



The World Bank

Uganda Development Response to Displacement Impacts Project in the Horn of Africa Phase II(P510476)

Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 07-Mar-2025 | Report No: PIDDC01276



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies) Uganda	Operation ID P510476	Operation Name Uganda Development Response to Displacement Impacts Project in the Horn of Africa Phase II	
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 12-Mar-2025	Estimated Approval Date 29-Apr-2025	Practice Area (Lead) Social Sustainability and Inclusion
Financing Instrument Investment Project Financing (IPF)	Borrower(s) Ministry of Finance, Planning & Economic Development	Implementing Agency Office of the Prime Minister	

Proposed Development Objective(s)

To improve access to basic social and economic services, expand livelihood opportunities and enhance environmental management for host communities and refugees in the target areas.

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?	To be decided
Is this project Private Capital Enabling (PCE)?	To be decided

SUMMARY

Total Operation Cost	278.00
Total Financing	278.00
of which IBRD/IDA	278.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	278.00
IDA Credit	153.00



IDA Grant

125.00

Environmental and Social Risk Classification

Substantial

Concept Review Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context

1. **Despite the multiple challenges of high inflation, global monetary tightening, and international supply chain bottlenecks, economic activity is accelerating in Uganda in the post-COVID era.** The three main sectors of agriculture, industry, and services have been able to withstand recent successive shocks to push up gross domestic product (GDP) from 4.6 percent in 2022 to 5.2 percent in 2023. Uganda's economic growth is expected to accelerate to more than 6 percent per year over the medium term as the Government of Uganda (GoU) eases monetary policy, increases its already heavy reliance on revenue collection, and cuts the deficit through spending efficiencies. However, disruptions in global financial conditions and increasingly volatile weather remain major downward risks.

2. **Although poverty declined in the pre-COVID period, using the revised poverty line, about 30 percent of the population was still considered poor in 2020.** Poverty levels have fluctuated over the last decade, but due to a series of shocks (drought, flooding, disease, large-scale refugee inflows), the headline poverty rate is little changed. Inequality has also plateaued or worsened over the last decade, with the Gini coefficient increasing from 0.38 in 2012/2013 to 0.40 in 2019/2020. Poverty is much higher in rural areas (33.8 percent) than urban (19.8 percent) and is particularly acute in the Northern and Eastern regions at 40 and 42 percent respectively. Female-headed households in rural areas are poorer, with a poverty rate of 36 percent versus 33 percent for their male counterparts.

3. **Reducing poverty will require a two-pronged strategy.** World Bank analysis suggests that Uganda must, firstly, lift the productivity and incomes of poor households in both rural and urban areas, with a focus on agricultural productivity and job creation. The second strategy is to strengthen people's resilience to shocks – including forced displacement – particularly in rural areas.

Sectoral and Institutional Context

4. **Uganda is the largest refugee host among African countries, and the fifth largest worldwide.** Uganda currently hosts over 1.7 million refugees, more than triple the number when DRDIP was first approved in 2016. Most refugees in Uganda originate from South Sudan (960,000) and the Democratic Republic of Congo (DRC) (540,000). Uganda will likely continue to experience significant refugee inflows. Instability in the region means that the refugee population is likely to continue to increase, in line with trends over the last ten years.



5. **Uganda is globally acknowledged for its open-door policy and progressive regulatory framework for refugee protection.** Uganda's refugee policies deliver the shared international vision under the Global Compact for Refugees (GCR) that allows refugees to move freely, work and access land and social services.

6. **Despite the progressive policies, host communities and refugees in refugee-hosting districts (RHDs) continue to face significant development challenges and are well short of achieving self-reliance.** Most refugees are hosted in communities that are also struggling with poverty and unemployment, human capital and social service delivery deficits, limited access to basic infrastructure, and a degraded natural resource base. Despite the opportunities and rights afforded them, refugees in Uganda lack income and employment opportunities and suffer from poverty rates almost three times higher than Ugandan nationals. Recent reductions in humanitarian assistance have resulted in refugees receiving less than 40 percent of their basic survival rations over the last year, increasing the urgency of expanding development responses to reduce the cost of refugee management while supporting long-term durable solutions.

7. **Uganda's refugee response model has generated a development dividend for the hosting districts.** Research indicates that overall, host communities with a higher refugee presence in Uganda have experienced substantial improvements in local development. This demonstrates that a combination of progressive policies and long-term development responses has the potential to turn a refugee "burden" into an "opportunity".

