



1. Project Data:		Date Posted : 10/16/2001	
PROJ ID: P002893		Appraisal	Actual
Project Name: Bwindi Forest & Mgahinga Gorilla Nat. Pk	Project Costs (US\$M)	5.28	7.98
Country: Uganda	Loan/Credit (US\$M)	4.0	4.39
Sector(s): Board: RDV - Central government administration (83%), Other social services (17%)	Cofinancing (US\$M)	0.89	3.59
L/C Number:			
	Board Approval (FY)		95
Partners involved : USAID, DGIS (Netherlands)	Closing Date	12/31/1999	12/31/2000
Prepared by :	Reviewed by :	Group Manager :	Group:
George T. K. Pitman	Ronald S. Parker	Alain A. Barbu	OEDST
2. Project Objectives and Components			
a. Objectives			
To support biodiversity conservation in the Bwindi Inpenetrable Park and the Mgahinga Gorilla National Park by providing incremental support for park management and related research activities and, indirectly, by grants to help local communities develop and manage economic activities that do not rely upon forest resources . The GEF grant (SDR 2.9 million equivalent to US\$4.4 million) was given to complement and not displace Government of Uganda (GoU) and other donor funding and be used to establish a Mgahinga and Bwindi Impenetrable Forest Conservation Trust (MBFCT) whose interest would fund project components .			
b. Components			
Community Development Activities (60% of net annual income) for community identified activities which are environmentally sound, have a demonstrable positive impact on conservation of the parks and their biodiversity (i.e. non-consumptive utilization of the forests like tourism and development of forest resource substitutes), include a matching contribution from proposers and arrangements for accountability and long -term sustainability;			
<ul style="list-style-type: none"> ● Research Activities (20% of net annual income) covering ecological and socio-economic areas that support improved park management and park/community interactions, for example research into reducing wildlife impact on crops, options for sustainable use of selected forest products and surveys and monitoring of key indicator species. ● Park Management Activities (20% of net annual income) covered by grants to help meet the cost of implementing park management plans, including regulation, facilitating community consultation and participation in management. 			
c. Comments on Project Cost, Financing and Dates			
USAID provided US\$ 0.891 million for the first two years (1995-97) to fund establishment and operation of the Trust Administration Unit (TAU). Subsequently, the Royal Netherlands government (DGIS) provided US\$2.7 million to cover TAU costs over the period 1997-2002. The project closing date was extended by a year to allow for extended Bank supervision.			
3. Achievement of Relevant Objectives:			
The biodiversity conservation objectives were only partially achieved primarily due to institutional and financial weakness of Uganda Wildlife Authority . Conversely, the institutional objectives -- primarily the establishment of a viable long-term funding mechanism (MBFCT), community involvement and participation, and research -- were fully achieved with few shortcomings.			
4. Significant Outcomes/Impacts:			
<ul style="list-style-type: none"> ● The project successfully piloted in Africa an innovative trust fund model which allowed the invested GEF grant income to finance about 50 grants totalling \$400,000 to community-proposed employment, income-generating, social infrastructure and conservation initiatives during the project and has the potential, depending on major financial market performance, to continue to disburse grants under local ownership and management over the long-term. Independent evaluation (by USAID) found the financial management of the trust fund to be 			

transparent, accountable and operating within its budget .

- The trust fund catalyzed community, individual and NGO's participation in formulating demand -driven initiatives and managing them, and fostered development of strong links between them and the Ugandan research community, academics and the donor community . A two-tier approach to grant approval allowed decentralization of the decision-making process for the category of smaller grants to local communities thus improving community input.
- The success of the trust fund model and partnership arrangements has leveraged later buy -in from the Netherlands which tripled the value of other donor support to the TAU .
- The trust fund provided an unforeseen life-line for continued park management when the Uganda Wildlife Authority suffered a managerial and financial crisis in 1996 - and thus averted potentially high risks to the biodiversity of the parks .
- A number of conservation and biological research activities were completed in association with other donor and NGO-funded projects related to the parks, and the ecological monitoring program was successfully implemented.

