



Investing in rural people

Uganda

District Livelihoods Support Programme (DLSP)

Supervision report

Main report and appendices

Mission Dates: 20 - 30 March 2012
Document Date: 13 April 2012
Project No. 1369
Report No:

East and Southern Africa Division
Programme Management Department

UGANDA

District Livelihoods Support Project - Loans UG 707/783 Grants UG 895/1164

Implementation Support mission: 20- 30 March 2012

A. Introduction

1. The District Livelihoods Support Programme (DLSP), in its fifth year of full implementation is aimed at improving the standard and sustainability of the livelihoods of poor rural households in the programme area. The project completion date is 31 December 2014, hence it has about 2 full financial years of implementation. The purpose of this mission¹ was to assess progress on implementation of the recommendations of the previous mission and identify any issues that need to be addressed for improved performance. The mission focused on:

- Reviewing the progress in carrying out the recommendations of the previous mission (of September 2011).
- Reviewing the physical and financial progress made in implementation of the current AWPB for 2011/12.
- Reviewing the progress made in the planning and budgeting process for the 2012/13 fiscal year and make recommendations where necessary, to be considered in the AWPB and its procurement plan.
- Reviewing the progress and strategy of the household mentoring process and the entire support package to poor households.

2. The mission held discussions with the staff of the Project Coordination Unit (PCU) in Kampala. A brief field visit was conducted in Masindi District where discussions were held with district officials and site visits made to some beneficiaries. A final wrap-up meeting was held with the Acting Permanent Secretary, Ministry of Local Government (MoLG).

B. Overall assessment of project implementation

3. The mission has noted overall satisfactory progress. All water works and rehabilitation of community access roads under batch 1 have been completed. The household mentoring process is moving smoothly while agricultural production and productivity are increasing for the farmers that have been supported with training and enterprise grants.

Key issues and agreement about the way forward

4. The mission and the PCU have identified the following key issues that are briefly highlighted below:

- **Nature of agricultural enterprise grants.** While most of the enterprises supported by the project are relevant, some are difficult for farmer groups to manage (like agro-processing facilities). The PCU needs to work with districts in providing proper guidance to farmers to select appropriate enterprises that they themselves can easily manage and sustain.

¹ This mission was led by Pontian Muhwezi, IFAD Country Programme Officer; with the participation of Alessandro Marini, Country Programme Manager; Line Kaspersen, Associate Professional Officer; Carole Idriss-Kanago, Associate Country Programme Manager; Bernardino Fortuna, Finance Officer; and Ann Turinayo, Communications and Knowledge Management Specialist.

- **Amendment of financing agreements.** There is need to amend the two financing agreements to harmonise project completion dates, loans' closing dates and iron out inconsistencies in Schedules 1 and 2.
- **Financial management software.** The TOMPRO software package being utilised at the PCU has some defects that require immediate reconfiguration in order to generate the necessary financial reports. The procurement process for a consultant to reconfigure this system need to be handled expeditiously.

C. Outputs and outcomes

5. Overall progress has been made with all components registering significant improvements. A total of 313.5 km of community access roads under Batch 1, have been finalised, while contracts for rehabilitation of more 556 km are expected to be awarded by 15 April 2012. Regarding water subcomponent, all the planned 128 water points have been completed and are being utilised by the communities. A cumulative total of 9,432 food security grants (representing 54.6% of the overall target) have been made to poor households undergoing house mentoring while 443 agricultural enterprise grants have been provided. The key outcomes of the project's interventions so far include reduction in transport costs and improvement in prices of agricultural produce, increased production and productivity leading to raising incomes for farmers, and general improvement in the livelihoods of members of households being mentored.

D. Project implementation progress

Component 1: Community Development

6. **Mentoring of poor households:** The household mentoring process is on-going for a total of 14,373 households (83% of the overall target) and notable progress in their livelihoods has been registered. The key improvements reported and witnessed during the field visit include hygiene and sanitation, food security and the level of self confidence. The introduction of the GALS methodology in the household mentoring process is greatly contributing to appreciation of gender issues and enabling more couples to jointly take key decisions in their households. Given the project completion date of 31 December 2014, enrolment of new households will not go beyond the next financial year (2012/13).

7. **Functional adult literacy (FAL).** Training of 10,581 adult learners is on-going (making a total of 13,028 learners, so far reached or 27% of overall project target) in 572 classes. While most of them have had proficiency tests in late 2011, the mission has observed that most of the learners do not want to leave their classes and have evolved to form development groups focusing largely on agriculture and VSLAs. The mission commends this positive development and has also observed that for members of poor households, a combination of household mentoring and FAL has been useful in transforming livelihoods and learning. The mission recommends that lessons learnt from these should be properly documented and shared across districts and with other programmes. The PCU and districts should however guide the FAL classes which reach such stages to realise that they have ceased to be "FAL" classes so that they can concentrate on their new 'businesses' and free the FAL instructors to focus on other classes.

Component 2: Agriculture and Land Management

8. The project has continued to roll-out enterprise and food security grants. So far, 443 enterprise grants to groups comprised of a total of 5,640 farmers (3,061 men and 2,579 women), representing 36% of the overall targeted number of farmers, have been provided. These include improved seeds and breeds, agro-chemical inputs and ox-ploughs. As the enterprises being supported are different, the PFT will endeavour to look for relevant manuals for use in training farmers and where they don't exist, new ones can be developed for a few key enterprises.

9. The mission has noted that most of the enterprises supported in the districts are very relevant especially if they enable farmers to learn in groups and practice individually. Some enterprises however, that require collective management like agro-processing facilities and poultry seem difficult to run. Collective ownership and management of agro-processing equipment raises concerns related to the economic viability and sustainability of the facilities. The PCU should work on appropriate arrangements to address these issues before further investment is made. It is agreed that the PCU will work on this prior to the next supervision mission in July 2012, when the matter will be further discussed and a way forward for this type of investments will be agreed upon.

