Protected

DOCUMENT OF THE
ISLAMIC DEVELOPMENT BANK GROUP
[FOR OFFICIAL USE ONLY]

REPORT NO.____/1444H/LOAN

PROJECT PERFORMANCE EVALUATION REPORT ON

Community Agriculture Infrastructure Improvement Project Phase 3 (UGA0081), Uganda

DHU AL-HIJJAH 1444H
JULY 2023G

INDEPENDENT EVALUATION DEPARTMENT (IEvD)

Questions on this report should be referred to:

Independent Evaluation Department
Extension: 6934
Email: eval@isdb.org

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without the authorization of IsDB. The boundaries, colors, denominations, and other information shown on any map in this report do not imply any judgment on the part of IsDB concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Document Information

Document Title	Project Performance Evaluation Report on Community Agriculture Infrastructure Improvement Project in Uganda (UGA0081)
Document File Name	PPER-Community Agriculture Infrastructure Improvement Project Phase 3_UGA0081_V1.0_230706
Revision Number	V1.0
Issued By	Independent Evaluation Department – Islamic Development Bank
Issue Date	07.06.2023
Total Number of Pages	61
Status	Final

Document Revision History

Version	Date	Section	Author (s)	Comment/Description of Change
Zero Draft V0.0	10/15/2022	All	Robert Nangai	Initial Rough Draft
First Draft V0.1	11/04/2022	All	Amin Abdullahi, Abdourahamane Dit Baffa Keita, Robert Nangai	First Draft
Second Draft V0.2	11/30/2022	All	Oguz Ceylan, Ahmed Abdelgawad	Peer-annotated draft
Third Draft V0.3	01/25/2023	All	Amin Abdullahi, Abdourahamane Dit Baffa Keita, Robert Nangai	Edited draft incorporating peer review comments
Third Draft V0.4	01/29/2023	All	Amin Abdullahi	Manager/ Lead Cleared Draft
Fifth Draft V0.5	02/07/2023	All	Ahmed Ag Aboubacrine	Director-approved draft for onward submission to Operations Directorate
Sixth draft V0.6	03/05/2023	All	Amin Abdullahi, Abdourahamane Dit Baffa Keita, Robert Nangai	Revised draft incorporating Operations Comments
Seven draft V0.7	03/08/2023	All	Manager /Lead, PPE	Manager/ Lead cleared draft after incorporating Operations Comments
Final Draft V1.0	07/06/2023	All	Acting Director, OED	Director Sign-off Report (internal distribution)

Document Distribution Log

Distributed to:	Date
The President, IsDB	07/06/2023
The Vice President, Country Programs	02/07/2023

Protected

Table of Content

ACKNOWLEDGEMENTS ---- IV

CURRENCY EQUIVALENTS AND LIST OF ACRONYMS & ABBREVIATIONS ---- V

BASIC PROJECT DATA ---- VII

EXECUTIVE SUMMARY ---- 1

CHAPTER - 1 : BACKGROUND ---- 6

1.1 CONTEXT AND RATIONALE ---- 6
1.2 FORMULATION ---- 6
1.3 OBJECTIVES AND SCOPE AT APPRAISAL ---- 7
1.4 FINANCING ARRANGEMENTS AT APPRAISAL ---- 8
1.5 EVALUATION PURPOSE AND PROCESS ---- 8

CHAPTER - 2 : CRITERIA-BASED ASSESSMENT ---- 11

2.1 RELEVANCE ---- 11
2.2 EFFECTIVENESS ---- 14
2.3 EFFICIENCY ---- 18
2.4 SUSTAINABILITY ---- 21
2.5 OVERALL ASSESSMENT ---- 25

CHAPTER - 3 : PERFORMANCE OF STAKEHOLDERS ---- 26

3.1. BANK PERFORMANCE ---- 26
3.2. PERFORMANCE OF THE BENEFICIARY OF ISDB FINANCING ---- 28
3.3. PERFORMANCE OF OTHER STAKEHOLDERS ---- 31

CHAPTER - 4 : ISSUES, LESSONS AND RECOMMENDATIONS ---- 33

4.1. ISSUES ---- 33
4.2. LESSONS LEARNED ---- 33
4.3. FOLLOW-UP ACTIONS AND RECOMMENDATIONS ---- 34
ANNEXES ---- 36
ANNEX-1 COMMUNITY AGRICULTURE INFRASTRUCTURE IMPROVEMENT PROJECT LOCATION MAP ---- 37

البنك الإسلامي للتنمية
Islamic Development Bank

Protected

ANNEX-2: PHOTOGRAPHS OF PROJECT FACILITIES ---- 38
ANNEX-3: LIST OF PERSONS MET ---- 40
ANNEX-4: FIELD SITES VISITED ---- 42
ANNEX-5: LIST OF DOCUMENTS REVIEWED ---- 43
ANNEX-6:RETROFITTED LOG-FRAME ---- 44
ANNEX-7A: MAIN ASSUMPTIONS FOR RE-ESTIMATION OF PROJECT'S ECONOMIC INTERNAL RATE OF RETURN (EIRR) AT POST-EVALUATION FOR THE ISDB COMPONENT. ---- 47
ANNEX-7B: EIRR CALCULATION IN MILLION USD FOR THE ISDB COMPONENT ---- 49
ANNEX-8: PLANNED AND ACTUAL PROJECT OUTPUTS ---- 50
ANNEX-9: ORGANIZATIONAL CHART OF FOR THE PROJECT AT POST-EVALUATION ---- 52
ANNEX 10: RATING MATRIX ---- 53
ANNEX 11: VALIDATION PROCESS FOR PPER (UG-0081) ---- 57

INDEX OF TABLES

Table 1: Project's Financing Plan at Appraisal in Million USD 8
Table 2: Results for Project Output Level Indicators 17
Table 3: Results for Outcome Level Indicators 17
Table 4: Summary of Actual Vs. Appraisal Costs Under IsDB Financing (in million USD) 19
Table 5: Summary of Actual Vs. Appraisal Costs Under AfDB and GoU Financing (in million USD) 19
Table 6: Actual financing Vs Financing at Appraisal by Financier 19
Table 7: Project Implementation Schedule 20
Table 8: Summary of Actual Disbursed Funds (in Million USD) 20
Table 9: Overall Performance Assessment 25
Table 10: Status of Compliance with Covenants in PPER compared with PCR 31

Protected

ACKNOWLEDGEMENTS

This report has been prepared by a team of Independent Evaluation Department (IEvD) staff comprising Amin Abdullahi (Senior Evaluation Specialist) and Abdourahamane Dit Baffa Keita (Senior Evaluation Specialist), assisted by Robert Nangai (Independent Evaluation Consultant), who conducted the fieldwork and prepared the preliminary write up of the evaluation report.

The report benefited from the overall guidance of Ahmed Ag Aboubacrine, Acting Director of IEvD. The valuable support from colleagues in the Kampala Regional Hub, particularly Denis Okello, is highly appreciated for his coordination efforts and assistance during the mission. The report was peer-reviewed by Ahmed Abdelgawad, Evaluation Specialist, and Oguz Ceylan, Lead Evaluation Specialist of IEvD.

The evaluation team would like to thank officials of the Government of the Republic of Uganda, including members of the Ministry of Finance and, Planning and Economic Development, the Ministry of Local Government, and the staff of the Project Facilitation Team (PMU). The team is also grateful to the staff of the respective district local governments and sub-counties where the field mission was conducted for their support and patience.

CURRENCY EQUIVALENTS AND LIST OF ACRONYMS & ABBREVIATIONS

Currency Equivalents

Currency Unit: UGX Exchange Rate of 1 USD at Key Project Dates

Currency	At Project Appraisal (10/2011)	During 1st Disbursement (08/2013)	During Last Disbursement (12/2017)	At Project Completion (06/2017)	At Post-Evaluation (08/2022)
USD 1.00	2400	2570	3620	3550	3830

Abbreviations& Acronyms

A. Currencies

ID Islamic Dinar; USD United States Dollar; UGX Uganda Shillings

B. Weights and Measures

ha = hectare
kg = kilogram
km = kilometer
m = meter
m² = square meter
m³ = cubic meter
mm = millimeter
mn = million
mt = metric ton

C. Others

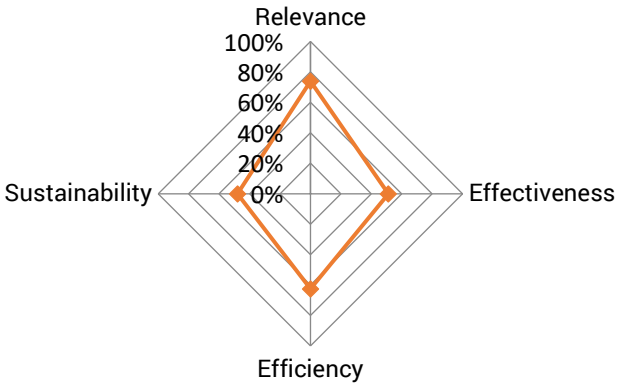
AfDB	African Development Bank	MCs	IsDB Member Countries
APF	Agro Processing Facility	MDBs	Multilateral Development Banks
AR	Appraisal Report	MFPED	Ministry Of Finance, Planning and Economic Development
CAIIP-3	Community Agriculture Infrastructure Improvement Project 3	MoLG	Ministry of Local Government
CASS	Country Assistance Strategy Study	MoWT	Ministry of Works and Transport
CTY	Country Programming Department	NDP	National Development Plan
DPs	Development Partners	OC	Operations Complex
EA	Executing Agency	OECD-DAC	Organization of Economic Cooperation and Development – Development Assistance Committee
EADB	East African Development Bank	PAD	Project Appraisal Document
EIRR	Economic Internal Rate of Return	PCR	Project Completion Report
FIRR	Financial Internal Rate of Return	PHL	Post-Harvest Handling
GOU	Government of Uganda	PIASR	Project Implementation and Assessment Reports
ICB	International Competitive Bidding	PIU	Project Implementation Unit
IDA	International Development Association	PMU	Project Management Unit
IEvD	Independent Evaluation Department	PPER	Project Post-Evaluation Report
IsDB	Islamic Development Bank	RRP	Report and Recommendation of the President to the Board
KI	Key Informant	UBOS	Uganda Bureau of Statistics
KPI	Key Performance Indicator	UDB	Uganda Development Bank
LCB	Local Competitive Bidding	UGX	Ugandan Shilling

Protected

MAAIIF	Ministry of Agriculture Animal Industry and Fisheries	WB	World Bank
MCPS	Member Country Partnership Strategy		

Fiscal Year: 01/January – 31/December

BASIC PROJECT DATA

PROJECT IDENTIFICATION		PROJECT SPIDOGRAM
PROJECT NAME	Community Agriculture Infrastructure Improvement Project	
COUNTRY	Uganda	
CONCERNED DEPARTMENT	MoLG	
MODE OF FINANCING	Loan	
PROJECT PRECEDED BY BANK T.A.	No	
PREPARATION OF COMPLETION REPORT	Yes	
PROJECT NO	UGA0081	
SECTOR	Rural Development	
KEY DATES:	DD / MM / YYYY	
APPRAISED	01/10/11	
APPROVED	01/02/12	
AGREEMENT SIGNED	14/06/12	
EFFECTIVE	04/02/13	
FIRST DISBURSED	01/08/13	
LAST DISBURSED	18/12/17	
COMPLETION ENVISAGED AT APPRAISAL	31/06/16	
ACTUAL PROJECT COMPLETION	18/12/17	

CHANGES IN DESIGN / SCOPE			BENEFICIARY DATA	
MAJOR	MINOR	NO	AT APPRAISAL	Ministry of Local Government
Major			AT POST-EVALUATION	Ministry of Local Government
IMPLEMENTATION DELAY IN MONTHS			EXECUTING AGENCY	
MAJOR (≥ 12 MONTHS)	MINOR (12 MONTHS)	NO	AT APPRAISAL	Ministry of Local Government
	Minor		AT POST-EVALUATION	Ministry of Local Government

PROJECT COST IN MILLION				
AT APPRAISAL			AT COMPLETION	AT POST-EVALUATION
FOREIGN CURRENCY	LOCAL CURRENCY	TOTAL		
8.0		8.0	6.29	6.29

ECONOMIC ANALYSIS	%	AT APPRAISAL	AT COMPLETION	AT POST-EVALUATION
EIRR		28.6%	None	23.7%
FIRR			None	None

PROJECT OUTPUTS (INDICATOR)	UNIT	AT APPRAISAL	AT COMPLETION	AT POST-EVALUATION
680 Km of CARs	Km	680	376.3	376.3
405 rural infrastructure management training	Number	408	272	272

PROJECT OUTCOMES (INDICATOR)	UNIT	AT APPRAISAL	AT COMPLETION	AT POST-EVALUATION
Percent increase in the volume of agricultural produce reaching the market	Percent	25	11	10
Proportion of people perceiving the project as a positive development	Percent	70	60	60
Percent increase in marketed goods	Percent	20	Data not available	Data not available
Percent increase in people accessing all-weather roads	Percent	20	18	37.4
Percent reduction in PHL	Percent	15	7.46	42

IDB FINANCING RECORDS	APPROVED		ACTUAL	
	ID (million)	USD (million)	ID (million)	USD (million)
FINANCING AMOUNT	5.21	8.0	4.08	6.29
NUMBER OF DISBURSEMENTS				75
AMOUNT DUE TO THE BANK			3.44	6.29
REPAYMENT MADE			0.94	1.33
AMOUNT OUTSTANDING			3.44	4.96

RATING SUMMARY	AT COMPLETION (PCR)	AT POST-EVALUATION	
OVERALL ASSESSMENT	Successful	Partly Successful	
EVALUATOR'S DATA			
I-EVALUATOR'S NAME	Amin Abdullahi	II- EVALUATOR'S NAME	Abdourahamane Dit Baffa Keita
WORK PROGRAM	YEAR(H) 2022	QUARTER	2

EXECUTIVE SUMMARY

BACKGROUND

1. Appraised and approved by the Bank in February 2012, the Community Agriculture Infrastructure Improvement Project-3's objective was to contribute to rural poverty reduction and economic growth in Uganda through improvements in rural infrastructure and enhanced commercialization of agriculture. The project's IsDB-funded component was expected to link farmers to markets and increase farm incomes through investments in community access roads and benefit a total of 1.9 million households. The Bank approved USD 8 million, representing about 11% of the total cost of the project (estimated at USD 73 million). The remaining USD 65 million was supposed to be covered by the Government and AfDB. It was proposed that the IsDB portion of the project would be financed by way of a Loan from Ordinary Capital Resources (OCR). The project comprised of the following components: (i) Rural Infrastructure, (ii) Studies & Supervision Consultancy, (iii) Community Mobilization, (iv) Project Management and Capacity Building, (v) Financial Audit, and (vi) Start-up Workshop. The project's IsDB scope consisted of the construction/rehabilitation of 680 km of community access roads (10 km per sub-county) to all-weather graveled roads across 8 districts in Southwest Uganda. The project was estimated to be implemented in five years from the date of effectiveness (February 2013).

