



MARGINALIZATION OF ENVIRONMENT AND NATURAL RESOURCES SUB-SECTOR

Undermining the Economic Base and Entrenching Poverty in Uganda



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Cover Photos:

River Waki on the border between Hoima and Buliisa districts which burst its banks and destroyed all crops in the area; and the landslide that ravaged Bududa District in Eastern Uganda.

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List of Acronyms

ACODE	Advocates Coalition for Development and Environment
BFPs	Budget Framework Papers
DFID	Department for International Development
ENR	Environment and Natural Resources
ENRSCG	Environment and Natural Resources Sector Conditional Grant
FAO	Food and Agriculture Organisation
FY	Financial Year
GDP	Gross Domestic Product
HEP	Hydro Electric Power
IFPRI	International Food Policy Research Institute
IPFs	Indicative Planning Figures
IUCN	International Union for Conservation of Nature
JLOS	Justice, Law and Order Sector
MDGs	Millennium Development Goals
MoFPED	Ministry of Finance, Planning and Economic Development
MTEF	Mid Term Expenditure Framework
NAPA	National Adaptation Programme of Action
NFA	National Forestry Authority
PAF	Poverty Action Fund
PFCC	Parliamentary Forum on Climate Change
UBOS	Uganda Bureau of Statistics
URA	Uganda Revenue Authority

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1. Introduction

Environment and Natural Resources (ENR) constitute a significant economic base of Uganda and will remain so in the future. While the causes of poverty in Uganda can be attributed to many other factors, environmental degradation and mismanagement of the natural resources remain major obstacles to enhanced agricultural productivity and income generation for the rural population. Natural resources such as soils, forests, wetlands, fisheries, water, rangelands and minerals, among others, are the principal sources of income for the rural poor. Therefore, to achieve pro-poor economic growth, poor economies should build on the natural resource assets available to the poor.

The objective of this policy brief, therefore, is to bring to the attention of policy makers, the Executive and Parliament about the current state of under-funding of the Environment and Natural Resources Sector (ENR) and its implications for the country's development process. The policy brief is also intended to raise the profile of the ENR sector as a key priority and strategic sector that deserves increased budget allocation. This brief was prepared and published under the auspice of the Parliamentary Forum on Climate Change (PFCC)¹ and the Advocates Coalition for Development and Environment (ACODE)² supported by DFID and CARE International in Uganda respectively.

1 The Parliamentary Forum on Climate Change is a forum of members of parliament that have interest in climate change issues.

2 The Advocates Coalition for Development and Environment is an independent public policy research and advocacy think tank registered in Uganda and engaged in a number of activities that support government efforts to make and implement public policy, increase accountability and promote citizens' empowerment.

2. Background

In its various policy documents including the National Development Plan, the Government of Uganda has recognized that the country's economy largely depends on the environment and natural resources. With limited industrialization, this trend will remain so for many years. As a result, the Government has made commitments in the national Constitution (1995) and many policy documents to manage the environment and follow a sustainable development path. Although policies have been developed and institutional frameworks put in place, their implementation has not been matched with the required financial resources. Consequently, the degradation of the country's environment and natural resource base has continued unabated and has now reached alarming proportions. The current economic crisis and escalating food prices in Uganda are partly attributed to the mismanagement of natural resources leading to a reduction in agricultural productivity, food shortages and declining exports. The key natural resources that have an impact on the economy include forests, land, water and wetlands. The situation has been compounded by climate change that has further impacted on economic growth by increasing the unpredictability of the weather.

2.1 Climate Change

Studies indicate that global temperatures are rising. Climate change has mixed effect on economic activities but the net effect is negative. For example, it has been estimated that a temperature increase in Uganda by 2 degrees Centigrade would result in the loss of functionality of most arable land, reducing coffee and tea production in Uganda.³ Studies further predict that at the current rate of global warming, Mt. Ruwenzori will have lost all its glaciers by 2025 which will significantly impact on the tributary rivers and streams and, consequently, the livelihoods of millions of people. The severity of these impacts is worsened by the degradation and lack of investment in the current management of the ecosystems. The urgency to plan for these scenarios to meet current and future climatic changes and integrating them in the development pathways cannot be overstated.

Climate change-related disasters such as droughts, floods, landslides, diseases and epidemics are increasing in terms of frequency, intensity and severity. These disasters are estimated to destroy an average of 800,000 hectares of crops annually, causing economic losses in excess of US\$120 billion, loss of lives, displacements, and

³ Uganda National Adaptation Programme of Action 2007 indicate that increase in temperatures by 2 degrees centigrade would have significant impact on coffee growing.

triggering off conflicts and involuntary migrations.⁴ A recent study by the Red Cross revealed that more people are now displaced by environmental disasters than wars.⁵ Thus, environmental refugees are increasingly emerging as victims of the impacts of climate change. The low adaptive capacity that is limited by low economic resources and technology renders Ugandans more vulnerable as they possess few coping mechanisms.