10. **Land management.** The mission has noted that more poor households (414 so far) have been supported to acquire customary land titles and this is strengthening their security of tenure. There is concern however that in most of the cases seen in the field (in Masindi District), applications are made in the names of only the husbands thereby disadvantaging the women. The mission reiterates the previous recommendation of October 2011 that the PCU instructs districts to give priority to the poor with small land holdings and those willing and ready for co-ownership, in addition to female-headed households.

Component 3: Access Roads and Water Infrastructure

11. The works for Batch 1, totalling 313.5 km of roads in 13 districts, were fully completed and payment to contractors is about 91% of total contracts' value (UGX 6.1 billion, equivalent to about USD 2.5 million), the balance being the percentage retained for defects liability

12. Batch 2, involving 627.8 km in 13 districts for an expected cost of UGX 19.4 billion (equivalent to USD 7.8 million), has been divided into 2 phases. The awarding of contracts for 556 km of phase 1 has received IFAD No Objection and works are expected to start by end of April. The PCU is currently finalizing the evaluation report for the remaining part of Batch 2 (71.8 km), which is expected to be submitted to IFAD by 20 April 2012, in order to start works by 31 May 2012 at the latest. Considering an estimated time for contract execution between 6 and 10 months, the works for Batch 2 are expected to be completed by 31 March 2013 at the latest. The full cost of works for Batch 2, net of the payments already done during 2011/12, will thus be included in the AWPB 2012/13.

13. The procurement for the consultancy services for the design of roads in Batch 3 (494 km) in 10 districts is ongoing, with the closing date for bid submission set for end of March. The process suffered delays which led to the expiring of the bidding offers and the need to re-tender in February 2012. The envisaged next key steps for Batch 3 are: (i) request of No Objection for contract awarding for design consultancy services - mid-May 2012; (ii) request of No Objection for bidding documents - beginning of November 2012; (ii) request of No Objection for contract awarding for roads construction -

beginning of April 2013; (iv) start of works – mid-May 2013; (v) completion of works – end of March 2014. The AWPB 2012/13 will thus include much of the costs for the design for Batch 3 plus a little percentage of construction works in case the procurement process described above will be faster than expected.

14. With batches 1, 2 and 3, DLSP will reach a total of 1,484.3 km of community access roads, representing about 62% of the target of 2,400 km set at the beginning of the project. A fourth batch of roads is therefore envisaged. Considering the time needed for the procurement process and the actual construction and the fact that the project completion date is set at end of December 2014, the project will need to launch the tender for the procurement of consultancy services for the design of batch 4 by the beginning of January 2013, meaning that the preparatory steps by the PCU will have to start by September this year. In this respect, it is essential that the PCU clearly assess the financial resources available for batch 4. Financial projections indicate that the total disbursements for civil works for the three batches will amount to SDR 13.8 million, equivalent to USD 20.7 million, thus leaving a zero balance in the cumulative allocation of the related disbursement category of both the original and supplementary loans. The PCU should assess whether reallocations from other categories of the loan would be possible to increase the number of kilometres of community access roads that would form Batch 4. It is agreed that the PCU will prepare by end of June a proposed reallocation among loan categories based on a detailed projection of expenditures until the end of the project, which will be discussed at the next IFAD supervision mission scheduled for July this year. The forthcoming MTR will be an important opportunity in this respect.

15. **Water works.** Project physical targets have almost been reached, with completion of works for a cumulative number of 45 boreholes, 49 shallow wells, 32 springs' protection works, 1 gravity flow scheme and 1 valley tank of 30,000 m³. Payments to contractors are 100% except for the above mentioned uncompleted works. The total cost of these investments is UGX 1.1 billion or USD 426,000. The estimated number of beneficiaries is 37,600 people and 5,200 heads of cattle. No activity in this sub-component is envisaged for the AWPB 2012/13.

Component 4: District and Sub-county Execution

16. **Staffing in local government.** Shortage of staff in some local governments remains a key challenge for the project. This is compounded by the creation of new districts and sub-counties and also generally for agricultural extension staff, given the uncertainty about staffing issues in the Production Sector. The mission urges the PCU to continue collaborating with NAADS and other actors, where possible for provision of extension services to farmers.

17. **Harmonisation with other programmes:** The mission has noted that different development interventions (like NAADS, NUSAF and CDD) are taking place at the same time in same districts. While effort has been made in some to increase outreach, there are cases where the same households and farmers' groups are benefiting from different programmes. The PFT should liaise with districts to ensure that such programmes complement each other in reaching more farmer groups and households other than concentrating resources in the same hands and leaving out other needy ones.

E. Fiduciary Aspects

18. **Financing levels.** The total Programme cost of DLSP is USD 51 million financed by 2 financing agreements. The first Financing Agreement became effective in October 2007 and is composed of Loan 707-UG (SDR 18 550 000) and Grant 895-UG (SDR 280 000). The second Financing Agreement became effective in April 2011 and is composed of Loan 783-UG (SDR 11 600 000 only of which 10 000 000 is allocated to civil works - road and water works), 1 600 000 is unallocated and Grant 1164-UG (SDR 1 290 000). The Government of Uganda financing is USD 2 410 000 and the beneficiaries USD 620 000. Shortly, the programme will receive an Amendment to the previous Letter to the Borrower issued for the first Financing Agreement. This Amendment will relate to both Financing.

19. **Disbursement under Financing Agreement 1.** The disbursement is 50% for Loan 707-UG and 100% for Grant 895-UG. Considering the WAs in progress and commitments, the disbursement of the Loan 707-UG is expected to reach approximately 60 % with a balance of SDR 7.3 million (USD 11.4 million).