MAIN FINDINGS

2. RELEVANCE: The project was found to be highly relevant in terms of formulation and design at the time of appraisal. It was in line with government objectives of enhancing the commercialization of agriculture, improving market access, and increasing household incomes through investment in rural infrastructure. It was consistent with IsDB's Member Country Partnership Strategy (MCPS) for Uganda pillars I & II, which focused on enhancing infrastructure development, agricultural productivity, and value-addition. At the global level, the project was well aligned with the Sustainable Development Goals (SDG) 1, 2, 8, and 10 by contributing to eradicating poverty, ending hunger, supporting beneficiaries to get decent work and economic growth, and reduction of inequalities among the target beneficiaries. Due to inaccurate feasibility studies and estimates made at the design stage, the project downsized the number of kilometers from 680km to 375.6Km. The project was assessed as *"Relevant."*

3. EFFECTIVENESS: In terms of outcomes, the project increased the accessibility of intermediaries and traders to the beneficiary farmers and increased the proportion of the beneficiary population with access to all-weather roads. The scope of the project was not carried out as planned during the appraisal. The project was to construct 680 kilometers of Community Access Roads (CAR), but at completion, the project constructed 376.3 kilometers, achieving the revised target at the implementation of 375.6Km. The project benefited the smaller holder farmers: increased access to all-weather gravel roads with a 2km radius by 37% (49.6 to 87 percent); increase in agricultural produce marketed by 10% (57.5 to 68 percent);

reduction in post-harvest losses by 42% (13 to 7.5 percent) and[1]; increase in revenue from sale of agricultural produce by 60%between the baseline and at the completion of the project; reduced travel times and costs-for a journey that took 1 hour to reach the market before construction, now takes less than twenty minutes. Data from the national household surveys report a decline of 57% in household income within the IsDB-funded districts between 2012 and 2020. In terms of the quality of outputs, the evaluation mission observed during the visit that half of the roads were well maintained, with the others requiring major rehabilitation to main the project outcomes. A similar observation was made with regard to the established Agro Processing Facilities (APFs), where their functionality was mixed. The project has been rated as *"Less Effective."*

4. EFFICIENCY: The project was completed under five years from the date of effectiveness, with the physical completion happening in December 2017, hence experiencing no delays. The total cost of the project at completion was USD 67.04 million, of which IsDB disbursed USD 6.29 million (78.6% of the approved amount) compared to the approved amount of USD 8 million, leading to a cost underrun of USD 1.71 million (-21%). On the other hand, the Government of Uganda disbursed all the planned USD 1.26 million, and AfDB disbursed USD 61.7 million compared to USD 62.8 million estimated at appraisal. In terms of unit cost, for the IsDB component, the final unit cost for a kilometer of the road was 16.715 USD for the constructed 376.3km. The cost saving is mainly attributed to foreign exchange savings and eliminating a significant portion of the road construction components. The project is rated as *"Efficient."*

5. SUSTAINABILITY: The project was effective and efficient in setting up the rural infrastructure in the form of CARs and APF; however, several phenomena threaten the sustainability of the established infrastructure in the long run. The main challenge to sustainability is related to the financial capacity of the Uganda Road Fund to finance district local governments undertaking regular and long-term maintenance operations and the weak management structures of the established APFs. Currently, the budget allocated is not enough to meet the long-term plan (only 25% of the needs are covered). In terms of sustainability, the project was rated as *"Less Likely."*

Based on the above, the project is rated as *"Partly Successful."*

ASSESSMENT OF THE PERFORMANCE OF STAKEHOLDERS

6. In terms of performance, the Bank provided essential technical support to the project at the design and early stages through start-up workshops and familiarization visits. However, during implementation, the Bank's performance was characterized by limited supervisory visits, longer response times to the EA requests and issuance of no-objection letters, and delayed payments to contractors. Based on these, the performance was rated as less satisfactory.

7. The Ministry of Local Government, as the Project's Executing Agency, ensured a

[1] Impact Evaluation of the Community Agriculture Infrastructure Improvement Project-3 final report, Ministry of Local Government, December 2017

smooth project implementation and achievement of the results. The beneficiary ensured the project was prepared and implemented in compliance with covenants, agreements, and safeguards agreed with the Bank and was responsive to supervision recommendations. The performance of the beneficiary was satisfactory.

8. The overall performance of the contractors was satisfactory with respect to the deployment of personnel, supervision, checking of the quality of work, timely delivery of outputs, and field inspections of the subprojects. On the other hand, the district and the sub-county local governments performed well in implementing the planned activities, leading to 100% achievement for all the planned outputs for rural infrastructure. During the evaluation mission visits, the only shortcoming was a lack of a robust sustainability plan to sustain the infrastructure set up during project implementation.

ISSUES

- **Under estimation of the materials requirements for the road infrastructure component during design and appraisal affected the number of kilometers of road to be constructed.** Due to inaccurate estimates by the feasibility studies, at appraisal, it was estimated that a kilometer of road would cost USD 10,000 but this was revised upwards to USD 19,000, leading to a reducing the scope of the kilometers down to 375.6 kilometers from 680km. As a result, some of the would-be beneficiaries of the project at appraisal did not benefit from the project, affecting the relevance of the project

- **Inadequate maintenance and sustainability plan for established infrastructure is characterized by limited** annual budgetary allocation and non-functional infrastructure management committees for road maintenance. This limits the capacity and ability of the district local governments to maintain the community access roads.

- **Weak management arrangements for the agro-processing facilities.** The post-evaluation team witnessed a low level of utilization (operating below installed capacity) in some of the completed agro-processing facilities, majorly due to low volumes received from farmers, limited managerial capacity of the cooperative societies, changes in the management of the facilities, disagreements with sharing of revenues and high levies from the sub-county authorities.

LESSONS LEARNED

- **Involvement of the districts and communities in the implementation of the road projects ensures local ownership of the infrastructure post-project implementation:** At the design stage, it was assumed that once the communities and districts were involved in the construction of the CARs coupled with the availability of funds from the Uganda Road Fund, the road infrastructure would be sustainable post-implementation. During the mission, the respective district local governments demonstrated ownership of the roads and felt that the roads were serving the purpose for which they were set up. Furthermore, it was established that all the districts visited integrated the CAIIP-3 roads into their annual road maintenance work plans and budgets, while some integrated the Infrastructure Management Committees (IMCs) into the road gangs, which are paid by the districts.

- **Lack of appropriate financial resources devoted to the project's infrastructure operation & maintenance function can, in the long run, undermine gains made from successful project implementation and its effectiveness:** At the design stage, it was assumed that by districts integrating the community access roads constructed by the project into the annual work plans and budgets, and in turn funds made available from the Uganda Road Fund, sustainability of the roads would be assured. However, greater decision-making powers over budget allocations lie with the Ministry of Finance, Planning and Economic Development and Parliament, who allocate funding to the Road Fund. For instance, for the past two financial years, just 40% of the funds due to the Fund, which meet 25% of the road maintenance requirements, were released, leaving little or no funds for the maintenance of district roads, for which the CAR roads are part.

- **Use of lessons and best practices from previous similar projects enhances timely completion of the project:** CAIIP-3 was designed based on the lessons and best practices from CAIIP-1 and 2, as well as taking into account the experiences of other development partners working in Uganda through robust review of literature during the design stage. This was very helpful in helping the project circumvent some obstacles during the implementation project. For instance, except for the start-up delay, the project was completed on time and did not face any major delays.

- **Inaccurate feasibility studies performed before the project appraisal can lead to substantial changes in project scope:** The Bank approved the project on the basis of the preliminary design and estimated costs for the road infrastructure component. These estimated costs were much lower for each kilometer of road which resulted in significant changes in the scope of the project by reducing the number of kilometers from 680 to 375Km. Therefore, a more accurate and detailed feasibility study prior to appraisal immunes against substantial changes in the scope of the project during implementation.

FOLLOW-UP ACTIONS AND RECOMMENDATIONS

FOR ISDB:

- IsDB should make careful and rigorous estimations to obtain realistic project costs based on thorough feasibility studies and benchmark with other peer locations at the design stage to avoid substantial revision in key project targets during implementation.

- For future road projects, the Bank should request for a formal commitment from the Government to avail funds for road projects financed by the Bank. The Bank should further provide support to the EA to ensure that there are planning and monitoring tools to budget, implement and report on road maintenance in order to have a good audit trail.

FOR GOVERNMENT:

- For the sustainability of rural infrastructure constructed by the project, the GoU needs to develop an action-oriented sustainability plan which should be monitored periodically. In addition, a clear sustainability checklist should also be developed and used for tracking the progress of the sustainability plans.

- To improve the sustainability established agro-processing facilities, a two-pronged

approach by the GoU is proposed:

- First, GoU should consider setting a co-funding mechanism with the co-operative societies or farmer groups for the agro-processing facilities to promote ownership on the part of the co-operative society or farmer groups.
- Secondly, identify and support experienced private sector players or government agencies engaged in commodity value chains to train and mentor farmer groups or cooperative societies in business development services, group dynamics, sustainability, governance and management to improve the management arrangements in the established APFs.

- Sensitize the community to address the misconceptions that the government would take over their land along the roads where the trees were planted, leading to the community uprooting the trees.

Protected

CHAPTER - 1 : BACKGROUND

1.1 CONTEXT AND RATIONALE

1.1.1 Uganda is a landlocked country with a surface area of 241,550.7 square kilometers, 17.3% of which is covered by water and swamps, while land area stands at 199,807.4 sq. km. The altitude above sea level ranges from 620 meters (Albert Nile) to 5,111 meters (Mt. Rwenzori peak). Located within the Great Lakes region of East and Central Africa and situated on the Equator, the country has favorable soil and climatic conditions for agriculture. Vegetation is mainly composed of savannah grassland, woodland, bushland, and tropical high forest. The population is about 42.8 million people (51.4% are male and 48.6% are female), with an annual population growth rate of 3.1%. The current GDP per capita stands at 970 USD, with a projected growth of 3.0 percent in 2021. The national poverty rate fell slightly to 20.3 percent in 2020/21 from 21.5 percent in 2016/17.

1.1.2 Due to low growth rates in the agriculture and fisheries sector coupled with increased growth in the service and manufacturing sectors, the share of the agriculture sector in the economy has declined over time to 24% of the GDP in 2021. Nevertheless, agriculture and fisheries remain an important sector of the Ugandan economy employing about 68 percent of the total labor force in 2021, 77 percent being women. The sector has strong intra-sectoral linkages that make it a basis for the growth of other sectors, accounting for 46 percent of the export earnings and providing a large proportion of the raw materials for the industrial sector. These highlight the importance of growth in the agricultural sector for poverty reduction.

1.1.3 The rationale for financing the community Agricultural Infrastructure Improvement (CAIIP-3) project comes from the fact that Uganda was faced with a lot of difficulties in meeting the agricultural needs of its rural poor. There was an urgent need to reduce poverty and improve agricultural productivity and market access through multi-sectoral interventions and work towards the attainment of the MDG targets and key socio-economic indicators of Uganda. The project was a continuation of CAIIP-1 and CAIIP-2 funded by the African Development Bank (AfDB). Specifically, the project was aligned with the Islamic Development Bank's (IsDB) 1440H vision and the country's development plan to attain the MDG 1 of halving the population under extreme poverty by 2015. It was also consistent with the Member Country Partnership Strategy MCPS pillar-2, which focused on enhancing agricultural productivity and value addition.

1.2 FORMULATION

1.2.1 The Government of Uganda requested IsDB to be part of the financing of the Community Agriculture Infrastructure Improvement Program-3 in a letter dated 18 March 2011. The project appraisal report was based on project documents prepared by the AfDB and on the outcomes of an IsDB preparation mission conducted in March 2011. A subsequent mission conducted in October 2011 to collect additional information beyond that contained in the AfDB reports was conducted. The IsDB parallel financing for the project stemmed from a genuine desire to partner with the AfDB in CAIIP-3 within the framework of the Government's National Development Plan II, which highlighted agricultural commercialization as a stepping stone for

reducing poverty in rural and peri-urban areas. In formulating the project, the NDP-I and other related Government studies were consulted and supported the preparation of the project appraisal report. IsDB approved the CAIIP-3 Project (UG-0081) on 1 February 2012, and the financing agreement was signed on 14 June 2012. The project was declared effective on 4 February 2013, 7 months after signature and 12 months after approval. The first disbursement was recorded on 30 May 2013.

1.2.2 IsDB was fairly represented and involved during the preparation and design of the project during the mission visits to the country. IsDB was also engaged in the financing of a Start-up Workshop to familiarize the Executing Agency (EA) with IsDB procedures. The start-up and launch workshops also targeted the local Government authorities at the respective district levels.

1.3 OBJECTIVES AND SCOPE AT APPRAISAL

1.3.1 The overall objective of the CAIIP-3 was to contribute to rural poverty reduction and economic growth in Uganda through improvements in rural infrastructure and enhanced commercialization of agriculture. The specific objectives of the IsDB-funded component were to link farmers to markets and increase farm incomes through investments in community access roads. The project was expected to benefit a population of 10 million people as extrapolated from the 2002 census, of which 51.4% are estimated to be women, corresponding to approximately 1.9 million households or about 29.9% of the national population. The project comprised of the following components: (i) Rural Infrastructure Improvement, (ii) Studies & Supervision Consultancy, (iii) Community Mobilization, (iv) Project Management and Capacity Building, (v) Financial Audit, and (vi) Start-up Workshop.

1.3.2 The project envisaged the construction/maintenance of community access roads in 68 priority sub-counties in 31 districts of Western, Central, Northern, and Eastern regions in Uganda, linking important production areas to existing road networks. However, the IsDB component envisaged the construction/rehabilitation of 680 km of community access roads (10 km per sub-county) to all-weather graveled roads across 8 districts in Southwest Uganda. The project location map is shown in Annex-1.

1.3.3 The project's intended outcomes were:

a) Increasing household incomes by 20% in 2016.

b) Increase in volume of agricultural production reaching markets by 25%.

c) Proportion of people in the project area who perceive the program as a positive development intervention upon project completion (245,000 households) of which 50% are female.

d) 20% increase in marketed goods due to project intervention by 2016.

e) 15% reduction in Post-Harvest Loss in project area crops due to project interventions by 2016.

f) 20% increase in people that can access all-season public transportation within 2km of

their homes as a result project intervention, of which 50% are female by 2016.

1.3.4 The main intended output at appraisal was the rehabilitation of 3,740km of community access roads rehabilitated in project areas by 2016 (of which 680km were to be covered under IsDB financing).

1.4 FINANCING ARRANGEMENTS AT APPRAISAL

1.4.1 The total IsDB, AfDB, and the Government of Uganda (GoU) contribution was estimated at USD 73.00 Million, out of which IsDB planned to finance USD 8.00 Million (11 percent of total project financing) through a loan instrument. The GoU planned to provide USD 1.26 million in supporting the CAIIP-3 (representing 2% of the total project financing), and AfDB was to provide the rest, 63.74 million USD (87% of the total project cost). The financing plan of the project envisaged at appraisal is shown in Table-1 below.

Table 1: Project's Financing Plan at Appraisal in Million USD

Project Components	Cost			
	AfDB	IsDB	GoU	Total
Rural Infrastructure improvement	37.31	6.04	1.00	44.35
Studies and Supervision Consultancies	1.12	0.55	0	1.67
Program Management and capacity building	0	0.27	0	0.27
Start-up workshop	0	0.23	0.14	0.37
Financial audit	0.41	0	0	0.41
Technical support and operating costs				
Vehicles	0.16	0	0	0.16
Equipment	2.08	0	0	2.08
Consultants	1.15	0	0	1.15
Community mobilization and crosscutting issues	0.61	0	0	0.61
Total Recurrent	**5.60**	**0**	**0**	**5.60**
Base costs	48.44	7.09	1.14	56.67
Physical Contingencies	4.82	0.36	0.06	5.24
Price Contingencies	10.48	0.55	0.06	11.09
Total Project Cost	**63.74**	**8.00**	**1.26**	**73.0**
Percentage of the Total	87%	11%	2%	100%

Source: Report and Recommendations to the President for CAIIP-3 Project, February 2012.

1.5 EVALUATION PURPOSE AND PROCESS

1.5.1 The Community Agriculture Infrastructure Improvement Project-3 (CAIIP-3) in Uganda was included in the 2022 annual work program of the Independent Evaluation Department of the IsDB.

1.5.2 This Project Performance Evaluation Report (PPER) assesses the performance of the project, which was approved by IsDB in February 2012 in favor of the Uganda Ministry of Local Government. The project aimed at contributing to rural poverty reduction and economic growth in Uganda through improvements in rural infrastructure and enhanced commercialization of agriculture. The evaluation assessed the achievement of expected

results taking into consideration the theory of change, the logical framework, and the implementation process. The evaluation assessed contribution (the extent to which the project contributed to changes), identified lessons learned, drew conclusions and provided recommendations to improve sector efficiency in Uganda and other IsDB member countries having similar contexts and to enhance the development effectiveness of IsDB operations in general. It also assessed the roles of different stakeholders in the project. The PPER has been prepared in the light of the Evaluation Coordination Group (ECG) Good Practice Standards (GPS)[2] and the OECD-DAC evaluation standards[3]. The project is evaluated based on the IsDB Group's Guidelines for Preparing Project Performance Evaluation Reports for Public Sector Operations according to four evaluation criteria (relevance, effectiveness, efficiency, and sustainability) and two additional criteria (bank performance and performance of the beneficiary of IsDB financing). It also assesses the roles of different stakeholders in the project. The PPER also identifies lessons and presents follow-up actions and recommendations that need to be taken by the executing agency, Government, and IsDB.