8. **On the other hand, refugee inflows have intensified service delivery and natural resource management challenges in the RHDs, creating the potential for social tensions.** Between 1990 and 2015, Uganda's forest area declined from 20 percent to 8 percent and the trend has continued since. Wetlands decreased from 16 percent in 1994 to an estimated 10 percent in 2022. In a country where forests provide 88 percent of primary energy needs, land degradation is a multi-faceted crisis that has been accelerated by the large refugee population. As the fourteenth most vulnerable country in the world to climate change, with a ranking of 155 out of 188 on the ND-GAIN index, urgent action is required to improve agricultural productivity and reduce dependence on firewood for cooking.

C. Proposed Development Objective(s)

To improve access to basic social and economic services, expand livelihood opportunities and enhance environmental management for host communities and refugees in the target areas.

Key Results (From PCN)

- Number of displaced people and people in host communities provided with services and livelihoods (*number disaggregated by refugee/host community member, service type, and gender*) [corporate scorecard indicator]
- Beneficiaries of livelihood activities that report an increase in income (*refugees/host community*), (*employed/self-employed*) (*number*) (*female*)
- Hectares of terrestrial and aquatic areas under enhanced conservation/management [corporate scorecard indicator]

D. Concept Description

9. **Geographic coverage.** Phase II of DRDIP will be implemented in all refugee-hosting districts and refugee settlements. Compared to Phase I of the project, geographic coverage will be expanded to include select activities in the transit districts of Kisoro, Kanungu, Bundibugyo, and Ntoroko in Western Region, and Amuru and Lamwo in Northern Region. The secondary cities/urban centers of Gulu, Mbarara, Arua, Koboko and Kitgum will also be included in some Phase II components. Resources from the three technical components will be allocated across and within the target



districts, settlements and urban centers using an objective formula based on land area, total population, poverty, refugee population and level of land degradation.

10. **Component structure.** The project component structure will mirror Phase I, continuing the multi-sectoral provision of investments to address key development gaps and the ongoing impact of the refugee presence. There will be five components, as described below.

11. **Component 1: Social and Economic Services and Infrastructure (US\$140 million).** This component will continue to support the construction, rehabilitation and upgrading of priority infrastructure (e.g., schools, health facilities, roads, bridges, water systems, markets, etc.) identified by communities through a community-driven development (CDD) approach to address infrastructure and service delivery deficits. Infrastructure investments will benefit refugees and host community members, supporting the policy aim of integrating refugees into national education and health systems. This will reduce the cost of refugee management and underpin increased social cohesion. Component 1 activities will also support capacity for local planning and social cohesion. A contingency fund will also be established to rapidly provide funding to districts that experience large refugee inflows.

12. **Component 2: Sustainable Environmental Management (US\$50 million).** The component will employ adaptation and mitigation measures to address environmental degradation caused by refugee inflows and climate change. Activities will support impactful investments to help respond to the land degradation crisis in Uganda. The project will fund: (a) integrated natural resource management activities (e.g., tree planting, nurseries, wetland conservation, hillside restoration, terracing) for environmental rehabilitation; and (b) access to renewable energy for public institutions to reduce dependence on firewood.

13. **Component 3: Livelihoods Support Program (US\$80 million).** The component will build self-reliance and sustainable livelihood options for refugees and host communities driven by local value chain opportunities to increase household incomes and resilience.

14. **Component 4: Program management, coordination, M&E and accountability systems (US\$28 million).** Component 4 will support project management, communication, M&E, learning, and fiduciary support.

15. **Component 5: Contingent Emergency Response Component (CERC) (US\$0).** Under the CERC, in the event of an eligible crisis or emergency, funds may be reallocated from other components of the project to finance rapid response measures and early recovery activities to address disaster, emergency and/or catastrophic events at the community level.

16. **Beneficiaries.** The beneficiaries of the project will be host community members and refugees. The project will target 3.8 million people, of whom 770,000 will be refugees.

17. **DRDIP II will continue be implemented under the leadership of the Office of the Prime Minister (OPM).** OPM will implement the project through a dedicated Project Implementation Support Team (PIST), which will provide oversight and technical guidance and support to implementing districts. At the community level the project will establish committees to help communities to assess their own development problems, identify solutions and to implement their own subprojects.

18. **Strategic guidance will be provided by a multi-agency Technical Working Committee, which will include representatives from:** Ministry of Finance, Planning and Economic Development; Uganda Energy Credit and Capitalization Company; Ministry of Energy and Mineral Development; Ministry of Works and Transport; Ministry of Water and



Environment; Ministry of Local Government; Ministry of Gender, Labor and Social Development; Ministry of Education and Sports; Ministry of Health; National Environmental Management Authority; Private Sector Foundation of Uganda; OPM's Department of Refugees and the National Forestry Authority. The United Nations High Commissioner for Refugees (UNHCR) and the World Food Program (WFP) will serve as observers.