20. **Disbursement under Financing Agreement 2.** No disbursement has been made yet under this financing. As stated in Loan 783-UG "(i) disbursements under Category I will commence only once the category allocation for civil works under the 2007 financing has been utilised up to 80%" and for Grant 1164-UG "(ii) disbursements under Category V(b) will commence only once guidelines satisfactory to IFAD have been prepared" (and these are already prepared).

21. **Main findings.** The Mission identified 2 main issues: (i) the complexity of the juridical and financial framework of the Programme (ii) the required tools for monitoring financial matters.

22. **Complexity of the legal and financial framework of the programme.** DLSP has a complex juridical and financial framework that requires close and constant follow up during its implementation. The complexity arises from:

- (a) First Financing Agreement formulated under the old IFAD General conditions, and second Financing Agreement formulated under the new IFAD General conditions;
- (b) Number of categories and subcategories in the old and new Loans and Grants (12);
- (c) Categories of the Programme which finance only some specific Component and not all the 5 Components;
- (d) Inconsistency of Schedule 1 and Schedule 2 of the Financing Agreements: Schedule 1 of Financing Agreement 2 refers to the Schedule 1 of Financing Agreement 1 (which was amended in July 09) but was not properly reflected in Schedule 2 of Financing Agreement 2;
- (e) Different Programme completion and closure dates under the 2 Financing agreements; and

23. **Proposed adjustments to the Financing Agreements of the Programme.** The complexity of current structure is prone to errors and has an inherent risk of fund flow shortages for the programme, especially when approaching the completion dates and the recovery of the Special Account. As a result, the Mission proposes to harmonize the DLSP Financing Agreements 1 and 2. The proposed amendments should address the following issues:

- (a) Harmonisation of the Programme Completion and Closing Dates of the 2 Financings to 31 December 2014 and 30 June 2015 respectively;

- (b) Harmonization and updating of both Schedules 2 to the current last amended Schedule 1 to clarify which Category finances which Components;
- (c) Reallocate Cat IV(b): SDR 520 000 under Cat IV(b) for Grant 1164-UG should be re-allocated since the activities under paragraph 6 of schedule 1 of the revised Financing Agreement amended 31 July 2009 have already been financed by Grant 895-UG;

24. It is agreed that the request related to the above amendments will be submitted to IFAD after the next supervision mission of July 2012, when the PCU will also be better placed to propose loan reallocations as a result of the MTR and the financial projections for road works under batch 4.

25. For the purposes of disbursement of loan 783-UG, it is the understanding of the mission that the condition of disbursement relates to Category I(a) (and not the whole Category I) of Loan 707-UG having being disbursed at least 80%. This will be confirmed by IFAD within the next two weeks after consultation with the legal department

26. **Required tools for monitoring financial matters.** The Mission appreciates the efforts made by the Finance Team to produce consolidated financial reports on time, based on data submitted by the 13 Districts in excel files. The TOMPRO software system which the PCU has been utilising needs to be reconfigured o facilitate data input from the districts and preparation of consolidated financial reports. In order to prepare appropriate Programme Financial Statements, this reconfiguration should be completed by 30 June 2012 and therefore the Procurement of the consultant to do it should be handled expeditiously.

27. **Start-up operations under Financing Agreement 2 (Loan 783-UG and Grant 1164-UG).**

- As stated in the revised LTB that applies to both the original and the Supplementary Financing, it was clarified that the recovery of the initial deposit made for Loan 707-UG and the creation of a new initial deposit for Loan 783-UG will be done concurrently since the Programme will maintain one Special account that will be operated by the same authorized staff. In addition the same Bank account and the same provision for the six-monthly advance to the revolving fund used for Grant 895-UG will also be used for Grant 1164-UG.
- The Mission advised that according to the new Financing agreement, Grant 1164-UG, being already effective, could immediately start disbursing except for Category V (b) subject to conditions precedent to disbursement.

28. **Reconciliation of the special account.** The Mission reviewed the special account of Loan 707-UG and the Advance of the revolving fund for Grant 895-UG. It was properly reconciled as of 29 February 2012, including WAs 34 35 and 36 that have been recently sent to IFAD and not processed yet. The Mission recommended for clarity reasons, to reconcile the Special Account separately from the Advance of the revolving fund. In this respect the Mission recommends to open a separate Local Programme Account in UGX for the new Grant 1164-UG (separated for the one used for the Loans). Funds for Grant 895-UG that are currently held in the local account should be utilised with the approval of IFAD so that only the loan funds remain in the current local account so as to simplify the special account reconciliation.

29. **Counterpart Contribution.** The mission has noted that GoU continues to meet its obligations as they arise. So far, GoU has contributed a total of USD 0.5 million largely on taxes and office accommodation costs. Beneficiary contributions so far are estimated at USD 0.3 million largely in form of local materials contributed on the agriculture enterprises.

30. **Pilot Disbursement Programme.** The Mission discussed the participation of DLSP in the Pilot Disbursement programme with IFAD Regional Office in Nairobi. The Finance Team confirmed that it is ready to send the original and the scanned copy of the WAs to IFAD Regional Office in Nairobi and the scanned copy to IFAD-Rome Office.

31. **AWPB performance for FY 2011/2012.** DLSP budget FY 2011-2012 under IFAD funding is UGX 34 Billion (excluding GoU and Beneficiaries' contributions). As at 29 February 2012, the budget utilization is still low at 25%, mainly because of under utilization of funds for civil works currently standing at 13% (largely due to delays in the commencement of the construction of the Batch 2 of Community Access Roads). Generally, in relation to budget monitoring, the mission recommends the improvement of the internal tools in order to monitor closely the budget (budget performance per Component and Category including the sources of funding, the Team/staff in charge of the activities and the time period for the execution of these activities).

32. **Audit.** The Audit report FY 2010-2011 was submitted to IFAD on 20 February 2012. This delay is explained by the internal reorganization of the Office of the Auditor General. The Audit Report Opinions were all unqualified. Some internal control issues were highlighted in the Management Letter to which the Programme responded. The Mission confirmed that IFAD will perform an Audit Review and will provide comments to the Programme.