1.5.3 The evaluation utilized a mixed methods approach and considered questions specifically related to project relevance, project effectiveness, including achievements of results against initial targets, implementation efficiency, and sustainability. The evaluation also assessed other criteria, such as beneficiary satisfaction and cross-cutting aspects, such as the monitoring system, innovation, and coherence with other IsDB interventions, AfDB, and coordination between stakeholders. Additionally, the evaluation design included questions that assessed the performance of IsDB in terms of coherence/synergies and supervision of the project. The quantitative component involved administering a rapid survey questionnaire to fill the information gap from desk review to complete values for indicators not available during the desk review stage. The qualitative component involved key informant interviews (KII) with key project stakeholders, district technical staff, Project Facilitation Team (PFT) staff, IsDB staff, and IMC members. Focus Group discussions were also conducted with project beneficiaries to understand the benefits of the project as well as their satisfaction with the project with regard to improving their livelihoods and income. A desk review of various documents was also conducted, and the list of documents collected and reviewed for preparing the PPER is shown in Annex-I, while the questionnaires utilized are attached in Annex VII.

1.5.4 Almost five years after the project completion, the IEvD fielded an independent evaluation mission from 1-12 August 2022 to evaluate the project to provide lessons useful for the design and implementation of other similar projects financed by IsDB.

1.5.5 The IEvD mission visited the project sites in southwestern Uganda, specifically the districts of Sheema, Rukungiri, Bushenyi, and Ntungamo, located about 300km from the capital, Kampala. Within each district, the evaluation mission visited project sites at the sub-county level to interact with the beneficiaries, observed the APF sites, and conducted a walk through the community access roads (see Annex-4 for project sites visited). Some selected

[2] Evaluation Cooperation Group, Working Group on Public Sector Evaluation: Good Practice Standards for the Evaluation of Public Sector Operations (2012)

[3] DAC Guidance Series: Quality Standards for Development Evaluation (2009)

photographs of the project facilities visited by the evaluation mission are portrayed in Annex-2. Discussions were also held with the concerned members of the executing agency, Ministry of Local Government, Ministry of Finance, Planning and Economic Development, Ministry of Works and Transport, Ministry of Agriculture Animal Industry and Fisheries, National Agricultural Advisory Services, district authorities, communities at the project site, and donors, the list of which is provided in Annex-3 for people met. The evaluation draws upon a review of project documents, other relevant studies, and discussions with IsDB staff. The list of documents collected and reviewed for preparing the PPER is shown in Annex-5. The findings of the evaluation mission were summarized in the wrap-up meeting with the Ministry of Finance Planning and Economic Development and discussed with the PFT and other stakeholders held on 16 August 2022.

Protected

CHAPTER - 2 : CRITERIA-BASED ASSESSMENT

2.1 RELEVANCE

(a) Consistency with the Country Development Plan and IsDB Group Strategy

2.1.1. The CAIIP-3 project was conceived by the Government of Uganda to change the face of agriculture by enhancing the commercialization of agriculture, improving market access, attracting competitive prices, and increasing household incomes through investment in rural infrastructure and their sustainable management by mobilizing communities. This, in turn, was to contribute to the sector goal of poverty reduction and increased economic growth in Uganda. The use of low-quality inputs (fertilizers, pesticides, etc.), inadequate physical infrastructure, limited access to modern farming techniques, lack of access to markets, and the high dependency on rain-fed agriculture were cited as the main factors hampering agricultural productivity in Uganda. The CAIIP-3 project directly supported the improvement of market access and improved household incomes among the beneficiary farmers in the project areas.

2.1.2. At the country level, the project was consistent with the National Development Plan (NDP) -I (2010-2015) and later NDP II (2015/16-2019/20). For NDP II, the project was aligned with the strategic objective II of increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness. For NDP I, the project was consistent with; objectives 1 and 2 under the agriculture sector, which focused on increasing agricultural production and productivity as well as improving access to and sustainability of markets. For the transport sector, the project is consistent with objective 1 of improving the stock and quality of the road infrastructure, which focused on upgrading, rehabilitation and maintenance of district, urban and community access roads. The project was well aligned with the Agricultural Sector Investment Plan 2010 (DSIP) and later the Agriculture Sector Strategic Plan 2015/16 to 2019/20, along with the Rural Development Strategy (RDS) of the Ministry of Finance Planning and Economic Development, which all emphasized investment for increased market access for agricultural produce. Project activities were also consistent with strategies of the Ministry of Works and Transport, as outlined in its District, Urban and Community Access Roads Investment Plan (DUCARIP); and the Local Government Sector Investment Plan, which aimed to enable the movement of agricultural produce from highly productive areas to the trading centers and onwards to urban markets. The project component on improvement of rural infrastructure contributed to the implementation of the country's 10-year District, Urban and Community Roads Investment Plan (DUCARIP), which aimed at facilitating the movement of agricultural produce from rural households to markets as well as providing access to social services to the rural population.

2.1.3. Institutionally, the design of the Project complied with the government's decentralization framework that required all activities to be initiated and implemented by local governments, i.e., the districts and sub-counties, with the full participation of the target community beneficiaries.

2.1.4. Prior to the implementation of the project, the baseline report identified bad roads and high transportation costs, high post-harvest losses, higher travel times to markets, and few agro-processing facilities with no form of storage structures as the key constraints in the agricultural sector that affected the smallholder farmers, especially in the beneficiary districts. Owing to the implementation of CAIIP-3 rural infrastructure interventions, the project benefited the smaller holder farmers, who were the major beneficiaries through,: increased access to all-weather gravel roads within a 2 km radius (49.6 to 87%); increase in agricultural produce marketed (57.5 to 63.7%); reduction in post-harvest losses (13 to 7.5%);[4] and increased farm gate prices for major agro-products especially coffee (UGX 2,000 to UGX 6,500 per kg) between the baseline and at the completion of the project; reduced travel times and costs-for a journey that took 1 hour to reach the market before construction, now takes less than 20 minutes. Enabling the farmers to deliver their goods on time. The project selected the roads for construction based on the need to open up hard-to-reach communities. At the district level, the project supported the decentralization policy by engaging the district LGs in the implementation and monitoring of the project activities, in turn increasing the capacity of the district technical staff for projects and contract management.

2.1.5. The project was aligned with IsDB's commitment made at the 27th Ordinary Meeting of the Board of Governors through the Ouagadougou Declaration on IsDB Group Cooperation with Africa. This declaration came in support of the New Partnership for Africa's Development (NEPAD) in its efforts to accelerate economic growth and contribute to the fight against poverty. It was well aligned with pillars I &II of the IsDB's 2011-2015 Member Country Partnership Strategy for Uganda, which focused on enhancing infrastructure development, agricultural productivity, and value-addition. The project was well aligned with the economic and social infrastructure pillar and especially the agriculture component of the IsDB's 10-year strategy, which promotes socio-economic and inclusive growth among the member countries. The project was also well aligned with infrastructure development which ranked high among the strategic thrusts of the IsDB's 1440H vision. At the global level, the project was well aligned with the Sustainable Development Goals (SDG) 1, 2, 8, and 10 by contributing to eradicating poverty, ending hunger, supporting beneficiaries to get decent work and economic growth, and reduction of inequalities among the target beneficiaries.

(b) Relevance of Project Design and Objectives

2.1.6. The overall objectives of the project to contribute to rural poverty reduction and economic growth in Uganda through improvements in rural infrastructure and enhanced commercialization of agriculture were straightforward and clearly stated. Likewise, the IsDB-funded component objective of linking farmers to markets and increasing farm incomes through investment in Community Access Roads was also found to be straightforward and clearly stated. It is worth mentioning that the IsDB-funded components were part of the larger CAIIP-3 project co-financed by AfDB and the GoU and implemented in three regions of Southwest, West, Central, Eastern, and Northern Uganda. The IsDB component was

[4] Impact Evaluation of the Community Agriculture Infrastructure Improvement Project-3 final report, Ministry of Local Government, December 2017

implemented in Southwestern Uganda only. IsDB had similar project objectives and went about implementing their respective components in a smooth manner. The project downsized the number of kilometers to 375.6Km from 680km due to inaccurate feasibility studies and estimates made at the design stage, leaving other communities not to benefit from the project.

2.1.7. The outputs with their targets were clearly stated in the appraisal document. Although the outcomes were stated, these were unidirectional and not clearly linked to the outputs, along with clear assumptions for a casual linkage to hold. For instance, simply setting up agro-processing facilities (APFs) and constructing community access roads would not automatically lead to an increase in marketed produce and hence increased revenue. These needed to be matched with the provision of business development services (BDS), provision of water for production, especially for the dairy farmers, as well as linking farmers to quality input providers to support the productivity of the beneficiary farmers. Furthermore, no robust infrastructure maintenance plan beyond the life of the project was put in place. These and other factors would later jeopardize achievements and/or gains made during the life of the project. The project in its design thus needed some improvements, for instance, linking farmers to quality input suppliers, provision of business development services to farmer groups, and provision and/or linkage for water providers for production, especially the dairy farmers.

2.1.8. In terms of the targeting approach, the design was relevant to the rural households' needs as the majority (78 %) of the households in rural areas are engaged in agriculture but receive very low prices for their products due to their limited proximity to the market[5]. The Project facilitated the rehabilitation of community access roads linking farmers to profitable agricultural input and output markets. The design of the project promoted ownership of project activities and ensured the full participation of all stakeholders in decision-making and project implementation.

2.1.9. However, the evaluation mission observed that the relevance of some of the agro-processing facilities established was affected by a lack of robust sustainability plans post-implementation and weak management arrangements. For facilities that were not managed well, the weak management arrangements were a result of changes in the management of the facilities from private individuals to cooperatives and vice versa, lack of business skills to run to facilities as a business on the part of the cooperatives, lack of capital by the cooperatives to inject into the running of the facilities, disagreements in sharing of revenues and high levies from the sub-county local governments. Facilities that were initially managed by individuals, once the private individuals were not making profits, were abandoned and handed back to societies and/or sub-counties. In some of the APFs visited, due to the weak management arrangements in some of the APFs visited, the utilization of APFs is way below their capacity. For instance, in Rugarama, Ntungamo district, the milk cooling plant stores less than 300 liters of milk a day instead of the installed 3,000 liters a day. In Nyarushanje, Rukungiri district, the installed coffee huller hulls 100 kgs of coffee a day on average[6], way below the installed daily capacity of 1000 kgs. Reasons for not utilizing to full capacity of the equipment are three-fold.

[5] The 2019/20 Uganda National Household Survey Report and the 2018 Annual Agricultural survey report by the Uganda Bureau of Statistics

[6] In a six months' period, the facilities hulled just 6,000 kgs of coffee.

First, the cooperatives lacked the experience to run the facilities as a business. Second, there was low mobilization and sensitization of the farmers to make use of the facilities-instead they used other facilities run by private businessmen. Third, for the coffee hullers to function at full capacity required that cooperatives get enough quantities of coffee from farmers. Instead, farmers who were in need of quick money opted to sell their coffee to private individuals who had ready cash to pay the farmers upfront. This was particularly the case in Nyarushanje. In the Sheema district, the milk cooler was reported to be lying idle at the time of the evaluation mission. At feasibility, Shuuku Town Council cooperative society in Sheema District was identified as the beneficiary for the cooling plant. But due to the time lag between the feasibility study and the arrival of the equipment, the cooperative had acquired a cooling plant through a loan facility with a bank and thus could not run two plants at a time. A decision was made by the district to allocate the cooling plant to a private individual who later abandoned the facility after three months since he was not making profits. These and other instances demonstrate how some of the installed infrastructure is not meeting the needs of the beneficiary farmers. Nonetheless, the intended outcomes and objectives of the project are still relevant to the current circumstances in the country, as observed during the field mission.

(c) Assessment of Relevance

2.1.10. Based on the above, the project was relevant at the time of approval and is still relevant today in the context of the country's rural agricultural infrastructure development strategies and increasing market access to agricultural products. Specifically, the project responded to the needs of project beneficiaries by opening up the various communities to rural markets and allowing them to have quicker access to social and administrative services. As noted earlier, to be fully relevant to the beneficiaries' post-implementation, some modifications were required at the design stage. On the basis of the above, the project is rated *"Relevant."*

2.2 EFFECTIVENESS

(a) Project Outputs and Outcomes

2.2.1. At appraisal, the outputs of the entire project were related to the construction of 3,740 km of community access roads across 68 sub-counties in 31 districts; the construction of 68 agro-processing facilities (APFs); supply of 68 assorted APF equipment; and provision of grid electricity to the 68 APFs. The IsDB-funded component included the construction of 680 km of community access roads, preparation of detailed studies, drawings, technical specifications, bill of quantities and supervision of works through a consultant, the establishment of the Project Management Unit, start-up workshops, and conducting 408 rural infrastructure management training. Additionally, IsDB supported the compilation of annual audits, M&E, and project progress reports as part of project management. However, during the implementation phase, these targets were revised downward to 2,541 km and 376 km for the AfDB and IsDB-funded components, respectively, due to a change in the cost of constructing a kilometer up from the appraised price of USD 10,000 to USD 19,000.

2.2.2. The main outputs delivered for the rural infrastructure component

i. Overall, the project constructed a total of 2,922.7 km of the planned 3,740 km (78%) at appraisal but an achievement of 86% of the revised target of 2,922.7 km during implementation. For the IsDB-funded component, the project constructed 376.5km, achieving 55 percent of the appraisal target (680Km) and 100 percent of the revised target (375km). Additionally, 7 small bridges and 3 box culverts were constructed on the IsDB-funded component.

ii. Of the planned 68 agro-processing facilities, the project procured and installed a total of 72 APF shelters with 79 assorted equipment/machines (2 rice hullers, 14 milk coolers, 30 maize mills, and 33 coffee hullers). An additional 5 bulking centres were constructed.

iii. The project planned to extend grid electricity to all the 68 agro-processing facilities newly set up, during implementation, the project extended 118km of grid electricity to 58 APFs with transformers and energy meters. The rest were found to be near grid electricity and were provided with standby generators and transformers.

iv. Through the community mobilization component, the project set up a total of 400 infrastructure management committees (IMCs) across the 68 project sub-counties, with a total of 3,839 members, of which 1,672 (44 percent) were women. Of these, 323 IMCs were to take charge of the road infrastructure, while 77 were charged with promoting local farmers' participation in prioritizing and maintaining provided physical APFs. Other activities undertaken under the community mobilization included sensitization of communities on HIV/AIDS, gender relations, and training of petty contractors in order to catalyze their involvement in work. In addition, a tailored guide on how to mainstream gender in the implementation of rural road investments was developed and operationalized.

v. Under the project management component, the project facilitation team conducted monitoring and evaluation, procurement, and financial management activities as part of the project implementation. The details of planned and actual project outputs are shown in Annex-6 and 7 and table 2 below

2.2.3 In terms of outcomes, the following were achieved:

i. The project also increased the proportion of the beneficiary population with access to all-weather gravel roads by 37.4 percent (for a target of 20%) from 49.6 to 87 percent at baseline and end of the project, respectively, which in turn contributed to an increase in the farm gate prices earned by the farmers from baseline to end of the project.

ii. With regard to value addition, the project played a great role in adding value to the beneficiary farmers' produce, thereby increasing income from sale of selected agricultural products by 60 percent between the baseline and end of project[7]. For instance, interviews with the farmers established that before the APF was set up, farmers sold either red cherries or dried coffee beans with the outer cover ("Kiboko"), which in the current market value fetches UDX 3,500 to 4,000 (about 1 USD) for a kilogram of coffee.

[7] Impact Evaluation of the Community Agriculture Infrastructure Improvement Project-3 final report, Ministry of Local Government, December 2017; End of Project report and the 2017 IsDB Project Completion Report. The selected crops included coffee, irish potatoes, beans, maize and bananas.

As a result of installing coffee hullers, farmers sell the coffee in the form of "FAQ"-clean dry coffee beans with a fair average quality at UGX 6,800 (1.8 US Dollars) for a kilogram, almost twice the previous price at the current market prices. On the other hand, the national house survey data showed a decline in median household monthly income in the IsDB-supported districts by 57 percent between 2012 and 2020 (From a median monthly income of UGX 382,350 (USD 159) to UGX 164,000 (USD 50)[8].

iii. Increased the percentage of agricultural produce reaching the markets by 10 percent (target of 25 percent) from 57.5 percent at baseline to 63.7 percent at the end of the project. For instance, interviews with farmers in Nyeinbingo co-operative society in Bushenyi district showed increased coffee sales from 149 MT to 225 MT, earning them UGX 1,241 million from UGX 825 million between 2015 and 2022, respectively[9].

iv. There was a 42 percent (15% as the target) reduction in post-harvest losses from 13 to 7.6 percent between the baseline and end of project periods, respectively.

v. By the end of the project, 60 percent of the people in the project area perceived the project as a positive development post the project interventions.

vi. In addition, project interventions have led to several unanticipated outcomes, including connection to the national electricity grid, the emergence of several rural growth/trade centers, more permanent houses being constructed, reduced travel times to markets and other facilities, increased business for motorcycle taxis along the constructed roads and establishment of new schools and health facilities in the project area. For instance, before the road construction in Bushenyi District, farmers would take close to one hour to transport produce from their farmers to the cooperative society. This time has been cut by more than half as it takes just an average of 20 minutes for farmers to transport their produce within the same distance after the project.

