

Ex-Ante Evaluation (for Japanese ODA Loan)

1. Name of the Project

Country : Republic of Uganda

Project : Upgrading of Atiak-Nimule Road Project

Loan Agreement : March 26, 2010

Loan Amount : 3,395 million Yen

Borrower : The Government of the Republic of Uganda

2. Background and Necessity of the Project

(1) Current State and Issues of the Road Sector in Uganda

More than 90 percent of cargo and passenger transportation in the Republic of Uganda (hereinafter referred to as “Uganda”) is road transportation because railway transportation is underdeveloped. Only 27 percent of national routes that extend 10,800 kilometers in the total road network of 78,100 kilometers (2009) in the country are paved, while most parts of other roads (district and community roads) are unpaved. In addition, maintenance of existing roads is significantly insufficient due to a shortage of road maintenance cost, underdevelopment of construction technologies and sharp increase in construction and development cost. Meanwhile, the number of registered vehicles in the country more than doubled from 2001 to 2008 and the vehicle traffic has been increasing by 10 percent annually. Moreover, traffic accidents increased by 5,000 from 2000 to 2008.

Being a member of East Africa Community (EAC) and Common Market for East and South Africa (COMESA), Uganda promotes regional integration by trade promotion and economic cooperation in Africa. Because both groups have established tariff unions among member nations and intraregional trade is expected to become active, enhancement of road network in the region is recognized as an issue shared by the whole region.

(2) Development Policies for the Road Sector in Uganda and the Priority of the Project

The Government of Uganda formulated a comprehensive national development plan, Poverty Eradication Action Plan (PEAP), in 1997. Later in 2008, it formulated the National Transport Master Plan (NTMP) that presents the development framework for the 15 years from 2008 to 2023 in the transport sector based on the recognition that economic and social infrastructure development is essential for socio-economic operation and improvement of production, competitiveness and income that are the priority areas of the PEAP. As it includes the Master Plan for Greater Kampala Metropolitan Area (GKMA) for city transportation of the capital of Kampala and its surrounding areas, it is called NTMP/GKMA. The NTMP/GKMA presents a long-term vision and strategy based on the evaluation of current transport sector and prediction of population trend and economic growth while it covers the existing development plans, challenges of sub-sectors of road, railway, air and surface transportation as well as the investment plan until 2023. The Project is regarded as a priority project in the NTMP/GKMA. As for the road sub-sector, the government

formulated the Second 10 Year Road Sector Development Program (RSDP2) in 2002 and worked on the improvement of road systems and policy and road management capacity of concerned organizations through road network development across the country. The interim evaluation of the RSDP2 concluded that the plan needs to be revised to make it more feasible and transition to the RSDP3 is planned and it is now being prepared before the lapse of 10 years.

(3) Japan and JICA's Policy and Operations in the Road Sector

Japan's ODA Rolling Plan for Uganda formulated in May 2009 takes economic infrastructure development, human resources development, improvement of basic human needs and agricultural development as the key areas of assistance. The Project is consistent with the policy to assist economic infrastructure development.

(4) Other Donors' Activity

Road sector development in Uganda is one of the priority sectors of the PEAP. Eight donors including the World Bank, African Development Bank and EU are assisting Uganda for the implementation of NTMP/GKMA and RSDP that are the specific development plans of the PEAP.

(5) Necessity of the Project

The Project benefits traders, carriers and those involved in agriculture in Amuru District that is bordered by Sudan and Gulu District situated 330 kilometers north of the capital of Kampala. The areas were affected by armed conflicts by a rebel group (Lord's Resistance Army), which generated a great number of Internally Displaced Persons. Because of the long-lasting civil war in the areas, the development of production, living and social infrastructure lagged behind. The Project is expected to promote return and resettlement of these Internally Displaced Persons and vitalize production and economic activities of the local people, which will make smooth distribution of goods between Uganda, mainly the capital of Kampala, and surrounding countries. The Project contributes to stability of the northern area of Uganda and peace-building of the entire country, therefore, it is a highly meaningful project.

The Project is also important in that it will secure transportation routes from Kampala to Juba in southern Sudan and from Mombasa Port in Kenya to Juba via Gulu. Although southern Sudan has crude oil and other mineral resources and fertile land, its inland location hinders distribution of goods and expensive transportation cost is one of inhibitory factors of economic growth. When the relationship with southern Sudan is also taken into consideration, wide-area infrastructure development is not simply assistance of northern Uganda but it is assistance of regional economic development and poverty eradication based on economic growth in southern Sudan. Thus, the Project is also important for regional stability and peacekeeping.

3. Project Description

(1) Project Objectives

To upgrade existing road between Atiak in northern Uganda and Nimule on the border with Sudan, thereby enhance transportation capacity in the target area in order to assist promotion of economic integration with the neighboring countries, revitalization of economic activities, improvement of livelihood of local people along the road, and poverty reduction.