33. **Monitoring of contracts.** It is an established fact that the bill of quantities for road works is made of five broader activities (1-Site preparatory works, 2- Setting out and site clearing works, 3-Earth works, 4-Drainage works, 5-Gravelling and completion works). Since every bid has a summary cost attached to each of the above broader activities and since every contract will have a defined time frame for implementation, the mission recommends that the Programme should prepare summary tables for all the batch 2 contracts indicating the estimated time when each of the above five activities will be implemented by the different contractors and the estimated costs that are to be incurred at the different construction stages based on the above activity summaries. This will help the programme to accurately plan the cash flows and to closely monitor the performance of the various contracts.

34. **Procurement:** The mission reviewed the district evaluation reports and bidding documents for a sample of the contracts awarded under batch 2 and found no major issues. It was noted, however, that a large number of bidders were disqualified on the basis of inaccuracies in their proposals mainly due to poor understanding of simple requirements of the bidding documents, such as the validity of the bid security. This at the end results in reduced competition and a loss for the project and the districts. For the next batches, the PCU should envisage training of the potential bidders to increase their understanding of the bidding documents.

F. Programme management and coordination

35. **Knowledge Management and Communications.** The Project established a knowledge repository (E Library) in 2011, in an effort to enhance information, knowledge sharing and institutional memory. The repository is a good interface to make access to

information simple and easy to use, and is based on freeware, developed by the IT specialist in the ministry who will also network it and link to the Ministry website.

36. The repository needs to be updated by uploading fresh materials regularly. All materials should include key words ("tags") to make them searchable. The PCU should assign a person responsible for this. All the folders representing different categories of information should have content in them. The E Library should be networked as a matter of urgency, to avoid it being an idle tool. Once this is done, a training session for staff should be held. Additionally, the PCU should consider hiring short term staff to digitalise (scan) documents to be placed on the e-library. For easy reading and searching, as well as to save space, the "scan to pdf" function should be used. Guidance on these technical issues can be sought from the MoLG's IT specialist.

37. A review of information and communication materials and channels shows that the project E News letter and the weekly meetings are commendable ways of sharing project updates, knowledge and information internally. For external audiences, a brochure and video clips are being put together in a mini documentary. DLSP is developing case studies and has developed a field guide with overall issues to be followed up in certain districts. This is a very good initiative, and can be used as a basis for recording case studies and experiences from the field. The brochure needs to be revamped to make it reader friendly and to include all relevant project information. Case stories and lessons learnt should be shared with the IPC and field officers. District based communications should be reviewed to cater for high demands in communities.

38. **Maps.** Maps covering DLSP activities from 2008 to 2010 have been developed, printed and disseminated to districts. The maps provide an overview of roads built and other community development projects and thus seem suitable to monitor implementation of activities (if updated on a regular basis). However, work should be done to ensure their applicability in monitoring the targeting strategy and outputs achieved. **Recommendations.** (i) The colour coding should be reviewed, for clarity on which sub-counties DLSP is working in; (ii) An effort should be made to add information such as town names, smaller roads and settlements using existing GIS data.

39. **MTR and log frame.** The mission has reviewed the ToRs of the MTR (to which IFAD has given its non objection) and found them satisfactory. The closing date of the bid was 17 January 2012, so the award of contract should be by 31 May 2012. The MTR should provide recommendations on the reallocation of funds between categories by 30 June 2012. Additionally, the log-frame, which has not been revised since the re-design of the project in July 2009 should be updated to further reflect MTR recommendations, current activities and targets within the given budgetary framework. In the process, it should be clearly indicated which are RIMS indicators. The RIMS baseline survey should provide support for this. It is important that the subsequent RIMS impact evaluation (to be done before the project completion report) be based on an updated log-frame, clearly linked to the RIMS indicators at 1st, 2nd and 3rd level.

40. **District specific targets.** Targets with estimated costs, have been set for each activity within each district for the entire project, and these have been shared among all districts. DLSP is yet to follow-up with data on actual implementation, and to create a strategy on how to update targets in case historical targets have not been met; or the situation on the ground has been changed, or in case cost estimates have not been kept. The MTR is also expected to produce guidance on this. **Recommendations.** The M&E officer should work with the districts to expand on this exercise to also include data collection for impact, and on how to update the district specific targets with actual implementation. This could be collecting data on the number of beneficiaries reached (rather than multiplying activities with average household size, gender aggregation, as

poverty and average household sizes are linked). This will also support the PCU in documenting impact.

G. Sustainability

41. The mission has identified the following areas that are key to sustainability:
- **Maintenance of roads.** Although the Government, through the Roads Fund, is making considerable efforts to increase the amount of resources to local governments for the maintenance of community access and district roads, such resources are still largely insufficient, especially considering the increasing number of roads being constructed and/or rehabilitated. The mission was informed that Government is equipping districts with road units so that they can handle maintenance at a lower cost through force-account instead of tendering out the works. Furthermore, the decision to go for full gravel roads partly responds to this issue by ensuring more durable roads requiring less maintenance in the initial years. Nevertheless, it is important that the PCU and MoLG pay due attention to the issue and put the necessary efforts to ensure that adequate resources be allocated to local government authorities in this respect. Resuming of systems for community participation in routine maintenance of roads could also be considered.
 - The package of mentoring and food security grants to poor households plus their involvement in functional adult literacy is making progress in transforming the lives of the poor. Most of them have formed development groups focusing on VSLAs and agriculture, in addition to participating in mainstream development initiatives.
 - While some agricultural enterprises like ox-ploughing and dairy are showing good signs of sustainability, some like agro-processing facilities remain a challenge for collective ownership and management. The PCU and districts will need to guide farmers to select those enterprises which they can easily manage even when the project has closed.