[8] The 2012/13 and 2019/20 Uganda Household Survey reports. Data considered for the Kigezi and Ankole sub-regions where IsDB-funded activities were implemented.

[9] Sales statistics for coffee from the cooperative societies

Table 2: Results for Project Output Level Indicators

Indicator	Target		End of Project	
	Overall	IsDB	Overall	IsDB
Kilometers of road constructed	3,398	375.6	2,922.7	376.5
Number of agro-processing facilities established	68	No Target	72	19
Number of people trained on rural infrastructure management by sub-county	408	No Target	3839	No data
Number of people reached through consultative workshops/meetings on prioritization of rural infrastructure improvements by sub-county.	272	No Target	3839	No data[10]
Number of infrastructure management committees set up	400	No Target	400	No data

Table 3: Results for Outcome Level Indicators

Indicator	Target	End of project
Percentage of the people in the project area who perceive the project as a positive development post the project interventions.	70%	60%
Percentage reduction in post-harvest losses	15%	42%
Percentage increase in the percentage of agricultural produce reaching the markets	25%	10%
Percentage increase in the proportion of the beneficiary population with access to all-weather gravel roads	20%	37.4%
Increase in household income	20%	-57%[11]

(b) Net Effect of the Project

2.2.4 The project was expected to contribute to an overall reduction in rural poverty and economic growth in Uganda through improved rural infrastructure and enhanced commercialization of agriculture. These overall objectives were mainly achieved through two broad interventions that include the construction of community access roads and the establishment of agro-processing facilities. The project resulted in increased access to all-weather gravel roads, markets, APF for value addition, and increased the proportion of produce marketed by the beneficiary farmers. The change brought about by the construction of this rural infrastructure has undoubtedly increased the proportion of marketed produce to 64%, down from 58% at baseline; increased almost twenty-fold proportion of the population with access to all-weather roads within 2 km and increased access to APF among beneficiary farmers to 87%.

2.2.5 Data on the poverty rates within the specific project districts were not available at the time of evaluation since it was not collected by the EA. However, a review of the data from the national household surveys as a proxy revealed that the expected positive changes in the proportion of the general population living below the poverty line did not materialize. At baseline, 7.6% of the population in the Southwest was living below the poverty line. This increased to 9.5

[10] There is no data at the time of post-evaluation disaggregating people trained in IsDB specific districts.

[11] Data from the national household survey shows a decline in HH income by 57% from the IsDB-supported district. This is also supported by the increase in the percentage of people living below the poverty line. However, data reported from the PCR misreported the increase of 60% in revenue of selected commodities as increase in the household income.

Protected

percent at the end of the project and further to 20 percent in 2019/20, as per the information from the national household surveys[12]. Secondly, the median household income declined by 57 percent between 2012 and 2020, as per the national household survey report. This unexpected change may have resulted from exogenous factors outside the control of the project.

2.2.6 Overall, the project delivered positive results, including improved market access, increased farm gate prices for farm produce, and substantial timesaving in transport, especially in the hilly areas where new roads were opened in the project intervention areas. The project boosted the farmers' incomes in the target areas through value addition, increased farm gate prices, eased access markets for their produce, and linked them to farmer producer groups.

(c) Assessment of Effectiveness

2.2.7 Despite the delays in the implementation of the project and some difficulties faced with the project during implementation, overall, all the revised project outputs for the IsDB-funded components were achieved in accordance with plans at appraisal save for the number of kilometers of roads (scope reduced from 680km to 375km). At the outcome level, most of the intended outcomes were achieved with a reduction of travel time, connecting communities to social services, a reduction in PHL, and increased incomes for farmers from the sale of agricultural produce. At the impact level, changes in poverty at the population level were not achieved, although the positive developmental effect of the project is very much visible among the beneficiary communities. In light of the foregoing, the project has been rated as *"Less Effective".*

2.3 EFFICIENCY

(a) Cost efficiency

2.3.1. The total project cost at appraisal was estimated at USD 73.00 million, of which IsDB financing was USD 8.00 million (representing 11% of the total project cost), while the African Development Bank and Government of Uganda were to provide USD 63.40 million (87%) and USD 1.26 (2%) million, respectively. Details of the financing arrangements are provided in table 5 below. At completion, the actual project cost was USD 70.25 (96.23% of the approved amount). IsDB's contribution to the project amounted to USD 6.291 million (9 percent of the total project cost), with the contributions of the Government of Uganda amounting to USD 1.26 million, representing two percent of the total project cost. AfDB contributed a total amount of USD 62.7 million, representing 89 percent of the actual project cost. Overall, there was a cost underrun of USD 2.75 million (-3.8%) at completion.

2.3.2. Concerning the IsDB contribution, the disbursement rate at completion was 78.6% with an actual cost of USD 6.291 million, resulting in a cost underrun of USD 1.71 million against a physical output of 100% of the revised targets at mid-term. The major reasons for the cost underruns on the part of IsDB were: (i) A rescoping of the kilometers of road from the appraised 680 km to 375.6 km due to an increase in the cost of rehabilitation from USD 10,000 to USD19,000 per kilometer; and (ii) foreign exchange savings. As a result of the cost saving, an

[12] The 2012/13 and 2019/20 Uganda National Household Survey reports, Uganda Bureau of Statistics

البنك الإسلامي للتنمية
Islamic Development Bank

additional 70 km of Community Access Roads would have been completed to push the disbursement rate to 90%. However, this was not possible due to delays in the approval processes and procurement of contractors. The summary of actual itemized project cost under IsDB and other financing compared to appraisal estimates is shown in tables 4 and 5 below.

2.3.3. The IsDB financing covered the components as detailed in the financing plan (Table-1). 78.6% of this had been disbursed by the end of August 2017 towards the rehabilitation of 376.3 Km of rural community access roads as well as mobilization and capacity building costs. The breakdown of various items of the project is shown in tables 4 and 5 below:

Table 4: Summary of Actual Vs. Appraisal Costs Under IsDB Financing (in million USD)

Project Components	Appraisal Cost	Actual Cost	Variation	
			Amount	%
Rural Infrastructure improvement	6.04	5.547	0.493	8%
Studies and Supervision Consultancies	0.55	0.347	0.203	37%
Program Management and capacity building	0.27	0.207	0.063	23%
Start-up workshop	0.23	0.014	0.216	94%
Base costs	7.09	6.115	0.975	14%
Physical Contingencies	0.36	0.0	0.36	100%
Price Contingencies	0.55	0.0	0.55	100%
Special Account		0.176	-0.176	Over 100%
Total	**8.00**	**6.291**	**1.709**	**21%**

Table 5: Summary of Actual Vs. Appraisal Costs Under AfDB and GoU Financing (in million USD)

Project Components	Appraisal Cost	Actual Cost	Variation	
			Amount	%
Rural Infrastructure improvement	49.408	59.03	-9.622	-19%
Program Management and capacity building	8.897	2.562	6.335	71%
Capacity Building	4.495	0.16	4.335	96%
Total	**62.8**	**61.752**	**1.048**	**1.7%**

Table 6: Actual financing Vs Financing at Appraisal by Financier

Source of financing	Appraised financing plan		Actual Financing plan	
	Amount	Percent	Amount	Percent
Islamic Development Bank	8.0	11%	6.29	8.9%
AfDB	63.74	87%	62.7	89.3%
Government of Uganda	1.26	2%	1.26	1.8%
Total	**73.0**		**70.25**	

(b) Timeliness and Cost-effectiveness

2.3.4. The IsDB approved the project on 1 February 2012, and the financing agreement was signed on 14 June 2012. The project became effective on 4 February 2013, 8 months after signature. This resulted in a 2 months delay in the project start-up. The project was completed

in December 2017, translating to 4 years, 10 months implementation period. This implies that the project was implemented under the planned 5 years from the date of effectiveness, realizing a time saving of 2 months between effectiveness and completion.

Table 7: Project Implementation Schedule

Financier	Signing of Agreement	Planned Completion Date	Actual Completion Date	Delay
IsDB	June 2012	September 2017	December 2017	No Delay
AfDB	June 2011	June 2016	June 2017	12 months

2.3.5. IsDB made 75 disbursements totaling USD 6.291 million between 13th May 2013 (1st disbursement) to 31st December 2017 (last disbursement) with a balance of USD 1.709 million. As contracts were denominated in Uganda Shillings, seventy one (71) of the 75 disbursements were in Uganda Shillings (UGX) for a total amount of USD 4.91 million and 4 in US dollars for a total amount of USD 768,125. The summary of the actual disbursed funds of the project is shown in Table 8 below.

Table 8: Summary of Actual Disbursed Funds (in Million USD)

Date	Amount Disbursed	Percent	Cumulative Disbursed	Percent
2013	0.186	3.0%	0.186	3.0%
2014	0.0	0%	0.186	3.0%
2015	1.92	30.5%	2.106	33.5%
2016	2.71	43.1%	4.816	76.6%
2017	1.47	23.4%	6.286	100%
Total	6.29			

2.3.6. The IsDB implemented the project timely and efficiently. The total actual cost per km of the project was estimated to be USD 16,704 per km, considering that, the entire project cost was USD 6.29 million to construct 376.3 km of Community Access Roads. For the AfDB roads component, the unit cost of a kilometer of road was estimated at USD 19,300. Despite the challenges faced during the implementation of the project, the average cost incurred by the project is favorably comparable to the average cost of constructing gravel roads in neighboring Kenya, the revised unit cost at midterm, and the cost per kilometer for the AfDB component. Similar roads in Kenya cost an average of USD 21,000, while the estimated cost per kilometer during midterm was USD 19,000. It is reasonable to assume that prudent financial management and implementation arrangements had been followed, which explains the lower cost of construction of the road. Some of the measures included leaving out some of the crucial road items in cases where an underestimate was done at appraisal so as to cover the required kilometer of roads.

(c) Cost-Benefit Analysis

2.3.7. The Economic Internal Rate of Return (EIRR) of the project at the time of appraisal was estimated to be 28.6%. At the post evaluation time, the rate was found to be closer to 23.66% on the basis of updating the assumptions set at appraisal and taking into consideration

Protected

assumptions made at end of project assessment as well as AfDB. Overall, the positive EIRR is indicative of the major increase in the price of major crops in the project area. The project costs included the routine operations and maintenance costs, rehabilitation costs and initial project costs. The main assumptions for re-estimation of the project's EIRR at post-evaluation and its re-estimation are shown in Annex-7A and Annex-7B, respectively.

(d) Assessment of Efficiency

2.3.8. The project was efficient in utilizing financial resources, recording cost savings of 21% based on the revised targets and timeline. The project was implemented under the planned 5 years physical implementation period from the date of effectiveness, realizing a time saving of 2 months between effectiveness and completion. In light of the above, overall, the project is rated as *"Efficient."*

2.4 SUSTAINABILITY

(a) Sustainability of Project Benefits

2.4.1. The IsDB supported the rural infrastructure component that led to the construction of 376.3 km of community access roads. At the end of the project, the rehabilitated roads were handed over to the respective district local governments for maintenance using funds from the Uganda Road Fund and are classified under district access roads after completion. Annually, the government allocates funds to the Road Fund, which in turn allocates to each district local government for road maintenance. The government also procured and distributed road maintenance units to all District Local Governments and Uganda National Roads Authority regional centers to support the maintenance of roads. Furthermore, during implementation, the project established community Infrastructure Management Committees (IMC) whose major role was the maintenance of a section for the completed roads during implementation. On the other hand, agro-processing facilities were handed over to the respective farmers' groups supported by private individuals but under the supervision of the respective district and sub-county local governments. The farmers' groups, under the supervision of the respective district local governments, were responsible for running and managing the established facilities.

2.4.2. During the evaluation mission to project sites, it was established that sustainability of the road infrastructure post-implementation is less likely due to a number of factors. Firstly, most of the IMCs set up during project implementation were not functional as they were halted by the respective district local governments, except for Ntungamo. Indeed, half of the roads visited though slightly motorable, were in a poor state, with most requiring major rehabilitation to return to full functionality. The exemption was in Ntungamo district, where all the roads visited were well maintained and in a good state for most sections of the roads. Ntungamo district has functional road gangs paid through the district road maintenance budget. The road gangs have continued to maintain the community access roads post-project completion. Secondly, most of the districts hinged maintenance of the roads on funds remitted by the Uganda Road Fund. In most cases, the funds remitted are insufficient to maintain the vast district road network. For instance, during the last financial year (2021/22), districts received between 20% to 30% of the approved road maintenance budgets, which funds could maintain

just a quarter of the required district road network for annual maintenance. Interviews with the Uganda Road Fund confirmed a lack of resources for routine maintenance of roads as they receive just 30% of the budgeted funds, which can cover only 25% of the required road maintenance annually. This gap in funding creates a backlog and deterioration of the newly constructed roads, including the community access roads. In view of the above, it is unlikely the road infrastructure set up by the project will last for another 3 years unless measures are undertaken to boost the district road maintenance budgets. Some of the measures include providing a financial support to the districts through the Road Fund to maintain the roads and provide funding for maintenance of the road construction equipment.

2.4.3. For the APFs, the evaluation assesed mixed results with regard to sustaining the established facilities. Of the six (6) facilities visited, 3 were fully functional and well maintained by the farmer groups and/or co-operative societies, operating at near full installed capacity. However, the remaining 3 were not functional. Major factors affecting the sustainability of the facilities included: (i) weak or non-functional governance and management structures to run the facilities as a business. The three non-functional facilities lacked management structures to run the facilities, leading to the collapse and/or decline of the facilities. (ii) Technical difficulties in maintaining the installed equipment once they broke down due to lack of trained maintenance technicians and maintenance plan for the installed machinery at the APFs. (iii) High levies by the sub-county local governments, charging between UGX 500,000 to 1,500,000 (USD 130 to 400) per quarter, irrespective of the level of functionality and productivity of the facilities. These facilities hardly raise revenue of UGX 1,500,000 (USD 400) a quarter, and (iv) A lack of capital to purchase produce from the farmers. Instead, the farmers sell the produce to private business operators/traders who have ready capital.

(b) Beneficiary Ownership and Commitment

2.4.4. The project's most significant achievement for the rural infrastructure component was improving the local communities' commitment to supporting the project's initiatives and objectives. The involvement of the infrastructure management committees during implementation to select the roads to be constructed and their support for the maintenance of the roads was evidence of such commitment. At the completion of the project, all roads were handed over to the district for maintenance and the IMCs' roles ceased to exist. The districts were supposed to include these roads in the annual district road maintenance budgets. The evaluation mission noted that no functional IMCs were in existence as their roles ceased when the project came to a close. This created a sense that the maintenance of the roads is now the function of the district and not the local committees that had been set up during implementation. Therefore, the local communities look up to the district to maintain the roads. However, in Ntungamo, the situation was different as the district maintained the IMC, albeit calling them road gangs who maintain the road periodically with facilitation from the district road maintenance budget.

2.4.5. For the APFs, where strong leadership of the societies existed, they have taken full ownership of the facilities and are fully operational beyond the support of the project, as observed in Ntungamo, Bushenyi, and Sheema during the evaluation mission. For the non-

functional facilities, a sense of ownership was lacking where the community was waiting for support from the district or sub-county to operationalize the facilities. This is the case for Nyarusanje in Rukungiri and Rugarama in Ntungamo, where the facilities completely function way below the installed capacity. For these non-functional facilities, the district local governments need to support the operationalization of the facilities by working very closely with the lower local governments and extra training of the current leadership.

