic growth, Uganda has reduced poverty substantially.** Over the last two decades the share of population living below the poverty line in Uganda has declined from 56.4 percent in 1992 to 24.5 percent in 2009⁵. While the incidence of poverty remains far lower in urban areas than rural ones (about 85 percent of the population resides in rural areas and contribute 94 percent to national poverty), poverty density is highest in urban areas. In Kampala, where the poverty rate is only 4 percent, the poverty density, at an average of 312 poor people per square kilometer, is almost 30 times that of the surrounding central region, with 12.6 poor people per square kilometer. Investing in pro-poor infrastructure in Kampala will therefore, benefit more people per square kilometer than in other parts of the country.

6. **Urban job growth is one of the key contributors to poverty reduction, with Kampala playing a prominent role.** The impressive decline in poverty in Uganda can be attributed to higher crop prices, agricultural diversification, growth of non-wage non-farm employment (primarily household enterprises) and urban job growth, particularly in Kampala. Growth in wage and salary employment and that of non-farm enterprises has been concentrated in the Kampala – Entebbe area. About 40 percent of all wage and salary jobs in 2005/06 were located in Kampala, yet it accounted for only 10 percent of the labor force. Manufacturing firms are largely located within urban areas and the trend continues – increasing from 70 percent in 2001 to 74 percent in 2010. Over the same period three quarters of new formal jobs were created in the most urbanized districts.

7. **Efficient urbanization supports firm growth and job creation, in both the formal and informal sectors, and thus contributes to inclusive economic growth and poverty reduction.** The main features of efficient urbanization are⁶ (i) access to basic infrastructure and services; (ii) efficient land policies and institutions; (iii) mobility within cities; (iv) connectivity between cities; and (v) housing and slum improvement for livability. In summary, sustaining long-term economic success and continued poverty reduction requires that economic growth is inclusive, and efficient urbanization is key to achieving this goal. This objective is aligned with the World Bank twin goal of reducing extreme poverty and boosting shared prosperity.

8. **Improving the quality of infrastructure networks, and addressing service delivery and employment needs of a growing and urbanizing population, is an important pillar of the Government of Uganda’s development priorities for sustained economic growth.** The Government of Uganda’s strategic vision focuses on an accelerated socio-economic transformation with a goal of transforming the country to what the National Development Plan (NDP) 2010/2011 to 2014/2015 terms “a modern society” within 30 years. Boosting physical infrastructure is one of the four pillars of this National Development Plan which identified infrastructure as the main binding constraint to growth. In recent years, the Government has shifted public expenditure towards addressing these constraints. The 2006 energy crisis, the deterioration of transport infrastructure, and analytical work highlighting the binding constraints to growth have led to a scaling up of infrastructure investments in the budget since FY 2008. One

⁵ Poverty headcount ratio at national poverty line (% of population). Source: World Bank, Global Poverty Working Group. Data are based on World Bank’s country poverty assessments and country Poverty Reduction Strategies

⁶ World Bank. Uganda Promoting Inclusive Growth – Transforming Farms, Human Capital and Economic Geography Synthesis Report. February 2012.

of the key infrastructure gaps to be addressed is improving road transport, which meets 90 percent of transport requirements of the country, but where only four percent of roads are paved. In Kampala only 10 percent of roads are paved.

B. SECTORAL AND INSTITUTIONAL CONTEXT

9. **Analysis of population movements in Uganda shows a predominance of migration towards the central region with the largest numbers moving to, Kampala, and the GKMA more broadly.** The gradual transformation of Uganda, both in terms of what it produces and where, is driving economic concentration and greater population density⁷. However, infrastructure and services provision in the central region generally, and in Kampala specifically, are not keeping pace. Access to key urban services (roads, drainage, solid waste management, housing, green parks, education and health) in Kampala is declining - overwhelmed by the flow of both daily and long term migrants. As a result of inefficient infrastructure and unaffordable services, the poor and those seeking economic opportunities pay the heaviest price, including higher costs of services, lower economic productivity, poor health and economic hardship.

10. **Although Kampala is lagging behind in the provision of most infrastructure and services, poor mobility is particularly challenging.** The spatial growth of Kampala and the efficiency of its economy are negatively impacted by congestion, and the challenges posed by congestion are compounded by the proliferation of public transport modes in Uganda - dominated by 14-seat private mini buses and the rapid growth in motorbike taxi services - and an explosion in private motor vehicle ownership (estimated at 11 percent per year).⁸ Traffic jams are a regular feature of day time travel in Kampala, which involves one million commuters daily. A better urban transport system is essential to reduce congestion and improve connectivity, facilitate the movement of people, move products to markets, and stimulate job creation. Improving urban mobility will have a significant impact on the poor and ensure inclusive growth. In addition to those who use public transport systems in their daily means, approximately 70 percent of work trips are on foot in Kampala, primarily by the urban poor.

11. The largest number of road accident casualties is pedestrians. In 2013, of a total of 640 fatalities, 291 were pedestrians. Therefore, improvements in the urban transport sector and enhanced accessibility can yield great benefits to the poor. In particular, better road designs with pedestrian walkways, streetlights, signaled junctions and pedestrian crossings could greatly reduce pedestrian fatalities and benefit a majority of the population.

12. **Kampala's unique topography – a city of seven hills, with natural drainage channels and numerous wet lands that feed into Lake Victoria - adds to this challenge.** As density increases, the city will require significant investments in storm water drainage as well. Improving drainage systems will also reduce the incidence and impact of flooding on property value, the disruption of commercial activities and the damage to roads infrastructure, particularly in low lying parts of the city which are often inhabited by the poorest households. In 2003, under the Nakivubo Channel Rehabilitation Project, the Kampala Drainage Master Plan (KDMP) was

⁷ Recent analysis showed that 88 percent of migrants moved to the central region,

⁸ Cars and station wagons are increasing from 11,000 in 2002 to over 27,000 in 2009, and motorcycles are increasing almost tenfold from 11,000 to over 100,000.

prepared. The plan assessed and analyzed the drainage situation in Kampala and outlined a drainage improvement plan covering the period up to 2040. Out of the eight primary drainage systems identified, so far only two have been widened and lined - namely the Nakivubo System and Lubigi System. There is therefore, need for further investments in drainage improvements in Kampala City, particularly the canalization of primary and secondary drains, and expansion of drainage structures for the dual benefit of maintaining the integrity of roads, and mitigating economic losses faced by those regularly affected by flooding and loss of property.

13. **Given the inter-linkages between roads, drainage and traffic flow, the 2003⁹ Kampala Urban Transport Improvement Plan (KUTIP) provided a framework for addressing these issues in a coherent and coordinated manner.** KUTIP proposed urgent traffic improvement and road maintenance intervention requirements for the short term investment. The proposed interventions were aligned with the long term Transport Master Plan Study and the third update of the Road Sector Development Program just completed by the Ministry of Works and Transport (MoWT). Also the Greater Kampala Metropolitan Area (GKMA) Transportation Master Plan 2009, Japan International Corporation Agency (JICA) Study 2010 and Bus Rapid Transit Study 2010 indicate that improvement of all the junctions in the city are long overdue given the current increased traffic loads. Traffic improvement plans from the KUTIP study have been developed for the central business district (CBD) and elsewhere in the city in order to reduce congestion and improve road safety¹⁰. The plans include changes in traffic circulation and introduction of one-way streets to improve flow at major junctions and road widening schemes to remove traffic bottlenecks. However, these interventions are a small subset of overall urban investment requirements. The scope and scale of investments will need to be expanded to include other critical infrastructure proposed in other studies prepared for Kampala, such as drainage, non-motorized transport and bus rapid transit. Improving the effectiveness of all interventions will require integrated planning, coordination and management of infrastructure and services within the city and GKMA. This will prepare Kampala to play its proper role as the economic capital of Uganda, and as a regional hub.

14. **In this context, and in order to address the challenges laid out above, the proposed project will focus on improving the efficiency of Kampala, the primary urban center in Uganda** in order to support: (i) economic growth through greater intra- and inter- city connectivity and mobility; (ii) increased access for the urban poor through greater mobility, and (iii) reduced health hazards associated with the poor state of the road and drainage network, through accidents, flooding and pollution. The project will focus on improving urban mobility to have greater impact and be more transformative. However it has been designed to complement other ongoing programs supported by the government and its development partners to improve other key urban services such as water and electricity— managed by autonomous public corporations such as National Water and Sewerage Corporation (NWSC) and electricity distribution corporation (UMEME)— as well as private sector projects of the Kampala Capital City Authority (KCCA) such as the solid waste landfill being developed with the support of the IFC.

⁹ Was prepared as a component of the Nakivubo Channel Rehabilitation Project (NCRP), 2003 funded by IDA

¹⁰ The problems of traffic congestion and accidents have been registered on a number of roads and road junctions in the city. Consequently the Government in general and road users in particular lose a lot in in time, costs for fuel and spares, lives, environmental hazards, and psychological tortures.

15. **Improving urban mobility will, however, also require better coordination and management of infrastructure and services.** The project will address deficiencies in institutional capacity within Kampala and in GKMA more broadly, in addition to strengthening inter-agency coordination with other utilities, ministries and regulatory bodies. Currently, the task of planning for the development of urban transport systems is split among various agencies and has not been well-integrated with broader land use plans. Through improvements in organizational management and planning capacity, human resource capacity, and financial capacity, particularly own source revenue (OSR); and through a more comprehensive and coherent planning and implementation framework.

16. **Key to promoting a more efficient urbanization of Kampala is strengthening the Kampala Capital City Authority (KCCA).** Kampala City was one of the Districts of Uganda and used to be governed as a Local Government under the Local Government Act 1997. In March 2010, Kampala City was transformed and elevated from the status of a District to an Authority to be governed through the Kampala Capital City Act 2010. The intent was to improve the administration of Kampala City and provide services to the public within an effective, efficient and accountable framework under the direct supervision of the Central Government. The Kampala Capital City Act 2010 replaced the Local Government Act, 1997 as the legal basis for managing Kampala City. The Authority is headed by a publicly-elected Lord Mayor (the Political Head of the City Authority) who also performs the functions of the Speaker of the Authority. The technical arm of the Authority is headed by the Executive Director who is the Accounting Officer of the Authority. The Executive Director plus the ten Directors¹¹ are appointed by the President on the advice of the National Public Service Commission.

17. **As a new institution, KCCA has made strides to improve governance and managerial capacity.** It has recruited new staff and increased salaries, while former non-performing staff have been fully compensated and dismissed. KCCA management has taken steps towards enhancing the culture of transparency and due process in the administration and governance within the city. As such, KCCA has established a formal public consultation process. It holds annual budget conferences for all its stakeholders, has also revamped its website and is on Facebook and twitter social media. It has also charted out a transformative vision for the city which outlines a medium term plan for addressing the challenges outlined before.

18. **KCCA's vision is to make the city vibrant, attractive and sustainable by 2040.** KCCA's vision focuses on four thematic areas: (i) economic growth¹²; (ii) operational excellence and governance¹³; (iii) health and safety¹⁴; and (iv) planned and green environment¹⁵. To

¹¹ The ten Directors of the KCCA are from the Directorates of: (i) Human Resource and Administration; (ii) Internal Audit; (iii) Legal Affairs; (iv) Treasury Services; (v) Revenue Collection; (vi) Public Health and Environment; (vii) Education and Social Services; (viii) Gender, Community Services and Production; (ix) Physical Planning; and (x) Engineering and Technical Services.

¹² Develop the City Economic Development Strategy to provide the guiding framework for sustained shared economic growth driven by an efficient infrastructure network.

¹³ Address institutional efficiencies and redundancies, enhanced revenue mobilization, operate modern business process supported by Information Technology (IT) for functional integration and improved urban governance for an efficient and results oriented city.

¹⁴ Build structures and systems to ensure that the citizens are healthy and secure.

¹⁵ Ensure that communities and neighborhoods live harmoniously while taking care of the environment for intergenerational equity and sustainable development.

operationalize this vision, KCCA has launched a new Corporate Strategy (2013 – 2018), as a successor to the Strategic Framework for Reform (SFR¹⁶), to lay the foundation for the Kampala City Transformation. The strategy contains The Kampala Recovery and Transformation Program (KARET), which builds on the success of other projects, such as the KIIDP 1, and focuses on four program areas.

- ***KCCA Institutional development*** to improve KCCA institutional efficiency and effectiveness through improved business and corporate support functions and enhanced urban governance.
- ***Infrastructure and Civil works*** to lay the foundation for revamping and developing modern infrastructure for the city so as to spur shared socio-economic growth.
- ***Social Services development*** to improve public health, education and social services.
- ***Economic growth, sustainability and development*** to promote investments that support new job creation, growth of the economic sector, city value chains that drive investment and innovation, and urban tourism.

19. **The Bank has had a long history of support for the urban and local government sector in Uganda.**¹⁷ In the coming five to ten years, the Bank will provide support to the urban sector in Uganda through two complementary interventions. The first, the Uganda Support to Municipal Infrastructure Development (USMID) supports 14 secondary cities (municipalities) through a US\$150 million Program for Results (PforR) from 2013 – 2018. The second, the proposed project, will support Kampala Capital City through enhanced investments in KCCA infrastructure and institutional capacity to improve urban mobility.

20. **This project is the second phase of the Kampala Institutional and Infrastructure Development Project (KIIDP) which was originally conceived as an adaptable program loan (APL).** The first phase of the APL was approved by the Board of Executive Directors on November 6, 2007. The Project Development Objective of the first phase of the APL was to improve the institutional efficiency of Kampala Capital City (KCC) through implementation of the Strategic Framework for Reform of the KCC. KIIDP 1 closed on December 31, 2013 having fully achieved its objectives. The table below summarizes the status of the completed KIIDP 1.

¹⁶ The SFR (1997, revised 2004) focused on three broad areas of reform: (i) Restructuring the KCC (by then) through administrative structural reforms to improve efficiency and rationalizing (downsizing) staff; (ii) Liberalization of service delivery by privatization, contracting out, outsourcing and divesting of services facilities or assets to enhance private sector participation in service delivery; and (iii) Financial and fiscal reforms aimed to establish efficient and transparent budgeting, revenue enhancement, effective expenditure and budget control, and improved staff performance.

¹⁷ World Bank supported projects include the Uganda First Urban Project (1991), Nakivubo Channel Rehabilitation Project (1999), first and second Local Government Development Project (1999 - 2007), Local Government Management and Service Delivery (2007 – 2012), the Kampala Institutional and Infrastructure Development Project (KIIDP 1) (2007 – 2013), the Uganda Support to Municipal Infrastructure Development (USMID) - a PforR Program (2013 – 2018).

Triggers	Benchmarks	Status
New organizational system operational	Staffing level 80% ¹⁸ filled.	Achieved. As of November 8, 2013, a total of 398 staff have been appointed (up by 39 staff from 359 in April) out of the 400 staff target for the financial year 2012/13. This represents 99% of the target for FY2012/13. In addition to the permanent staff, the Authority had also employed 529 temporary staff as of April 30, 2013.
	Performance-based compensation system implemented for key staff (Heads of Department, Deputy Heads and Senior Principal Assistant Town Clerks).	Achieved. Under the new KCCA structure, top management (deputy directors and above) are “on contract” (i.e. three year renewable contracts with incentives for performance). An instrument to measure staff performance has been developed. The tool is based on the Balance Score Card system and competence- based management system. The proposed instrument has clear sanctions and rewards for each of the performance levels attained by the staff as outlined below: <ul style="list-style-type: none"> • Level 1 – Unsatisfactory performance; Termination on performance grounds • Level 2 – Needs improvement; Put on Performance Improvement Plan (PIP) • Level 3 – Meets expectations; Paid a normal monthly salary and encouraged to improve further • Level 4 – Exceeds expectations; Promoted if a vacancy exists • Level 5 – Outstanding performance; Promoted immediately and paid a performance bonus.
	Enforcement of the Leadership Code	Achieved. The staff code of conduct is being enforced. KCCA management is committed to implementing activities particularly those aimed at enhancing the culture of transparency, accountability and due process. Management is also enforcing a policy of “zero” tolerance to corruption. As of January 2014 disciplinary actions were taken on a total of 89 KCCA staff (65 terminations, 8 interdictions, 16 warnings).
Establish and implement a formal public consultation process	Framework for measuring KCCA performance by stakeholders in place	Achieved. Second and last Citizen Scorecard Report under the project was completed. KCCA management has adopted the CSC Report and continued to take on board the findings to address citizens’ views and concerns.
	Media strategy implemented	Achieved. Following the preparation of the new KCCA Corporate Strategy, the media strategy has been discussed by KCCA management and a rebranding process completed. The new KCCA corporate identity and status, including a new logo was launched on November 29, 2012.
	Budget and development planning consultation carried out	Achieved. KCCA has continued to hold budget and development planning conference for all stakeholders. Since April 2013 KCCA has held five “barazas ¹⁹ ”.
Implementation of financial recovery action plan (FRAP)	Reduce the stock of overdue liability from UGX ²⁰ 8 billion to UGX 3 billion	Achieved. Overdue liabilities had been reduced from UGX8bn to 0. However there are unverified claims of UGX2.6 billion. KCCA, in consultation with the Accountant General, intends to take measures to clean its books from these unclaimed liabilities.
	Increase own-source revenue from UGX 22 billion to UGX 33.5 billion	Achieved. OSR collection for FY2012/13 was UGX55.71 billion
Comprehensive O&M plan for infrastructure	Provision and release of adequate O&M budget	Achieved. In FY2012/13, of a total budget of UGX70.298 billion from OSR, UGX26.6 billion was allocated to wages, UGX 24.0 billion to non-wage costs, and UGX 19.7 billion to development.
	Quality control system in place and operationalized for both O&M and new construction.	Achieved. The Quality Management System (QMS) introduced in Engineering and Works and Physical Planning Directorate. Plans are underway to roll the system to the other Directorates/Departments under the proposed KIIDP 2.
Effective implementation of the infrastructure rehabilitation and maintenance	Infrastructure investments selected based on sound appraisal and public consultation	Achieved. Infrastructure investments are selected based on sound appraisal and public consultation.
	Quality Assurance System (QAS) is operational	Achieved. QAS has been started in the engineering and technical services with plans to roll-out the system to all the KCCA departments.

21. **Due to recent changes in the Bank’s investment lending policy, the APL series, under which KIIDP 1 was implemented, is being discontinued.** Although the triggers for moving from APL 1 to APL 2 have all been met, KIIDP 2 will be implemented as an IPF.

¹⁸ This is the percentage level recommended by Public Service

¹⁹ Public stakeholders’ meetings.

²⁰ US\$ 1 = UGX2500

C. HIGHER LEVEL OBJECTIVES TO WHICH THE PROJECT CONTRIBUTES

22. **KIIDP 2 will contribute to the National Development Plan (NDP)²¹ 2010/11 – 2014/15 and Vision 2040.** The NDP has broadened the country’s development strategy from poverty reduction to structural transformation and identified the urban sector as one of the complementary sectors for growth. It will also assist in strengthening the capacity of the newly created KCCA by focusing on the three core Directorates: Engineering and Technical Services, Physical Planning, and Revenue, which are each directly relevant for project implementation.

23. **The project will specifically contribute to the achievement of the Country Assistance Strategy (CAS) objectives of enhanced public infrastructure (Objective 2) and improved management and delivery of urban services (Outcome 2.4).** The CAS (FY2011-2015) notes that the pace of Uganda’s structural transformation will depend on the efficiency of its spatial transformation. Several constraints are elaborated in the CAS Progress Report (75283 – UG), which identified major constraints in Kampala City, including limited access to key services, a high level of traffic congestion, and low capacity within KCCA.

24. **The project is aligned with the 2011 World Bank Africa Regional Strategy.** Its intended focus on increasing opportunities for economic growth is consistent with the Strategy’s first pillar (competitiveness and employment). It will also support the Bank’s twin goals of reducing extreme poverty and fostering shared prosperity by ensuring that the sub-project designs are pro-poor and more inclusive. For Uganda to achieve sustainable economic growth, poverty reduction, and shared prosperity, it needs to invest in strategic, large-scale, city/sector-wide infrastructure, build institutional systems, and have strong fiscal/financing systems. KIIDP 2 intends to support these activities.

II. PROJECT DEVELOPMENT OBJECTIVE(S)

A. PROJECT DEVELOPMENT OBJECTIVE (PDO)

25. The project development objective (PDO) is: “enhanced infrastructure and institutional capacity of KCCA to improve urban mobility in Kampala.”

B. PROJECT BENEFICIARIES

26. **The primary project beneficiaries are the residents of Kampala city, who will have greater access to enhanced infrastructure and improved mobility within the city.** About one million people living in Kampala City will directly benefit from improved roads and associated infrastructure through faster commute times, easier access to markets and better road safety. In addition, a significant number of beneficiaries live or work in the low lying areas of the city, which are prone to flooding, and where drainage investments will be made. These beneficiaries, estimated at about 60 percent of the city population, will benefit from: reduced risk of loss or damage to property, fewer health related diseases, improved mobility and greater accessibility to services. Primary beneficiaries will also include KCCA staff that will benefit from improved operational and managerial capacity. In addition, it is projected that 386,522 city residents will

²¹ The NDP is the GoU medium-term development strategy for the period 2010/11 to 2014/15. It is a Five Year Plan consistent with the planning framework adopted by Cabinet for the realisation of the 30-Year National Vision – the Vision 2040.

benefit directly through the use of the Short Message Service (SMS) mobile phone platform through reminders about obligations, notifications from KCCA, payment acknowledgement and confirmations, inquiries using short code, and policing and community sensitization.