H. Conclusion

42. The main conclusions and agreed actions on way forward are summarised below:
- The project is making steady progress in all the components though improvements are needed in some like promoting co-ownership among couples under the land sub-component.
 - The financial management software, TOMPRO needs to be urgently reconfigured in order to reduce the work burden on Finance staff and to enable the PCU generate required financial reports in time.
 - The two financing agreements need to be amended to harmonise project completion and loan closing dates as well as iron out inconsistencies between Schedules 1 and 2.
43. IFAD and the Government of Uganda endorse the findings of this implementation support mission.

Pontian Muhwezi
Country Programme Officer
IFAD

John Genda Walala
For Permanent Secretary
Ministry of Local Government

Date: 13 April 2012

Date: 13 April 2012

UGANDA
 District Livelihoods Support Project
 Implementation Support Mission: 20- 30 March 2012
 Aide-Memoire

List of Persons Met

Name	Designation	Contact
Ministry of Local Government/ Project Coordination Unit		
Patrick Mutabwire	Acting Permanent Secretary, MoLG	
Samuel Mugasi	Project Coordinator	
David Elweru	Project Accountant	
Lawrence Kasinga	M&E Specialist	
Lamu Olweny	Infrastructure Engineer	
Judith Ruko	Sociologist	
Adeleine Muheebwa	Agribusiness Specialist	
Betty Natuhwera	Accounts Assistant	
George Turyakira	Project Engineer	
Masindi District		
Richard Kiiza	ACAO	
Godfrey Bahemuka	DCDO	
Godfrey Magezi	District Planner	
Atugonza	District Engineer	
Fred Kitembo	ACAO	
Sam Wakibi	DNRO	
Margaret Kabagenyi	Principal Accountant	
Job Byarugaba	Ag. DAO	
B. Byabakama	DPO	
Rashid Yawiya	M&E Officer, i/c DLSP	
M. Kanaginagi	Vice-chairperson, District Council	
Badru Mugabi	Secretary for Finance	
Molly Mugimba	Secretary for Health, Civil Works and Community Services	
Arch Bagada	Secretary for Production, Natural Resources and Marketing	
Galiboreka farmers group		
Sam Asaba	Chairperson	
Disan Agaba	Member	
Norbert Amanyanya	Secretary	
Geoffrey Kugonza	Member	
Zedekiah Kajura	Member	
Sunny Mbabazi	Member	
Dalson Asiimwe	Member	
Beth Sanyu	Member	
Beneficiaries of land registration		
Francis Aliguma		
John Kajura		
Vincent Ogen		
George Nkojo		
Patrick Byareru		

UGANDA
District Livelihoods Support Project
Implementation Support Mission: 20- 30 March 2012
Aide-Memoire

Oliver Kobusinge		
Members of Bukoola FAL Class		
Beatrice Wandera	FAL Instructor	
Julius Baguma	Household mentor	
Fiona Alinda	Household mentor	
Ssalongo Masaba	Learner	
Cornelio Baguma	Learner	
Specioza Nyanjura	Learner	
Zerubabel Katusabe	Learner	
Akusa	Learner	
Margaret Nakirya	Learner	
Margaret Tibaita	Learner	

Appendices and Annexes

Appendix 1 Summary of Project Status and Ratings

Appendix 2 Summary of key actions to be taken with agreed timeframes

Appendix 3 Financial: Actual financial performance by Financier; Disbursements by Category and by component

Appendix 4 Compliance with Loan Covenants: Status of implementation

UGANDA
 District Livelihoods Support Project
 Implementation Support Mission: 20- 30 March 2012
 Aide-Memoire

Appendix 1: SUMMARY OF PROJECT STATUS AND RATINGS AS AT 29 FEBRUARY 2012

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management			1. Quality of project management		
2. Acceptable disbursement rate			2. Performance of M&E		
3. Counterpart funds			3. Coherence between AWPB & implementation		
4. Compliance with loan covenants			4. Gender focus		
5. Compliance with procurement			5. Poverty focus		
6. Quality and timeliness of audits			6. Effectiveness of targeting approach		
			7. Innovation and learning		

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Actual outputs: Community mobilization			1. Institution building (organizations, etc.)		
2. Actual outputs: Agriculture and land management			2. Empowerment		
3. Actual outputs: Access roads and water infrastructure			3. Quality of beneficiary participation		
4. Actual outputs: District and sub-county Execution			4. Responsiveness of service providers		
5. Physical/financial assets			5. Exit strategy (readiness and quality)		
6. Food security			6. Potential for scaling up and replication		

UGANDA
 District Livelihoods Support Project
 Implementation Support Mission: 20- 30 March 2012
 Aide-Memoire

A. Overall Assessment and Risk Profile		Last	Current
C 1 Overall implementation progress (Sections B1 and B2)			
C 2 Likelihood of achieving the development objectives (section B3 and B4)			
C 3 Risks <i>Short description of major risks for each section and their impact on achievement of development objectives and sustainability</i>			
Fiduciary aspects	The high rise in price levels is increasing unit costs, but it's not a major risk.		
Project implementation progress	All components are moving on well. Though the slow pace in procurement has led to delays, this is not a major risk.		
Outputs and outcomes	No major risk		
Sustainability	No major risk		

Appendix 2: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Date	Whom	Progress
<i>Project Implementation</i>				
	Document lessons learnt on household mentoring process and FAL and share across districts	Continuous	PCU/DCDOs	
	Reconsidering whether to continue supporting agricultural enterprises that require collective management	15 July 2012	PCU/ DPOs	
	Submission to IFAD of request of No Objection for contract awarding for design consultancy services for Batch 3 Roads	15 May 2012	PCU	
	Submission to IFAD of request of No Objection for bidding documents (for batch 3 roads)	5 Nov 2012	PCU	
	Submission of request of No Objection for contract awarding for roads construction (for batch 3 roads)	1 April 2013	PCU	
	Start of road works (on Batch C)	15 May 2013	PCU	
	Conduct MTR	15 July 2012	PCU/Consultants	
<i>Outputs Sustainability</i>				
<i>Fiduciary Aspects</i>				
	Submit request for amendments of Financing Agreement	15 August 2012	GoU	
	Procure consultant to re-configure TOMPRO system	31 May 2012	PCU	
	Assessment of financial resources available to consider another Batch (4) of community access roads	30 June 2012	PCU	
	Preparation of proposed re-allocation among loan categories (based on detailed projected expenditure up to end of the project)	30 June 2012	PCU	