2.4.6. On the part of the central government, although the Uganda Road Fund showed its commitment to support the districts in the maintenance of the roads, there is still a long way to go to fully operationalize the 2008 Uganda Road Fund act. The current resource envelope of the Road Fund is insufficient to meet the demand for road maintenance by the districts and agencies. The act mandates the Road Fund to collect road tolls, load axle, and fuel levy fees and, in turn, allocate them to the respective districts and agencies responsible for road maintenance. Interviews with the Ministry of Finance, Planning, and Economic Development revealed that the operationalization of the act is not feasible in the near future, and thus, the Road Fund will continue getting funds from the consolidated fund for road maintenance. This will continue to stifle the Road Fund's efforts to support road maintenance in Uganda.

(c) Institutional Sustainability

2.4.7. As part of institutional sustainability at the district level, the project was designed and implemented within the existing decentralization framework. The respective district local governments were heavily involved in implementing and monitoring project interventions. For instance, the district technical staff were involved in selecting contractors, supervising works, issuing certificates of completion, and monitoring project interventions. Furthermore, they participated in site meetings conducted by MoLG staff and the supervision consultants that focused on discussing the progress of works and challenges faced by the contractors. This approach helped the district technical teams to build their capacity to manage and run similar projects, ensuring technical sustainability. However, in a few instances, some of the district staff felt that capacity-building efforts were not enough, lacking the intensity and frequency to enable them to implement similar projects independently. In Rukungiri, for example, the technical staff felt that the project came with guidelines and directives without orientation on their use during the implementation phase. According to the staff, the training workshops should have focused on procurement procedures and guidelines, selection criteria for contractors, accounting and finance and guidelines on supervision of works, among others.

2.4.8. Beyond the capacity building for staff, the project encouraged districts to integrate the operations and maintenance activities of the constructed infrastructure into district development plans, budgets, and work plans to maintain the infrastructure setup. For instance, all the CAIIP-3-supported community access roads were upgraded to district roads, and thus, their maintenance was integrated into the respective district annual work plans and budgets. For all the four districts visited, the CAIIP-3 roads have been integrated into the district's annual road maintenance plans and budgets. Beyond the budgets, the districts have road maintenance equipment supplied by the central government, although many of these are non-functional and lack a maintenance budget to make them fully functional.

2.4.9. The Uganda Road Fund, as a second-generation fund, is charged with raising road maintenance funds from road tolls, fuel levy fees, load axle fees, and other road user-related fees as per the Road Fund Act 2008. However, as mentioned before, the act still needs to be fully operationalized, and the road fund acts as a first-generation fund where it gets appropriations from Parliament annually. During the evaluation mission, it was observed that out of the UGX 1.2 trillion (USD 320 million) collected annually, only 30% is allocated to the Fund. From this, only 40% is allocated to road maintenance for new roads. This covers only 25% of the annual road maintenance needs for the country. The Ministry of Finance, Planning, and Economic Development noted that the rest of the funds collected (70%) are integrated into the central government consolidated fund to cover other recurrent expenses for other ministries and departments. This leaves about 75% of the road maintenance needs uncovered, yet new kilometers of roads are added to the road network every year. Overall, the current budgetary allocation for road maintenance is not keeping in tandem with the increased road network length. This shortcoming may have repercussions on the scheduled maintenance of community access roads in the respective district local governments. This is likely to lead to a complete deterioration of the road infrastructure set up by the project in the next 4-5 years unless drastic measures are undertaken by the government and the respective district local governments.

(d) Social and Environmental Sustainability

2.4.10. CAIIP-3 was a category 2 project whose activities were not expected to lead to major environmental disruptions or any social resettlement. An environmental impact assessment was undertaken in consultation with the National Environment Management Authority (NEMA). In addition, an Environmental and Social Management Plan (ESMP) was prepared to aid in monitoring compliance with environmental and social safeguards during project implementation. The anticipated environmental impacts were air and noise pollution, occupational health and safety risks, increased transmission of HIV/AIDS and STDs, temporary disturbance during construction and operation phases, increased run-off, erosion of embankments with resulting wetland/river sedimentation, induced deforestation, and loss of water catchment areas. Due diligence during the project implementation found that the ESMP monitoring reports adequately assessed the potential environmental issues and that the contractors implemented mitigation measures during the construction stage. All the anticipated concerns were handled well by the contractors.

2.4.11. At project implementation, based on the monitoring reports by MoLG and NEMA, the implementation of the environmental safeguards in all project areas was generally in order by the respective local governments. For instance, the LGs incorporated the standard environmental management plan in bidding documents for all civil works and the contractors 'bill of quantities" included costs for environmental mitigation measures. Furthermore, certain drainage measures were incorporated into the project design and constructed to ensure that the drainage was efficient and that no water logging occurred.

2.4.12. The evaluation mission assessed that all the environmental and social safeguards as described above were undertaken during the implementation of the project based on the

interviews with the staff, IMC chairpersons, and some of the local leaders. However, some of the measures undertaken are unlikely to be sustained. For example, at the time of the field visit, all the roads visited did not have trees planted along the roads as they were vandalized by the community members on the assumption that the government would take over their land. Of all the sites visited, only one had a woodlot at the start of one of the sections of the constructed road.

(e) Assessment of Sustainability

2.4.13. There is a high commitment from the respective district local governments to ensure the sustainability of the road infrastructure set up in view of the renewed commitment by integrating the CARs into the district budgets and annual work plans. Regarding the APFs, sustainability is only feasible for the active and most vibrant farmer groups, which make up half of the 6 facilities visited, with the rest requiring a lot of support from the district local governments. The main challenge to the sustainability of the road infrastructure is related to the financial capacity of the Uganda Road Fund to finance respective district local governments to undertake regular and long-term maintenance. Currently, the budget allocated is not enough to meet the long-term plan (only 25% of the needs are covered). Thus, for the sustainability of the infrastructure set up to hold, there should be a solid commitment from the central government to increase resources for the maintenance of the district roads as well as commitment from the respective district local government to support dormant farmer groups in charge of the established APFs. All of the above notwithstanding, the sustainability of the IsDB-funded CAIIP-3 components is rated as *"Less Likely."*

2.5 OVERALL ASSESSMENT

2.5.1. The overall project performance is rated as ***"Partly Successful".*** The overall project performance rating was based on separate assessments of the four core evaluation criteria (relevance, effectiveness, efficiency, and sustainability), which were then aggregated to produce the overall rating. It is based on the simple average of the scores of the four core criteria (see Table 9).

Table 9: Overall Performance Assessment

Rating Criterion	Rating Assessment	Rating Value (%)
Relevance	Relevant	74%
Effectiveness	Less Effective	51%
Efficiency	Efficient	63%
Sustainability	Less Likely	48%
Overall Rating	**Partly Successful**	**59%**

Protected

CHAPTER - 3 : PERFORMANCE OF STAKEHOLDERS

3.1. BANK PERFORMANCE

(a) Quality of Bank Performance

3.1.1. The Bank was fairly represented and involved during the preparation and design of the project and ensured that the design was compliant with the IsDB Group's Member Country Partnership Strategy of 2011-2015 for Uganda. The African Development Bank had already appraised its project component during the preparation in 2010. This made it easier for the IsDB involvement and decision on the scope of the project area vis-à-vis the allocated resources. The Bank prepared an RRP, which included the project background, rationale, objectives, results, and assessment of the EIRR/FIRR. The RRP also included a section on the assessment of the potential environmental impact of the project and identified mitigating measures, including sensitization of community members, tree planting, drainage systems, and actions to minimize to contain social safeguards during implementation. At appraisal, the 680 kilometers of CAR were overestimated, and revisions were made along the implementation of the project to 375.6 km using the initial designs and cost estimation for the CAR provided by the implementing agency.

(b) Use and Quality of Results Framework

3.1.2. The project benefitted from the co-financing arrangement with AfDB, which linked in a logical manner the main three components (rural infrastructure, community mobilization, and program management). At the time of the IsDB component appraisal, the AfDB had developed an appraisal report along with the logical framework for the project. However, the project did not articulate a clear theory of change through which the log frame and the monitoring system would be hinged. The Appraisal document contained a log frame but did not provide baseline values for the indicators but alluded to expected results at the outcome and output levels. During the course of implementation, changes were made to the kilometers of roads to be constructed and were not reflected in the log frame, pointing to the failure to use the developed project log frame to monitor and evaluate the progress of the project during implementation. At post-evaluation, a retrofitted logical framework was prepared to summarize the quantitative indicators (including baseline values) for each project component.

(c) Quality of Supervision

3.1.3. According the PCR, the IsDB component was supervised from the Bank's headquarters in Jeddah, Saudi Arabia, which significantly limited the close and effective supervision by the Bank and created inherent communication gaps that further constrained efficiency in the implementation of key decisions and delivery of project outputs. The IsDB conducted 3 supervision missions conducted in 2014, 2015, and 2016, only one had a mix of skill sets. The rest had one staff, hence missing the skills balance to adequately support the executing agency in addressing both managerial and technical issues during implementation. In comparison to support received from AfDB, these supervision visits were insufficient. Field inspections were conducted in each of the missions, followed by an analysis and discussion

of observations, including debriefing sessions held with the GoU officials. The comments and strategies for improving the project were then presented in the respective aide memoires of the missions. From the field mission, a total of three PIASR reports were compiled. In general, as noted earlier, IsDB's responsiveness to requests from the EA and issuance of no-objection letters were untimely, taking up to five months to get responses.

3.1.4. With regard to approvals of procurements and payments to contractors, the Bank performance was not satisfactory as the process took so long compared to AfDB. The Bank preferred the direct payment system instead of the creation of a special account where payments would be made directly by the EA. For instance, using the direct payment system, it would take between 4 to 6 months for a payment to be made to the contractors once a request was raised in comparison to 1 to 2 months using the special account system. Given that these were short-term contracts (taking up to 6 months) for the contractors, bank performance guarantees obtained by the contractors would expire before receipt of payment for the completion of works. This frustrated the local contractors and strained their operations. Coupled with the direct payment system preferred by the Bank, the Bank's responsiveness in getting no objections for both payments and procurements was too slow to the extent that the EA would get a response after about five months of submission of a no objection. However, the responsiveness only improved in the last year (2016). Additionally, the use an external contractor to supervise works instead of the respective district engineering teams affected the commencement of works, causing a delay of over 6 months in bringing the external supervisor on board.

(d) Overall Bank's Performance

3.1.5. At the design stage, the Bank underestimated the cost of constructing the planned 680km of road, leading to a downward revision by 45% of the km to be constructed during implementation. This affected some of the beneficiary communities not benefiting from the planned investments by the Bank. Nonetheless, the Bank provided essential technical support to the project at the early stages through start-up workshops and familiarization visits. During implementation, the Bank's performance was affected by the limited supervisory missions. The following issues have been identified:

- A lack of flexibility for issuing letters of no objection to utilize funds saved by the project to construct extra kilometers of roads affected the achievement of extra kilometers of roads that would benefit the project beneficiaries.
- Lack of responsiveness to develop adaptive management procedures aiming at mitigating the impact of both heavily centralized IsDB procurement procedures and the bureaucratic government procedures brought to the forefront the absence of an effective and responsive management strategy from IsDB for the project.
- Limited consultations/communication between IsDB and AfDB - a key funder of the project prevented synergy and cohesion to mitigate some of the challenges faced during the implementation of the project.
- Delayed and unpredictable disbursements from the Bank to the local contractors

prevented the latter from properly planning their mobilization to remote construction sites or stopping the work due to unavailable cash flow.

- Dedicated staff at IsDB headquarters for the follow-up of the project implementation hindered the regular management and monitoring of the various project activities and created significant delays. As an example, it is worth mentioning that delays in issuing "no objection letters" for the procurement of goods and services could take up to 5 to 6 months, as reported by the PFT.

3.1.6. In light of the above, the overall Bank Performance is rated as *"Less Satisfactory."*

3.2. PERFORMANCE OF THE BENEFICIARY OF ISDB FINANCING

(a) Readiness and quality of preparation

3.2.1. The executing agency for the project was the Ministry of Local Government. A Project Management Unit that had implemented CAIIP II, which was the predecessor for CAIIP III, was charged with implementing the project. Beyond the PMU constituting the project facilitation team was the Inter-Ministerial Policy Committee (IPC), responsible for policy oversight and guidance through the implementation of the Project. At the district and implementation level, the EA performed well in engaging the district local government and mobilizing the community beneficiaries through the IMCs in selecting roads to be constructed. The procurement of works and the selection of consultants for the project were made in full respect of the procedures agreed upon in the financing agreement. At the time of entry by IsDB, much of the preparatory work, like the appraisal documents, had been undertaken by AfDB and thus preparatory work was faster. The PFT participated in the technical meetings held to identify the various project components to be implemented and funded by IsDB. The government performed well in terms of disbursement of counterpart funding which was 100% excluding contributions provided in kind, such as salaries and office space. The project became effective 7 months after signature and 12 months after approval.

(b) Quality of Implementation Arrangements

3.2.2. The project was overseen by the Project Facilitation Team (PFT), responsible for procurement management, financial management, accounting, preparation, and consolidation of annual work plans and budgets. The PFT also carried out loan administration, involving managing and transferring resources to the implementing district local governments and replenishing funds. The PFT team was headed by a project coordinator, a staff of the Ministry of Local Government and entirely financed by the GoU. The PFT staff who were seconded were familiar with international funding agencies and supervision of projects of similar nature, most of whom having implemented CAIIP 1 and 2. Above the PFT was the Inter-ministerial Policy Committee, which drew membership from key government ministries/agencies bearing direct relevance to the project scope and was responsible for guidance on policy issues and the direction of the project implementation. The procurement of works and the selection of consultants for the project were made in full respect of the procedures agreed upon in the financing agreement. The Project's objectives were generally achieved on time. As per the audited reports and the PCR, the PMU performed well, particularly in the areas of financial

management, which required planning of disbursements, timely execution, and close control of the prices, especially for works. Apart from the internal arrangements of the PFT and the EA, the government also made technical staff from other ministries and agencies available to provide backstopping for the PFT. This arrangement is illustrated graphically as per the organizational chart of the executing agency depicted in Annex 8. PMU supported the design and implementation of the baseline survey and tracked the indicators well at both the output and outcome levels, including the compilation of regular M&E reports. However, the impact indicator on household incomes was not tracked and hence was missing in the final logical framework.

(c) Compliance with Covenants and Safeguards

3.2.3. As per the PCR, the project met eight of the eleven covenants and safeguards in the appraisal and RRP document. Those that were not met include (i) delay in meeting the six months for declaration of effectiveness after signing the financing agreement-project was declared effective after 7 months; (ii) late receipt of the last disbursement by 12 months for post the planned last disbursement date; and (iii) not meeting the obligation of paying for taxes accruing from project activities- the government at the time of completion was yet to clear VAT arrears worth UGX 18 billion. The evaluation mission assessed that all the environmental and social safeguards were undertaken during the implementation.

(d) Responsiveness to Bank Supervision

3.2.4. The EA responded satisfactorily and timely to all queries from the Bank, especially regarding contract preparations, awards, Bank's recommendations, supervision, and management. Despite its responsiveness, the EA faulted on many occasions in observing timelines set due to the initial difficulties it had, particularly with procurement. To a large extent, the EA demonstrated a high level of professionalism and technical oversight in discharging its supervisory roles over local contractors and the district local governments. The EA held annual planning and review meetings for the project, and compiled annual progress reports, which contained output and monitoring level indicators, which were shared with the Bank and the IPC. The audit reports and quarterly progress reports were submitted timely and regularly, and recommendations and feedback were implemented. During the post-evaluation, the road infrastructure in the 4 districts was fairly motorable, albeit some of the CAR needed immediate rehabilitation by the respective district local governments. The EA performance was adequate during the implementation in terms of the assumption of ownership and responsibilities.

(e) Effectiveness of Measures for Project Sustainability

3.2.5. 3.2.7 At appraisal, three major risks identified included devaluation of the Uganda Shilling, environmental concerns identified in CAIIP 2 and 1, and failure by the districts, communities and sub counties to maintain the constructed roads. During implementation stage, due to poor estimation of costs for road infrastructure at appraisal, the EA revised the unit cost of road construction upwards from USD 10,000 to USD 19,000. To mitigate the risk of non-maintenance of the infrastructure by districts, sub-counties and communities, the EA

with the help of the central government purchased road maintenance equipment. It also setup IMC to support in the mobilization of communities for monitoring, operation and maintenance of the infrastructures and heavily involved the districts local governments in the implementation of the project and engaged the districts to integrate the rehabilitated and constructed roads into the district annual maintenance workplans and budgets for financing through the Uganda Road Fund. For the environmental concerns, the EA fully implemented the ESMP, contracted part-time environmental consultants to support the implementation and were regularly monitored by NEMA. At post evaluation of all the three risks identified, only the maintenance of the roads was at risk as the districts suffered budgets shortfalls due to meagre releases from the Uganda Road Fund and the nonfunctional IMCs in most districts. For environmental concerns, the trees that were planted along the roads were all cut down by the community.