27. **The secondary beneficiaries of the project include daily commuters within the GKMA, the general public and investors who would benefit from improved urban mobility and reduced congestion.** Improved managerial capacity of KCCA will also benefit Kampala residents and the other general business community which commute daily to Kampala for trade and commerce.

C. PDO LEVEL RESULTS INDICATORS

1. Direct project beneficiaries (number) (of which 51 percent female beneficiaries)
2. People in urban areas provided with access to all-season roads within a 500 meter range under the project (number)
3. Sub-projects completed by KCCA on time and within budget (percentage)
4. Increase in number of primary drainage channels constructed (number)

28. The second PDO indicator measures enhanced road infrastructure and urban mobility; the third measures enhanced KCCA institutional capacity in project design and execution; and the fourth indicator measures improvements in drainage infrastructure.

III. PROJECT DESCRIPTION

A. PROJECT COMPONENTS

29. **Project Components** - The project will have two components: (i) City Wide Road Infrastructure and associated investments, and (ii) Institutional and Systems Development Support.

Component 1 – City Wide Road Infrastructure and associated investments (US\$173.75 million: IDA - US\$165 million; KCCA – US\$8.75 million)

30. This component will enhance the quality of roads infrastructure and associated investments in Kampala City for improved city mobility. The component will focus mainly on the construction and rehabilitation of the existing roads network and associated infrastructure (drainage, street lights, walkways, street furniture, landscaping, etc.) in the five KCCA divisions. The long list of roads includes roads with traffic volumes exceeding 300 vehicles per day. The prioritization of roads and selection of the sub-projects will be based on economic criteria²² and technical viability, connectivity and ability to distribute traffic within the city with the potential to reduce congestion and improve mobility (including non-motorized transport) within the

²² A Project is deemed economically viable if the Net Present value (NPV) of its discounted benefit-cost cash flow streams is greater than zero and the Economic Internal Rate of Return (EIRR) of its discounted benefit - cost cash flow streams is greater or equal to the discount rate of 12 percent. Normally when a project has a positive NPV, it also has an EIRR greater than the discount rate of 12 percent.

central business district (CBD). The selection criteria are provided below with details in Annex 2.

31. **Component 1 will be implemented in phases with each phase comprised of batches or lots for contracting civil works.** The component will finance civil works, consultancies (studies, designs and supervisions) with IDA funding, and the Resettlement Action Plan (RAP) and associated costs from KCCA counterpart funding. The proposed Batch 1 sub-projects, for which engineering designs were completed under KIIDP 1, will be reviewed, and the costs of the civil works will be updated. Environmental Social Impact Assessments (ESIA) and RAPs will be prepared, consulted upon and disclosed during project implementation, drawing on the guidance in the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF), as well as some preliminary environmental and social due diligence undertaken during the implementation of KIIDP 1.

Phase 1 – This phase is expected to include the following interventions: (i) upgrading of: (a) Makerere Hill road (from Wandegeya to Nakulabye); (b) Bakuli-Nalulabye-Kasubi-Northern Bypass road (from Bakuli to Northern Bypass); and (c) Kira road (from Kira road Police to Kabira junction), all to dual carriageway standard (including associated footpaths, walkways, footbridges, landscaping and upgrading of related drainage systems) – a total of 4.11 kms; (ii) reconstruction of Mambule road (1 Km); and (iii) signalization of Bwaise and Fairway junctions. The estimated Net Present Value (NPV) for phase 1 Roads is US\$139 million with an Economic Internal Rate of Return (EIRR) of 46 percent. The details of the phase 1 sub-projects are provided in Annex 2. While the designs for Phase 1 interventions have been completed, a final review is currently being undertaken to update the costs. It is expected that updated design will be finalized before the implementation phase begins.

Phase 2 – This includes the design, construction and supervision of additional works consisting of: (i) signalization of priority junctions; (ii) construction of a traffic control center at City Hall linking all signalized intersections; (iii) upgrading of priority roads to a dual carriageway standard; (iv) reconstruction of select existing roads; and (v) upgrading of priority gravel roads (including associated footpaths, walkways, footbridges, landscaping and upgrading of related drainage systems). The exact list will be selected based on available funding and applying the selection criteria. The overall NPV for the indicative long list of phase 2 roads is US\$216 million with an EIRR of 53.4 percent. A tentative/proposed list of potential sub-projects in roads to be upgraded to a dual carriageway, reconstructed and upgraded from gravel to paved (bituminous) standard as well as junctions is provided in Annex 2. In addition, the Component will also provide technical advisory services for: (i) carrying out of a survey on the conditions of the road and drainage networks, as well as creation of a separate road database and a separate drainage database; (ii) updating the Kampala Capital City drainage master plan; and (iii) preparing designs for future upgrading of roads, junctions and drainage systems.

32. **The project will seek the involvement of target beneficiaries through discussions of proposed sub-projects** based on the long list between KCCA and the respective divisions' councilors and Local Councils (LCs). The following criteria will be applied to select sub-projects for implementation under the project:

- Selection of specific sub-projects based on the following criteria further explained in Annex 2:
 - *Economic viability (positive NPV and EIRR)*
 - *Technical viability*
 - *Connectivity and ability to distribute traffic within the city*
 - *Equity in terms of sub-project distribution among the five Divisions of Kampala City*
 - *Inclusivity in terms of impact and use by different stakeholders (city residents)*
 - *Exclusion of investments in other services, e.g., solid waste, water and electricity that have alternative financiers or whose provision mandates fall under other authorities/corporation*
 - *Readiness of ESIA and RAP in terms of disclosure and availability of the funding to meet the RAP cost*
 - *Availability of funds to compensate PAPs and deposited in an escrow account for the specific sub-projects*
 - *Availability of detailed designs of the sub-projects*
- IDA will appraise the selected sub-projects to confirm compliance with criteria prior to implementation.

Component 2 - Institutional and Systems Development Support (US\$10 million)

33. **The Institutional and System Development Support component is intended to strengthen the capacity of KCCA as an autonomous corporate body to deliver on its statutory mandates.** This will be achieved by strengthening the capacity of KCCA for investment planning and prioritization, design, supervision, coordination, implementation and operation and maintenance (O&M) of existing and new infrastructure. It will also be supported by improvements in revenue collection capacity to support future investments and ensure maintenance of infrastructure and services. The intended results to be achieved by this component are (i) improved KCCA capacity to implement sub-projects on time and within budget, (ii) at least 15 percent annual increase in own source revenue (OSR) from FY2012/13 base year, (iii) adequate budget and timely maintenance of existing infrastructure so as to prolong asset life time, and (iv) introduction of Information and Communication Technology ICT through the use of SMS mobile phone platform for payment of bills and clients feedback.

34. **This Component will focus mainly on three core directorates: Engineering and Technical Services, Physical Planning, and Revenue.** These Directorates are integral to the implementation of Component 1 and their outputs are directly linked to the achievement of the project development objective.

35. ***Support to the Directorate of Engineering and Technical Services (US\$4.0 million)*** – Component 1 of the project will be implemented by this Directorate. The project will address the current skills gaps in project management and build the capacity of the Directorate for effective project delivery. The city neither has a comprehensive assets register nor an asset management policy and plan. There is a need to adequately establish the number, size, capacity and quality of all city assets to sustainably operate and maintain them, and in turn, maximize their value.

Adequate management of assets like road reserves will also minimize the resettlement cost associated with infrastructure development. The KCCA Traffic and Transport Planning unit, within the Directorate of Engineering and Technical Services of KCCA, will plan, design and operate the capital city transport system. The unit has three teams: (i) Traffic Management and Control, (ii) Road Safety and Development Control Support, and (iii) Transport Planning and Strategy. It is anticipated that during the life of the project, with the planned infrastructure investments and transport policy review, the unit will be fully staffed and resourced to improve transport system within the city.

36. ***Support to the Directorate of Physical Planning (US\$2.8 million)*** - Under KIIDP 1 the Geographical Information System (GIS) department²³ in the Physical Planning Directorate was upgraded with hardware. The basic Arc View software requires upgrading, however, to increase its capability to address expanded KCCA data needs including the development of an urban land use database at plot, village and parish levels, linking urban services management with revenue functions more effectively. The Arc GIS address model will enable KCCA to monitor infrastructure investments on the ground and support local revenue mobilization. In addition, the GIS is also expected to support the planned comprehensive city address system and cadaster, and to support the updating of valuation roles for property taxation. The Physical Planning Directorate will provide support and services to the Directorates of Engineering and Technical Services and Revenue, including OSR enhancement. These activities will build on what was done under KIIDP 1. Consultancy services for development of the Arc GIS Address Data Model will be procured to support the GIS system update, in turn making the GIS department more useful to KCCA and the general public.

37. ***Support to Directorate of Revenue (US\$3.2 million)*** - Investment in infrastructure and its sustainable maintenance requires financial resources. While resources for investment in infrastructure (roads, drainage, junctions etc.) will be funded under Component 1, it is anticipated that sustainable maintenance of this infrastructure will be financed using KCCA's internally generated revenue. This component will support the Revenue Directorate to rationalize and streamline the current revenue management systems (revenue data base, assessment, billing, collection, enforcement, dispute resolutions, and tax payer education). The current top five key sources of OSR for KCCA are trading licenses, property rates, taxi fees, outdoor advertising and street parking. Property rates²⁴ present the biggest potential for increased internal revenue for financing maintenance-oriented services like road maintenance, garbage collection and street lighting. The emphasis and focus on enhancing revenue collection in the short term will be in improving the revenue management systems for the top five KCCA revenue sources. It is projected that these measures will result in a 15 percent annual OSR increase – from the current level of UGX55.7 billion. The project will also enable KCCA to start using SMS mobile phone technology for paying bills and gathering customer feedback about the quality of services.

²³ The GIS Department currently has some of the hardware including work stations, plotters, and large format scanner however the Unit lacks the following; a small scanner, digitizing machine and battery charger and Software- Arc GIS for advanced server workgroup.

²⁴ The Act was amended in 2006 to exempt residential owner occupied properties from paying property rates. KCCA has commissioned a study to assess the impact of this policy and the draft report notes that this policy decision was partly based on the absence of clear institutional arrangements, processes and systems for rational management of property rates, i.e. in terms of collection systems, administration and utilization of the revenue in an accountable manner as provided for in under the Act. The report estimates that KCCA is losing about UGX 4.9 billion (US\$1.96 million) per annum in revenue.

B. PROJECT FINANCING

38. **The total project financing will be US\$183.75 million over a five year period.** The project will be financed through an Investment Project Financing (IPF) of US\$175 million (equivalent) IDA Credit and GoU/KCCA counterpart funding of US\$8.75 million equivalent. The IPF instrument was selected in view of its suitability for financing a broad range of activities, including investments, technical assistance and capacity building measures.

Project Cost and Financing

Project Components	Project cost (US\$ million)	IDA Financing	GoU Financing	Percent Financing
1. Component 1 - City Wide Road Infrastructure and associated investments	173.75 ²⁵	165.00	8.75	95%
2. Institutional and Systems Development Support	10.00	10.00	0.00	5%
Total Costs	183.75	175.00	0.00	100%
Total Financing Required	183.75	175.00	8.75	100%

C. LESSONS LEARNED AND REFLECTED IN THE PROJECT DESIGN

39. A number of lessons learned from the implementation of KIIDP 1 are reflected in the design of this project. The key lessons are:

- *Realistic project implementation time* – Implementation of infrastructure sub-projects in urban areas in Uganda generally, and Kampala City specifically, are prone to a number of delays caused by challenges associated with the identification and relocation of underground utility lines (water and telephone). These utility lines were laid many years back and there are no proper records or maps showing where they are located. Therefore, considerable time is lost in identifying where these lines are and how best they should be relocated. For this reason, it is anticipated that a five year project implementation period is possible if all efforts are made to coordinate and plan for these activities in a timely manner.
- *Need for upfront engineering design and preparation of bidding documents* – Considerable delays in the implementation of civil works (unlike in consultancy services) often occur because of the need for sequenced procurement steps; one for the design and preparation of bidding documents and supervision, and the second for the civil works construction. In order to avoid such delays, some of the KIIDP 2 Batch 1 sub-projects and their bidding documents were therefore prepared. This will allow for the procurement of the civil works to start even before the project becomes effective, thus ensuring that a contractor is on board as soon as the credit becomes effective and all safeguards requirements are met.
- *Rigorous client due diligence*– Successful contract management is a function of the technical and financial capacity of the successful bidder, among other characteristics. To

²⁵ This will include GoU/KCCA counterpart funding of US\$8.75 million equivalent for payment of associated RAP costs for the various civil works to be funded from the credit.

ensure that the correct bidder is selected for contract award, the client needs to do rigorous due diligence to avoid awarding contracts to firms which do not have the requisite technical staff, equipment and financial resources to deliver on the job. Experience has shown that contracts are often awarded to responsive lowest cost bidders, without the necessary due diligence to assess whether the firm has what it takes to complete the assignment in the specific time and cost. This leads to lost time in renegotiating and re-bidding contracts for incomplete works packages.

- *Contract packaging* – Civil works contracts should be packaged in such a way that they are large enough to attract competent firms with the capacity and resources to deliver on the assignment. Smaller packages, to attract local firms, are not encouraged as quality may be compromised.
- *Contract management* – Effective contract management requires the client not only to rely on the supervising consultants, but also to have an internal capacity to check the performances of both the contractor and supervising consultants. This is important, especially to mitigate the risk of any possible collusion between the supervising consultant and the contractor.
- *Implementing Resettlement Action Plans* – Ensuring that there is sufficient human and financial capacity for timely and complete implementation of RAPs requires upfront planning and preparation. Making adequate arrangements to prepare quality RAPs, setting aside funding for each RAP, and completing compensation in a timely manner are critical factors in the success of the project.

40. **The design of KIIDP 2 has taken into consideration the above lessons from KIIDP 1 and appropriate mitigation measures have been put in place.** This includes: (i) supporting the client to develop capacity for rigorous due diligence before award of contracts, (ii) preparing larger contract packages so as to attract bigger and more competent firms, with option of joint ventures (JV) or sub-contracting of critical elements such as drainage structures, (iii) improving capacity to manage safeguards, including technical and financial arrangements for timely compensation, and (iv) strengthening of KCCA technical capacity through technical assistance and recruitment of critical staff in the relevant technical departments.

IV. IMPLEMENTATION

A. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

41. **The institutional arrangements for project implementation will be in line with the Government's structure.** At the central level, the Ministry of Finance, Planning and Economic Development (MoFPED) and the Office of the Auditor General will, respectively, be responsible for: ensuring that project resources are budgeted and disbursed within the national medium term expenditure framework (MTEF), and ensuring that project accounts are audited on a timely basis.

42. **The implementation of KIIDP 2 will be mainstreamed into the KCCA relevant directorates for ownership and avoidance of the creation of parallel structures** (See Annex 3). The Management Executive Committee (MEC) – the apex technical body of KCCA – shall be responsible for providing overall implementation guidance. Project implementation progress reports will be submitted to the MEC for consideration and overall guidance to the relevant Directorates and the relevant Directorates shall be the owners of the project activities, and will be accountable by MEC for the delivery of the outputs and agreed results under their respective Directorates.

43. **KCCA will be responsible for the execution of all project activities.** Under KIIDP 1, KCCA received some support for capacity building and it took over the implementation of the KIIDP 1 as a mainstreamed activity. It has demonstrated its capacity and ability to manage World Bank-funded project with coordination and other support roles being undertaken by the Project Management Office under the Deputy Executive Director's Office. The Secretariat will be responsible for: (i) consolidating reports and coordinating KCCA with the World Bank and any other development partners, (ii) carrying out project monitoring and evaluation (M&E) functions, (iii) managing fiduciary activities, and (iv) developing and updating the procurement plan.

44. KCCA will be supported as necessary, by consultants who will be recruited and answerable to technical staff in the key Directorates, for delivery of the specific tasks they have been contracted for. In addition, KCCA will use young professionals as interns to provide the necessary training to these cadres of staff while at the same time providing the necessary capacity support for project implementation. Arrangements to improve coordination between KCCA and other agencies involved in the planning and delivery of relevant infrastructure (e.g. Uganda Roads Authority and NWSC) and services within the city will also be made.

B. RESULTS MONITORING AND EVALUATION

45. **In line with the objectives of KIIDP 2, most of the routine M&E data will be made available through mainstream data collection to be performed by the Directorates implementing the specific project activities.** The Project Management Office, in the Office of the Executive Director, will be responsible for collating these data and preparing a consolidated report both for central Government as well as the World Bank.

46. **Key elements of the monitoring and reporting during implementation will include regular reports** from KCCA to MoFPED and IDA, annual financial audits by the Office of the Auditor General (OAG), and the mid-term review (MTR) report.

47. **A mid-term review will be conducted within 30 months of project implementation** to evaluate progress and make adjustments to project design.

48. **As part of project M&E, a beneficiary assessment will be conducted twice before the project closing date.** This is to assess the level of satisfaction with the quality of works and the impacts of the various sub-projects being implemented under the project. The first assessment will be to inform the MTR and the second and last to assess the citizen satisfaction with the impact of KIIDP 2 interventions before project closure. The beneficiary assessment will ensure

that KCCA has the data to monitor the impact of the project on poor households by the end of the project.

49. **The project will support the enhancement of the capacity of relevant Directorates in monitoring and evaluation.** At the institutional level, the project will provide support for M&E in such areas as: (i) data collection, (ii) data quality and integrity control, and (iii) linking data across Directorates, to inform decision making processes with respect to physical and land use planning, asset management and revenue mobilization; and (iv) using data to inform decision making about prioritizing infrastructure in line with objectives to improve connectivity and inclusivity.

C. SUSTAINABILITY

50. **The Project will focus on increasing sustainability by improving the manner in which infrastructure and service are managed and maintained over time.** The September 2005 amendment to the Constitution that recognized the special status of Kampala as the capital of Uganda and determined that it will be administered by the Central Government paved way for the enactment of the Kampala Capital City Act 2010, which consolidated the management and administration of Kampala City. As a result of these changes, the Government has continued to provide increasing budget subvention to KCCA. From FY2010/11 when Government formally took over the management of the city, KCCA budget increased from UGX50 billion (US\$20 million equivalent) in FY2010/11 to UGX 162.58 billion (US\$65 million equivalent) in FY2013/14, representing a 220 percent increase over the past three fiscal years. In addition Kampala also receives funding for road maintenance under the Road Fund²⁶. This commitment to provide financial support to KCCA— following its change of status from a Local Government to an authority under direct Central Government management— is projected to continue over the project lifetime.

51. **In addition, the project is designed to:** (i) support KCCA own source revenue (OSR) enhancement, building on the achievements made under KIIDP 1 where OSR increased from UG22 billion in FY2007 to UGX 55.71 billion by FY2013 – a 153 percent increase in OSR even without any major tax policy reform (see KCCA OSR trend in table below), and (ii) strengthen KCCA asset management system so as to ensure timely maintenance of the various assets. To institutionalize improvement in revenue collection and sustain the growth, KCCA’s new structure has elevated the Department of Revenue to the level of a Directorate.

²⁶ The Road Fund allocation to KCCA is assumed to increase by 5 percent per annum, taking FY2012/13 as the base year, to ensure future maintenance sustainability of KIIDP 2 roads and drainage systems.

V. KEY RISKS AND MITIGATION MEASURES

A. RISK RATINGS SUMMARY TABLE

Risk Category	Rating
Stakeholder Risk	Moderate
Implementing Agency Risk	
- Capacity	Substantial
- Governance	Substantial
Project Risk	
- Design	Moderate
- Social and Environmental	Substantial
- Program and Donor	Low
- Delivery Monitoring and Sustainability	Moderate
Overall Implementation Risk	Substantial

B. OVERALL RISK RATING EXPLANATION

52. **The overall risk rating for the project at the implementation stage is substantial.** The key risks are associated with KCCA capacity for RAP implementation (financing and managing the process, including an appropriate and transparent grievance handling mechanism), the tension between the technical and political leadership of KCCA, and the governance environment due to the interplay between the interests of central Government, KCCA locally elected leaders, and staff. The risk associated with the RAP implementation will be mitigated by obtaining a clear and enforceable agreement by end of February 2014 with KCCA on the costs, funding commitment and technical assistance (consultants) to strengthen the requisite capacity. The objective is to ensure full compliance with the RPF, which details the framework for the implementation of RAP including a transparent grievance handling mechanism. To limit collusion, repetitive claims and unjustified complaints, KCCA management will undertake proactive information disclosure to ensure public access to all RAP-related information including making information available on websites, public notice boards etc. Emphasis will be placed on the provision of information via radio broadcasts as one the most relevant means of dissemination for communities.

53. Governance risk will be mitigated by organizing the induction and orientation of elected KCCA leaders on their roles and responsibilities and supporting regular communication and consultation with KCCA leaders throughout the project implementation period to ensure ownership and commitment to the project. KCCA will continue with its current activities to enhance Information Communication and Education (ICE) and citizen engagement which promote transparency and accountability. In addition, the project will conduct a governance assessment and design further governance risk mitigation actions beyond the enhanced fiduciary and transparent and participation measures already planned under the project. Although any

political tension does not seem to have had an adverse impact on project implementation, the Bank team will monitor the situation and take appropriate action when necessary.