**Appendix 3: Financial: Actual financial performance by financier;
by component and disbursements by category**

Table 3A: Summary financial performance by financier as at 29 Feb 2012

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan 707-UG **	28,570,000	14,169,614	49.60
IFAD loan 783-UG	18,000,000	0	0.00
IFAD grant 895-UG	400,000	400,000	100.00
IFAD grant 1164-UG	2,000,000	0	0.00
Beneficiaries	620,000	330,164	53.25
Government	2,410,000	529,542	21.97
Total	52,000,000	15,429,320	29.67

** Original loan has been revised to cater for SDR/USD historical exchange rate variations

Appendix 3B: Cumulative disbursements by financiers by component (USD-29/02/2012)

Figures in US Dollar	IFAD LOAN-707-UG		IFAD GRANT-895-UG		Gov't of Uganda		Beneficiary contributions		Total	
	Appraisal	Actual Expenditure as of 29/02/2012	Appraisal	Actual Expenditure as of 29/02/2012	Appraisal	Actual Expenditure as of 29/02/2012	Appraisal	Actual Expenditure as of 29/02/2012	Appraisal	Actual Expenditure as of 29/02/2012
Component										
Access Roads and Water Infrastructure	7,650,000	3,195,964			200,000	56,811	-		7,850,000	3,252,775
Agriculture and Land Management	8,160,000	2,662,695			520,000	140,130	620,000	330,164	9,300,000	3,132,989
Community Development	4,290,000	1,581,245			320,000	35,883	-		4,610,000	1,617,128
District Sub-county Support	4,660,000	2,458,942			690,000	164,662	-		5,350,000	2,623,604
Programme Coordination Unit	2,680,000	2,902,733	400,000	362,819	680,000	132,056			3,760,000	3,397,608
Initial Deposit	-	3,000,000							-	
Total	27,440,000	15,801,579	400,000	362,819	2,410,000	529,542	620,000	330,164	30,870,000	17,024,104

Note: No disbursements have been made so far on Loan 783-UG and Grant 1164-UG

Appendix 3C: Cumulative disbursements by expenditure Category (SDR as at 29/02/2012)

EXPENDITURE CATEGORIES		Loan 707-UG							Grant 895-UG			
		Revised Allocation	Disbursements up to WA 33	%age disbursed up to WA 33	Pending WAs (34,35,36)	Commitments	Total disbursements including Was 34, 35, 36 + commitments	%age disbursed	Undisbursed	Over all allocation	Total Disbursed	%age disbursed
		A	B	C = B/A	D	E	F=B+D+E (without initial deposit)	G=F/A	H= (A-G)	J	K	L = (K/J)*100
		SDR	SDR	%	SDR			%	SDR	SDR	SDR	%
IA	Civil Works-Roads and Water works	3,800,000.00	1,601,202	42.1	293,303.88	515,064.79	2,409,570.19	0.63	1,390,429.81			
IB	Civil Works-Buildings	630,000.00	17,012	2.7	0		17,011.87	0.03	612,988.13			
2	Vehicles, Equipments and Materials	2,260,000.00	1,801,653	79.7	55,619.07		1,857,271.83	0.82	402,728.17			
3A	Training, Workshops, Audits and Studies.	1,800,000.00	1,049,346	58.3	121,820.51		1,171,166.70	0.65	628,833.30			
3B	Training, Workshops, Audits and Studies.	0	0	0.0	0		0.00		-	250,000	250,000	100
4A	Technical assistance	1,870,000.00	787,162	42.1	221,068.33		1,008,230.13	0.54	861,769.87			
4B	Technical assistance						0.00		-	30,000	30,000	100
5A	Enterprise grants	1,340,000.00	539,705	40.3	133,539.58	414,128.72	1,087,372.84	0.81	252,627.16			
5B	Food security grants	0	0	0.0	0		0.00		-			
6A	Incremental operating costs (Allowances)	1,760,000.00	820,593	46.6	154,756.23		975,349.36	0.55	784,650.64			
6B	Incremental operating costs (Supervision of Civil Works and other admin. costs)	1,520,000.00	308,536	20.3	67,283.96		375,819.89	0.25	1,144,180.11			
6C	Incremental operating costs (Vehicle operating costs)	2,300,000.00	314,033	13.7	40,585.89		354,618.81	0.15	1,945,381.19			
	Un allocated	1,270,000.00	0	0.0			0.00	0.00	1,270,000.00			
	Initial deposit		1,959,411						-			
	Total	18,550,000.00	9,198,651.66	49.59	1,087,977.45	929,193.51	9,256,411.62	49.90	9,293,588.38	280,000	280,000	100