(2) Project Site/Target Area

Between Atiak and Nimule in northern Uganda

(3) Project Components

1) Project outline

The Project is to upgrade a 36 kilometer section of an existing road between Atiak and Nimule in northern Uganda. It is co-financed project with the World Bank (parallel) and the World Bank covers a 68 kilometer section between Gulu and Atiak.

2) Construction and procurement

Widening of road (which includes ground leveling, earthwork (embankment / earth cut), and pavement), installation of drain ditch and signs, construction of sidewalk, etc.

3) TOR of consulting service

Design review, Supervision of works, etc.

(4) Estimated Project Cost (Loan Amount)

3,492 million Yen (Loan Amount : 3,395 million Yen)

(5) Schedule

The planned implementation schedule of the project is from March 2010 to January 2013 (35 months in total). The use of the facilities will start in January 2013, which is regarded as the completion date of the project.

(6) Project Implementation Structure

1) Borrower : The Government of the Republic of Uganda

2) Executing Agency : Uganda National Roads Authority (UNRA)

3) Operation and Maintenance System: Maintenance carried out by UNRA.

(7) Environmental and Social Consideration/Poverty Reduction/Social Development

1) Environmental and Social Consideration

① Category: A

② Reason for Categorization

The project falls into the road sector (located in a sensitive area and is likely to have significant adverse impact due to its characteristic) under Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations” (established in April 2002).

③ Environmental Permit

The Environmental and Social Impact Assessment (ESIA) report concerning the Project was approved by the National Environment Management Authority on July 31, 2009. Preparation of an Environmental Impact Assessment (EIA) report is required under Ugandan laws for the construction of quarries and borrow pits that is not covered as part of the ODA assistance. The environmental permit is planned to be obtained by July

2010.

④ Anti-Pollution Measures

International standards of air and water quality and noise levels are expected to be fulfilled by restricting driving speed and working hours during the construction and by such reduction measures as tree planting and the installation of culvert.

⑤ Natural Environment

Although the target site is not situated in an area that is vulnerable to the environmental impacts by national parks or its surrounding areas, an ecosystem study is planned and necessary measures are taken as it may provide habitats for wildlife.

⑥ Social Environment

The Project requires the acquisition of approximately 85 hectares of land and relocation of 68 households. The land acquisition and household resettlements will be arranged based on the resettlement action plan (RAP) in accordance with Ugandan laws and UNRA.

⑦ Other / Monitoring

Wildlife, water quality, noise, planting, land acquisition and relocation of local residents are monitored.

2) Promotion of Poverty Reduction

The Project is expected to promote poverty reduction by creation of employment and improvement of access to medical care and educational facilities in the area.

3) Promotion of Social Development (e.g. Gender Perspective, Measure for Infectious Diseases Including HIV/AIDS, Participatory Development, Consideration for the Handicapped etc.)

The executing agency will promote seminar, voluntary counseling and simple testing for preventing HIV/AIDS infections.

(8) Collaboration with Other Donors

1. Co-financed project with the World Bank.
2. The project on the Sudan side is financed by United States Agency for International Development (USAID) (slated to be completed in December 2010).

(9) Other Important Issues

None

4. Targeted Outcomes

(1) Performance Indicators (Operation and Effect Indicator)

Indicator	Baseline (Actual Value in 2009)	Target (2015) 【Expected value 2 years after project completion】
Average Daily Traffic (vehicle/day)	480	712
Shortening of Required Travel Time (minute)	45	28
Reduction of Driving Cost (USD/vehicle-km)	0.352 (2003)	0.224
Improvement of Average Driving Speed (km/h)	50	80

(2) Internal Rate of Return

Based on the conditions indicated below, the Economic Internal Rate of Return (EIRR) of this project is 17.3%.

Cost : Construction cost, operation and maintenance cost (excluding tax)

Benefit : Shortening of required travel time, reduction of driving cost and maintenance cost, etc.

Project Life : 20 years

5. External Factors and Risk Control

None

6. Lessons Learned from Past Projects

Delay of development of sections of road not covered by ODA loan has hindered the emergence of effects in road projects in other countries. Because the World Bank is responsible for the section between Gulu and Atiak as described above, information on the project implementation is planned to be shared with the World Bank.

7. Plan for Future Evaluation

(1) Indicators to be Used

- 1) Average daily traffic (vehicles/day)
- 2) Shortening of required travel time (minute)
- 3) Reduction of driving cost (USD/vehicle-km)
- 4) Improvement of average driving speed (km/h)
- 5) Economic Internal Rate of Return (EIRR/%)

(2) Timing

Two years after project completion