54. The last assessment of implementation of the KIIDP 1 governance assessment and action plan (GAAP) showed a significant paradigm shift towards better governance and anti-corruption (GAC) and provided reason for optimism that KCCA management will continue to reform service delivery functions. The leadership team introduced a new results-driven working culture that included a dynamic and aggressive approach to addressing GAC issues. KCCA management has been taking action on a range of transparency and accountability issues, key of which is the immediate sanctioning of staff involved in corrupt activities and enhanced engagement of citizen and civil society organizations (CSOs) through a series of grassroots neighborhood dialogues modelled along the traditional “baraza” meetings. These measures were complemented by putting in place requisite procurement structures which made the overall impact of GAAP as satisfactory. KCCA management has also learned the limits of its power and capacity to implement rapid change. A hotline to report potholes had to be discontinued when city employees tasked with filling the potholes were unable to meet declared service standards. A series of open houses to discuss service issues were disrupted as a result of local political interference, and there was a degree of frustration resulting from the authority’s inability to enforce compliance standards in the Leadership Code among still recalcitrant city councilors. Going forward, the Bank will use the results of the governance assessment to update the GAAP prepared for KIIDP 1, in order to inform the actions to be taken by KCCA.

VI. APPRAISAL SUMMARY

A. ECONOMIC AND FINANCIAL (IF APPLICABLE) ANALYSIS

55. **KIIDP 2 has two components:** (i) support to City Wide Road Infrastructure and associated investments (US\$173.75 million), and (ii) Institutional and Systems Development Support (US\$10 million). The support to City Wide Infrastructure investments represents 95 percent of the total project cost.

56. **Methodology and assumptions for the economic analysis** – The economic analysis for the three categories of infrastructure investments (roads improvements, junctions’ improvements and drainage system improvements) were conducted separately. The methodology involved establishing a baseline case of the present situation within the Kampala Capital City Area. This included a representation of the road infrastructure into homogeneous sections, definition of traffic volume characteristics, loading and growth rates, a description of the junctions and their present level of service, and a representation of the drainage system and the socio-economic characteristics in the area of influence. The Analytical Framework and Tool used for the economic analysis is the cost-benefit analysis of “with” or “without project” case.

57. **The economic analysis for roads was based on homogenous road sections, in terms of physical characteristics, traffic and road condition.** The HDM-4 was used as the analytical tool for this project. The HDM-4 analytical framework²⁷ is based on the concept of pavement life

²⁷ HDM-4 is designed to be used in a wide range of environments, and was configured to reflect the situation in Kampala Capital City Area. The data for this related to traffic flows, climate zones and road types. Calibration was intended to improve the

cycle analysis, which is typically 15 to 40 years. This is applied to predict road deterioration, road works effects, road user effects and socio-economic and environmental effects.

58. **The economic analysis results of KIIDP 2 sub-projects for roads:** For the road upgrades and traffic management subcomponent, the main benefits are the savings to be made by road users in vehicle operating costs, passenger time costs and accident costs. The overall NPV²⁸ for KIIDP 2 Roads is US\$355.995 million at a discount rate of 12 percent with an EIRR²⁹ of 49.7 percent. All the road projects³⁰ yielded positive NPVs and EIRRs greater than the discount rate of 12 percent. When the roads sub-projects are subjected to simultaneous sensitivity analysis of a 20 percent increase in total construction and maintenance costs on the one hand, and 20 percent decrease in the base year traffic level on the other, with an overall NPV of US\$287.957 million at a discount rate of 12 percent, the overall EIRR is 36.8 percent, indicating that all the proposed sub-projects represent a positive return on investment even in the low case scenario.

59. **The economic analysis of the four junctions for which designs were ready also yielded positive NPVs at 12 percent discount rate with EIRR of 18 percent and above.** The performance and service levels of the junctions for which economic analysis have not been completed are similar or even worse than that of the four design-ready junctions. As such, it is expected that all the junction improvement sub-projects are economically viable for funding under KIIDP 2.

60. **For the drainage improvement subcomponent, the main benefits are both quantifiable and non-quantifiable.** The quantifiable benefits include: savings from prevention of road damage, property and structures, prevention of disruption to commercial and industrial activities, additional income from rentals and savings in agricultural produce. The result of economic analysis for the drainage systems shows positive NPVs with EIRRs of 18 percent and higher. Sensitivity analysis with a 20 percent increase in construction cost and maintenance costs still results in a positive NPV with an EIRR of 15 percent and above.

61. **Financial analysis was carried out at both the project and entity level.** At the project level, the financial requirements for maintenance of all KIIDP 2 infrastructure development sub-components: roads improvement, junction improvement and drainage systems improvement were determined on the basis of infrastructure life cycle analysis and the standard and level of service expected to be provided. The annual financial requirement was then compared against KCCA annual revenue stream in order to assess whether KCCA can afford to maintain the infrastructure through its own source revenue (fiscal sustainability). The results indicate that for sustained future maintenance of KIIDP 2 development and all other KCCA roads and drainage system, KCCA would need to spend on average about 5.5 percent of its annual OSR over the 10 year period following KIIDP 2 investment (i.e. from 2016).

accuracy of predicted pavement performance and vehicle resource consumption. The calibration data used were obtained from Uganda National Road Authority (UNRA).

²⁸ The Net Present Value (NPV) of investment option *m* relative to base option *n* is the sum of the discounted annual net benefits or costs.

²⁹ The EIRR of a project is defined as the discount rate at which the present value of costs equals the present value of benefits, i.e. when NPV is zero.

³⁰ The overall NPV for Batch 1 roads improvement project is US\$139.317 million with an EIRR of 46%, the overall NPV for Batch 2 roads improvement project is US\$216.678 million with an EIRR of 53.4%.

B. TECHNICAL

62. **A large part of project expenditures on civil works and consulting services will be used for upgrading and rehabilitation of the KCCA roads, signalization of junctions and drainage improvement.** KCCA has prepared detailed engineering design reports with support of international consultants using Ugandan National Road Design Standards and Specifications and international best practices. Other independent consultants and in-house capacity are being used to review the designs for the Batch 1 roads before they are issued to bidders. Design of Batch 2 roads will be carried out by international consultants using Ugandan National Road Design Standards and Specifications and international best practice taking into account lessons learned under KIIDP 1. For construction supervision, KCCA is recruiting international consultants and will assign new staff to work as counterparts with these consultants.

C. FINANCIAL MANAGEMENT

63. **An assessment of the proposed financial management (FM) arrangements for the KIIDP 2, to be implemented by KCCA, was carried out under OP/BP 10.0 to determine:** (a) whether KCCA has adequate financial management arrangements to ensure project funds will be used for purposes intended in an efficient and economical way; (b) project financial reports will be prepared in an accurate, reliable and timely manner; and (c) the entities' assets will be safeguarded. Under OP/BP 10.00, borrowers and project implementing entities are supposed to have and maintain adequate financial management systems which include budgeting, accounting, internal controls, funds flow, financial reporting and auditing arrangements to ensure that they can readily provide accurate and timely information regarding the project resources and expenditures.

64. **KCCA has just completed the implementation of KIIDP 1, an IDA credit in the amount of US\$33.6 million for the upgrading of selected city roads to bitumen standard, improved drainage, garbage collection, and institutional development activities.** The second phase will continue with some of these developments on a larger scale, mainstreamed in KCCA corporate strategy and functions.

65. **Kampala Capital City Authority (KCCA) is a Central Government agency which was created by an Act of Parliament in 2010 and is charged with the responsibility of the City's administration.** KCCA's Financial Management responsibility is vested in the Directorate of Treasury services whose main mandate is to prepare the authority's budget and provide an efficient and elaborate framework for Revenue and Expenditure Reporting and Accountability.

66. **KCCA's activities and programmes are financed with funding from the Central Government, Local Revenue Collection and development partners, thus creating the need for a sound Financial Management system.** The Directorate of Treasury Services has put in place significant financial management reforms all aimed at improving financial management in the Authority and ensuring staffing is adequate and has appropriate qualifications. The Sun accounting system, which is currently used is adequate, and both external and internal auditing arrangements are satisfactory.

67. **The overall existing financial management arrangements are adequate and satisfy the Bank's minimum requirements under OP/BP 10.00.** They are adequate to provide, with reasonable assurance, accurate and timely information on the status of the project resources required by IDA.

D. PROCUREMENT

68. **Procurement for the proposed project will be carried out in accordance with the World Bank's Guidelines:** "Guidelines: Procurement under International Bank for Reconstruction and Development (IBRD) Loans and IDA Credits" dated January 2011; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011; Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011; and the provisions stipulated in the Legal Agreement.

69. **The capacity assessment of KCCA was carried out by the Bank in July and September 2013.** The assessment reviewed staff skills, current workload, quality and adequacy of supporting and control systems, legal and regulatory framework.

70. **The national legislation on public procurement as laid out in the Public Procurement and Disposal of Assets Act is generally consistent with the World Bank's guidelines,** except for some provisions that are listed in Annex 3.

71. **The key issues for project implementation:** (i) National procurement procedures are not fully consistent with Bank procedures, (ii) Procurement and Disposal Unit (PDU) staff have inadequate skills to handle IDA-financed procurement management and have a heavy workload, (iii) there are inadequate staff to manage the workload in the PDU, (iv) there are inadequate technical staff in the Directorates to implement KIIDP 2, (v) there is inadequate space for storage of procurement records and seating of PDU staff, (vi) Contracts Committee and Project Implementing staff are not proficient in IDA Procedures, (vii) there are delays in payments, (viii) there is lack of clarity of roles and responsibilities between user departments and PDU, (ix) there are inadequate Contract Management practices, and (x) inadequate attention to fraud and corruption.

72. **These risks will be mitigated:** (i) The Financing Agreement includes the exception provisions which would subject IDA funds to Bank procurement guidelines, (ii) PDU staff will attend training at a procurement training institute, (iii) KCCA will provide for additional staff in the PDU, (iii) one Procurement Specialist will be recruited with Terms of Reference (ToR) acceptable to IDA, preferably a Civil Engineer with experience in road works and drainage structures, and proficient in IDA-financed procurement management, (iv) additional staff and consultants will be recruited in technical departments to augment existing capacity, as well as contract managers with supervision capacity to execute the civil works contracts, (v) an acceptable record keeping system will be established and additional space provided for PDU staff seating and to keep procurement records at all levels of the procurement cycle, enhanced safe keeping of Financial proposals by use of safes opened by at least two people – the Procurement Office and the Accounting Officer, (vi) a training workshop will be facilitated to provide basic knowledge of World Bank procedures, (vii) bottlenecks in KCCA payment

processing will be identified and addressed, particularly for Works contracts, (viii) procurement Manual to clarify staff roles and responsibilities, (ix) Group training will be provided for project implementing staff and specialized training for Contract Managers under KIIDP 2, (x) KCCA will have in place a contract management system with monitoring mechanisms to regularly update progress during contract implementation, including hiring full-time project engineers for close site superintendence, (xi) a Procurement Notice Board will include a Poster or Banner indicating telephone numbers in KCCA for reporting fraud and corruption issues, as well as IDA's Integrity Department contacts and that of the Inspectorate General of Government (IGG).

E. SOCIAL (INCLUDING SAFEGUARDS)

73. **KIIDP 2 implementation involves a variety of projects requiring upgrade and/or expansion of roads and associated drainage, non-motorized transport and traffic management as well as supporting implementation of the traffic improvement plans developed for the Central Business District (CBD) in a very highly populated urban setting of Kampala suburbs.** Under Component 1, which will be implemented in phases, all the sub-projects (roads, junctions and drainage channels) to be upgraded and expanded will be screened and selected during the project implementation period, except from the ones that will be carried forward from KIIDP 1, for which the designs are currently undergoing review.

74. **The sub-projects have significant social implications for stakeholder and community response to the project.** These implications require KCCA (as an implementing agency) to consult with the people to be affected by the sub-projects so that they are informed about civil works impacts including acknowledging the need for involuntary land takings in order for the project to be implemented. KCCA has undertaken relevant steps to ensure that project design considers the social implications of stakeholder consultation and input on issues including gender analysis, community and stakeholder participation, land takes, and civil works implications for HIV/AIDs in a complex urban setting. In addition, the roads sub-projects will be implemented in the five political divisions of KCCA thus promoting inclusiveness of the varied populations, including the poor and vulnerable. The project design also intends to provide footpaths and walk ways for pedestrians.

75. **The project has therefore, triggered OP 4.12 on involuntary resettlement because Component 1 will include sub-projects involving civil works that require reconstruction and expansion of roads and drainages that involve involuntary land acquisition.** Component 1 involves implementation of potential sub-projects identified from KIIDP 1. These sub-projects require further design review and update, screening and selection to be carried out during implementation. Experience from the previous Bank-funded project (KIIDP 1) which was implemented in similar areas and communities has helped shape and anticipate the project's social impacts, especially the challenges of managing land taking for associated civil works and the essential need for quality preparation of KIIDP 2.

76. **Since the screening, selection and design of all Component 1 sub-projects (roads, drainages and junctions) have not been finalized, a Resettlement Policy Framework (RPF) was prepared and disclosed** both in-country (on December 30, 2013) and at the Bank's Infoshop (on January 7, 2014). The RPF requirements shall be followed and RAPs undertaken before sub-project implementation begins. In addition, ESIA and RAP shall form part of the

screening and selection criteria for sub-project readiness for implementation. The RPF covers aspects of land loss, loss of livelihood, and displacement of land use, as well as any loss of access to road upgrading and expansion including its associated drainages. It also provides guidance during implementation (and prior to any civil works) for determining the necessity of RAPs for sub-projects and the procedures for their preparation, including consultation with potentially affected individuals and households in the areas of project operation.

77. **The preparation of the RPF has been very consultative, involving key stakeholders in KCCA operations**, which included review of the performance of KIIDP 1 RAP implementation, stakeholders and community meetings, and group discussions with full collaboration of KCCA. The issues that concerned people about KCCA operations were deliberated, particularly project implementation and sustainability, land taking and compensation, as well as implications of urban civil works on HIV/AIDs and health. These consultations enhanced the people's voice in the project design and recommendations for implementation. The consultations initiated during project preparation and RPF will continue during implementation.

78. **KCCA will be responsible for the implementation of the RPF and subsequent RAP(s) to be prepared for the project.**

79. **Institutional capacity of KCCA to implement Social Safeguards will be strengthened.** KCCA is a new institution and is different in many regards from KCC, the implementing agency for KIIDP 1. Under KIIDP 2, implementation of social issues including safeguards is a responsibility of the Directorate of Community Services and Gender. Although this is one of the Directorates that is almost fully established with a substantial number of staff already appointed, most of the staff members have limited understanding of involuntary resettlement. On average, most staff members in KCCA are new and will require training in safeguard policies and requirements. KCCA is committed to recruiting a RAP Specialist and training a dedicated number of its staff to strengthen RAP implementation and management, as well as other social issues.

80. **Lessons from KIIDP 1 RAP Audit:** A RAP audit was undertaken to assess KIIDP 1 performance. Experience from the implementation revealed key challenges and weaknesses in KCCA capacity that have been taken into account to ensure the effective implementation of the RAP and RPF prepared for KIIDP 2. The RAP audit revealed the following:

- Weaknesses in land (re)valuation resulting in disputes that led to increased RAP compensation costs;
- Weaknesses in documentation of RAP information - The RAP database with valuation, property, payment and other information, was not kept in one place, making reconciliation of information, such as payments, difficult;
- Weaknesses in handling grievances of project-affected persons (PAPs) - KCC generally did not understand the RAP implementation process and the principles and guidelines that defined implementation;
- Weaknesses in enforcing the census cut-off date and securing right of way - KCC did not manage the boundaries of the respective sub-projects, especially the

Kiteenzi landfill as well as enforcing the census cut-off date resulting in infiltration of new PAPs and thus inflating the RAP³¹.

- Delayed compensation payment to PAPs resulted in inconvenience to Government, households, and businesses

81. **The implementation of the RAP and RPF for KIIDP 2 will take into consideration the KIIDP 1 RAP audit findings and other international best practices.** KCCA has made a commitment to address all the key findings of the RAP audits for KIIDP 2. In particular, the management and implementation of KIIDP 2 RAP will take into consideration the steps highlighted below.

82. **RAP preparation and implementation process.** As soon as the list of sub-projects is approved by KCCA, a consultative and participatory process for preparing a RAP will start and will involve the steps outlined in the KIIDP 2 RPF. KCCA will be responsible for preparing ToRs for KIIDP 2 RAP study. The World Bank OP 4.12 Policy requires that a RAP shall be prepared and cleared by the World Bank prior to implementing resettlement activities. The process for the preparation and implementation of the RAP will include: (i) a consultative and participatory approach in undertaking a screening process, a socio-economic census, documentation and verification of land and asset inventory of the area and identification of Project Affected Parties (PAPs) and properties to be compensated, including setting and notifying a cut-off date as part of determining PAPs eligibility; ii) reviewing and approving the RAP developed out of step (i) above by the World Bank and disclosing in-country and via Infoshop, (iii) initiation of the implementation process involving: (a) consultation (a continuation of the process entered into during the sub-project selection, screening and RAP development process); (b) notification to affected parties; (c) documentation of assets; (d) agreement on compensation; and (e) preparation of contracts, compensation payments and provision of assistance in resettlement, including monitoring progress; (v) institution of a grievance handling mechanism at the start of the RAP implementation. Details for preparation of the RAP process are provided in the KIIDP 2 RPF which has been disclosed both in-country and at the Bank's Infoshop.

83. **Cut-off dates.** This is the date considered by the surveying and valuation consultant as the last day of the census of affected people and properties. No structure or field established in the project-affected area after that date would be eligible for compensation. The cut-off date after which no settlers or developers are eligible for compensation is publicized among potentially affected people. This is explained during the census and valuation exercise to all stakeholders in the area, including (i) project-affected people (PAP), (ii) identified individuals whose property has been surveyed, (iii) Parish Land Committees (LC2 level), and (iv) LC officials in which consultations are undertaken.

84. **Compensation and Resettlement** – The World Bank OP 4.12 requires that all PAPs be eligible for compensation, resettlement and rehabilitation assistance measures. KCCA will ensure adequate compensation for PAPs who lose assets or livelihoods when the sub-projects are implemented. Compensation will be developed in consultation with the affected communities and will be based on the nature or category of their losses. Opportunistic structures established

³¹ Outstanding RAP cost (about US\$0.5 million) to be paid by March 2014.

after the cut-off date shall not be compensated. The policy requires that the provision of compensation and other assistance to PAPs to restore livelihoods when these are affected appreciably shall be done prior to the displacement of people. In particular, the policy requires that possession of land for project activities may take place only after compensation has been paid. It also further requires particular attention to be given to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children and other disadvantaged persons.

85. **Grievance management mechanism** – There will be a grievance management mechanism which will provide avenues for PAPs to lodge a complaint or express a grievance against the project, its staff or contractors during RAP implementation. Grievance management will aim to provide a two-way channel for the project to receive and respond to grievances from PAPs, stakeholders or other interested parties. Grievances will be managed by a seven-member committee of composition indicated in table below.

Table: Grievance Management Committee Members

Entity	Department	Responsible person
KCCA (HQs)	Directorate of Engineering and Technical Services	Director
	Directorate of Public Health Services and Environment	Director
	Directorate of Gender and Community Services	Director
	Directorate of Physical Planning	Director
	Directorate of Legal Affairs	Director
Division	Public Health & Environment	Environmental Officer (of Respective Division)
	Gender & Community Welfare	Community Development Officer (CDO)
Local Council		Division Mayor
	Representative of PAPs from each division	To be elected by PAPs

86. **Grievances resolutions** - Grievances will be resolved in a five-step process as outlined below:

Step 1: Any aggrieved party will lodge their complaint with either the Community Development Officer or Environmental Officer at the Division Office.

Step 2: The grievance will be recorded in a log and discussed. If redress can be made by the CDO or Division Environment Officer (DEO), the complaint will be closed at that stage and upon satisfaction, the complainant will sign against their grievance to indicate closure.

The grievance log will be designed such that in addition to capturing the general complaint and detail of the aggrieved party, it will also record the core cause of the complaint to enable the Grievance Committee to understand the origin and patterns of complaints so that a solution can be found for their cause and avoid recurrence.

A grievance database will be maintained at the Divisions for recording and keeping track of grievances and how they were resolved. The database will be a ‘living’ document, updated weekly.

Step 3: If a solution cannot be found in Step 2, the complaint will be referred to a Grievance Committee meeting on the last day of every week. The committee will discuss the complaint and notify the aggrieved party of a solution within two days after the meeting.

Step 4: If the aggrieved entity is satisfied with the solution, they will sign a closure statement. If not, then the aggrieved party will be invited to attend the next Grievance Committee meeting to discuss the outstanding query in their presence.

Step 5: If agreement is secured in Step 4, the aggrieved party will sign a closure statement but if not, they are entitled to seek redress in courts of law.

87. **The Uganda Land Act, Cap 227 requires land tribunals to be established at the district level.** However, the Chief Justice of Uganda through Practice Direction No.1 of 2006 directed that all land matters pending before the Tribunals be transferred to the Magistrate Courts for adjudication through the existing court structures. To minimize disputes and promote voluntary resettlement, KCCA will adopt measures such as appropriate designs and selection of sub-projects, sites or routes. The KCCA shall open an escrow account for RAP costs to facilitate the completion of resettlement in a timely manner.