Appendix 4: Compliance with loan covenants: Status of implementation

Loan Agreement Section	Covenant	Status	Remarks
ARTICLE II			
Section 2.03: Special Account	a)The Borrower shall open and thereafter maintain in the Bank of Uganda a Special Account denominated in US Dollars, for the purpose of receiving Loan proceeds for financing the Programme. The Special Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by the Fund.	Account opened	operational
	b)After the Special Account has been duly opened, upon the Borrower's request, the Fund shall make an initial withdrawal of one million US Dollars (USD 1 000 000) from the Loan Account on behalf of the Borrower and deposit such amount in the Special Account. The Fund shall replenish the Special Account from time to time upon request up to an authorized allocation of two million US Dollars (USD 2 000 000) (the "Authorized Allocation"), in accordance with Section 4.08 (Special Account) of the General Conditions, from the Loan Account in such minimum amounts as the Fund may specify by notice to the Borrower.	Account opened	operational
	c)The Lead Programme Agency, on behalf of the Borrower, shall be fully authorized to operate the Special Account in accordance with Section 4.08 of the General Conditions. The Programme Coordinator and the Permanent Secretary of the Ministry of Local Government shall be the authorized signatories for the Special Account and both authorized signatures shall be required to make any withdrawal from the Special Account.	operational	ongoing
Section 2.04: Grant Bank Account	(a) The Borrower shall open and thereafter maintain in the Bank of Uganda a Grant Bank Account denominated in US Dollars for the purpose of receiving Grant proceeds for financing the Programme. The Grant Bank Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by the Fund.	Account opened	Operational
	(b) As from the Effective Date the Borrower may request withdrawals from the Grant Account six-monthly in advance during the Programme Implementation Period. The amounts so requested shall not exceed the amount of expenditures which are included in the AWPB for the relevant Programme Year to be financed from the Grant.	Operational	Ongoing
	(c) The Lead Programme Agency, on behalf of the Borrower, shall be fully authorized to	Operational	Ongoing

	operate the Grant Bank Account in accordance with Section 4.08 of the General Conditions. The Programme Coordinator and the Permanent Secretary of the Ministry of Local Government shall be the authorized signatories for the Grant Bank Account and both authorized signatures shall be required to make any withdrawal from the Grant Bank Account.		
Loan Agreement Section	Covenant	Status	Remarks
ARTICLE III	Covenant		
Section 3.02	<u>Annual Work Plans and Budgets:</u> (a) The Lead Programme Agency, through the PCU, shall prepare draft consolidated annual work plans and budgets (AWPBs) for each Programme Year based upon the AWPBs provided to it by each of the Districts participating in the Programme. The draft consolidated AWPBs shall include, among other things, a procurement plan, a detailed description of planned Programme activities during the coming Programme Year, and the sources and uses of funds therefore, based on the respective work plans and budgets prepared by each of the Programme Parties. In addition to the consolidated AWPBs for the first Programme Year, a Procurement Plan for all procurement of goods, works and consulting service covering the initial eighteen (18) months shall be prepared by the Lead Programme Agency through the PCU together with other concerned Programme Parties, and updated annually thereafter to cover every eighteen month period of Programme duration.	Operational	Ongoing
	(b) The Lead Project Agency shall submit each draft AWPB to the PSC for its review and approval. When so approved, the Lead Project Agency shall submit the draft AWPB to the IFAD for their respective comments and approval, no later than 60 days before the beginning of the relevant Project Year. If neither the IFAD comment on the draft AWPB within 30 days after receipt, the AWPB shall be deemed approved.	Being Done	Operational
	(d) If required, the Lead Project Agency may propose adjustments in the AWPB during the relevant Project year which shall become effective upon approval by IFAD.	Being Done	Operational
Section 3.03	<u>District Programme Bank Accounts:</u> (a) As soon as practicable after the date hereof but in no event later than ninety (90) days after the Effective Date, the Lead Programme Agency shall open and thereafter maintain in local branches of commercial banks agreed by the Borrower and the Fund, accounts for each participating District denominated in UGSh for Programme expenditures incurred by Programme Parties (the "District Programme Bank Accounts"). The Lead Programme Agency shall	Accounts opened	Operational

	designate authorized signatories for each District Programme Bank Account. The signatures of two authorized signatories shall be required to make any withdrawal from any District Programme Bank Account, one of whom in all cases will be the Chief Administrative Officer of the relevant District.		
Loan Agreement Section	Covenant	Status	Remarks
	(b) As soon as practicable after the opening of each District Programme Bank Account, the Lead Programme Agency will transfer an initial amount of up to eighty thousand US Dollars (USD 80 000) from the Special Account into each such District Programme Bank Account. The Lead Programme Agency shall replenish each District Programme Bank Account from time to time from the Special Account upon approval by the Lead Programme Agency of requests from the various Districts. The detailed procedures for replenishment of the District Programme Bank Accounts will be set forth in the Programme Implementation Manual.	This has been done	Ongoing
Section 3.04	<u>Availability of Loan Proceeds:</u> The Borrower shall make the proceeds of the Financing available to the Lead Programme Agency to carry out the Programme, in accordance with the AWPBs and its customary national procedures for development assistance.	This is being done	Ongoing
Section 3.05	<u>Availability of Additional Resources.</u> (a) In addition to the proceeds of the Financing, the Borrower shall make available to the Lead Programme Agency and each other Programme Party, such additional support as may be required from time to time to enhance the Programme Implementation in accordance with this Agreement.	This is being done	Ongoing
	(b) Without limiting the generality of paragraph (a) above, the Borrower shall make available to the Lead Programme Agency during the Programme Implementation Period, counterpart funds to cover duties and taxes from its own resources in an aggregate amount of four million two hundred fifty thousand US Dollars (USD 4 250 000) equivalent, in accordance with its customary national procedures for development assistance.	This is being done	Ongoing
Section 3.06	<u>Procurement:</u> The Lead Project Agency and each other Project Party shall procure all items financed by the Loan in accordance with Schedule 4.	This is being done	Ongoing

SECTION 3.07.	Project Completion Date. The Project Parties shall complete the implementation of the Project on or before the Project Completion Date	Not yet	The Project Parties are aware of their responsibility.
---------------	-----------------------------------------------------------------------------------------------------------------------------------------------	---------	--------------------------------------------------------