Legal Operational Policies

Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

19. **The overall Environmental and Social Risk Classification of the project is Substantial.** The environmental and social risks include noise, dust, soil, water pollution, construction debris, occupational hazards from the construction of new buildings, renovations of construction works for health facilities, primary schools, and secondary schools, and upgrading, and expansion of Technical and Vocational Education & Training (TVET) centers, rural feeder roads, small bridges, water systems and sanitation facilities, marketplaces, storage facilities, water harvesting, and solar infrastructure, information and communication technology facilities, and small-scale processing facilities linked to Component 3 on livelihood activities. Risks for the operational phase will come from waste, wastewater management, emissions, dust issued from the usage of the facilities, health and safety hazards. Social risks will include: (a) elite capture of project activities by prominent persons within the communities; (b) tensions and conflict between refugees and host communities over allocation of resources and representation within project committees; (c) safety risks if personal identifying information and data, especially amongst refugees, are not protected; (d) lack of transparency in information flow to beneficiaries, benefit distribution and support that may result in exclusion risks amongst vulnerable groups; (e) small and medium scale civil works can result in community health and safety risk; (f) impacts on land, assets and livelihoods and (g) impacts on vulnerable and marginalized groups.

20. **Given the potential environmental and social risks and impacts, the following Environmental and Social Standards (ESSs) will apply:** ESS1 (Assessment and Management of Environmental and Social Risks and Impacts, ESS2 (Labor and Working Conditions), ESS3 (Resource Efficiency and Pollution Prevention and Management), ESS4 (Community Health and Safety), ESS5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement), ESS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), ESS7 (Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities), ESS8 (Cultural Heritage), and ESS10 (Stakeholder Engagement and information Disclosure) will apply. To avoid, reduce or mitigate them, appropriate measures material to the objective of each applicable ESS, which are commensurate to the anticipated risks and impacts will be recommended and implemented. The following instruments will be prepared: (a) Regional Environmental and Social Impact Assessments (R-ESIAs); (b) Stakeholder Engagement Plan (SEP); (c) Environmental and Social Commitment Plan (ESCP); (d) Labor Management Procedures (LMP); (e) Resettlement Policy Framework (RPF); (f) Process Framework as part of the RPF; and (g) Gender-based Violence/Violence against Children (GBV/VAC) Action Plan.



21. **Since the enactment of the Anti-Homosexuality Act 2023 all projects in Uganda will include specific measures to mitigate the risk of discrimination against or exclusion of any affected individuals or groups in providing or receiving project benefits.** The R-ESIA will identify potential measures to mitigate the risk of discrimination or exclusion of Sexual and Gender Minorities (SGM) being provided or receiving project benefits following the enactment of the Anti-Homosexuality Act. The LMP, ESIA/ESMP and RPF will also contain measures to ensure that there is no discrimination towards SGM.

22. **Enhanced Implementation Support and Monitoring (EISM).** A firm has been hired directly by the World Bank to support the Project Implementation Support Team (PIST) and the World Bank following the enactment of the Anti-Homosexuality Act 2023. The firm will work with NGO/CSOs and country-based development partners. The EISM will: (a) establish an effective and confidential mechanism to receive, manage, refer, and monitor grievances related to discrimination of SGM; (b) support outreach and sensitization to project beneficiaries and communities; (c) provide capacity strengthening and technical support to the PIST; and (d) monitor and evaluate the implementation of measures.

CONTACT POINT

World Bank

Matthew Stephens
Lead Social Development Specialist

Serena Cavicchi
Senior Social Development Specialist

Jacqueline Manisabwe
Senior Social Protection Specialist

Borrower/Client/Recipient

Ministry of Finance, Planning & Economic Development
Ramathan Ggoobi
Permanent Secretary/Secretary to the Treasury
finance@finance.go.ug

Implementing Agencies

Office of the Prime Minister
Alex Kakooza
Permanent Secretary
ps@opm.go.ug
Robert Limlim
Director
robertlmlm@gmail.com

FOR MORE INFORMATION CONTACT



The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Matthew Stephens, Serena Cavicchi, Jacqueline Manisabwe
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Approved By

Practice Manager/Manager:	Maria Gonzalez de Asis	05-Mar-2025
Country Director:	Rosemary Mukami Kariuki	07-Mar-2025