F. ENVIRONMENT (INCLUDING SAFEGUARDS)

88. **The project is to be implemented in Kampala Capital City, which is comprised of five administrative divisions.** The civil works activities under Component 1 are relevant to safeguards analysis. The civil works include upgrade and expansion of roads from earth/murram to asphalt status, traffic management (motorized and non-motorized transport (NMT)) and associated primary and secondary drainage improvements. All the roads to be worked on have not yet been selected, though phase one roads under KIIDP 2 include several designed but not implemented under KIIDP 1. All subprojects will be subjected to design review. ESIA's and RAPs will be prepared, consulted upon, and disclosed prior to the commencement of civil works. The project will also support implementation of the traffic improvement plans developed for the CBD in order to reduce congestion and improve road safety in the city. The proposed plans range from changes in traffic circulation and introduction of one-way streets to major junction improvements and road widening schemes to remove traffic bottlenecks. Under Component 2 on urban management, the project is expected to support physical planning of some parts of the city. This process is expected to take into consideration the environmental and social aspects associated with the various land uses.

89. **The project has been assigned Environmental Assessment Category B since it involves development of existing roads and drainages, with readily predictable environmental and social impacts.** The following Environmental Safeguard Policies are triggered: OP/BP 4.01 Environmental Assessment because the project may generate potential environmental impacts associated with the civil works; Natural Habitats OP/BP 4.04 because the project may affect some wetland areas, especially the drainage sub component; and OP/BP 4.11 Physical Cultural Resources (PCRs) because the project's civil works and urban planning activities may affect either known or un-known PCRs.

90. **An Environmental and Social Management Framework (ESMF) has been prepared to provide a process to assess the potential environmental and social impacts of KIIDP 2** which was disclosed in-country on December 30, 2013 and Infoshop on January 7, 2014. The preparation of the ESMF involved consultations with key stakeholders such as National Environmental Management Authority (NEMA), National Water and Sewerage Corporation,

Electricity Distribution Company (UMEME), Ministry of Water and Environment, Ministry of Works and Transport, Ministry of Lands, Housing and Urban Development, the five Divisions that form the Kampala Capital City Council, Taxi Operators Associations, Kampala City Traders Association, and civil society organizations (CSOs). The ESMF has established a clear mechanism for environmental screening, conduct of Environmental and Social Impact Assessment where necessary, development of Environmental and Social Management Plans (ESMPs), guidance for managing, monitoring and reporting the implementation of environmental and social impacts of the KIIDP 2 project components and associated sub-projects. The ESMF has also provided a Chance Finds Procedure to be used in managing any PCRs that may be encountered during project implementation. In addition, it has established a Grievance Redress Mechanism which shall be used to handle complaints that may arise during project implementation.

91. **For all sub-projects, the ESIA will be prepared, consulted upon, and disclosed both in-country and at the Bank’s Infoshop.** In addition, the Environmental Impact Assessment (EIA) Certificate of approval will also have to be issued by NEMA before any civil works can start.

92. **KCCA Safeguards Implementing Capacity.** The implementing agency for this project is the Kampala Capital City Authority (KCCA). Environmental management is undertaken by the Department of Public Health and Environment. KCCA has experience undertaking World Bank-supported projects, having participated in the ongoing KIIDP 1. However, implementation of KIIDP 1 started with the outgoing Kampala City Council (KCC) and succeeded by KCCA. KCCA has many new staff and may require training in safeguards policies and requirements. KCCA capacity for environmental management will be strengthened by recruiting an Environmental Specialist to be funded under the project. In terms of environmental compliance monitoring and certification, the National Environment Management Authority will review and issue approvals for the ESIA’s undertaken, and also undertake monitoring implementation of the environmental aspects. Other agencies shall be involved and consulted as and when need arises, such as National Water and Sewerage Corporation (NWSC), the Electricity Distribution Company (UMEME) in case water or power lines are affected and need to be relocated or secured for public safety reasons. In addition, KIIDP 1 implementation experience indicated key challenges. Implementation of social issues, including safeguards is a responsibility of the Directorate of Community Services and Gender, which has a fully established structure with substantial appointments. However, the staff has limited understanding of involuntary resettlement, and KCCA has therefore made a commitment to recruit a RAP Specialist and train a delegated number of its staff in land acquisition and compensation.

ANNEX 1: RESULTS FRAMEWORK AND MONITORING

Project Name: Second Kampala Institutional and Infrastructure Development Project (P133590)

Results Framework

Project Development Objectives

PDO Statement

The project development objective (PDO) is enhanced infrastructure and institutional capacity of KCCA to improve urban mobility in Kampala.

These results are at | Project Level

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Direct project beneficiaries	☒	Number	0.00	32000.00	274000.00	389000.00	394400.00	498522.00	Quarterly and Annually Progress Report	Physical progress report	Directorate of Engineering and Technical Services, KCCA.
Female beneficiaries	☒	Percentage Sub-Type Supplemental	0.00	51.00	51.00	51.00	51.00	51.00	Quarterly and Annually Progress Report	Physical progress report	Directorate of Engineering and Technical Services, KCCA.
Number of people in urban areas provided with access to all-season roads	☒	Number	641000.00	673000.00	707000.00	832000.00	936000.00	1048000.00	Annually	Physical progress report	Directorate of Engineering and Technical Services, KCCA

within a 500 meter range under the project											
Sub-projects completed by KCCA on time and within budget	<input type="checkbox"/>	Percentage	0.00	0.00	50.00	70.00	80.00	100.00	Quarterly and annually.	Physical progress reports	Directorate of Engineering and Technical Services, KCCA
Increase in number of primary drainage channels constructed	<input type="checkbox"/>	Number	2.00	2.00	2.00	3.00	4.00	4.00	bi-annually and annually	Physical progress report	Directorate of Engineering and Technical Services, KCCA

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Increase in paved city roads	<input type="checkbox"/>	Kilometers	0.00	0.00	5.00	35.00	65.00	85.00	Quarterly and annually	Progress reports & mid-term evaluation reports	Directorate of Engineering and Technical Services
Roads designs with pro-poor footpaths, bridges and walk ways	<input type="checkbox"/>	Kilometers	0.00	5.00	65.00	75.00	160.00	160.00	Annually	Engineering Design Report	Directorate of Engineering and Technical Services, KCCA
Paved roads in	<input type="checkbox"/>	Kilometers	300.00	300.00	305.00	335.00	365.00	385.00	Bi-annually	Physical	Directorate of

good and fair condition as a share of total classified roads									and Annually	progress report	Engineering and Technical Services, KCCA
Increase in number of junctions signalized	<input type="checkbox"/>	Number	0.00	0.00	9.00	16.00	26.00	31.00	Quarterly and annually	Progress reports & mid-term evaluation reports	Directorate of Engineering and Technical Services, KCCA
Public satisfaction with roads and drainage	<input type="checkbox"/>	Percentage	29.00	0.00	0.00	40.00	0.00	50.00	Two Citizen satisfaction survey	MTR technical assessment report and end of project report	Directorate of Corporate Affairs, KCCA
Increase in own source revenue	<input type="checkbox"/>	Amount(US D)	22.28	29.46	33.88	38.97	44.81	51.54	Quarterly and annually	Progress reports & mid-term evaluation reports	Revenue Directorate, KCCA
O&M plans implemented	<input type="checkbox"/>	Amount(US D)	0.00	0.00	1.66	1.66	1.66	1.66	Quarterly and annually	Progress reports & mid-term evaluation reports	Directorate of Engineering and Technical Services and Directorate of Treasury Services, KCCA
Number of clients serviced via the SMS platform	<input type="checkbox"/>	Number	0.00	240000.00	264000.00	290400.00	351384.00	386522.00	Quarterly and annually	Progress reports & mid-term evaluation reports	Directorate of Revenue and IT, KCCA

Annex 1: Results Framework and Monitoring

Country: Uganda

Project Name: Second Kampala Institutional and Infrastructure Development Project (P133590)

Results Framework

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.
Number of people in urban areas provided with access to all-season roads within a 500 meter range under the project	All-season road is defined as a road that is motorable all year by the prevailing means of transport (e.g. a car, fire truck or ambulance which may not have four-wheel-drive). Predictable interruptions of short duration during inclement weather (e.g. heavy rainfall) are acceptable, particularly on low volume roads. Road access in slums often does not exist and presents additional risks to residents in the case of emergencies as ambulances or fire trucks cannot enter. It also reduces ability for home based income generating activity as it is difficult to bring goods and supplies in and out without road access. Guidance on people with access: The data on the number of people provided with access will come from estimates by TTLs, and can be measured by assessing the kilometers of roads constructed or rehabilitated, and estimates of the population in the project area within a 500 meter range that will access these roads (based on population density estimates). 500 meters is roughly equivalent to 5-10 minutes walking time. It is expected that the baseline value for this indicator will be zero.
Sub-projects completed by KCCA on time and within	Proxy measures of KCCA institutional capacity enhancement in terms of its ability to

budget	design, supervise, and implement sub-projects in a timely manner and within budget. The indicator will measure the % of sub-projects which have been completed on time and within budget. It is hoped that KCCA capacity will improve gradually.
Increase in number of primary drainage channels constructed	Measure of output in terms of numbers of drainage channels constructed under the project out of the remaining six drainage channel systems in the city.

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)
Increase in paved city roads	Measure of output in terms of kilometers of roads constructed under the project. It is estimated that about 160 kms of roads will be constructed under KIIDP 2.
Roads designs with pro-poor footpaths, bridges and walk ways	Measure of inclusiveness of investments under the project. The indicator will measure how responsive the road designs are to the needs of the poor who walk to and from work by including footpaths, bridges and walk-ways to accommodate non-motorized transport which currently accounts for about 70 % of transport means within the city.
Paved roads in good and fair condition as a share of total classified roads	Measure of enhanced infrastructure. The indicator will measure the impact of the %age of paved roads in good and fair condition as a share of total classified roads within the city.
Increase in number of junctions signalized	Measure of output in terms of number of junctions signalized under the project so as to improve traffic flow and mobility within the city.
Public satisfaction with roads and drainage	Measure of impact of roads and drainage improvements on the public. The baseline is from KIIDP 1 end of project values and the targets are the projections provided in the CAS. Public satisfaction will be assessed twice – to inform MTR and at the last year of project implementation to inform the implementation completion report (ICR).
Increase in own source revenue	Measure of KCCA institutional capacity enhancement for OSR mobilization to finance O&M among other objectives. The general increase in revenue on average of 15% per annum based on trend analysis will apply.
O&M plans implemented	Measure of KCCA budget credibility. The indicator measures the ability of KCCA to enforce plans and budgets and operate and maintain the infrastructure installed under KIIDP 2. The figures present the annual total maintenance requirements for all three infrastructure sub-components of KIIDP 2 (roads, junctions and drainage). It is assumed that KIIDP2 investment will take two years (2014 and 2016). Future maintenance of the infrastructure will commence in 2016. The base year of financial

	cost is 2014
Number of clients serviced via the SMS platform	Measure of KCCA to embrace Information Communication and Technology for improved service delivery and citizen feedback. The indicator measures the total number of KCCA clients who are being serviced through the mobile SMS platform.

ANNEX 2: DETAILED PROJECT DESCRIPTION

Second Kampala Institutional and Infrastructure Development Project

1. ***Project Development Objective (PDO)*** - Enhanced infrastructure and institutional capacity of KCCA to improve urban mobility in Kampala.
2. ***Project amount*** – The project will be US\$183.75 million of which IDA funding will be US\$175 million and KCCA counterpart funding will be US\$8.75 million.
3. ***Project implementation period*** - The project will be implemented over a five year period (FY2014 – FY 2019).
4. ***Project coverage*** – Kampala City.
5. ***Project components*** – Project will have two components: (i) Component 1 – City Wide Road Infrastructure and associated investments (US\$173.75 million), and (ii) Component 2 - Institutional and Systems Development Support (US\$10 million).

Component 1 – City Wide Road Infrastructure and associated investments (US\$173.75 million).

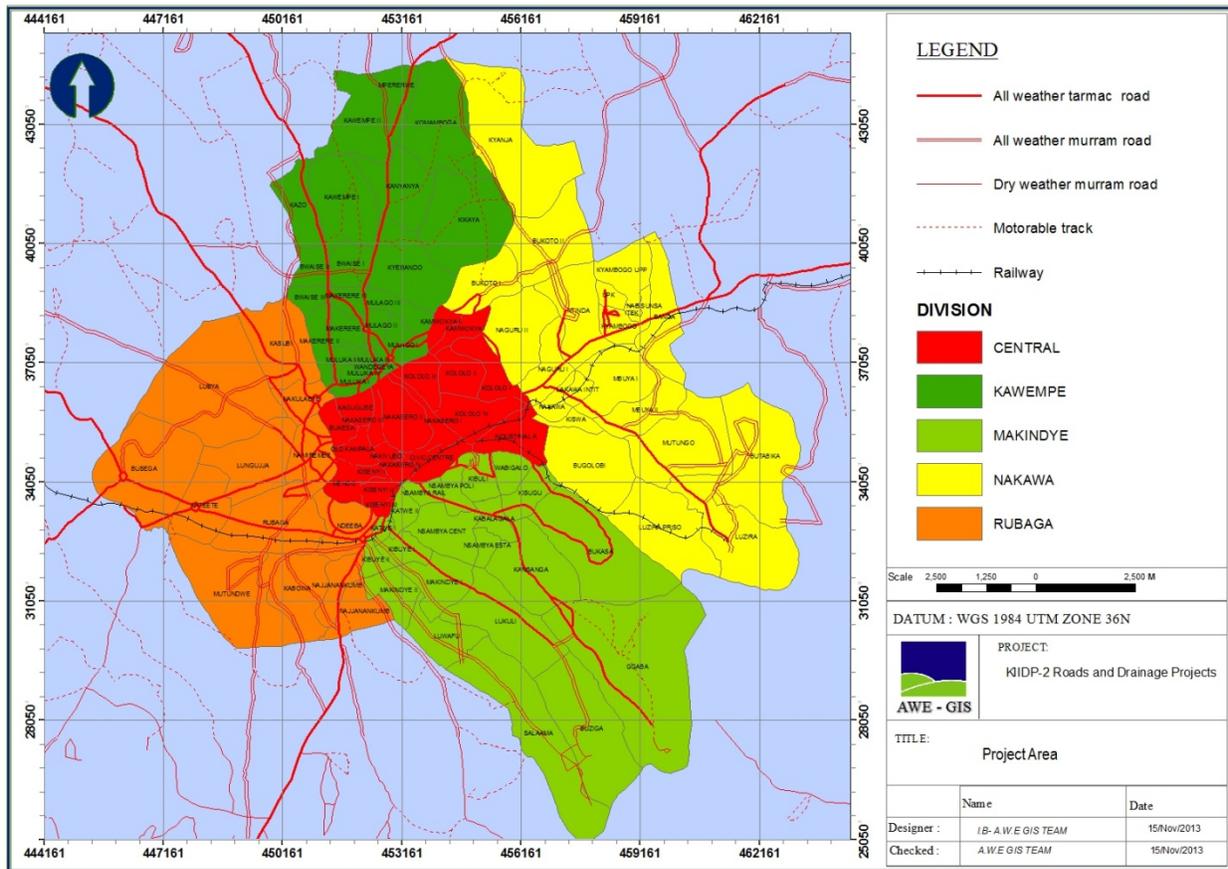
6. The objective of this component is to “improve quality of roads infrastructure and associated investments in Kampala City for improved city mobility”.

7. ***Background*** - Kampala city, with a radius of about 20 km, has approximately 1200km of roads of which about 360 km (30 %) are paved and 840km (70 %) are unpaved (earth or gravel). About 80 % of the bitumen roads and 95 % of the unpaved roads are in fair-to-poor condition due to a heavy maintenance backlog. A significant portion of the unpaved network is heavily trafficked with over 300 vehicles per day. With the ever increasing traffic volumes, it is becoming very expensive and unsustainable to maintain them in unpaved state. Traffic congestion in the city is rising rapidly due to the poor road network, uncontrolled junctions and insufficient road capacity. Investments in improved capacity have not kept pace with the increasing population and number of vehicles on Kampala roads. The overall city aesthetics and quality of life is highly compromised by the dilapidated paved roads, inadequate pedestrian walkways, unpaved shoulders and roads, and poor drainage systems which are sources of flooding, mud, dust and other pollutants that affects large sections of the City.

8. ***Drainage of Kampala is mainly through eight primary channels served by numerous secondary and tertiary systems.*** Human settlement and industrial development are extending from the many hills to the lower lying areas on the banks of the drainage channels which are part of wetlands and floodplains. The natural and manmade drainage channels along the floodplains and low-lying areas are regularly flooded by floodwaters, causing damage to people’s homes and industrial properties, seriously disrupting traffic flow and economic activity in the city and increasing water pollution. And flooding is more frequent due to increased runoff caused by land-use changes in the catchments and reduction of the buffer capacity of wetlands due to

encroachment. All these have resulted in loss of lives, destruction of livelihoods, and recurring costs to Kampala’s socio-economy.

9. *The GoU prepared the National Transport Master plan (NTMP) including a transport master plan for Greater Kampala Metropolitan Area (GKMA) with assistance of World Bank under the Road Sector Institutional Support Technical Assistance Project (RSISTAP).* The NTMP/GKMA established a long term framework for the transport sector for the period from 2008 to 2023. The Kampala Metropolitan Area Transport Master Plan recommends, among other things, improvement of the existing road network and non-motorized transport facilities, increasing capacity to a dual carriageway of at least 123 km of Kampala city roads, upgrading/rehabilitation of at least 570 km of roads, provision of a pedestrian walkway network of at least 1053 km, provision of at least 5 km of dual-way railway viaduct, development of a mass rapid transit system, re-engineering of junctions and development of a Traffic Management System at 62 locations. The Bank, together with other development partners and the GoU will contribute to realizing the above recommendations through various projects.



10. *Scope of infrastructure investments* - The KIIDP 2 project will be implemented in two phases, starting with Phase 1 for which designs were completed under the KIIDP 1 but require final review (See Table 1). This includes the following interventions:

a. *Roads upgrading to dual carriageway standard:* (i) Makerere Hill Road (1.7 km), (ii) Bakuli-Nalulabye-Kasubi Road (1.56 km), (iii) Kira road from Kira road Police Station to Kabira junction (0.85 km).

b. *Road reconstruction:* Mambule Road (1 km).

c. *Junctions improvement:* (i) Bwaise Junction, and (ii) Fairway Junction.

11. *The city incorporated the preparation of the Kampala Drainage Master Plan (KDMP) in the Nakivubo Channel Rehabilitation Project (NCRP, 1999) and a comprehensive drainage development plan was done for the current city (excluding metropolitan area) covering 40 years need (2000 – 2040). The city has eight drainage systems; only two have been improved – Nakivubo and Lubigi channels.*

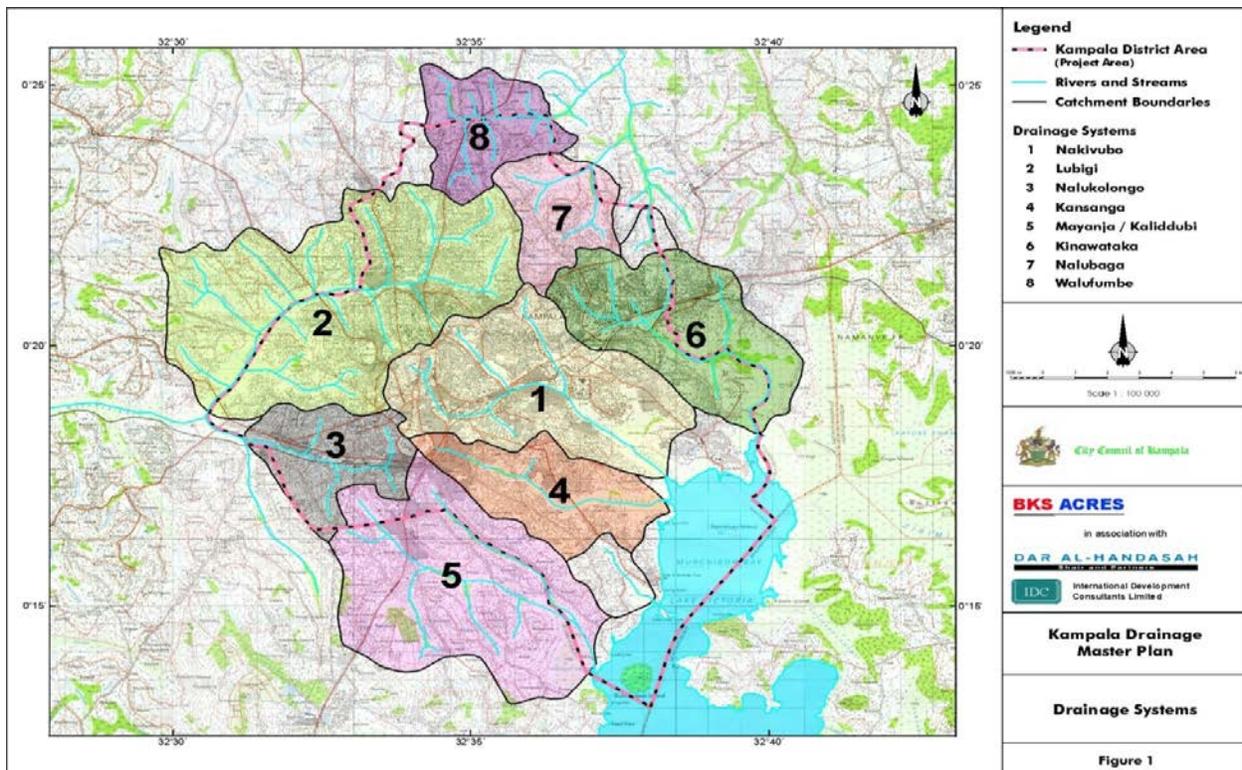


Figure 1: Kampala Drainage Master Plan.