3.2.6. 3.2.8 To establish and institutionalize sustainability of the infrastructure setup the EA designed and implemented the project within the existing decentralization framework where the respective district local governments were heavily involved in the implementation and monitoring of project interventions. This was augmented by setting up the IMCs at the community level to encourage community ownership of the projects. The district technical staff were involved in the selection of contractors, supervision of works, site meetings, raising certificates of completion as well as monitoring of project interventions. This approach was very helpful to the district technical teams and in turn, built their capacity in managing and running similar projects and promoting technical sustainability. The ministry provided different road equipment and encouraged the districts to integrate the completed roads into the district work plans and budgets. The EA also established a number of management guidelines and MOUs with different stakeholders including the Diary Development Authority, Uganda Cooperative Alliance, and now Stanbic Bank to finance local SACCOs managing the installed APFs.

(f) Overall Assessment of the Executing Agency

3.2.7. The EA, Ministry of Local Government, ensured the overall project implementation and achievement of the results indicated in this report. The EA provided its counterpart funding fully in addition to its in kind contributions such as salaries and office space. The EA ensured the project was prepared and implemented in compliance with covenants, agreements, and safeguards agreed with the Bank, and further did very well in terms of its responsiveness to supervision recommendations.

3.2.8. Overall, audit reports and quarterly progress reports were submitted timely and regularly, and recommendations and feedback were implemented. Project procurement, financial management, and monitoring conformed to the Bank's rules of procedures. However, there were disparities between the timelines of planned procurement activities and the actual works completion due to delays in processing procurement decisions and payments for works internally within the Government system. Overall, the performance of the beneficiary is rated as *"Satisfactory."*

Table 10: Status of Compliance with Covenants in PPER compared with PCR

Type of Covenant*	PCR			PPER		
	Complied With	Partly Complied With	Not Complied With	Complied With	Partly Complied With	Not Complied With
Regulatory	Yes			Yes		
Financial				Yes		
Institutional	Yes			Yes		
Social		Yes		Yes		
Environmenta	Yes				Yes	
Reporting	Yes			Yes		
Total						

Source: PCR and IsDB reports

3.3. PERFORMANCE OF OTHER STAKEHOLDERS

(a) Assessment of Consultant

3.3.1. The performance of the supervision consultant is rated satisfactory. Most of the tasks were performed in accordance with the terms of reference. Working relations with the Ministry of Local Government, the District Local Governments, and the contractors were smooth. The consultant's reports were generally acceptable in quality and were submitted regularly.

(b) Assessment of Contractors

3.3.2. The overall performance of the contractors was satisfactory concerning the deployment of personnel, supervision, checking the quality of work, and field inspections of the subprojects. Contractor personnel were committed and result-oriented, and adhered to the requirements of the project. Despite concerns about the low capacity of some contractors by the districts, their capacity was enhanced through frequent contract management, site meetings, and strong advice during recruitment selection by the MoLG. The performance of the suppliers of agro-processing equipment was highly satisfactory. Some contractors performed very well while the performance of others was affected by weather conditions characterized by heavy rains that affected rehabilitated roads often requiring repeated work. Others were affected by landscape terrain and in some places like Kabale and Rukungiri there was not enough gravel to support the rehabilitation and improvements of road works. For access road works, over 87% of road works contracts under Batch A and Batch B were completed on time. The others only completed the works after securing approved contract extensions from the respective District Local Governments. Overall, the contractors and suppliers for the project activities met the project's expectations in terms of timely and quality delivery of works and goods.

(c) Assessment of Other Stakeholders

3.3.3. At the District Level, project activities were implemented through existing structures under the office of the Chief Administrative Officer (CAO) for the respective district local governments. The CAO was responsible for coordinating the implementation and technical

supervision of the project. The District Engineering Departments had the overall responsibility for the community roads as well as reviewing the designs and supervising construction. At the sub-county level, Sub-County Chiefs worked towards ensuring community ownership and promoting the sustainability of the investments by conducting community mobilization. At the community level, the respective district local governments formed community Infrastructure Management Committees (IMCs) to oversee and supervise the project implementation and monitor the work of contractors. In addition, implementing local governments contributed staff time in monitoring and supervision of works, mobilization, and sensitization of the communities to participate in the project activities. Other in-kind contributions included providing venues for meetings and time in overseeing infrastructure works and contributing materials and labor during the construction of the infrastructure. These aspects demonstrate a continued willingness to support similar projects.

3.3.4. To ensure successful project implementation at the district level, the executing agency under the PFT team and implementing local governments provided close and regular monitoring and coordination of the construction progress and quality control. Through the project investments and other capacity-building activities, the capacity of executing agency and implementing Local governments was significantly strengthened. The executing agency and implementing Local Governments also facilitated the AfDB and IsDB review missions.

3.3.5. Overall, the district and the sub-counties performed well in implementing the planned activities leading to 100% achievement for all the planned outputs for rural infrastructure. During the evaluation mission visits, the only shortcoming was a lack of a robust sustainability plan to sustain the infrastructure set up during project implementation.

CHAPTER - 4 : ISSUES, LESSONS, AND RECOMMENDATIONS

4.1. ISSUES

4.1.1. **Underestimation of the materials requirements for the road infrastructure component**: at appraisal due to inaccurate feasibility studies, the district and EA engineers underestimated the materials requirements for the community access road component at USD 10,000 per kilometer, leading to a target of 680 km. However, during implementation, the actual price per kilometer of the road was USD 19,000. This underestimation led to a rescoping of the kilometers of roads to be constructed down to 375.6 km. As a result, some of the would-be beneficiaries of the project at appraisal did not benefit from the project, affecting the relevance of the project.

4.1.2. **Inadequate maintenance and sustainability plan:** The current annual budgetary allocation for road maintenance is not keeping pace with the increase in the length of roads in the country, limiting the ability of the district local governments to maintain the community access roads. Besides, during the evaluation mission, there were no functional infrastructure management committees tasked to maintain the roads during implementation, which will further contribute to a rapid deterioration of the roads. Although the government supplied road maintenance equipment to the districts for road maintenance, functionality of the equipment is mixed with some of the equipment already broken down due to non-maintenance.

4.1.3. **Weak management arrangements for the agro-processing facilities.** At the start of the project, farmer groups or cooperatives were charged with the responsibility of managing the established facilities. However, during implementation, due to the poor management arrangements by the farmer groups, a decision was made to engage private operators to run the facilities and pay an agreed fee to the sub-county. Once the private operators began running the facilities, issues of revenue sharing and high running costs cropped up and some of the facilities stalled, affecting the functionality of these facilities. The facilities were again reversed to the cooperatives and yet some did not have the required experience to run the facilities. The post-evaluation mission witnessed a low level of utilization (operating below-installed capacity) in some of the completed agro-processing facilities mainly due to the low volumes received from the farmers, poor management on the part of cooperative societies, and high levies from the sub-county authorities.

4.2. LESSONS LEARNED

4.2.1. **Involvement of the districts and communities in the implementation of the road projects ensures local ownership of the infrastructure post-project implementation:** At the design stage, it was assumed that once the communities and districts were involved in the construction of the CARs coupled with the availability of funds from the Uganda Road Fund, the road infrastructure would be sustainable post-implementation. The respective district local governments demonstrated ownership of the roads and felt that the roads were serving the purpose for which they were set up. Furthermore, it was established that all the districts visited integrated the CAIIP-3 roads into their annual road maintenance work plans and budgets, while some integrated the Infrastructure Management Committees (IMCs) into the road gangs, which

are paid by the districts. For instance, in Ntungamo, the district devised a system to maintain a percentage of the roads annually using meagre resources while at the same time integrating the IMCs into road gangs to maintain the roads constructed by the project continuously. However, although the districts have ownership of the roads, for this commitment to hold, the EA needed to work with the respective districts on a case-by-case basis to identify mechanisms through which the infrastructure would be maintained beyond inclusion in the budgets and annual work plans.

4.2.2. **Lack of appropriate financial resources devoted to the project's infrastructure operation & maintenance function can, in the long run, undermine gains made from a successful project implementation and its effectiveness:** At the design stage, it was assumed that by districts integrating the community access roads constructed by the project into the annual work plans and budgets, and in turn funds made available from the Uganda Road Fund, sustainability of the roads would be assured. However, greater decision-making powers over budget allocations lie with the Ministry of Finance, Planning and Economic Development and Parliament, who allocate funding to the Road Fund. For instance, for the past two financial years, just 40% of the funds due to the Fund, which meet 25% of the road maintenance requirements, were released, leaving little or no funds for the maintenance of district roads, for which the CAR roads are part.

4.2.3. **Use of lessons and best practices from previous similar projects enhances timely completion of the project:** CAIIP-3 was designed based on the lessons and best practices from CAIIP-1 and 2, as well as taking into account the experiences of other development partners working in Uganda through robust review of literature during the design stage. This was very helpful in helping the project circumvent some obstacles during the implementation project. For instance, except for the start-up delay, the project was completed on time and did not face any major delays.

4.2.4. **Inaccurate feasibility studies performed before the project appraisal can lead to substantial changes in project scope:** The Bank approved the project on the basis of the preliminary design and estimated costs for the road infrastructure component. These estimated costs were much lower for each kilometer of road which resulted in significant changes in the scope of the project by reducing the number of kilometers from 680 to 375Km. Therefore, a more accurate and detailed feasibility study prior to appraisal immunes against substantial changes in the scope of the project during implementation.

4.3. FOLLOW-UP ACTIONS AND RECOMMENDATIONS

FOR ISDB:

(a) IsDB should make careful and rigorous estimations to obtain realistic project costs based on thorough feasibility studies and benchmark with other peer locations at the design stage to avoid substantial revision in key project targets during implementation.

(b) For future road projects, the Bank should request a formal commitment from the Government to avail funds for road projects financed by the Bank. The Bank should further provide support to the EA to ensure that there are planning and monitoring tools to budget, implement and report on road maintenance to have a good audit trail.

FOR GOVERNMENT:

(a) For the sustainability of rural infrastructure constructed by the project, the GoU needs to develop an action-oriented sustainability plan which should be monitored periodically. In addition, a clear sustainability checklist should also be developed and used for tracking the progress of the sustainability plans.

(b) To improve the sustainability of established agro-processing facilities, a two-pronged approach by the GoU is proposed:

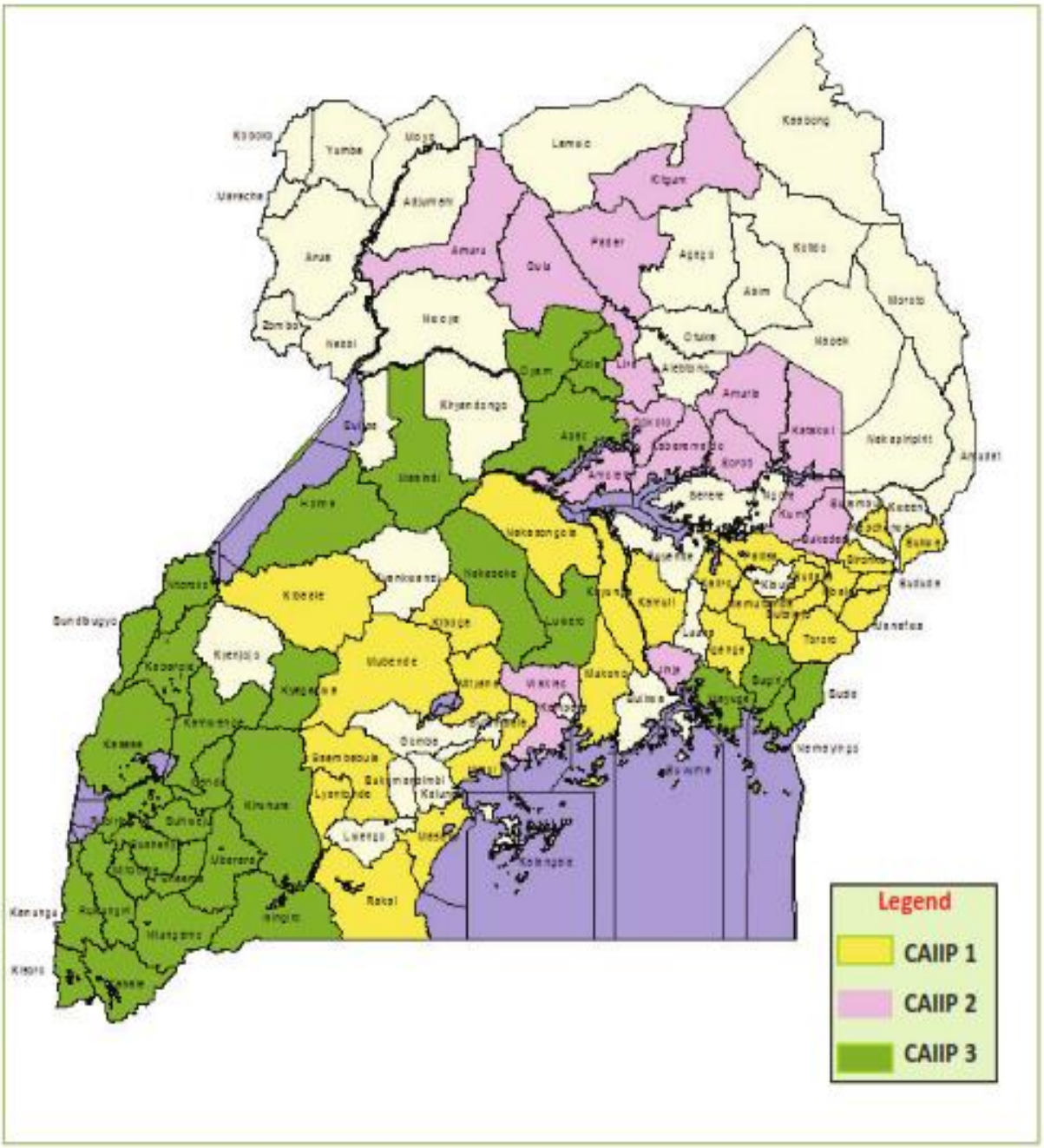
   i. First, GoU should consider setting a co-funding mechanism with the co-operative societies or farmer groups for the agro-processing facilities to promote ownership on the part of the co-operative society or farmer groups;

   ii. Secondly, identify and support experienced private sector players or government agencies engaged in commodity value chains to train and mentor farmer groups or cooperative societies in business development services, group dynamics, sustainability, governance, and management to improve the management arrangements in the established APFs.

(c) Sensitize the community to address the misconceptions that the government would take over their land along the roads where the trees were planted, leading to the community uprooting the trees.