5. Significant Shortcomings (including non-compliance with safeguard policies):

- The annual administrative costs of the trust fund were greater than appraisal estimates (\$280K vs \$200K), offshore management fees were more than twice appraisal estimates (2.1% vs 1%) and the ratio of all management costs to grants was 5:1 compared to the 2:1 predicted. If these overhead costs have to be met from the GEF investment, an annual rate of return in the range 8.5% to 10.5% net of inflation would be required to maintain the value of the trust's capital . The bottom figure is near the long-term stock market average and if this continues into the future, it would mean that the trust's development grants program is non -sustainable. Clearly, much work remains to be done to reduce overhead costs and encourage co -funding by beneficiaries. Without this work, it is likely that there will be a long -term depletion of the trust fund. In mitigation, the high start-up costs are not separated-out in the ICR, and it could be that the longer-term management and administration costs are much reduced . Additionally, even if the project is only able to continue disbursement of small development grants for 20 years it will be a remarkable achievement. Overall, however, OED believes the ICR is unrealistically optimistic about future trust fund financial performance (c.f. ICR para 6.1).
- The biodiversity conservation objective was relegated to lesser importance by communities in favor of meeting basic needs and assisting social infrastructure development programs .
- The 1996 financial and management crisis at the Uganda Wildlife Authority precluded implementation of improved park management plans and grant funds intended for this were used instead to finance basic operating costs.
- Attempts at raising public awareness of biodiversity and conservation issues fell far short of project objectives .
- What "demonstrable conservation benefits" flow from the grants made? The evidence presented indicates that planning is short-term rather than long-term, M&E is absent, and communities have limited capacity to manage projects. There is no indication of the development impact of the grant -sponsored projects, or how sustainable they are.
- Project start-up activities including staffing, collaboration with local partners and the security environment were far more onerous than foreseen at appraisal as was the capability of local communities to participate . High turnover of staff was a problem.
- The GEF Project Document (Para 30) states that 100 households within the park were to be involuntary resettled as part of the project, and in addition the interests of between 700-1,000 indigenous Betwa people were to be protected by the project. The ICR is almost silent on how the Bank's safeguard policies were applied and the outcome of the GEF intervention .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Highly Satisfactory	Moderately Satisfactory	The project drifted away from the GEF biodiversity and conservation objective and provided primarily social infrastructure in response to community demand.
Institutional Dev .:	High	High	
Sustainability :	Highly Likely	Likely	Basic issues surround sustainability of the UWA; danger of confusing demand for grants with sustainable development impact, particularly community maintenance of project-financed facilities and institutions. High overhead management costs remain to be minimized.

Bank Performance :	Highly Satisfactory	Satisfactory	The Bank allowed the GEF grant instrument to effectively become a Social Investment Fund.
Borrower Perf .:	Highly Satisfactory	Highly Satisfactory	
Quality of ICR :		Unsatisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Allocating scarce funding for natural resources management and conservation and biodiversity activities is very risky when the basic needs of communities remain unmet and awareness is low . Great care should be taken in designing and phasing community-led projects GEF projects to ensure that GEF grants are not diverted for community infrastructure development .
- Trust funds based on off-shore investment income from Bank/GEF funds have the potential to provide low-level sustainable funding within the capacity constraints faced by many Bank /GEF clients. Preconditions for trust fund success are through and extensive institutional analysis and planning during appraisal, strong government and community buy-in, and a willingness by the Bank and other donors to provide bridging finance to cover setting-up overhead costs including technical advisory services .
- Decentralized decision-making expedites the implementation of community-based projects providing the governance structure is well defined and transparent .

8. Assessment Recommended? Yes No

Why? There are many lessons to learn from the experience of this first Africa trust fund that need to be disseminated more widely. The efficacy of GEF grants is clearly context -dependent and this Uganda case would enable some good lesson-learning experience.

9. Comments on Quality of ICR:

Too enthused on the success of the trust fund so that attention to the project's main objective - NRM management and biodiversity conservation - was sidelined and reporting on success or otherwise of applicable safeguard policy is missing (although it is available elsewhere). The financial projections in para 6.1 of the ICR is overly optimistic and needs more objective review.