12. *Phase 2 of the project includes* an indicative list of sub-projects that includes the design, construction and supervision of works for proposed signalization of 25 selected junctions and junctions along the Bus Rapid Transit (BRT) corridor numbering 30 in total³²; construction of a

³² (1) Gayaza/Mawanda Road, (2) Gayaza/Binaisa/Bombo Road from Wandegeya/Bombo Road from Bwaise (Existing Kubiri Roundabout), (3) Binaisa/Mulago Staff Quarters Access/Mortuary Access (Existing City mortuary R/about), (4) Kirad/Yusuf Lule/Haji Musa Kasule/Binaisa Road (existing Mulago R/about), (5) Haji Musa Kasule Road/Ministry of Public Service, (6) Haji Musa Kasule/Bombo/Makerere Hill Road (Existing Wandegeya Junction), (7) Queens Lane/Bombo/Mpaabana Junction, (8) Kyaggwed/Bombo/Kampala/Ben Kiwanuka Street, (9) Kampala Road/Square 1 Road/Burton Street, (10) Kampala/Entebbe Road, (11) Station Road Approach/Kampala Road, (12) Station Road Approach/Jinja Road, (13) Yusuf Lule/Jinja Road/Access Road (Existing Kitgum House Junction), (14) Wampewo Avenue/Old Portbell/Jinja Road (Existing Wampewo R/about), (15) First Street/Jinja Road (BAT Junction), (16) Jinja Road/UMI/Police Station U-Turns, (17) Jinja Road/Third Street (New Vision

traffic control center at City Hall in KCCA linking all signalized intersections; upgrading to a dual carriageway of proposed 17.3 km of roads; reconstruction of proposed 31.9 km of existing roads; upgrading of proposed 36 km of existing gravel roads, and improvements of primary drainage channels (See Table 2). The final selection of the proposed list of sub-projects to be funded under Phase 2 will be determined at a later stage based on available funding and estimated design costs, and selectivity – sub-projects will need to meet the selection criteria outlined below and detailed in Annex 2.

13. ***The infrastructure interventions proposed for KIIDP 2 will be chosen based on the following criteria:***

- *Economic viability (positive NPV and EIRR)* - A project is deemed economically viable if the NPV of its discounted benefit-cost cash flow streams is greater than zero and the EIRR of its discounted benefit - cost cash flow streams is greater or equal to the discount rate of 12 %. The KIIDP 2 infrastructure sub-projects will be designed for life span of 20 years with a discount rate of 12 %. All sub-projects which have positive NPV with an EIRR greater than the discount rate of 12 % would meet the economic viability criterion.
- *Technical viability* - Design of KIIDP 2 sub-projects will be based on Ugandan National Road Design Standards and Specifications and international best practices which have been tested and found to be acceptable over time.
- *Connectivity and ability to distribute traffic within the city* – Selection of road sub-projects will take into consideration the ability of the proposed roads to link to other roads so as to improve the distribution of traffic and decongest the city.
- *Equity in terms of sub-project distributions amongst the five Divisions of Kampala City* – The list of roads and drainage channels for upgrading and junctions for signalization will be decided in consultation with the various divisions of KCCA.
- *Inclusivity in terms of impact and use by different stakeholders (city residents)* – Sub-project selection will take into consideration access to, and impact on, the poor.
- *Readiness of safeguards (ESIA/RAP)* – Sub-projects to be selected for implementation should have the ESIA/RAP disclosed both in-country and at the Bank’s Infoshop, and all the PAPs fully compensated before the sites are handed over to the contractors.
- *Availability of funds to compensate PAPs* – For sub-projects which are ready for implementation and for which Raps have been disclosed; KCCA will deposit the said RAP amount into an escrow account for payment to the PAPs. As per KIIDP 1, the escrow account will be in the Central bank (Bank of Uganda). The estimated resettlement cost for Batch 1 sub-project which is currently being considered is about UGX 2.98 billion (about US\$1.19 million equivalent). KCCA will deposit the said amount (and any additional amount agreed after updating RAP); into the escrow account to ensure that the compensation of PAPs does not delay sub-project implementation. Money for RAP costs will only be deposited in the escrow account as and when the sub-projects have been

Junction), (18) Jinja Road/Lugogo Bypass, (19) Jinja Road/Shoprite Road, (20) Jinja/New Portbell Road, (21) Jinja/Katalimwa Road, (22) Jinja/Ntinda/Nakawa URA Dry Port, (23) Entebbe Road/ Nasser and Nkrumah Roads, (24) Entebbe Road/ Rail Goods Shed Access Road, (25) Shoprite/Entebbe Road, (26) Clock Tower/Nsambya Road Junction, (27) Queensway/Mobutu Road/Entebbe Road/kibuye/Katwe Road (Existing Kibuye R/about), (28) Entebbe Road/Salaama Road, (29) Entebbe Road/Wamala Road, and (30) Entebbe Road/ Bata Bata.

screened, selected and designed and the associated RAP costs finalized (so as to avoid tying up scarce KCCA capital).

- *Exclusion of investments in solid waste* - IFC has an on-going program of support to KCCA for investments in a solid waste landfill through a PPP arrangement³³.

14. ***Priority will therefore be given to the following categories of subprojects which meet the above criteria:***

- Links and Junctions that have a direct effect on the functionality of the BRT and the JICA funded flyover project.
- Links and Junctions whose condition and functionality influences the functionality of BRT through other links
- Equitable distribution of sub-projects to support development in all five divisions of Kampala City. Under these criteria, consideration will be given to links and junctions that are frequently used but are in poor physical condition are below the required-capacity, or a combination of both were considered.
- Drainage infrastructure that has direct or indirect effect on the durability of either the BRT, JICA funded flyover or the interconnecting links proposed herein for KIIDP 2. Emphasis will be on drainage systems identified in the KDMP as high and medium priority investments, including those that are in areas that benefit the poor.

15. ***In addition to the above proposed interventions, KCCA will undertake studies and prepare designs for future sub-projects for implementation.*** Consultancy services will be procured to carry out: (i) a condition survey of the entire road and drainage network and to create a separate road database and a separate drainage database; (ii) update the city drainage master plan, and (iii) prepare designs for upgrading roads, junctions and drainage systems.

Component 2 - Institutional and Systems Development Support (US\$10 million).

16. The objective of the Component is to “***enhance Institutional capacity of KCCA for infrastructure development and maintenance***”

17. ***The Component will focus mainly on the Directorates of Engineering and Technical Services; Physical Planning; and Revenue.*** However, technical assistance (TA) and training will be provided to the relevant technical departments with a direct role in project implementation. The other relevant Directorates or include Planning, Design, Procurement, Implementation, Environmental and Social Safeguard, Treasury Services, Audit, Legal Services, etc. all of which provide critical support for the successful implementation and O&M of the

³³ As of December 2013 status of IFC support to KCCA solid waste was as follows (i) Project commenced in January 2013, (ii) Due diligence (technical, Legal, Economic, Environmental) completed in July 2013, (iii) KCCA evaluated bids for land offers for new landfill, (iv) Project will be divided into Collection concessions (7 of them) and one landfill management concession, (v) Pre-qualification closed on the 23rd December, (vi) RFP to pre-qualified operations (subject to KCCA providing the land for new landfill) to be issued in late Jan 2014, (vii) Final submissions due in April 2014, and (viii) Bid execution with KCCA and Private operators for June 2014,

infrastructure to be constructed under Component 1. These Directorates/Departments are directly responsible for achievement of the project objective.

18. **Support to Directorate of Engineering and Technical Services (US\$4.0 million)** – Component 1 will be implemented by this Directorate. The project will address the Directorate’s current skill gaps in project management (design, contract management, operations and maintenance) and build institution capacity for effective project delivery. The support will include, and not be limited to:

- *Build the capacity for long term project leadership (US\$0.350 million)* – by training relevant key staff in project management;
- *a Project Management Manual (US\$0.050 million)* - that defines key roles and responsibilities and associated reporting lines within the Directorate of Engineering and Technical Services,
- *Build KCCA Capacity for Environment and Social Management Framework Analysis, (US\$0.150 million)* – strengthen ESMF/RPF implementation, monitoring, reporting and evaluation.
- *Develop a City Asset management policy, strategy and Registry, including the provision of relevant hardware, equipment and software (US\$1.75 million)* - The city assets include both moveable and immovable assets such as vehicles, furniture, equipment, buildings, land, roads, and drainages.
- *Support KCCA Traffic and Transport Planning Unit (US\$1.70 million)* - The unit is under the Directorate of Engineering and Works but is currently understaffed. Once strengthened the Unit will include a Traffic Management and Control Team, a Road Safety and Development Control Support Team and Transport Planning and Strategy Team. The purpose of this Unit is mainly to: plan, design and operate the capital city transport system.

19. ***The City currently has an assets register which requires updating. It does not have assets management policy and plan.*** The assets register needs current information on the number, size, capacity and quality of all city assets in order to sustainably operate and maintain them, and in turn, maximize their value. Adequate management of assets like road reserves would also minimize the resettlement cost associated with infrastructure development.

20. ***The capacity of the Directorate of Engineering and Technical Services needs to be strengthened to achieve: (i) timely and quality delivery of infrastructure within budget, and (ii) timely O&M of the infrastructure put in place.*** The achievements of these results will be measure based on current bench marks as summarized below.

21. ***Average unit costs for maintenance of infrastructure.*** The table below shows the average unit costs *for road works and (periodic and routine)*. The achievements of timely and quality delivery of infrastructure at these average unit costs will be used as proxy to measure the institutional capacity improvement of KCCA in project management.

No	Work Type	Description	Economic Cost ³⁴ (US\$)	Financial Cost (US\$)	Unit s
1	Patching Potholes	Repair of surface distresses such as potholing, wide structural cracking and graveling	30.50	35.00	m ²
2	Edge Break Repair	Patching edge failures on paved roads	30.50	35.00	m ²
3	Surface Dressing	Single sealing of the carriageway with shape correction in order to delay major intervention and to renew the skid resistance.	3.91	4.60	m ²
4	40mm Overlay	40mm overlay to existing asphalt concrete road	40.48	47.62	m
5	Reconstruction (STGB) ³⁵	Reconstruction of existing surface treatment comprised of double surface dressing on granular base	683,333.00	803,922.00	Per Km
6	Reconstruction (AMGB) ³⁶	Pavement reconstruction of existing asphalt concrete road comprised of 50mm asphalt concrete surfacing on granular base	800,000.00	941176.00	Per Km
7	Miscellaneous Works for Paved Roads	Includes shoulder repairs, vegetation control, road sign repairs and replacement, line marking, guardrail repair and replacement, etc.	4,250.00	5,000.00	Per km per Year
8	Miscellaneous Works for Unsealed Roads	Includes shoulder repairs, vegetation control, road sign repairs and replacement, line marking, guardrail repair and replacement, etc.	1,750.00	2,000.00	Per km per Year
9	Re-gravelling	Re-gravelling existing unpaved road to a final grave thickness of 150mm	72.00	85.00	m ³
10	Grading	Heavy motorized grading of unpaved roads with water and light roller compaction	10,417.00	12,255.00	Per Km
11	Spot Re-gravelling	Spot re-gravelling to unpaved roads to replace 80% of annual material loss	71.00	84.00	m ³

Source: Unit cost data from KCCA and UNRA.

22. *The average annual O&M* – The total maintenance requirements for all the three infrastructure sub-components (roads, junctions, and drainages) to be financed under KIIDP 2 are estimated at UGX4.15 billion per year. It is assumed that KIIDP 2 first batch investments will be completed with the first two years of the project, that is, from 2014 to 2016. Future maintenance of the infrastructure will commence in 2016. The base year of financial cost for the O&M plan is 2014. Part of institutional strengthening of KCCA is to ensure that it has an up-to-date asset registry and is aware of the O&M cost implications and when it is due to do major renewal of investment. The table below gives the estimated annual maintenance cost for KIIDP 2 infrastructure investments.

Year	Future Maintenance Requirement (in US\$ million)	Annual Average Requirement (in US\$ million)	Future Maintenance Requirement (in UGX million)	Annual Average Requirement (in UGX million)
2016	1.660	3.650	4,150	9,124
2017	1.660	3.650	4,150	9,124
2018	1.660	3.650	4,150	9,124
2019	1.660	3.650	4,150	9,124

³⁴ Economic cost is calculated at 0.85 of financial cost.

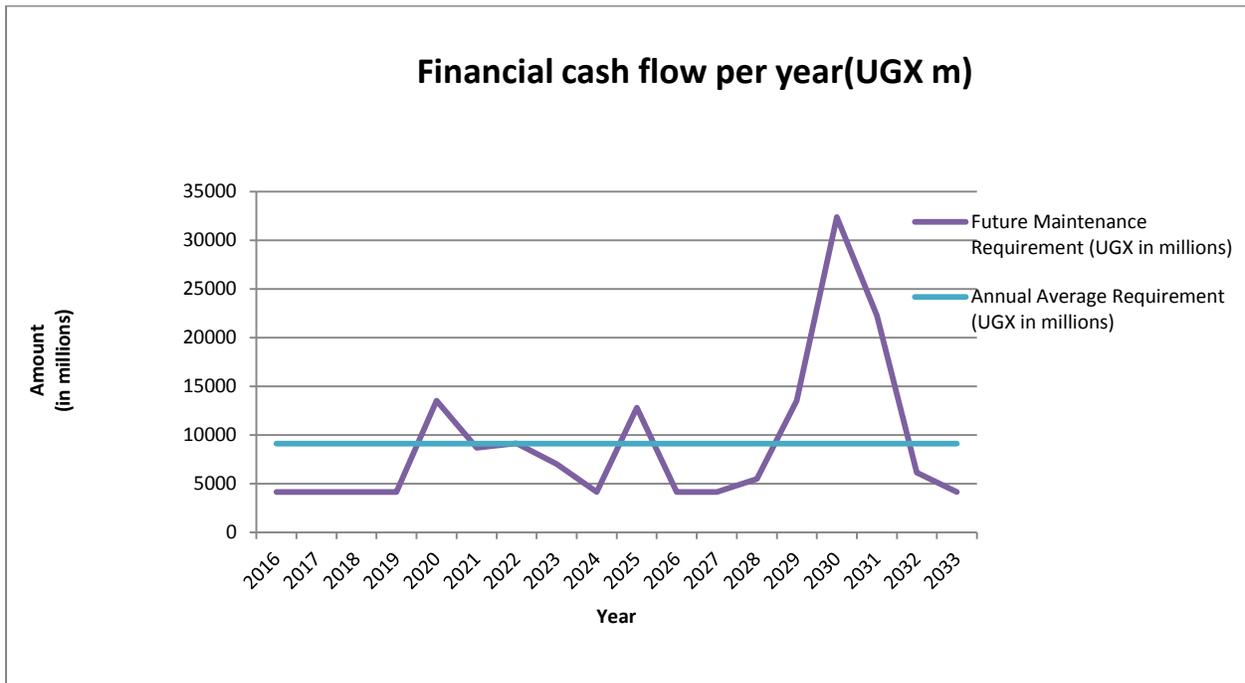
³⁵ STGB refers to road pavement type comprising Surface Treatment on Granular Base

³⁶ AMGB refers to road pavement type comprising Asphalt Mix on Granular Base

2020	5.407	3.650	13,518	9,124
2021	3.476	3.650	8,691	9,124
2022	3.664	3.650	9,159	9,124
2023	2.814	3.650	7,034	9,124
2024	1.660	3.650	4,150	9,124
2025	5.130	3.650	12,824	9,124
2026	1.660	3.650	4,150	9,124
2027	1.660	3.650	4,150	9,124
2028	2.198	3.650	5,496	9,124
2029	5.409	3.650	13,523	9,124
2030	12.954	3.650	32,386	9,124
2031	8.898	3.650	22,244	9,124
2032	2.460	3.650	6,151	9,124
2033	1.660	3.650	4,151	9,124

Source: KIIDP 2 economic and financial analysis Report, December 2013

23. It is assumed that maintenance requirements will be generally low in the first four years following KIIDP2 investment. Thereafter maintenance needs rise significantly and then in the 15th year a renewal of investment on the infrastructure, roads in particular, will be required. The chart below shows the projected KIIDP 2 maintenance requirements.



Source: KIIDP 2 economic and financial analysis Report, December 2013

24. **Support to the Physical Planning Directorate (US\$2.80 million)** - Under KIIDP 1 the GIS department³⁷ in the Physical Planning Directorate received new hardware. However, the basic Arc View software now requires upgrading to increase capability in order to address the current KCCA data needs. There is an urgent need to develop an urban land use database at plot, village and parish levels and to link urban services to revenue management. The ArcGIS address model can provide the requisite database for KCCA. High quality GIS is key not only for development control but also to inform infrastructure investments on the ground and to support the institution to increase local revenue mobilization. The GIS is also expected to support the planned comprehensive city address system. An up-to-date cadaster management system is required to update the valuation roles for property taxation. The core activities to be supported under this sub-component will include:

- Updating the cadaster maps – (US\$2.40 million),
- Street mapping, naming and plot addressing – (US\$0.20 million)
- Upgrading the Arc GIS to server enterprise standard – (US\$0.10 million)
- Fully licensed Arc GIS for server enterprise standard – (US\$0.10 million)

25. ***Building on KIIDP 1, the above activities will enable the Physical Planning Directorate to provide a comprehensive city address system and cadaster information for OSR enhancement, supporting the Directorates of Engineering and Technical Services, and Revenue.*** Consultancy services to develop of the Arc GIS Address Data Model will be procured to support the update of the GIS system, for greater use in KCCA and by the general public.

26. **Support to Revenue Directorate (US\$3.0 million)** - Investment in infrastructure and its sustainable maintenance requires financial resources. While investment in infrastructure (roads, drainage, junctions etc.) will be funded under Component 1, sustainable maintenance of this infrastructure should be financed using KCCA's internally generated revenues. This Component will support the Revenue Directorate to develop robust revenue management systems (revenue data base, assessment, billing, collection, enforcement, dispute resolutions, and tax payers' education) to achieve annual increase in OSR of 15 per cent from the base year 2012/2013.

27. ***The emphasis on enhancing revenue collection in the short term will continue to be on increasing enforcement and expanding tax education.*** The current top five key sources of OSR for KCCA are trading licenses, property rates, taxi fees, outdoor advertising and street parking. Property rates³⁸ present the biggest potential source of internal revenue for financing maintenance oriented services like road maintenance, garbage collection and street lighting. The Property Rating Act of 2005 and its attendant amendments specify that these services should be financed from property rates revenue.

³⁷ The GIS Department currently has some of the hardware including Work stations, Plotters, Large format scanner however the Unit lacks the following; a small scanner, digitizing machine and battery charger and Software- Arc GIS for server workgroup advanced.

³⁸ The local government Rating Act was amended in 2006 to exempt residential owner occupied properties from paying property rates. KCCA has commissioned a study to assess the impact of this policy and the draft report notes that this policy decision was partly based on the absence of clear institutional arrangements, processes and systems for rational management of property rates i.e. in terms of collection systems, administration and utilization of the revenue in an accountable manner as provided for in under the Act. The report estimates that KCCA is losing about UGX 4.9 billion per annum in revenue.

28. *A property revaluation exercise was conducted in 2005 under the Local Government Development Project (LGDP) funded by the World Bank.* The valuation was to stand for five years and expired in 2010 in accordance with the law. Regular update of the valuation rolls has also been hampered by lack of an adequate property identification system that links the building plan approval process to the valuation rolls. The rapid changes in land use patterns in the city has made the previous valuation rolls obsolete which erodes the revenue potential from property rates.

29. *The table below provides a KCCA budgeted revenue estimate, actual collection and projection for the FY2013/14 to FY2018/19.* The assumptions underlying the projected revenue collections for the period July 2013 to June 2019 is that where no specific factor is expected to change in respect of a revenue source, a general increase in revenue of 15 percent per annum, on average based on trend analysis³⁹ will apply.

Table: KCCA Budgeted Revenue Estimate

Financial Year	Budget Estimate (in UGX million)	Actual collection (in UGX million)	Projected (in UGX million)
2005/2006	33,345	22,251	
2006/2007	28,483	22,251	
2007/2008	28,820	27,804	
2008/2009	37,655	30,230	
2009/2010	33,568	38,296	
2010/2011	49,450	44,596	
2011/2012	44,427	42,536	
2012/2013	75,690	55,705	
2013/2014			64,061
2014/2015			73,670
2015/2016			84,720
2016/2017			97,428
2017/2018			112,043
2018/2019			128,849

30. **Support to SMS Mobile Phone Service Delivery platform (US\$0.20 million)** – The telecommunication technology has revolutionized the role played by mobile phones in East Africa generally and Uganda specifically. A number of services are now being transacted through the SMS mobile money platform. Already payments for utilities and services such as water, electricity, cable TV etc., are being done through SMS mobile money using mobile phones. The country has mobile money outlet country wide and it was estimated that in FY2012/13 transactions through SMS mobile money transfers were about US\$120 million. The system is convenient, easy and has no queue. The project will support KCCA to join the other service providers to start using the SMS mobile phone technology for payment of bills and providing customer feedback regarding the quality of services being provided by KCCA. The

³⁹ Trend analysis of actual revenue increase from FY2005/2006 to FY2012/2013 is on average of 25% per annum, even without any major taxation policy reform in the city.