ANNEXES

ANNEX-1COMMUNITY AGRICULTURE INFRASTRUCTURE IMPROVEMENT PROJECT LOCATION MAP



ANNEX-2: PHOTOGRAPHS OF PROJECT FACILITIES

<table>
<tr><td></td><td></td></tr>
<tr><td colspan="2">Coffee Hullers supplied by the project in Rukungiri and Ntungamo Districts</td></tr>
<tr><td></td><td></td></tr>
<tr><td>A Milk Cooler in Rugarama, Ntungamo District</td><td>The National Grid Extended to the Milk Cooler in Rugarama, Ntungamo District</td></tr>
<tr><td></td><td></td></tr>
<tr><td colspan="2">Culverts Constructed by the Project</td></tr>
</table>

	
Woodlots Planted as part of the Environmental Conversation for the Road Constructed	Some of the New Homes Constructed as a Result of CAIIP-3 Newly Constructed Road
	
Recreational Center Set up as a Result of CAIIP-3 Newly Constructed Road	A Well-Maintained Section of one of the CAIIP Roads in Sheema District

ANNEX-3: LIST OF PERSONS MET

Sl. No.	Name	Institution	Position
1	Eng. Mwebaze Emmanuel	Ministry of Local Government	Infrastructure Engineer, CAIIP-3
2	Grace Nanungi	Ministry of Local Government	Finance Management Specialist, CAIIP-3
3	Geoffrey Eteddu	Ministry of Local Government	Project Leader, CAIIP-3
4	Benson Kamugisha	Ministry of Local Government	Monitoring and Evaluation Focal Person
5	Jovenal Muhumuza	Ministry Of Finance, Planning and Economic Development	Assistant Commissioner, Development Assistance
6	Isaac Katabalwa	Ministry of Finance, Planning and Economic Development	Economist
7	Masereka Godfrey	National Agricultural Advisory Services	Manager, Monitoring and Evaluation
8	Eng. Steven Edward Kintonsa	Ministry of Works and Transport	Commissioner Roads and Bridges
9	Eng.. Timothy Mukunyu	Uganda Road Fund	Programmes Officer
	Dr. Eng. Andrew G. Naimanye	Uganda Road Fund	Executive Director
10	Mr. Asaph Nuwagira	African Development Bank	Agriculture and Rural Development Specialist, Uganda Country Office
11	Ben Kiwanuka	Ministry of Agriculture Animal Industry and Fisheries	CAIIP-3 Focal Person
12	John Nuwagaba	Ankole Coffee Producer's Cooperative Union	General Manager
13	Kamukama Kezekia	Rushozi Sub-county	Chairperson, Community Infrastructure Management
14	Macklean Kembabazi	Rushozi Co-operative Society	Chairperson
15	September Deus	Nyiebingo Sub-county	Chairperson, Community Infrastructure Management
16	Mushabe Vincent	Nyiebingo Co-operative Society	Chairperson
17	Mbonimpa Kiiza	Bushenyi District Local Government	District Engineer
18	Tumuhimbise Gordon	Bushenyi District Local Government	District Procurement officer
19	Kanyaija Zepher	Rukungiri District Local Government	District Production Officer
20	Bagira Julius	Rukungiri District Local Government	District Engineer

Sl. No.	Name	Institution	Position
21	Murekyezi Gordon	Rukungiri District Local Government	District Procurement
22	Ntwiga Deo	Rukungiri District Local Government	Chairperson Community Infrastructure management
23	Nassar Mukiibi	Ntungamo District Local Government	Chief Administrative Officer
24	Begumisa Fidel	Nyarushanje Cooperative Society, Rukungiri	Chairperson
25	Atwine Esther	Ntungamo District Local Government	Agriculture Officer
26	Nuwagaba	Ntungamo District Local Government	District Engineer

ANNEX-4: FIELD SITES VISITED

Name of Site	District	Sub County
Agro Processing Facilities		
Rushozi farmers' Cooperative Society-Coffee Huller	Sheema	Kyangyenyi
Shuuku Milk Cooler	Sheema	Shuuku
Nyeibingo farmer's Cooperative Society-Coffee Huller	Bushenyi	Ruhumuro
Nyarushanje farmers' Cooperative Society-Coffee Huller	Rukungiri	Nyarushanje
Bwongyera farmers' Cooperative Society-Coffee Huller	Ntungamo	Bwongyera
Rugarama Dairy Co-operative Society- Milk Cooler	Ntungamo	Rugarama
Community Access Roads		
Minera-Rubanga-Kihuga-Rwamuhima Road	Rukungiri	Nyarushanje/Buyanja
Bucence-Mahua-Kahengye-Kyaruha Road	Ntungamo	Bwongyera
Nyamabare-Karyengo-Rwekitooma road	Bushenyi	Ruhumuro
Ekikorijo-Ihanda-Bweking0-Bugera Central Road	Bushenyi	Ruhumuro
Kemikyera-Kaynaja-Rushozi-Reibare-Kakindo TC Road	Sheema	Kyangyenyi

ANNEX-5: LIST OF DOCUMENTS REVIEWED

A. Specific Documents

- End of Project Report, The Community Agriculture Infrastructure Improvement Project-3, Ministry of local Government, March 2018
- Report and Recommendations of the President of the IsDB on the Community Agriculture Infrastructure Improvement Project-3 in Uganda, 2012
- Project Completion Report for the Community Agriculture Infrastructure Improvement Project-3, IsDB, October 2017.
- Project Completion Report for the Community Agriculture Infrastructure Improvement Project-3, AfDB, September 2018.
- Project Appraisal report for the Community Agriculture Infrastructure Improvement Project-3, AfDB, March 2011.
- Impact Evaluation of the Community Agriculture Infrastructure Improvement Project-3, Ministry of Local Government, December 2017.
- Project Implementation Status, the Community Agriculture Infrastructure Improvement Project-3, IsDB, February 2022
- Member Country Partnership Strategy for Uganda, 2011-2015, 2011
- The Implementation Review Report for the Uganda Member Country Partnership Strategy, IsDB, 2017.

B. Miscellaneous Documents

- Road projects cost benefit analysis: Scenario analysis of the effect of varying inputs, The International Bank for reconstruction and development, 2010

ANNEX-6:RETROFITTED LOG-FRAME

	Results Chain	Indicators(including CSI)	Baseline	Target	Value at Completion	Value at Post Evaluation	Means of verification
Impact	Poverty reduction in the agricultural sector	Percent increase in household incomes in project areas		20%	DNA	-57%	Annual project M&E reports Baseline and impact studies UBOS national household surveys. UBOS Statistical abstract
UTCOMES	1. Improved access to roads and market facilities in project areas 2. Increased production and crop prices in project areas 3. post-harvest losses (PHL) reduced in project areas	1.1. People that can access all season public transportation within 2 km of their homes as a result of the project intervention of which 50% are female. 1.2. Percent increase in volume of agricultural production reaching markets 1.3 Proportion of people in project area who perceive the program as a positive development intervention, of which 50% are female. 2.1. Percentage increase in revenue resulting from the project intervention. 3.1. Percentage reduction in PHL resulting from the project interventions.		59.5% 20% 70% 20% 15%	87% 10% 60% Data Not Available 42%	87% 10% 60% Data Not Available 42%	Annual project M&E reports NARO and MoLG PHL baseline and impact surveys NAADS Impact Studies Annual project M&E reports NARO, NAADS and MoLG PHL baseline and impact surveys
OUTP UTS	Component 1: Rural Infrastructure Improvement	1.1. Rural roads constructed or rehabilitated (km), of which are rural		375.6 km	376.3Km	376.3Km	Project progress, supervision and audit reports Project progress, supervision and audit reports

	Results Chain	Indicators(including CSI)	Baseline	Target	Value at Completion	Value at Post Evaluation	Means of verification
	Component 2: Programme Management and Capacity building	2.1. Number of people reached through consultative workshops/meetings on prioritization of rural infrastructure improvements by sub-county.		272	3,839 (1,672 female)	3,839 (1,672 female)	MTR Receipt of project work plans and progress, supervision and audit reports
		2.2. Number of people trained on rural infrastructure management by sub-county		408	3,839 (1,672 female)	3,839 (1,672 female)	
		2.3. Number of annual work plans prepared		5	5	5	
		2.4.Number of progress reports prepared		5	5	5	
		2.5.Numberof M&E reports prepared		5	5	5	
		2.6. Number of Audit reports prepared		5	5	5	
Activities	Rural Infrastructure Improvement	3.1 Consultative workshops/meetings on prioritization of rural infrastructure improvements by sub-county					
		Rehabilitation of 680Km of community access roads		375.6km	376.3 Km		
	Studies and Supervision Consultancy	Contract management Consultancy conducted Technical studies conducted Supervision of road works conducted Financial audit consultancy conducted Procurement management consultancy conducted		Conducted Conducted Conducted Conducted Conducted Conducted	Conducted Conducted Conducted Conducted Conducted	Conducted Conducted Conducted Conducted Conducted	

	Results Chain	Indicators(including CSI)	Baseline	Target	Value at Completion	Value at Post Evaluation	Means of verification
Activities	Program Management & Capacity building	3.2 Number of rural infrastructure management trainings conducted. 3.3 Number of annual work plans prepared 3.4 Number of project progress reports prepared 3.5 Number of M&E reports prepared 3.6 Number of project audited reports prepared 3.7 Number of project start-up workshop conducted 3.8 Project familiarization visit conducted 3.9 Number of supervision and implementation support missions conducted 3.10 Number of evaluations and midterm reviews conducted.		408 5 5 5 5 5 114 3	272 5 5 5 5 5 114 3	272 5 5 5 5 5 114 3	
Inputs (Resources)	Rural Infrastructure Improvement Studies and Supervision Consultancy Program Management & Capacity Building	Budget: USD 6.8Million Budget USD 0.73 million Budget USD 0.84 million					
	Assumptions	a)	b) The proposed technical solutions for infrastructure and works were simple, locally available and guided by the successes, achievements from previous AfDB projects including AAMP, CAIIP-1 and CAIIP-2. c) Communities and districts had the ability to maintain the constructed roads through continued funding by the Uganda Road Fund an equipment provided by the government to the districts. d) Revenues of the project districts and sub-county would increase as a result of increased business activity generated through the project agro processing facilities), thus empowering them financially to undertake the requisite maintenance processes on the markets and comm e) Farmers will have access to quality inputs through other providers such NAADS, UCDA and other government projects/agencies. f) The project funded agro processing facilities will not distort the commercial environment for other private sector operators and would be r to private sector principles and practices.				

ANNEX-7A: MAIN ASSUMPTIONS FOR RE-ESTIMATION OF PROJECT'S ECONOMIC INTERNAL RATE OF RETURN (EIRR) AT POST-EVALUATION FOR THE ISDB COMPONENT.

The economic analysis is carried out by comparing with- and without-project scenarios. Under the without-project scenario, no community access roads would have been constructed or rehabilitated in the project areas. The with-project scenario includes the construction and rehabilitation of the community access roads as well as routine and periodic maintenance post project implementation. The economic analysis covers 25 years from 2012-2036, including the 5 years of project implementation.

Project Costs

In estimating the costs of the project, the following assumptions were applied:

i) The total cost for constructing the 376km of the community access roads in the IsDB funded districts, which were 8 in total. The total cost of the project at completion was USD 6.29 million or UGX 16.09 billion. This cost included civil works for rehabilitating 376.3km to all weather graveled roads. Civil works consisted of roadside and cross drainage works, construction of embankment for swampy sections, reshaping and re-surfacing of carriageway with gravel and reconstruction of broken bridges.

ii) Cost of annual maintenance of 376.3 kms post project implementation at a cost of USD 0.376 million (USD 1,000 per kilometer) for first four years post implementation and USD 0.532 million (USD 1,414 per kilometer) for the rest of the years.

iii) The cost of rehabilitating 1 km of a community access road has been estimated at USD 14,000 (As per Ministry of Works Guidance). For the 376.3km, we assumed the roads will be rehabilitated every four years as per the guidelines from Ministry of Works. So, for the 376.3km, the total cost every four years will be USD 5.268 million.

Benefits:

The principal economic benefits of the project are savings in vehicle operating cost (VOC), passenger time savings, increased rural income, increased commodity prices and the improved access of the rural poor to markets and health services. For purposes of this data was only available for the common commodity prices cultivated in the project areas through the Impact Assessment report. Therefore, increased rural income, savings in vehicle operating cost (VOC), passenger time savings, and improved access to markets and health services have not been taken into account because of lack of statistics. Annually benefits accruing from the project in terms of increase in prices for four main crops which

include beans, coffee, maize and bananas have been estimated at USD 3.58 million per annum in the 8 project districts. The table below shows the details of the estimated EIRR with an NPV of USD 12.6 million at 12% discount rate.

ANNEX-7B: EIRR CALCULATION IN MILLION USD FOR THE ISDB COMPONENT

Project Costs					
Year	Project Benefits (Commodity Prices)	Capital Investment	Routine Maintenance	Total Cost	Net Economic Benefit
2012	0.000	0.000	0.000	0.000	0.000
2013	0.000	0.186	0.000	0.186	-0.186
2014	0.000	0.000	0.000	0.000	0.000
2015	0.000	1.920	0.000	1.920	-1.920
2016	0.000	2.710	0.000	2.710	-2.710
2017	0.000	1.470	0.000	1.470	-1.470
2018	3.548	0.000	0.376	0.376	3.172
2019	3.548	0.000	0.376	0.376	3.172
2020	3.548	5.268	0.376	5.644	-2.096
2021	3.548	0.000	0.376	0.376	3.172
2022	3.548	0.000	0.532	0.532	3.016
2023	3.548	0.000	0.532	0.532	3.016
2024	3.548	5.268	0.532	5.801	-2.253
2025	3.548	0.000	0.532	0.532	3.016
2026	3.548	0.000	0.532	0.532	3.016
2027	3.548	0.000	0.532	0.532	3.016
2028	3.548	5.268	0.532	5.801	-2.253
2029	3.548	0.000	0.532	0.532	3.016
2030	3.548	0.000	0.532	0.532	3.016
2031	3.548	0.000	0.532	0.532	3.016
2032	3.548	5.268	0.532	5.801	-2.253
2033	3.548	0.000	0.532	0.532	3.016
2034	3.548	0.000	0.532	0.532	3.016
2035	3.548	0.000	0.532	0.532	3.016
2036	3.548	0.000	0.532	0.532	3.016
				EIRR	23.66%

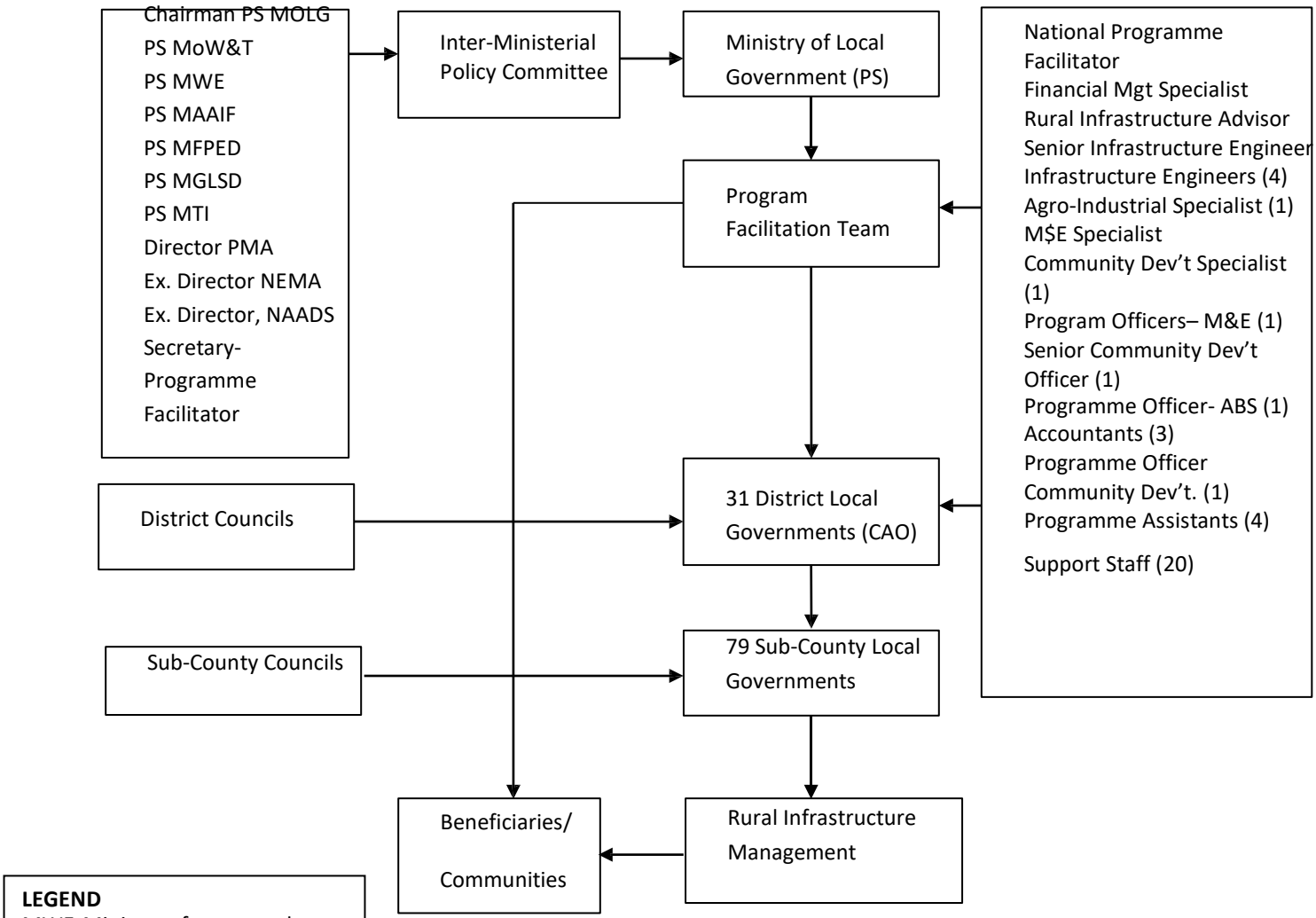
ANNEX-8: PLANNED AND ACTUAL PROJECT OUTPUTS