Loan Agreement Section: Article IV	Covenant-Implementation Reporting and Information	Status	Remarks
Section 4.01	Monitoring: The Lead Programme Agency shall establish, as soon as practicable but in no event later than six (6) months after the Effective Date, and thereafter maintain an appropriate information management system in accordance with the Fund's "Guidelines for Project Monitoring and Evaluation" to enable it to continuously monitor the Project in accordance with Section 8.02 (Monitoring of Project Implementation) of the General Conditions based on indicators agreed by the Borrower and the Fund.	Done	On-going but needs some improvement
Section 4.02	Progress Reports. The Borrower through the Lead Programme Agency shall submit to the Fund semi-annual and consolidated annual progress reports on Programme implementation, as required by Section 8.03 (Progress Reports) of the General Conditions, no later than three (3) months after the end of each six-month period during the Project Implementation Period. In addition to the matters specified in the said Section 8.03, each progress report shall detail agreed indicators within the RIMS framework.	This is being done	Ongoing
Section 4.03	Mid-Term Review (a The Lead Programme Agency and the Fund shall jointly carry out a review of Programme implementation not later than forty two (42) months after the Effective Date (the "Mid-Term Review") based on: (i) terms of reference prepared by the Lead Programme Agency and approved by the Fund; and (ii) a consolidated draft mid-term progress report prepared internally by the Lead Programme Agency not later than forty (40) months after the Effective Date. Among other things, the Mid-Term Review shall consider the achievement of Programme objectives and the constraints thereon, and recommend such reorientation as may be required to achieve such objectives and remove such constraints.	This will take place next year.	The MTR is to be completed by mid July 2012
	(b) The Borrower shall ensure that the recommendations resulting from		

	the Mid-Term Review are implemented within a reasonable time thereafter and to the satisfaction of the Fund. It is agreed and understood that such recommendations may result in modifications to the Loan Documents or cancellation of the Loan.	This will take place next year.	The PCU and other project parties are aware of their responsibility.
Section 4.04	<i>Completion Report.</i> The Lead Programme Agency shall submit to the Fund the completion report on the Programme required by Section 8.04 (Completion Report) of the General Conditions, in a format acceptable to the Fund, no later than six (6) months after the Programme Completion Date.	This assignment is far off	The PCU and other project parties are aware of their responsibility.
Loan Agreement Section:	Covenant	Status	Remarks
Section 4.05	<i>Evaluations.</i> The Borrower and each Programme Party shall facilitate all evaluations and reviews of the Programme that the Fund may carry out during the Programme Implementation Period and for ten (10) years thereafter, as required by Section 10.05 (Evaluations of the Project) of the General Conditions.	There has not been any cause for the evaluation, so far.	The PCU and other project parties are aware of their responsibility.
ARTICLE V	Financial Reporting and Information		
Section 5.01	<i>Financial Statements.</i> The Lead Programme Agency shall prepare consolidated financial statements of the operations, resources and expenditures related to the Programme required by Section 9.02 (Financial Statements) of the General Conditions in respect of each Fiscal Year and deliver such financial statements to the Fund within three (3) months after the end of each Fiscal Year	This has been done on time	
Section 5.02	<i>Audit Report:</i> a) Within ninety (90) days after the Effective Date, the Borrower shall appoint the Auditor-General of the Borrower, or such other independent auditors selected by the Borrower in accordance with the procedures and criteria agreed by the Borrower and the Fund, to audit the accounts relating to the Programme.	This has been done	
	The Borrower shall have the financial statements relating to the Programme audited each Fiscal Year by such auditors in accordance with the International Standards on Auditing, and the Fund's "Guidelines on Project Audits (Borrowers' Use)" as may be amended from time to time. In accordance with Section 9.03 of the General Conditions, in addition to the audit report on the financial statements, the auditors shall provide: (i)	This has been done	

	<p>an opinion on the certified consolidated statements of expenditure and the operation of the Special Account and the Grant Bank Account; (ii) an opinion on the statements of expenditure and District Programme Bank Accounts of each District participating in the Programme, and (iii) a separate management letter, addressing the adequacy of the accounting and internal control systems at all levels of the Programme. The Borrower shall deliver the above-mentioned items to the Fund within six (6) months of the end of each such Fiscal Year. The Borrower shall submit to the Fund the reply or replies to the management letter of the auditors within one month of receipt thereof.</p>		
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

Loan Agreement Section:	Covenant	Status	Remarks
	ARTICLE VI-Remedies of the Fund		
Section 6.01.- Suspension	(a) The Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account in accordance with Section 12.01 (Suspension by the Fund) of the General Conditions, upon the occurrence of any of the events set forth therein or if the Programme Implementation Manual, or any provision thereof, has been waived, suspended terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Programme.	So far there has been no cause for the suspension	The PCU and other project parties are aware of their responsibility.
	(b) The Fund shall suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account and/or Grant Account if the Audit Report(s) required by Section 5.02 has/have not been satisfactorily completed within twelve (12) months after the end of the Fiscal year.	So far there has been no cause for the suspension	The PCU and other project parties are aware of their responsibility.
Section 6.04	Audits. If the Borrower does not timely furnish any audit report required by Section 5.02, and the Fund, after consultation with the Borrower, determines that the Borrower is unlikely to do so within a reasonable period thereafter, the Fund may engage, through the Auditor-General of the Borrower, independent auditors of its choice to audit the accounts relating to the Programme. For such purpose, the Borrower and the Programme Parties shall make their financial and other records available	So far there has been no cause for this type of the action.	The PCU and other project parties are aware of their responsibility.

	<p>to such auditors promptly upon request, accord them full rights and privileges as agents of the Fund under Section 10.03 (Visits, Inspections and Enquiries) of the General Conditions and otherwise cooperate fully with such audit. The Fund shall make the audit report available to the Borrower promptly upon its completion. The Fund shall finance the cost of such audit by withdrawal from the Loan Account on behalf of the Borrower, and the Borrower hereby authorizes the Fund to make such withdrawals.</p>		
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--