SMS platform will initially target tax/fees paying clients (trading license clients, transport clients including taxis and motorcycle taxis locally known as boda-boda, property rates clients, ground rent clients, local hotel tax clients, local service tax clients, clients from other revenue sources). In addition the SMS system will be able to provide five services to KCCA other clients (e.g., obligation reminders, KCCA notifications, payment acknowledgement and confirmations, inquiries using short code, policing and community sensitization. Assuming a 10 percent annual growth rate, it is projected that by end of project the system will be able to service 386,522 clients.

Table 1: Proposed Phase 1 Civil Works (estimated cost US\$28.01 million)

1A. Junctions Improvements (Estimated cost US\$5.8million)

No	Junctions	Division	Required Intervention
1	Bwaise Junction	Kawempe	Signalization
2	Fairway Junction	Central	Signalization
Subtotal -1A			

1B. Dual carriageway on priority roads (Estimated cost US\$21.21million)

No	Road	From/To	Division	Required Intervention	Road Length (Km)	Lane length (Kms)
1	Makerere Hill Road	Wandegeya/Nakulabye	Central	Reconstruction and dualling, signalization of Makerere sir Apollo junctions	1.70	6.80
2	Kira road	Kira Police/Kabira Junction	Nakawa	Reconstruction, dualling and signalizing 2 junctions	0.85	3.40
3	Bakuli – Nakulabye – Kasubi	Bakuli/Northern Bypass	Kawempe	Reconstruction and dualling, signalization of 3 Junctions i.e. Bakuli Kasubi, Nakulabye Junction	1.56	6.24
Subtotal -1B					4.11	16.44

1C. Road up-grade (Estimated cost US\$1 million)

No	Road	From/To	Division	Required Intervention	Road Length (Km)	Lane length (Kms)
1	Mambule Road		Kawempe	Reconstruction	1.00	2.00
Subtotal -1B					1.00	2.00

Table 2. Indicative list of civil work to be considered in Phase 2⁴⁰

2A. JUNCTIONS

No	Junction	Connecting Roads	Division	Required Intervention
1	Kabalagala Junction	Tankhill/Gaba road	Makindye	Signalization
2	Ndeebe Junction	Masaka Road, Kalinda, Weraga road in Ndeebe	Lubaga	Signalization/grade separation
3	Kivebulaya Junction (Lubaga Road)	Canon Apollo Kivebulaya Road/ Lubaga Road	Lubaga	Signalization
4	Kabuusu Junction	Wankulukuku Road, Masaka Road, Kabusu road	Lubaga	Signalization
5	Hanlon Nsambya Junction	Nsambya Estate Road, Gaba Road, Hanlon Road	Makindye	Signalization
6	Mini Price Junction	LuwumStrt/Namirembe Road, Ben Kiwanuka Street	Central	Signalization
7	Kawempe Junction	Lugoba, Tula, Bombo	Kawempe	Signalization
8	Lugogo Bypass Junction 1	Lugogo Bypass-Upper Kololo Terrace	Central	Signalization
9	Lugogo Bypass Junction 2	Lugogo Bypass-Naguru Road	Central	Signalization
10	Bulange Junction	Albert Cook Road- Sentema Road-Balintumwa Road	Lubaga	Signalization
11	Military police	Mobutu/Namasole Junction	Makindye	Signalization
12	Calendar rest-1	Namasole/Salaama Junction	Makindye	Signalization
13	Busabala Road	Namasole/Busabala Junction	Makindye	Signalization
14	Construction of a traffic control center at City Hall, KCCA linking all signalized intersections		ALL	

2B. DUAL CARRIAGEWAYS

No	Road Name	From	To	Division	Intervention	Road Length (Km)	Lane length (Kms)
1	Kasubi – KNBP	Bakuli	Northern Bypass	Kawempe	Reconstruction and dualling, signalization of 3 Junctions i.e Bakuli Kasubi, Nakulabye Junction	2.40	9.60
2	Nakawa Ntinda Road (includes Ntinda Jcn)	Nakawa-Spear Motors	Kiira Rd	Nakawa	Reconstruction and dualling, and 3 junctions	2.80	11.20
3	Kayemba Road	Katwe Road	Jjuko Road	Makindye	Upgrading and underpass	2.00	4.00
4	Old Port bell Road/ Spring Road	Wampewo Roundabout	New Port bell Road	Nakawa	Reconstruction/dualling and signalization of 2 junctions (shell Bugolobi and Spring Rd fifth street)	3.40	13.60
5	Port bell Road	Nakawa-junction\	Port bell Pier	Nakawa	Reconstruction and dualling, and 4 junctions, and bridge extension	6.70	26.80
6	Kibuye-Busega	Kibuye R/about	Busega	Rubaga	Reconstruction and dualling	8.00	32.00
Subtotal 2B						25.30	97.20

⁴⁰ The list will be adjusted and refined based on agreed selection criteria and available funding .

2C. ROAD RECONSTRUCTION

No	Road Name	From	To	Division	Required Intervention	Length (Km)	Lane length (Kms)
1	Sir Apollo Kagwa	Bwaise KNBP	Nsalo Road	Kawempe	recycle and overlay	3.40	6.80
2	Muzito Road	Wankulukuku Road	Entebbe Road	Lubaga	Recycle & Overlay	2.20	4.62
3	Sentema Road	Wakaliga Road	Northern bypass	Lubaga	Recycle & Overlay	4.20	8.40
4	Ntinda-Kisasi	Ntinda	Kisasi	Nakawa	Reconstruction	1.80	7.20
5	Mpabaana Road	Gadaffi Road	Kyaggwe Road	Central	Recycle & Overlay	0.80	1.84
6	Kisaasi-Kyanja	Kisaasi	Gayaza	Nakawa	recycle and overlay	2.60	5.20
7	Eight Street/ Namuwongo Road	Mukwano	Bukasa Road	Makindye	recycle and overlay	2.80	8.40
8	Lukuli Road	Kayemba Road	Salaama Road	Makindye	Recycle & Overlay	7.80	19.50
9	Luwafu Road	Mobutu Road	Salaama Road	Makindye	Reconstruction	2.60	6.50
10	Ssuna Road-2	Nyanama	Zzana	Beyond	Reconstruction	3.70	7.40
Subtotal Road reconstruction						31.90	75.86

2D. ROAD UPGRADING

No	Road Name	From	To	Division	Required Intervention	Length (Km)	Lane length (Kms)
1	Kitebi Bunamwaya	Kitebi Road	Seguku	Beyond	Upgrade to Paved	6.00	15.00
2	Waliggo	Bahai Road	GayazaRoad	Kawempe	Upgrade to Paved	4.50	9.00
3	Kawala Road	Hoima Road	Lugoba Road	Kawempe	Upgrade to Paved	2.50	6.25
4	Muteesa I Road	Balintuma Road	Albert Cook Road	Lubaga	Upgrade to Paved	2.20	5.28
5	Kabega	Hanlon	Kirombe	Makindye	Upgrade to Paved	1.20	2.52
6	Kirombe Road	Nsambya estate Road	Lukuli Road	Makindye	Upgrade to Paved	2.10	4.41
7	Nakivubo Channel Road	Bombo Road 1	Mpabaana Road	Central	Upgrade to paved	0.50	1.05
8	Mugema Road	Masaka Road	Sentema Road	Lubaga	Upgrade to Paved	3.70	7.40
9	Namungoona Road	Masiro Road	Nakibinge road	Lubaga	Upgrade to Paved	1.80	3.60
10	Magambo/ Ntinda-Kigowa	Bukoto-Ntinda	Kiwatule Via Kisasi Road	Nakawa	Upgrade to Paved	3.00	6.00
11	Kafeero Road	Mulago Hill road	Kyebando Ring road	Kawempe	Upgrade to Paved	2.00	4.00
12	Kulambiro Ring Road	Northern bypass	Kisasi Road	Nakawa	Upgrade to Paved	3.10	6.20
13	Dembe -Kilowoza	Kyanja	Kyanja	Nakawa	Upgrade to Paved	3.40	6.80
Subtotal Road Upgrade (Kms)						36.00	77.51

2E. DRAINAGE

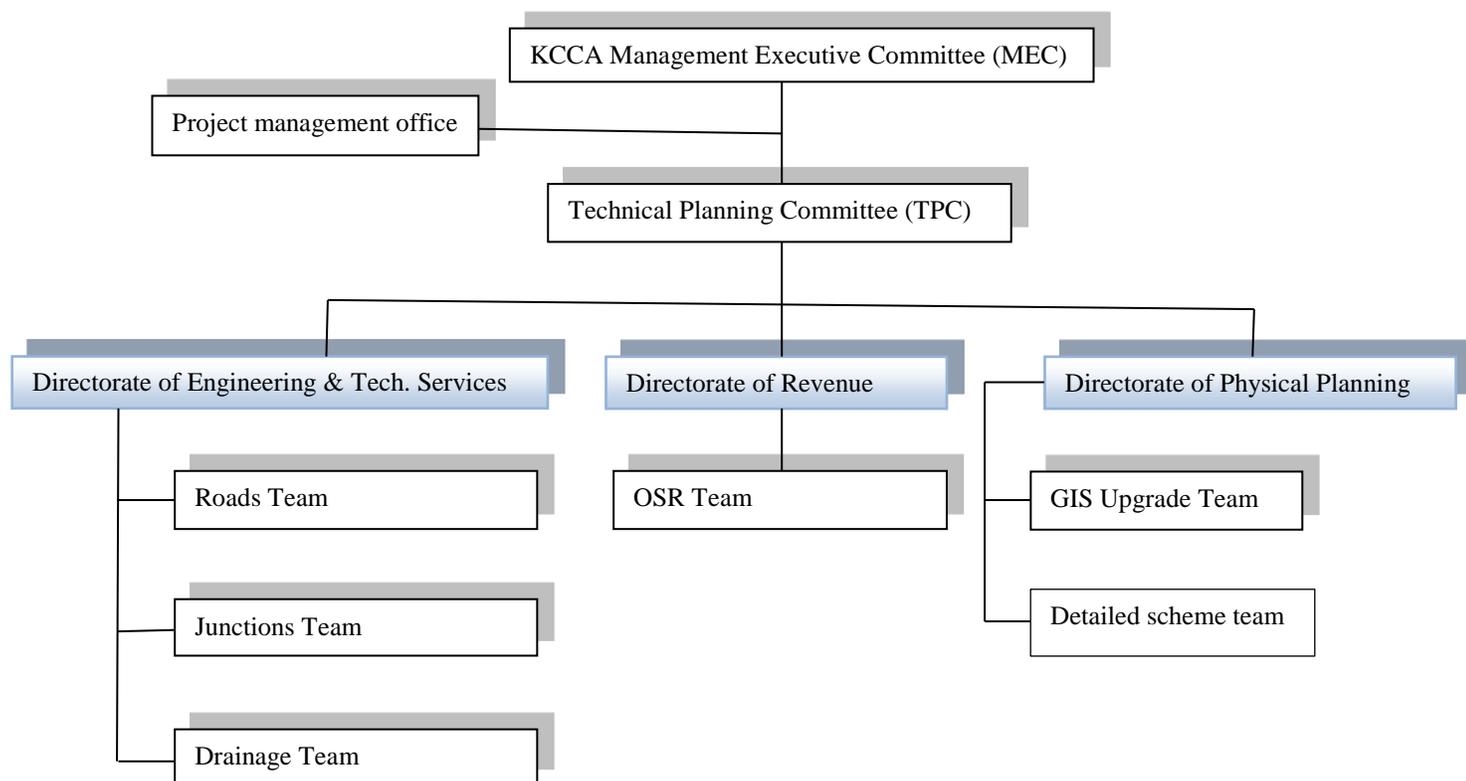
No	Drainage System	Division	Required Intervention
1	System 2 - Lubigi secondary drains	Kawempe	Channel improvement, lining and engineering
2	System3 - Nalukolongo secondary drains	Lubaga	Channel improvement, lining and engineering
3	System 3 - Nalukolongo primary drain (from Kibuye to Busega)	Lubaga	Channel improvement, lining and engineering
4	System 6 - Kinawataka primary drains	Nakawa	Channel improvement, lining and engineering
5	System 6 - Kinawataka secondary drains	Nakawa	Channel improvement, lining and engineering

ANNEX 3: IMPLEMENTATION ARRANGEMENTS

Second Kampala Institutional and Infrastructure Development Project

Project Institutional and Implementation Arrangements

1. *The implementation of KIIDP 2 will be mainstreamed into the KCCA relevant Directorates for ownership and avoidance of the creation of parallel structures.* The organogram below summarizes KIIDP 2 functional institutional arrangements. The directorates and departments of Health and Environment, Treasury Services, Procurement, etc., will also play implementation roles in KIIDP 2. KCCA will formally appoint the staff from its Directorates and Departments responsible for implementation of KIIDP 2, including the overall KIIDP 2 Project Coordinator.



Project administration mechanisms

2. *The following administrative mechanism will apply for project implementation based on the institutional arrangement in KCCA and the organogram above:*

3. *The Management Executive Committee (MEC)* – The apex technical body of KCCA – will be responsible for the overall implementation guidance of the project. Project implementation progress reports will be submitted to the MEC for consideration and for overall guidance to the relevant Directorates.

4. ***The Directorates*** – The relevant Directorates - will be the owners of the project activities chaired with implementing the project activities held accountable by MEC for the delivery of the outputs and agreed results under their respective Directorates. For example the Directorates for Engineering and Works will be responsible for the roads, drainage and junctions outputs and tracking the component results; the Revenue Directorate will be responsible for OSR, etc.

5. ***KIIDP 2 sub-projects/activities teams*** – Below each directorate in KCCA there are departments, sections and units. The staff within these departments/sections will be responsible for delivery of the sub-projects/activities which are located in their respective departments/sections with cross support from the other relevant departments/sections. The formation of the various teams will depend on the needs for that particular sub-project or activities to be implemented. Under the Directorate of Engineering and Technical services there will be three teams (composed of staff from the relevant departments within KCCA) that will be responsible the delivery of the roads, junctions, and drainage sub-projects. The GIS upgrade team will be comprised of staff from the Directorate of Revenue, Engineering and Technical services as well as Information Technology (IT). The same arrangement will apply for the delivery of all the various activities under the project. However, for accountability, there will be one lead directorate which will be responsible and accountable to KCCA management for the delivery of that activity which primarily falls under his/her directorate as per its mandate.

6. ***The Project Management Office*** - Under the Executive Director's Office will be the Project Secretariat. The secretariat will be responsible for; among other things: (i) coordinating project implementation, (ii) consolidating project reports for submission to IDA (quarterly, annual progress reports) as well as consolidating project budget and annual work plans, (iii) coordinating KCCA with the World Bank and any other Development Partners, and (iv) consolidating project monitoring and evaluation (M&E) reports.

7. ***Environment and Social Safeguards Management*** – During project implementation, the management of environmental and social aspects of the project will be undertaken by two Directorates. The Directorate of Public Health and Environment will be responsible for environmental issues, while the Directorate of Gender, Community Services and Production will be responsible for social safeguards. These two Directorates will ensure implementation of the requirements of the ESMF and RPF, including preparing ToRs for any ESIA, ESMP and RAP; supervising such studies, and undertaking environmental and social monitoring and reporting. In undertaking their work, they will liaise with other relevant stakeholders and government agencies where necessary.

8. ***Project procurement*** – All project procurement will be handled by KCCA PDU. The relevant technical Directorates/Departments will be responsible for the project procurement function, and GoU/IDA procedures will apply (see details under procurement Annex 3). The head of PDU will report to the MEC. The project will recruit a procurement specialist who is conversant with IDA procurement procedures and requirements to support the PDU. (S)he will report to the head of PDU, KCCA.

9. ***Project financial management*** – All project financial management activities will be handled by KCCA Directorate of Treasury Services (see detail in financial management section). The Director of Treasury Services will appoint dedicated staff within the Directorate who will be responsible for ensuring that all financial documentation for the project are kept in order and made available for audit as required. The Director will report the project financial status to the MEC.

10. ***The Internal Audit Department of KCCA*** – The Internal Audit Department will carry out its normal statutory internal audit functions. The project will support KCCA to strengthen its pre and post audit functions so as to hasten payment of contractors and consultants.

11. ***Institutional capacity assessment of KCCA for KIIDP 2 implementation*** - When KCCA was established, in March 1, 2011, there was need to recruit new staff in line with the new structure and job specifications of the Authority. In addition, KCCA as the successor to KCC, developed a new Corporate Strategy, and undertook its rebranding. As of November 2013 a total of 398 staffs had been recruited of the 400 staff target for the financial year 2012/2013. Although the recruitment represented 99.5 percent of the target, it only represents about 30 percent of the approved staffing. Delays continue in the recruitment of staff in the Directorate of Public Health and Environment, where currently all the staff are under temporary appointment.

12. ***In addition to the permanent staff, the Authority continues to employ about 529 temporary staff to complement the established staff as it awaits formal recruitment by the national service commissions***⁴¹. The staff force is still stable due to the KCCA focus on staff discipline so as to achieve the transformation of the institution.

13. ***The new KCCA management has zero tolerance for corruption and misconduct.*** As of January 2014 disciplinary actions were taken on a total of 89 KCCA staff (65 termination, 8 interdictions, and 16 warnings). However, the turnover rate for permanent staff is insignificant compared to the average Uganda turnover rate of 12 percent for 2012. The turnover rate for temporary staff as April 30, 2013 was 12 percent. Most of the exits have been for staff on temporary terms due to engagement in behaviors not consistent with KCCA values. Others have been due to end of temporary work contracts or further studies outside of the country.

14. ***For KCCA to effectively deliver on its statutory mandates, additional staff would be required for the following key Directorates:*** (i) Physical Planning – 38 additional staff, (ii) Engineering and Technical Services – 19 additional staff, and (iii) Revenue Collection – 24 additional staff. The table below summarizes the staffing status of the three key directorates.

⁴¹ Following the enactment of the KCC Act which made it an Authority, the staff members of KCCA are now recruited by the Public Service Commission (for general staff), Health Service Commission (for health staff), and Education Service Commission (for education staff). These commissions are at national level.

1. Directorate of Physical Planning

Level	Approved Structure	Current staff No.	Vacancies	Addition staff for mandate
Director	1	1	0	0
Deputy Director	2	0	2	1
Manager	5	1	4	1
Supervisor	9	3	6	3
Officer	47	26	21	21
Assistant	5	0	5	12
Support	5	0	5	0
Total	74	31	43	38

2. Directorate of Engineering and Technical Services

Level	Approved Structure	Current staff No.	Vacancies	Addition staff for mandate
Director	1	1	0	0
Deputy Director	2	2	0	0
Manager	5	3	2	3
Supervisor	19	8	11	4
Officer	37	21	16	12
Assistant	16	10	6	0
Support	5	5	0	0
Total	85	50	35	19

3. Directorate of Revenue Collection

Level	Approved Structure	Current staff No.	Vacancies	Addition staff for mandate
Director	1	1	0	0
Deputy Director	2	1	1	1
Manager	3	2	1	0
Supervisor	14	10	4	0
Officer	151	98	53	23
Assistant	0	0	0	0
Support	13	10	3	0
Total	184	122	62	24

15. *From the tables above – the three core Directorates of Engineering and Technical Services; Physical Planning, and Revenue would need a total of 81 additional key staff to implement their mandates effectively.* The estimated annual wage bill is UGX4.43 billion. In addition, the complementary and supportive capacity for legal services, treasury services, procurement, environment and social safeguards, human resource, ICT and Internal Audit need a total of additional 40 staff at various levels/grades to provide the necessary supportive services to KCCA to enable it meets its statutory mandates. KCCA is committed to recruit these staff within the next three years. However, for the implementation of KIIDP 2 specifically, KCCA will

recruit individual consultants and apprentices to bridge the gap. The following specialists have been identified to be critical for the successful implementation of KIIDP 2: (i) Highway Engineering Specialist; (ii) Transport Planning and Traffic Engineering Specialist; (iii) Geographical Information Systems Specialist; (iv) Environmental Management Specialist; (v) Social Development Specialist; (vi) Revenue Management Specialist; (vii) Hydrologist Engineering Specialist; (viii) Materials Engineering Specialist; (ix) Contract Management Specialist; (x) Engineering officers; (xi) Technical Audit (Engineer) Specialist, and (xii) Procurement Specialist. The first six Specialists will be recruited by KCCA before credit effectiveness since their inputs are critical in the preparation of the various civil works to be implemented under the project.

Financial Management, Disbursements and Procurement:

16. ***Budgeting Arrangements:*** - KCCA's budgeting cycle and processes follow that of the Government of Uganda and are in line with the provisions of the National Budget Act 2001. The KCCA Act of 2010 and KCCA's draft Accounting Policies and Procedures Manual. The budgeting process is very consultative and commences with the issuance of a budget call circular from the Ministry of Finance Planning and Economic Development. The Budget Call Circular effectively kick starts the Budgeting process. KCCA's budgeting process commences with the Parishes, then Urban divisions through the Urban Council to the Directorate's annual budget until the final consolidation into the KCCA budget.