Sl. No.	Planned	Actual
1	Construction of 680 kilometers of community access roads secondary roads under the project 2,541	➢ A total of 376.3 kilometers of community access roads were constructed, this is 100% of the revised target (375.6 km) but 55% achievement of the appraised target. Fewer kilometers were constructed than envisaged at appraisal, as the due to changes in cost per km of CAR. At appraisal, it was assumed that the cost per Km was USD 10,000 but during implementation, it was revised upward to USD 19,000.
	Construction of 3060 kilometers of community access roads secondary roads under the project. Revised downward to 2541km during implementation (AfDB).	➢ A total of 2546.2 kilometers of community access roads were constructed under AfDB funding, giving 100% achievement of the revised target (2541 km) but 63% achievement of the appraised target of 3060km.
	Set up of 68 agro processing facilities with equipment (AfDB)	➢ Under AfDB funding, 72 APFs were set up and 79 assorted equipment installed in these facilities through AfDB support. The set of equipment supplied included 2 rice hullers, 14 milk coolers, 30 maize mills, and 33 coffee hullers.
	Supply and maintenance of electricity to 58 APFs, (AfDB)	➢ Under AfDB funding, 58 APF were connected to the national grid including supply of standby generators.
2	Preparation of all detailed studies, drawings, technical specifications and BoQs needed for all construction and rehabilitation of community access roads. A consulting firm will carry out the design of the 680Km of community access roads.	➢ The project undertook the design and supervision of the construction of works through a consulting firm and the PFT. ➢ Community mobilization activities were undertaken by recruiting and training of 323 IMC with 3146 members. ➢ Held 272 out of a planned 408 training sessions for the IMC members in road maintenance and local participation. As a result, 3839 members were trained in infrastructure management. Of these, 693 were for APFs while 3146 were for roads infrastructure.
3	Set up of the Project Management Unit	➢ The PMU was set up and code-named the project facilitation team. This team was responsible for the day to day running of the

		project.
4	Conduct start-up workshops, familiarization visits, reporting and audit function of the project	➢ Start-up workshops, familiarization visits and project reviews were conducted Additionally, annual audits through the auditor general's reports were conducted per IsDB's guidelines

Source: PCR and Evaluation Findings

ANNEX-9: ORGANIZATIONAL CHART OF FOR THE PROJECT AT POST-EVALUATION



LEGEND
MWE-Ministry of water and environment
MGLSD-Ministry of Gender Labour and Social Development
MTI-Ministry of Trade and Industries
NEMA-National Environmental Management Authority
NAADS-National Agricultural Advisory Services

ANNEX 10: RATING MATRIX

CORE CRITERIA	SUB-CRITERIA	SUMMARISED EVALUATION FINDINGS RELATING TO EACH SUB-CRITERIA	OVERALL CORE-CRITERIA SCORE
1. RELEVANCE	Consistency of project objectives with country overall development strategy and with the beneficiaries' needs and with the IDBG's Member Country Partnership Strategy (MCPS)	The project was found to be highly relevant in terms of formulation and design at the time of appraisal. It was in line with government's objectives for the development of the agricultural sector and IsDB's MCPS strategy to support the country's agricultural sector. Thus, the project was an appropriate response to the country's real needs. It was justified by the lack of access to markets for beneficiary farmers, low productivity and limited number of all weather roads in the target districts. The project was also strategically relevant to the IsDB since it indirectly promotes intra-development related design, combing the transport and agriculture sectors. During implementation there was a rescoping downwards of the kilometers of roads to be constructed hence not benefiting some of the beneficiaries included in the project at appraisal.	#DIV/0! #DIV/0! #DIV/0!
	Relevance of Project Objectives and Coherence between outputs and outcomes (including the modified ones): It is an assessment of the internal logic of the results chain of the operation and the validity of underlying assumptions. It assesses the extent to which the project's objectives are clearly stated and focused on outcomes rather than outputs. Also, the realism of intended outcomes in the country's current circumstances.		
	Relevance of the design at entry, this includes technical, financial and development related design. *It assesses the relevance of the technical options and solutions adapted to the beneficiaries needs. If applicable; relevance of the design at closing (including the modifications) is also assessed.*		
	Total Relevance	**Relevant**	**74%**
2. EFFECTIVENESS	*Achieved of project outputs and outcomes compared to planned targets.*	With regard to the kilometers of roads, the project did not deliver the planned kilometers at appraisal, delivering 376.3 km of the planned 680 km. However, this achievement was slightly above the revised target of 375.6 km at mid-term. For the other planned	#DIV/0! #DIV/0!

CORE CRITERIA	SUB-CRITERIA	SUMMARISED EVALUATION FINDINGS RELATING TO EACH SUB-CRITERIA	OVERALL CORE-CRITERIA SCORE
		outputs, on average, the project achieved 75% of the planned targets. In terms of outcomes, the project minimally reduced the PHL but significantly reduced the travel times to markets as well as access to markets for the farmers. During the mission, it was observed that in terms of the quality of the outputs, about half of the roads were not well maintained and require immediate measures to sustain the gains.	
	Net effect of the project (as compared with existing or constructed counterfactual) and other Project externalities (unintended consequences positive, negative, or specific problem solved/created	The project boosted the incomes of the target farmers in the target areas through value addition, increased farm gate prices, easing of access to markets of their produce and linking them to farmer producer groups. Well as the project delivered 376 kilometers of road, this was not equivalent to the expected at the appraisal stage.	
	Total Effectiveness	**Less Effective**	**51%**
3. EFFICIENCY	*Cost- benefit Analysis of the project (Did the benefits of the project (achieved or expected to be achieved) exceed project cost?)*	The Economic Internal Rate of Return (EIRR) of the project at the time of appraisal was estimated to be 28.6%. At the post evaluation, the rate was found to be closer to 23.66% on the basis of updating the assumptions set at appraisal and taking into consideration assumptions made at end of project assessment. The unit cost of delivering a kilometer of road was lower (USD 16,704) than that for AfDB component (USD 19,300) and similar roads in Kenya (21,000).	#DIV/0! #DIV/0!
	Cost Effectiveness (Were the benefits of the project achieved at least cost?)		

CORE CRITERIA	SUB-CRITERIA	SUMMARISED EVALUATION FINDINGS RELATING TO EACH SUB-CRITERIA	OVERALL CORE-CRITERIA SCORE
		Based on the revised target, the total cost at completion was USD 6.29 million (78% of the appraisal amount), registering a cost saving of 1.7 million USD. Despite an experiencing an implementation delay at start, the project was implemented under the planned 5 years physical implementation period from the date of effectiveness, realizing a time saving of 2 months between effectiveness and completion. Additionally, due to rescoping of the project downwards by reducing the number of KMs a significant section of beneficiaries targeted at the appraisal stage missed the would be benefits of the project.	
	Total Efficiency	**Efficient**	**63%**
4. SUSTAINABILITY	*Technical, Financial, Economic soundness of the project results (including O&M facilitation, availability of recurrent funding, spare parts, workshop facilities etc.)*	The district local governments mandated to maintain the constructed road did not have enough funds to maintain the roads and thus roads at the time of the mission were deteriorating. No clear O&M plan was being implemented.	#DIV/0! #DIV/0! #DIV/0! #DIV/0!
	Beneficiary commitment, including supportive legal/regulatory framework and socio-political/stakeholder support	The main challenge to sustainability is related to the financial and implementation of the regulatory framework so as to support the district local governments responsible for the maintenance of the community roads through the Uganda Road Fund.	

CORE CRITERIA	SUB-CRITERIA	SUMMARISED EVALUATION FINDINGS RELATING TO EACH SUB-CRITERIA	OVERALL CORE-CRITERIA SCORE
		Currently, the remittances from the Road fund do not meet the budgetary requirements for effective maintenance of the roads. Furthermore, the equipment supplied to the districts for maintenance of the district roads are not in a good state hence keep breaking down and cannot handle the increased kilometers of roads.	
	Institutional sustainability (organizational and management effectiveness)	The districts are well equipped in terms of the technical ability to maintain the roads albeit lack the funds due to the limited remittances. Furthermore, the established IMC have not been supported to continue with road maintenance post the project life, leading to deterioration of the roads. For the established APFs, the current management arrangements for most of the APFs do not have the ability to sustain the operations of the facilities. The respective district agricultural and commercial Officers are not fully committed to supporting the management or farmer groups running the APFs.	
	Resilience of the project results to exogenous factor	*The results achieved are not sustainable in case there are exogenous factors affecting the achieved outputs.*	
	Total Sustainability	**Less likely**	**48%**
	AGGREGATED PROJECT DEVELOPMENT OUTCOME (APDO)	**Successful**	**59 %**

ANNEX 11: VALIDATION PROCESS FOR PPER (UG-0081)

Sl. No.	Comments of the Relevant Complex	Evaluator's Comments
	Comments from Economic and Social Infrastructure Department	
	Although this project may have had a prior appraisal by another MDB, the IsDB component should equally conduct a thorough appraisal carried out by a composition of Sector Experts and not just a sector representation. This will enable the appraisal team carefully looked at the relevant documents as part of a Desk review and to engage the relevant stakeholder in a detailed technical discussion that could prevent such technical errors from happening.	This has been noted by the Evaluation team.
1	The difference between the two reports is quite significant. An increase of 60% as opposed to a decline of 57%. The report should not be silent on the data but rather triangulate the information and provide authenticated data. It would be helpful if there was baseline data that one could refer to in order to give an idea of what the household income in the project action areas was and compare it with what prevails at project completion. Unless there is clarity on the percentage of the household income for the targeted communities who constituted an integral part of the overall project objectives, the Effectiveness of the project is questionable if not partial.	A second review of the PCR shows that the 60% increase in HH income is instead increase in revenue of selected agricultural products. So the proxy indicator value for household income used at the post evaluation was data from the national household survey that estimated average monthly income for the households within the districts supported by IsDB. From the evaluator's point of view this is closer to the indicator "Increase in household income". We have therefore changed the report to just report on the decline of 57% in household income AND not the 60% increase as reported in the PCR.
2	Report trying to explain here? "In terms of sustainability, the project was rated as Less likely". Yet the project is rated Successful. I think the rating regarding project sustainability should be reconsidered.	In computing the overall score rating, we computed the average score for each of the four criteria (relevance, effectiveness, efficiency and sustainability). So the low sustainability score was compensated by the higher

Sl. No.	Comments of the Relevant Complex	Evaluator's Comments
		scores for other criteria.
3	In the future, the IEvD may want to extend its mission by some extra days if possible, to allow the team to adequately interact with the relevant stakeholders to clarify gray areas regarding the project.	This has been noted by the Evaluation team.
Comments from the Uganda Regional Hub		
1	Main Findings, Para #4; Page #2, Efficiency in relation to cost saving- Since about 680 km of access roads were targeted to be built as per the approved project document but only 376 km constructed, can we call this an unutilized portion of the financing rather than a saving?	In evaluating the project, the team used the approved targets which were revised during the implementation phase. Therefore assessment was done against the 375.6 Kms and NOT the 680 Kms. For this reason, we maintain the wording as cost savings and NOT utilized funds.
2	The document needs to elaborate on exactly what is the "weak management".	We have explained the weak management arrangement across the report on page 3 under issues, para 2.1.9 page 11, and para 4.1.3 page 28.
	We suggest replacing "Inaccurate "with "Incomplete" to improve the phrase. We could also add a paragraph on the effects of inadequate supervision by IsDB staff as some of the issues observed at project evaluation could have been detected during supervision missions.	We have maintained the word inaccurate because the feasibility study provided inaccurate values that led to the target of 680kms. With regard to supervision, the quality of supervision by the bank during implementation has been extensively discussed under para 3.1.3 and section "Quality of Supervision" and these issues have been mentioned too.
3	Executive Summary follow up Actions and Recommendations for IsDB on Page #4 regarding a dedicated fund for road maintenance - Setting up a road fund including its management for every project would be	

Sl. No.	Comments of the Relevant Complex	Evaluator's Comments
	challenging. Secondly, budget for maintenance will only be provided when the road is operational, therefore, making the setting up of such a fund as a condition for effectiveness should be revisited. I think setting up a fund is not sufficient to assure sustainability. Rather, I suggest that we look into the Bank providing support to ensure that there are planning and M&E tools for the EA to budget, implement and report on road maintenance in order to have a good audit trail.	The recommendation has been updated to read "request for a formal commitment to avail funds for the maintenance for the road financed by the Bank" Check bullet 2 page 2.
	Why not the Govt acquire the road corridor because if Govt is doing that in some projects and not in others, then this resistance may not go away The MOLG has the experience of mobilizing community for the intended purpose. The Government is always providing the required compensation for the land taken for construction of the community access road. Please cross-check with the Executing Agency why this was not the case for this project.	During the mission, consultations were made with the EA and for all the community access roads, communities agreed to freely surrender land purposes road construction/rehabilitation. However due to community misconceptions, once trees were planted along the roads, communities thought government was marking their land for a takeover and hence resistance to allow for planting of trees.
	Please elaborate what "**weak management arrangement** "is exactly so that remedy can be recommended, and lessons drawn.	We have explained the weak management arrangement across the report on page 3 under issues, para 2.1.9 page 11, and para 4.1.3 page 28.
	Page #13; Para 2.1.9 on the utilization of Agric Processing Facilities (APFs)- Please note that the installed capacity may not be the projected utilization in year five (the year of our evaluation) rather it is for the life of the project. Therefore, please check the PAD / feasibility report for the justification /	What is reported is the installed daily capacity of the equipment. For instance for coffee hullers, most installed have a capacity to hull 1000Kgs of coffee per day. However, during the mission visits, facilities were hulling about 10% of the daily installed capacity.

Sl. No.	Comments of the Relevant Complex	Evaluator's Comments
	assumption for the installed capacity so that we get to the root cause of the low utilization of the APFs stated in the document. "The coffee pulping machine is not working at full capacity and milk cooling is not functioning": Please provide the reason(s) why some of the agro-processing units are not functioning well? The challenge must be identified, and possible solution(s) proposed in the report.	Reasons for functioning under the installed capacity have been enlisted in para 2.1.9 page #13.
	"In Sheema district, the milk cooler was reported to be lying idle at the time of the evaluation mission."- What is/are the real problem(s)?	Reasons for this have also been explained in para 2.1.9 page #13.
	It is noted that appraisal was in 2011 but implementation was from 2013 to 2017 and check if there was any change in the project context to attempt to find out the cause(s) for this increase-	Checked and there no context changes. Appraisal was in 2011 while implementation commenced 2013. This time period can not lead to such a sharp increase in costs. So the reason for the change in cost being poor feasibility study.
	Drastic measure that need to be taken include supporting through the Road Fund the districts financially to maintain the roads as well as provide extra funding for maintenance of the equipment meant for road construction.	The drastic measures have been explained in 2.4.2 page 18.
	Issues: Inadequate maintenance and sustainability plan- The GoU has provided at least road maintenance machineries for each district since 2021. The issue needs to take into consideration the recent developments in the project districts.	The issue remains lack of sustainability plans and adequate resources to implement it. Even then, during the mission, even with the equipment provided, districts report shortfalls in funds to maintain the equipment due to the insufficient funds allocated to road maintenance.
	Lessons:**"Inaccurate feasibility studies performed before the project appraisal can lead to substantial changes in project scope"-** Consider using "Incomplete" instead of "Inaccurate" because that fits the description in this para.	We have maintained the word inaccurate because the feasibility study provided inaccurate values that led to the target of 680kms.

Sl. No.	Comments of the Relevant Complex	Evaluator's Comments
	The Bank is not involved in the O&M Phase. Therefore, please dwell on specific recommendations on how the Bank can ensure resource allocation for this phase of the project.	This recommendation has been dropped.
	Annex 5: "Project Appraisal report for the Community Agriculture Infrastructure Improvement Project-3, AfDB, September 2018".- This appraisal report is dated 2018 but the project was completed in 2017. Please check	This has been changed
	Annex 7: Project Costs- "This does not match the financing plan since the project is not about this access road only. Please consider changing the title to "EIRR for the IsDB component"	This has been changed.