17. ***General Internal Controls:*** - Internal controls are critical to the attainment of the KCCA's overall objectives, aimed at ensuring efficiency and effectiveness of operations, compliance with applicable laws and regulation, segregation of duties and reliability of financial reports. Internal controls exist over key processes in the Directorate of Treasury Services such as payments, asset management, inventory management, revenue accounting, budget management and financial reporting. Most of the Internal Control Processes are documented in the Draft Accounting Policy and Procedure Manual, the Treasury's standing instructions, the Budget Act and the Public Finance and Accountability Act.

18. ***Accounting System & Financial reporting:*** - KCCA has a Draft Accounting Policies and Procedures manual which guides financial management and reporting. Further guidance on financial management and reporting is sourced from the Public Finance and Accountability Act, 2003. The Government of Uganda Treasury Instructions, the International Public Sector Accounting Standards (IPSAS), International Financial Reporting Standards (IFRS) and the Budget Act, 2001.

19. ***KCCA currently uses the Integrated Financial Management System (IFMS) for financial management and reporting for consolidated fund resources.*** Due to the nature of KCCA functions including own source revenue, they procured an alternate Financial Accounting System (Sun Accounting) whose Financial reporting capabilities are quite robust to address the financial reporting deficiencies in IFMS. Key modules of the procured system include; ledger accounting, fixed asset, inventory, multicurrency, Query & Analysis Business Intelligence Tool, payroll and purchasing. The Sun system currently is being used for KIIDP 1 and it will be used under the proposed KIIDP 2. KCCA's financial statements are prepared in accordance with

International Public Sector Accounting Standards and are based on the Government of Uganda Chart of Accounts. In an effort to stream line the financial reporting requirements of KIIDP 2, the Directorate intends to harmonize the project chart of accounts with that of GOU. This will enhance review, analysis and comparability of the reports.

20. **FM Staffing** - The Directorate of Treasury services is adequately staffed headed by the Director Treasury services assisted by the Deputy Director. The Directorate is structured into three sections namely Revenue Accounting, Management Accounting and Financial Accounting each of which is headed by a manager. The Directorate currently has a total staff number of 46 with 8 of the Directorate's staff being professional accountants with good experience and most of the other staff still pursuing professional accountancy qualifications.

21. **Internal audit:** - The Internal Audit Directorate is mandated to foster organizational compliance with the set systems and procedures through evaluating and improving the effectiveness of risk management, controls and governance processes. An Internal Audit Charter and Risk Management Policy were developed and reviewed by Management. The Directorate is adequately staffed and is administratively supervised by the Executive Director and functionally by the Standing Committee of the Authority. The Director Internal Audit produces quarterly reports highlighting the key observations made in the course of audits and the measures recommended or adopted by management to address the weaknesses noted.

22. **Risk Assessment and Mitigation:** - The table below identifies the key risks that the project management may face in achieving these objectives and provides a basis for determining how management should address these risks.

<i>Risk</i>	<i>Risk Rating</i>	<i>Risk Mitigating Measures Incorporated into Project Design</i>	<i>Mitigated Risk</i>	<i>Condition of Negotiations</i>
Inherent Risk				
<p>■ Country Level-The 2008 & 2012 PEFA reports identified weaknesses in Government PFM systems. Enforcement of procurement rules is still weak. Governance issues including the recent scandals in the OPM and Public Service Ministry are still presenting a major challenge. The June 30, 2012 audit report identifies major weaknesses in FM across the Governmental</p>	H	Weaknesses in accounting capacity, budget classification, payroll rules and procurement compliance are being mitigated under a Government PFM reform program called FINMAP. The High Level Action Matrix agreed between development partners and the Government is being implemented to address governance issues.	S	
<p>■ Entity Level- KCCA could lack ability to complete projects on a timely basis with capacity gaps in the Engineering Directorate.</p>	S	KCCA to recruit the necessary TA within four months of project effectiveness to address the key capacity gaps.	M	

<i>Risk</i>	<i>Risk Rating</i>	<i>Risk Mitigating Measures Incorporated into Project Design</i>	<i>Mitigated Risk</i>	<i>Condition of Negotiations</i>
<p>■Project Level- The Auditor General’s report of June 30, 2013 for KCCA was unqualified with two major issues - late project execution and incomplete RAP compensation with inadequate funds. Delays in project completion increase the risk of high</p>	S	<p>KCCA to ensure timely and accurate valuation of properties for RAP and speedy settlement of payments to affected persons.</p> <p>KCCA to budget for sufficient RAP financing for the planned project area.</p>	M	
	S	Overall Inherent Risk	Moderate	
Control Risk	Risk Rating			
<p>■Budgeting/Accounting/Internal Control/Audit Inadequate funding of the approved budget and budget cuts affecting approved work plans resulting in increased outstanding payables and exposing KCCA to risk of litigation by suppliers and contractors. Undervalued land for compensation and poor feasibility studies resulting in unrealistic budgets that call for frequent revisions. Fraud and corruption by internal staff Lack of approved FM & audit</p>	S	<p>Project budget will be ring fenced to guard against diversion or reductions. Detailed feasibility studies to inform realistic budgets and timely execution of budgets. For the agreed activities, the project will be 100% financed by World Bank except the RAP.</p> <p>New anti-corruption strategies are being put in place by KCCA.</p> <p>Adequate accounting system in operation and quarterly audits done</p>	M	N
<p>■Financial Reporting: Delays in submission of accurate quarterly interim financial reports in the desired format.</p>	M	The reporting format has been agreed with KCCA under KIIDP1 and reporting deadlines will be part of the FA.	L	N
<p>■External Audit: Delay in submission of financial statements for audit and delay in submission of audited financial statements for both the project and the entity.</p>	M	There are arrangements in place for timely audits by the OAG for the past years. The report for the year ended June 2013 was submitted to the Bank in November 2013. The project audit had a clean opinion	L	N
Overall Risk Rating	S		Moderate	

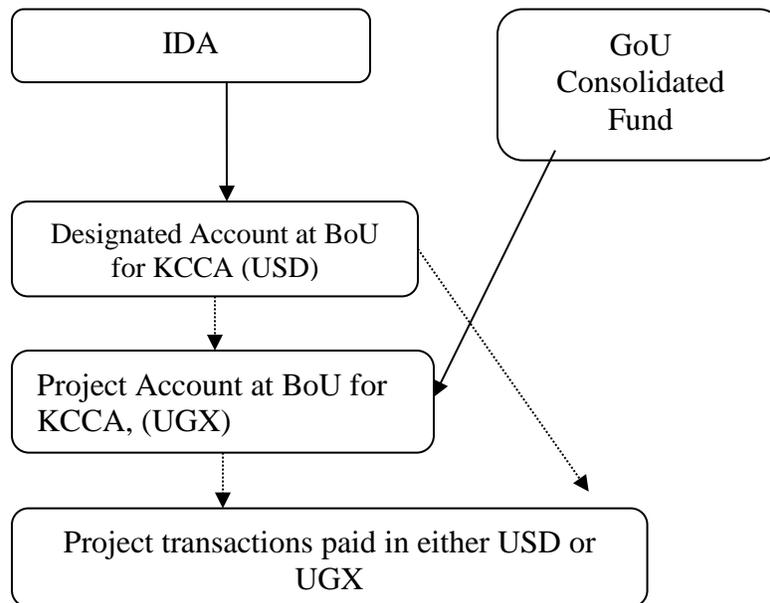
Key: H – High S – Substantial M – Moderate L – Low

23. *The overall residual risk* is assessed as **Moderate** upon meeting the conditions in the risk assessment and mitigation table above.

24. **Banking and Funds flow Arrangements:** - KCCA operates both revenue collection accounts and operations accounts which are opened with the authorization of the Accountant General. The following bank accounts will be maintained for the purposes of implementing the project:

- Designated Account: Denominated in US dollars, disbursements from the IDA Credit will be deposited on this account.
- Project Account: This will be denominated in local currency. Counterpart funds, other Development Partners and transfers from the Designated Account (for payment of transactions in local currency) will be deposited on this account in accordance with project objectives. These bank accounts shall be opened at Bank of Uganda and signatories for the project will be in accordance with the Treasury Instructions and the draft FM manual.

Funds Flow Chart:



25. **Disbursement and Reporting:** - KCCA has established adequate financial management and accounting systems which will facilitate the use of report based disbursement where six month cash flow forecasts based on work plans are submitted every quarter along with IFRs. The IFRs will be submitted for disbursement on a quarterly basis within 45 days of the end of each reporting period. If ineligible expenditures are found to have been made from the Designated Account, the Borrower will be obligated to refund the same.

26. **Interim Financial reports (IFRs)** - The following quarterly IFRs will be produced by KCCA:

- A statement of sources and uses of funds for the reported quarter and cumulative period (from project inception) reconciled to opening and closing bank balances; and
- A statement of uses of funds (expenditure) by project activity/indicator/component comparing actual expenditure against the budget, with explanations for significant variances for both the quarter and cumulative period.

27. ***In addition to the above IFRs, KCCA will also submit to the Bank the following information in order to support report-based disbursement:***

- Designated Account (DA) Activity Statement.
- DA Bank Statements.

28. ***The annual financial statements shall be prepared in accordance with International Accounting Standards for external audit.*** These Financial Statements will be comprised of: (i) A Statement of Sources and Uses of Funds / Cash Receipts and Payments; (ii) A Statement of Affairs/ Balance Sheet; (iii) Statement of Fund Balance; (iv) Designated Activity Account Statement; and (v) Notes to the Accounts. Other methods of disbursements that can be used are direct payments, reimbursements and special commitments using letters of credit.

29. ***External Auditing*** – External audit arrangements are satisfactory. The Auditor General is primarily responsible for auditing of all Government projects. The audit may be subcontracted to a firm of private auditors, with the final report being issued by the Auditor General, based on the audit work carried out by the subcontracted firm. The private firms to be sub-contracted should be acceptable to the Bank, following a review of audit firms in Uganda. In case the audit is subcontracted to a firm of private auditors, IDA funding may be used to pay the cost of the audit. The audits are done in accordance with International Standards on Auditing with appropriate terms of reference. KCCA will submit the project Audit Report together with the Management Letter to the Bank within six months after the end of each financial year. There are no outstanding audits and report for the year ended June 2013 was submitted to the Bank in November 2013.

30. ***Governance:*** - To enhance governance and accountability, the Kampala Capital City Act 2010 also provides for a Capital City Public Accounts Committee comprise of five certified Public Accountants, with responsibility of examining the reports of Auditor General, internal audit and any other reports of commission of inquiry.

Procurement

31. ***The proposed Kampala Institutional and Infrastructure Development Project Phase 2 (KIIDP2) will be implemented by the Kampala Capital City Authority (KCCA), which is headed at the technical level by an Executive Director who is the Accounting Officer.*** KCCA is an autonomous agency established by the KCCA Act 2010. Operations in KCCA are guided by national laws and regulations.

32. ***Applicable Procurement Guidelines*** - Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011, "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011, and the provisions stipulated in the

Legal Agreement. The items under different expenditure categories to be procured, identified by appraisal are indicated in the “Scope of Procurement under the Project” section.

Applicable Procurement Procedures:

33. ***Advance Contracting and Retroactive Financing*** – These procurement procedures apply to this project which allows the Borrower to proceed with the initial steps of procurement before signing the related Bank loan. In such cases, the procurement procedures, including advertising, shall be in accordance with the Guidelines in order for the eventual contracts to be eligible for Bank financing, and the Bank shall review the process used by the Borrower. A Borrower undertakes such advance contracting at its own risk, and any concurrence by the Bank with the procedures, documentation, or proposal for award does not commit the Bank to make a loan for the project in question. Advance contracting shall be permitted from January 2014 and the retroactive financing shall be made to a ceiling of US\$3.5m.

34. ***Use of National Procurement System*** - All contracts procured at the national level following National Competitive Bidding (NCB) and other lower procurement procedures such as Shopping, may follow the national public procurement law (the Procurement and Disposal of Public Assets Authority (PPDA) Act, 2003) and attendant regulations. These procedures have been reviewed by the Bank and found to be acceptable, except for the following provisions, which will not be applicable under this project:

- *Negotiations with the best evaluated bidder* shall not apply for goods/non-consulting services and works procured using competitive methods; however for civil works, technical discussions to agree on work programs, method statement and other technical matters related to contract implementation with an awarded bidder are permissible.
- *The merit point evaluation for goods and works* for bid evaluation shall not be applied for goods and works contracts except for IT systems and design and build contracts.
- *Application of Domestic Preference under NCB* shall not apply.
- *Micro-procurement* as defined in the PPDA Act will not apply.
- *Charging of fees for dealing with bidder complaints at procuring entity level*. The procuring entities shall not be allowed to charge fees for dealing with complaints.
- *Selection of Consultants*: The procedures for Selection of Consultants under the PPDA Act shall not apply. Only the Bank’s guidelines shall apply for selection of all Consultants under the project.
- *Evaluation of Goods and Works*: The following documentation or their equivalent shall not be treated as eligibility requirements: (i) Tax clearance certificates; (ii) Tax registration certificates; (iii) trading licenses; and (iv) the PPDA Certificate of Registration. Documents (i) – (iii) may however be included as post qualification requirements, which the Borrower can request the Bidder to avail during the evaluation.
- *Disqualification of Bidders* for not purchasing the bidding documents from the Borrower shall not apply.

- *Ineligibility applies* to firms suspended by PPDA, and shall extend to firms debarred or suspended by IDA
- *The PPDA Certificate of Registration* shall neither be an evaluation nor an eligibility criterion.

35. ***Under the proposed project, procurement processing in addition to adhering to the World Bank guidelines, shall also adhere to requirements under the Government system.*** Specifically, the Contracts Committees shall perform their oversight functions at every key procurement stages as required by the PPDA Act, and contracts shall be subjected to the Solicitor General's clearance where applicable.

36. ***Procedure for Shopping: Shopping shall follow the Request for Quotation (RFQ) procedures as defined in the PPDA Act and attendant regulations.*** These procedures have been reviewed by the Bank and found to be satisfactory subject to the exceptions under *Use of National Procurement System*.

37. ***Use of Framework Agreements (FAs):*** Common supplies, for example, stationery and consumables will be aggregated and procured through framework contracts to enable implementing agencies procure supplies at short notice, at a competitive price. FAs shall not restrict foreign competition, and shall be limited to a maximum duration of three years. FA procedures applicable to the project are those of the Borrowers that have been deemed acceptable by the Bank, and shall be described in the Loan Agreement. The Framework Agreements(FAs) procedures applicable to the project are the procedures as defined in the PPDA Act and attendant regulations and guidelines that require open/competitive bidding under NCB procedures (subject to the exceptions under *Use of National Procurement System*), and the contract entered based on the framework contracting approach. The advertisement/invitation to bids shall clearly indicate that the contract shall be signed on a framework contract basis.

38. ***Bidding documents under NCB procedures shall include a clause rendering ineligible for Bank financing*** a firm, or an individual, of the Borrower country that is under a sanction of debarment from being awarded a contract by the appropriate judicial authority of the Borrower country and pursuant to its relevant laws, provided that the Bank has determined that the firm, or the individual, has engaged in fraud or corruption and the judicial proceeding afforded the firm or the individual adequate due process.

Solicitation Documents to be used

39. ***Goods, Works and Non-consulting services:*** The Bank's standard bidding documents and standard bid evaluation forms will be used for procurement under ICB.

40. Under NCB, the standard tender documents for procurement of Supplies prepared and issued by the PPDA may be used subject to modifications acceptable to the Bank and those indicated under *Use of National Procurement System*, as well as the following:

- Ineligibility applies to firms suspended by PPDA, and shall extend to firms debarred or suspended by IDA.
- In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract shall provide for the following: (i) the bidders, suppliers, contractors and subcontractors shall, on request, permit the Association to inspect the accounts and records relating to the bid submission and performance of the contract; shall have the accounts and

records audited by auditors appointed by the Association; and (ii) any deliberate and/or material violation of such provision by any bidder, supplier, contractor or subcontractor may amount to an obstructive practice provided for in paragraphs 1.16(a) and (v) of the Procurement Guidelines.

41. **Consulting Services:** The Bank's Standard Request for Proposal document and sample form of evaluation report will be used in the selection of consulting firms. The PPDA procedures for selection of Consultants including bidding documents, evaluation forms, etc., shall not apply. Short lists of consultants for services estimated to cost less than US\$300,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Record Keeping

42. The Head of the Procurement and Disposal Unit of the KCCA will be responsible for record keeping and shall open a procurement file for each contract processed. The file should contain all documents on the procurement process in accordance with the requirements and as described in the PPDA Act. KCCA will ensure that there is adequate lockable storage space for active files, and for archiving.

Scope of Procurement under the Project

43. Procurement activities to be financed by the Bank identified by appraisal are indicated below, while other activities will be identified during project implementation:

- **Works:** Dualling and Signalization of Batch 1 Roads and Junctions (US\$43.32 million), Improvement of Nalukolongo Drainage Channel (US\$19.53 million), Construction of Batch 2 Roads and Junctions(US\$50 million), Improvement of Kinawataka Drainage Channel and Other Secondary Drains (US\$35.26 million);
- **Consultancy Services:** Construction Supervision of Batch 1 Roads and Junctions(US\$1.85 million), Construction Supervision of Nalukolongo Drainage Improvement Works (US\$1.35 million), Detailed Design of Batch 2 Roads and Junctions (US\$1.207 million), Detailed Design of Batch 2 Drainage Improvement Projects (US\$0.882 million), Updating of the Kampala Drainage Master Plan (US\$1.45 million), Developing the Greater Kampala Metropolitan Transport Management Strategy and Traffic Signal Standards(US\$1.5 million), Detailed Design of Batch 3 Roads and Junctions (US\$2.0 million), and Detailed Design of Batch 3 Drainage Improvement Projects (USD 0.882 million).

44. **Operating Costs:** The project will finance costs of KCCA that directly relate to project implementation. The project's operating costs include expenditures for financial audit fees, travel, per diems, accommodation expenses, and advertising. These will be procured using IDA procedures or the Borrower's procurement, financial and other administrative procedures, acceptable to the Bank. Salary top-ups, meeting allowances, sitting allowances and honoraria to civil/public servants and contracted consultants are not eligible for funding by the project.

45. **Training:** The project will formulate an annual training plan and budget which will be submitted to the Bank for its prior review and approval. The annual training plan will, inter alia, identify: (i) the training envisaged; (ii) the justification for the training, how it will lead to effective performance and implementation of the project and or sectors; (iii) the personnel to be trained; (iv) the selection methods of institutions or individuals conducting such training; (v) the institutions which will conduct training, if already selected; (vi) the duration of proposed training; and (vii) the estimated cost of training. Upon completion of training, the trainee shall be required to prepare and submit a report on the training received. A copy of the training report will be kept for IDA review.

Capacity Assessment of KCCA

46. A procurement capacity assessment for KCCA technical staff was carried out during September 26 2013, and October 25 2013 to fulfill their role in the procurement cycle.

47. Procurement processing in KCCA is in general compliant with the PPDA procedures and the requisite structures of a Procurement and Disposal Unit (PDU) and Contracts Committee are in place. A detailed procurement capacity report has been prepared. Highlights of the areas of improvement are indicated below.

- *Delays/failure in submission of monthly contract management reports:* There were a number of weak areas identified under KIIDP 1 execution including failure to meet contractual obligations such as the timely handover of sites, delayed response to contractor communication, inadequate monitoring of contract expiry dates, etc. These gaps however have provided KCCA with valuable lessons on the challenges of contract management and this should enable the agency to develop robust systems for KIIDP 2.
- *Payments to service providers:* Given payment delays of up to 6 months, KCCA agreed to review the payment processing to identify and address bottlenecks.
- *KCCA Contracts Committee* - The KCCA Contracts Committee (CC) is not fully constituted with only four out of the five required members in place.
- Non-clarity of roles and responsibilities between user departments and PDU, and non-familiarity with IDA Guidelines for Procurement Prepare Project Procurement Manual to clarify roles and responsibilities of staff

48. *The KCCA Procurement and Disposal Unit (PDU):* The procurement function under KCCA is executed by the PDU. The KCCA Structure provides for eight officers in the PDU, seven are in place – one Procurement Manager, two Supervisors and four Procurement officers supported by a temporary staff member handling records including filing and retrieving of procurement files, and an Administrative Officer. All PDU procurement staff were found to be adequately qualified with varying proficiency in handling procurement under PPDA regulations but all lack proficiency in handling IDA financed procurement particularly Works and Consultancy services. The KCCA budget for FY 12/13 was approximately UGX 188.262 billion (about US\$72 million) out of which 45 percent was expended through Procurement. The PDU

has a heavy workload and will need additional staff to handle the proposed project workload. It was agreed that a Procurement Specialist proficient in IDA funded procurement management and with ToR acceptable to IDA will be recruited to process contracts for KIIDP 2.

49. *User Directorates in KCCA:* The proposed contracts under the KIIDP 2 are similar to the normal activities under the respective directorates. However, the current KCCA staffing is only 30 percent of what is required with high vacancy rates of 33 - 75 percent in the Directorates that will implement KIIDP 2. Thus, KCCA has inadequate staff numbers to handle the proposed project tasks in addition to their existing workload. This poses a substantial risk to project implementation, and impedes the capacity of the Technical Departments to carry out their role in the procurement cycle⁴² in a timely and efficient manner. It was agreed that any identified capacity gaps will be filled through recruitment with GoU funding, and if there are delays in doing this, particularly with regard to implementation needs for the KIIDP 2, the required personnel will be hired as Individual Consultants under KIIDP 2. To ensure that hiring of personnel will be on track; ToRs were developed at appraisal.

Frequency of Bank Supervision:

50. In addition to the prior review supervision carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended at least a bi-annual supervision mission to visit the field, at least one of which shall include conducting out post review of procurement actions.

Prior Review Thresholds:

51. The prior review thresholds are as follows:

Procurement of Goods, Works and Non-consulting services			
Expenditure Category	Contract Value (Threshold) US\$	Procurement Method	Contracts Subject to Prior Review
1. Works	>=10,000,000	ICB	All Contracts
	< 10,000,000	NCB	Selected Contracts as indicated on Procurement Plan (PP)
	<200,000	Shopping	First contract under this method
2. Goods and Non-consulting services	>=1,000,000	ICB	All Contracts
	<1,000,000	NCB	Selected Contracts as indicated on PP
	<100,000	Shopping	First contract under this method
All categories	All values	Direct Contracting	All

⁴² It is the technical departments 's role to prepare Technical specification and terms of reference, evaluation of bids, expressions of interest and consultants' technical and financial proposals during the bidding/selection process, and to supervise the contractors and consultants

Selection of Consultants ⁴³			
Expenditure Category	Contract Value (Threshold) US\$	Selection Method	Contracts Subject to Prior Review
(a) Firms ⁴⁴	>=300,000	QCBS, QBS, FBS, LCS	All contracts
	<300,000	Qualifications/Other Selection Methods	Selected Contracts as indicated on PP
(b) Individual	<= 5,000	IC	Selected Contracts as indicated on PP
Firms and Individual	All values	SSS	All contracts

Procurement Plan

52. ***The Borrower, at appraisal, developed a procurement plan for project implementation which provides the basis for the procurement methods.*** The plan was prepared in a format acceptable to IDA. This plan was agreed between the Borrower and the Project Team and is available at the KCCA offices on Plot 1-3 Apollo Kaggwa Road, Kampala. It will also be available in the project's database and in the Bank's external website. The procurement plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Details of the Procurement Arrangements Involving International Competition

53. ***List of contract packages to be procured following ICB and Direct Contracting:***

Civil works Procurement Packages with Methods and Time Schedule.

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost (\$ mill) – excludes local taxes	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
Goods								
1	Purchase and Installation of Revenue Management System	2.856	ICB	No	No	Prior	7-Jun-14	
2	Purchase and Installation of the GIS Enhancement Software	0.656	ICB	No	No	Prior	7-Jun-14	
3	Purchase of Transport Management System	0.85	ICB	No	No	Prior	7-Sept-14	
Works								

⁴³ All Terms of Reference regardless of cost will be subject to clearance by the Bank.

⁴⁴ A shortlist of consultants for services estimated to cost less than US\$300,000 equivalent per contract may consist entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost (\$ mill) – excludes local taxes	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
4	Dualling and Signalization of Batch 1 Roads and Junctions	29.83	ICB	No	No	Prior	May 2014	final designs and bidding documents awaited
5	Improvement of Nalukolongo Drainage Channel	13.2	ICB	No	No	Prior	May 2014	Pending submission of final design
6	Construction of Batch 2 Roads and Junctions	89.2	ICB	No	No	Prior	Dec 2014	
7	Improvement of Kinawataka Drainage Channel and Other Secondary Drains	24.78	ICB	No	No	Prior	Dec 2014	

Selection of Consultants

54. **Short list comprised entirely of national consultants:** Short list of consultants for services, estimated to cost less than US\$200,000 equivalent per contract, may be comprised entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Consultancy Assignments with Selection Methods and Time Schedule:

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$ mill)	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Comments
1	Construction Supervision of Batch 1 roads/junctions	1.342	QCBS	Prior	April 2014	Shortlist being finalized RFPs to be issued in Feb 2014
2	Construction Supervision Nalukolongo Drainage Channel	0.726	QCBS	Prior	May 2014	Shortlist being finalized RFPs to be issued in Feb 2014
3	Carrying out Designs for Batch 2 Roads/Junctions Sub Projects	1.750	QCBS	Prior	June 2014	RFP to be submitted in Feb 2014
4	carrying out Designs for Batch 2 Drainage Improvement Subprojects	0.850	QCBS	Prior	May 2014	RFP to be submitted in Feb 2014
5	Carrying out Designs for Batch 3 Roads/Junctions Sub Projects	1.500	QCBS	Prior	May 2016	
6	carrying out Designs for Batch 3 Drainage Improvement Subprojects	0.750	QCBS	Prior	August 2016	
7	Upgrading the Drainage Master Plan	1.500	QCBS	Prior	April 2014	Shortlist being finalized RFPs to be issued in Feb 2014
8	Upgrading and	2.000	QCBS	Prior	August 2014	

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$ mill)	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Comments
	Integrating the Kampala GIS System					
9	Developing the Kampala City Infrastructure Asset Register	0.750	QCBS	Prior	June 2014	

Procurement Risk Assessment and Rating

55. In light of the: (i) quantity, nature and size of procurements to be made under the project; (ii) PDU staff's lack of proficiency in IDA financed procurement; (iii) inadequate staff numbers in the technical Departments; and (iv) delays in payment to service providers, the overall risk of KCCA procurement management for the proposed KIIDP 2 is High.

Actions (Agreed Action Plan) to mitigate Procurement Risk

56. The following Action Plan was agreed with KCCA team to mitigate the overall procurement risk and are indicated in the matrix below:

Risk	Action	Completion Date	Responsible Entity
PDU staff not proficient in processing IDA financed procurement management and have heavy workload	Recruit 1 Procurement Specialist with ToR acceptable to IDA proficient in IDA financed procurement management to (i) handle procurement processing for KIIDP2; (ii) provide hands-on coaching and mentoring of PDU staff	One month after project effectiveness	KCCA
	PDU staff to attend training at a procurement training institute (ESAMI or GIMPA) in procurement of works; and selection of consultants	Within six months after Effectiveness	KCCA
Inadequate number of staff in PDU to manage workload	KCCA to provide two additional staff in PDU using KCCA own budget	Within 12 months after effectiveness	KCCA
Inadequate number of staff in Technical Directorates to implement KIIDP2	Recruit additional staff/individual consultants in technical departments to augment existing capacity and supervision capacity at contract execution of civil works as follows: (i) Highway Engineering Specialist, Transport Planning/Traffic Engineering Specialist, GIS Specialist, Environmental Management Specialist, Social Development/RAP Specialist, Revenue Management Specialist (ii) Engineering Project Management/Contract Management Specialist, Hydrologist, Materials Engineer, Engineering Officers (3), Procurement Specialist, Technical Auditor (Engineer)	Before effectiveness	KCCA
Inadequate space for storage of procurement records and seating of PDU staff	Establish an acceptable record keeping system and provide additional space for keeping of procurement records for contracts being processed, and for seating of PDU staff	Within 6 months after effectiveness	KCCA
KCCA Staff (including Contracts Committee) lack of proficiency in IDA Procedures	A training workshop facilitated by IDA Procurement Team to provide basic knowledge of World Bank procedures.	Before Board date	KCCA

Inadequate Contract Management practices	Group training for project implementing staff, Specialized training for Contract managers under KIIDP2, and KCCA to establish a contract management system with monitoring mechanism to regularly update progress during contract implementation	Within twelve months of Effectiveness	KCCA KCCA
	Hire Engineering Assistants for close site superintendence by Client during Works execution	At Project Implementation	KCCA
Inadequate bidders access to report fraud	Procurement Notice Board to include poster with KCCA telephone numbers for reporting fraud and corruption issues, as well as contacts for IDA's Integrity Department and the IGG's office	At Project Implementation	KCCA

Environmental and Social (including safeguards)

57. The project is to be implemented in Kampala Capital City, comprised of five administrative divisions. The civil works activities under Component 1 are relevant to safeguards analysis. The civil works include the up-grade and expansion of roads from earth or/murram to asphalt status, traffic management (motorized and non-motorized transport) and associated primary and secondary drainage improvements. Not all the roads to be upgraded have been selected, though Phase 1 roads under KIIDP 2 include those that were designed but not implemented under KIIDP 1 and will require review of the design. The project will also support implementation of the traffic improvement plans developed for the CBD to reduce congestion and improve road safety in the city. The proposed plans range from changes in traffic circulation and introduction of one-way streets to major junction improvements and road widening schemes to remove traffic bottlenecks. Under Component 2 – on urban management, the project is envisaged to support physical planning of some parts of the city. This process will be expected to take into consideration the environmental and social aspects associated with the various land uses.

58. The project has been assigned Environmental Assessment Category B since it involves development of existing roads and drainages, with readily predictable environmental and social impacts. The following Environmental Safeguard Policies were triggered: OP/BP 4.01 Environmental Assessment – because the project may generate potential environmental impacts associated with the civil works; Natural Habitats OP/BP 4.04 - because the project may affect some wetland areas, especially the drainage sub component; and OP/BP 4.11 Physical Cultural Resources (PCRs) – because the project's civil works and urban planning activities may affect either known or un-known PCRs

59. An Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework have therefore been prepared to provide a process to assess the potential environmental and social impacts as well as the involuntary land acquisition requirements of KIIDP 2 respectively. The preparation of the ESMF and RPF involved consultations with key stakeholders such as the National Environment Management Authority (NEMA), National Water and Sewerage Corporation, Electricity Distribution Company (UMEME), the Ministry of Water and Environment, Ministry of Works and Transport, Ministry of Lands, Housing and Urban Development, the five Divisions that form the Kampala City Council, Kampala Taxi Operators Association, Kampala City Traders Association, and civil society organizations (CSOs). The ESMF has established a clear mechanism for environmental screening, for conducting Environmental and Social Impact Assessments where necessary, developing Environmental and

Social Management Plans (ESMPs), and guidance for managing, monitoring and reporting the implementation of environmental and social impacts of the KIIDP 2 project components and associated sub-projects. The ESMF has also provided a Chance Finds Procedure to be used in managing any PCRs encountered during project implementation. In addition the RPF provides clear guidance on the process of determining the necessity and preparation of RAPs for sub-projects, and the procedures for their preparation, during implementation (and prior to any civil works), including consultations with potentially affected individuals and households in the areas of project operation. Both the ESMF and RPF have established a Grievance Redress Mechanism which shall be used to handle complaints that may arise during project implementation. After finalization of the screening and site selection for project roads, junctions and associated drainage channels, including their engineering designs, respective ESIA and/or ESMPs and RAPs will be prepared, also in a consultative manner, disclosed both in-country and at the Bank's Infoshop before start of any civil works.

60. For Component 1 sub-projects, as part of the design review, the ESIA and RAPs will be undertaken for those sub-projects which would have been finally selected and disclosed in-country and at the Infoshop before civil works begin. In addition, the EIA Certificate of Approval will be issued by NEMA.

61. ***The key environmental and social impacts identified during the ESMF/RPF studies included:*** Siltation of water resources, increased runoff, impact on planned and unplanned developments along the existing road reserve, project impact on commercial developments (e.g. Kasubi market) and related options for resettlement for such communities, linear land takes along the roads resulting in possible relocations of people, disruptions of livelihoods, noise nuisance and traffic disruption, sewerage disposal in case of sewerage line damage, workers' and public health and safety especially with regard to HIV/AIDS and sanitation, impact of dust, non-restoration of excavated areas, and the impact on vulnerable and socially disadvantaged people like the elderly, women and children, impacts related to transportation and storage of fuel.

62. ***The following mitigation measures are suggested:*** Plant trees elsewhere to compensate for any loss of vegetation especially along Bakuli - Kasubi - Northern bypass road, compensate PAPs in line with the existing compensation standards, sprinkle water to suppress dust, dispose of waste material in approved locations, provide and enforce use of personal protective equipment in addition to conducting regular staff drills, identify and conserve any cultural materials and artifacts that are value to national heritage and in designated areas; and pave sites where fuel will be stored should and install oil interceptors and fire extinguishers as well. It is also proposed that KCCA undertakes continuous consultations during the preparations and implementation to create awareness and offer right and appropriate information as well as maintain dialogue with the communities. Contractors should have a Social and Environment Management Action Plan. A Resettlement Action Plan, Waste Management Plan and Traffic Management Plan should be prepared for all relevant sub-projects.

Monitoring & Evaluation

62. ***In line with the intent and design of KIIDP 2 as a mainstream program, most of the routine M&E data will be made available through mainstream data collection by the relevant Directorates and Departments of KCCA.*** The project monitoring and evaluation therefore includes capacity strengthening of KCCA MEC and the relevant Directorates to ensure that project results are achieved. The Program office in the executive Director's Office will be responsible for the collation of performance reports by component and will provide IDA with quarterly and annual progress reports. In addition citizen engagement through "barazas", citizens' satisfaction surveys and project audit reports will provide the necessary information for the project M&E and for overall assessment of capacity improvement of KCCA as an institution. IDA will provide bi-annual implementation support missions and specifically monitor the project performance.

63. Given that the project is mainstreamed within the KCCA structure, it will contribute to developing KCCA's internal performance monitoring system and financial reporting system. In addition, there will be formal mid-term and final evaluations of the project itself. Separate reviews such as the governance assessment and update of the KIIDP 1 GAAP will also be conducted to inform the KCCA performance generally and the project performance specifically.

Role of other Development Partners (if applicable)

64. There are a number of development partners already working with or intending to partner with KCCA in various areas in improving service delivery in the city. These include the International Finance Corporation (IFC), which will support KCCA in solid waste management through a public private partnership (PPP); the African Development Bank (AfDB) supporting KCCA in upgrading markets; and Japan International Corporation Agency (JICA) which is planning to provide US\$115 million for the next five years (2014 – 2019) to finance the Mukwano junction flyover and the improvement of the road to Nsambya Hospital. The Bank will work closely with JICA to ensure complementarity of their support to KCCA.

ANNEX 4: OPERATIONAL RISK ASSESSMENT FRAMEWORK (ORAF)

Uganda: Second Kampala Institutional and Infrastructure Development Project (P133590)

Project Stakeholder Risks						
Stakeholder Risk	Rating	Moderate				
Risk Description: Delays in Parliamentary approval of the credit	Risk Management: The Minister responsible for KCCA to engaged the relevant Parliamentary Committees and explained Program scope and rational.					
	Resp: Client	Status: In Progress	Stage: Preparation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Substantial				
Risk Description: Inadequate staffing and capacity at KCCA to supervise project implementation Inadequate own source revenue (OSR) to pay for the associated RAP costs for the various sub-projects.	Risk Management: KCCA capacity will be supported by Technical Assistance/Consultants as and when necessary. KCCA management to get buy in at the highest political level to support its drive in OSR enhancement (reversing the current policy decision which exempts owners occupied residential houses from paying property rates) and also obtain subvention from GoU to meet RAP associated costs. In addition, the project will support OSR enhancement through tax payers' education and instituting an Information Communication & Education (ICE) program which will promote transparency and enable council to link OSR collection with improvement in service delivery to the local population.					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Governance	Rating	Substantial				
Risk Description:	Risk Management:					

Tension between technical staff and the elected leaders of KCCA. The tension between the Lord mayor and the Executive Director has reached the highest level with a move to impeach the Lord Mayor. The impeachment has however been declared null and void by a court of law following an injunction which was sought and obtained by the Lord Mayor although GoU argues that the injunction came after the impeachment.	Exposure/Training of both technical staff and councilors on how to manage a city based on team spirit including proposal by GoU to amend the KCCA to further clarify the roles of the Lord Mayor and the executive Director. In the long run this tension can only be resolved in a by-election or in 2016 when there opportunity to elect a new Lord Mayor, or if Parliament amend the KCC Act and clearly delineate the roles of the Lord Mayor and that of the Executive Director.					
	Resp: Both	Status: In Progress	Stage: Both	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
	Risk Management: Support activities/practices which promote good governance such as increased participation of oversight institutions, transparency, accountability, code of conduct and involvement of non-state actors.					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:

Project Risks

Design	Rating	Moderate				
Risk Description: Sub-projects Technical design – Increased work load to the City Engineering staff to ensure quality of technical design of sub-projects.	Risk Management: Engineering designs for sub-projects to be funded under the Project will be contracted out and where necessary KCCA engineering department will get support from MoWT/UNRA for any quality assurance and technical back up support.					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Social and Environmental	Rating	Substantial				
Risk Description: The Environment and Social Framework (ESMF) including the mitigation plans developed for KIIDP 1 could be out of date. Inadequate resources to fund RAP associated cost using	Risk Management: Update the Environmental Management and Social Framework (ESMF) including the mitigation action plans. Give first priorities for sub-projects with high impact and benefits but with no or minimum RAP associated costs (choose rehabilitation and upgrade, before any					

KCCA OSR.	expansion/widening which requires land uptake). In addition seek funding (subvention) from central government to complement OSR from KCCA to meet the associated RAP cost for critical and desirable sub-projects with high impacts and returns. Establish an escrow account to hold RAP funds for PAP compensation.					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Program and Donor	Rating Low					
Risk Description: Coordinating donor interventions in KCCA to ensure synergy and complementarity.	Risk Management: Regular donor coordination meetings to ensure timely information sharing and synergy of support to the City Authority.					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Delivery Monitoring and Sustainability	Rating Moderate					
Risk Description: Inadequate staffing at KCCA to monitor and supervise sub-projects implementation. Inadequate OSR to meet the O&M of the infrastructure to be put under the project.	Risk Management: KCCA to use supervising consultants to argue its capacity for supervision of sub-projects. OSR enhancement to be supported under the project as one of the mitigation measures for sustainability.					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Other (Optional)	Rating					
Risk Description:	Risk Management:					
	Resp:	Status:	Stage:	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Other (Optional)	Rating					

Risk Description:	Risk Management:				
	Resp:	Status:	Stage:	Recurrent: <input type="checkbox"/>	Due Date:
Overall Risk					
Overall Implementation Risk:	Rating	Substantial			
<p>Risk Description:</p> <p>The overall risk rating for the project at the implementation stage is Substantial based on Substantial RAP risk, political economy risk, and governance risks ratings. These risks are associated with KCCA capacity for RAP implementation (financing and managing the process, including appropriate and transparent grievances handling mechanism), the tension between the technical and political leadership of KCCA, and the governance environment due to the interplay between the interests of central government, KCCA locally elected leaders, and staff. The risk associated to RAP implementation will be mitigated by obtaining a clear and enforceable agreement by end of February 2014 with KCCA on the costs, funding commitment and technical assistance (consultants) to beef up the requisite capacity. Governance risk will be mitigated by organizing induction/orientation of elected KCCA leaders on their roles and responsibilities. The project will support an enhanced citizen engagement which will promote transparency and accountability. In addition, the project will conduct a political economy and governance assessment and design further governance risk mitigation actions beyond the enhanced fiduciary and transparent and participation measures already planned for under the project.</p>					

ANNEX 5: IMPLEMENTATION SUPPORT PLAN

Second Kampala Institutional and Infrastructure Development Project

Strategy and Approach for Implementation Support

1. The strategic approach for implementation support (IS) has four objectives: (i) to monitor implementation progress of the project, (ii) to monitor implementation of the project risk mitigation measures, (iii) to provide KCCA with the technical advice necessary to facilitate achievement of the PDO; and (iv) to ensure compliance with the provisions of the legal covenant. The Bank team will provide support during implementation support missions (ISM) on the implementation of the project as appropriate, including the implementation of the risk mitigation measures as well as agreed actions during ISM. Bank technical implementation support will include, but is not limited to, providing relevant sample ToRs, bid documents, and specifications for equipment to be procured under the project. The current practice of monthly meetings between the Bank team and coordinators of Bank funded projects/program will continue so as to be able to respond to issues on a timely basis as they emerge.

2. A majority of the Bank’s implementation support team members (fiduciary, environmental and social safeguards, and governance and anti-corruption), including the Task Team Leader, are based in the Uganda Country Office. This will ensure timely, efficient and effective implementation support to KCCA. Formal implementation support missions and field visits will be carried out semi-annually. In addition, since they are based in the country, majority of the Bank’s implementation support team will be available to provide assistance at any time over the life of the project.

Implementation Support Plan

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Technical and Procurement support	Procurement Specialist Municipal Engineer	4 SWs 4 SWs	NA
	Procurement Training	Procurement Specialist	1 SW	
	FM Support	FM Specialist	2 SWs	
	Project Coordinators meetings	Operations Specialist	6 SWs	
	Social systems management support	Social Development Specialist	6 SWs	
	Environmental management support	Environmental Specialist	3 SWs	
	Task Team Leadership	TTL	8 SWs	
12-60 months	Financial Management, disbursement and reporting	FM Specialist	8 SWs 8 SWs	NA
	Technical and Procurement monitoring of procurement and contract management performance	Procurement Specialist Municipal Engineer	12 SWs 8 SWs	
	Environment/Social monitoring	Environment Specialist Social Specialist	12 SWs 12 SWs	
	Task Team Leadership	TTL	8 SWs	

SW – Staff Week

Staff Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Task Team Leader	8 SWs annually	2-3	Country Office based
Procurement	5 SWs annually	Field trips required	Country Office based
Financial Management Specialist	2 SWs annually	Field trips required	Country Office based
Environment Specialist	4 SWs annually	Field trips required	Country Office based
Social Specialist	4 SWs annually	Field trips required	Country Office based
Municipal Engineer	4 SWs annually	Field trips required	Consultant