Figure 1: Landslides in Bududa District



Source: *ACODE Digital Library 2011*

A recent report by the FAO added Uganda to the list of countries in the Horn of Africa stricken by famine with over 600,000 people in the north-eastern part of the country (mainly the Karamoja region) at the risk of malnutrition, starvation and death due to prolonged drought.⁶ It is therefore quite clear that unless urgent actions are taken, climate change threatens livelihood security and is likely to reverse the economic gains so far made.

2.2 Deforestation

Uganda is losing its forest cover at an estimated rate of 2.1% per year, translating into 92,000ha of forest lost annually. According to National Forestry Authority, the current national natural forest cover in Uganda constitutes only 17% of the total land area.⁷ The importance of forests cannot be over-emphasized. It is estimated that up to 2.7 million Ugandans (15% of the population) live in areas neighbouring forest reserves of which 35% are the poorest population who live below the poverty line and depend heavily on access to forest resources for survival as they are mostly unable to buy or grow fuel wood or hardly have any productive land.

4 Ibid.

5 See, Environmental Refugees at <http://www.globalfootprints.org/issue/refugees/environmental> [Accessed June, 2011].

6 FAO launches appeal to avert regional disasters at <http://www.faosomalia.org> [Accessed June, 2011].

7 NFA Report, 2008.

Forestry not only contributes about 6% to Uganda's GDP but also provides energy for over 90% of the population, forest products for a growing construction industry, and employment for about one million people.⁸ Forest resources also support subsistence needs and agricultural production. Forests provide environmental services, support biodiversity conservation and promote economic development through tourism. A study by IUCN indicated that use of charcoal in urban households saves Uganda an import bill of kerosene worth US\$180 million annually which further illustrates the importance of forestry to the economy and the need for sustainable use which cannot be achieved with the current level of funding.

Figure 2: Forest Degradation in Hoima District



Source: ACODE Digital Library

2.3 Water Resource

Although Uganda is considered well-endowed with water resources, the country is experiencing water management issues relating to droughts, floods, increasing water demand and deteriorating water quality. The impacts are very evident in Uganda's cattle corridor where scarcity of water triggers conflicts, migrations, and displacement.⁹ The increasing water scarcity is a source of social conflicts and tensions and is a major cause of many preventable diseases.

2.4 Land Resource

Land is important in supporting livelihoods and is a major household asset and the main capital available to the majority of the people in Uganda. Land degradation resulting from soil erosion is on the increase. Estimates of the economic costs of soil erosion indicate that the degradation costs the Ugandan economy 11% of its GDP annually. A study by International Food Policy Research Institute (IFPRI)

⁸ Ministry of Water, Lands and Environment, Brief Notes on the Uganda Forestry Policy 2001, p. 1.

⁹ Uganda National Adaptation Programme of Action, 2007 at p. 9.

conducted in 2002 estimated the value of soil nutrient loss to be at US\$ 625 million per annum. When soil erosion is taken into account, Uganda's annual net savings become negative.

3. The Nexus Between ENR and the Development Process

There is a close link between environment and natural resources and a country's economic growth. While Uganda is undergoing significant economic transformation, the country still largely relies on land, fisheries, livestock, wetlands, forests, wildlife, water, and mineral resources - all of which are exhaustible resources- for economic growth. Uganda's dependence on natural resources is likely to persist in the foreseeable future, making the sustainable use of these resources an issue of economic and livelihood security, and a survival strategy for Uganda.¹⁰

The following sections below provide a clear demonstration of the potential of the ENR sector to contribute to the attainment of development goals if adequate investments are made for its sustainable use and productivity.

3.1 Employment

The ENR sector has continued to provide the bulk of employment both formally and informally. For instance, fisheries contribute to direct employment of over 300,000 and indirect employment of over 1.2 million Ugandans. Forests provide direct employment estimated at over 100,000 and indirect employment estimated at 750,000 people. Wetlands are estimated to employ 320,000 workers directly and provide subsistence employment for over 2.4 million people. Sustainable natural resource use will allow the ENR sector to continue to provide vital non-agricultural rural employment for the poor. Limited investment in the ENR sector will therefore undermine its contribution to growth, employment and socio-economic transformation.

3.2 The Poverty-Environment Link

There is a strong link between the quantity, quality and productivity of the ENR and the levels of poverty in Uganda. Although the proportion of the poor population reduced from 31.1 per cent in 2005/06 to 24.5 per cent in 2009/10, 7.5 million people are still classified as poor (UBOS, 2011). The majority of these poor people

¹⁰ Ibid.

depend on ENR for their livelihoods. Investment in the sustainability, increased productivity and value addition to ENR is therefore central in supporting the Prosperity for All programmes. Pro-poor ENR growth in rural communities will have desirable knock-on effects on other agents of economic growth in the country.

3.3 Trade Balance

Natural resources and related goods and services account for over 85% of Uganda's exports. In the FY 2010/11, the growth of export earnings (5.3%) was lower than the increase of expenditure on imports (18.3%) partly due to the declining stocks and productivity of natural resources affecting Uganda's primary exports such as fish. This was one of the attributive factors to the widening trade deficit which currently stands at US\$ 2.3 million.¹¹ Increased investment in the sustainable utilization of the ENR sector will therefore contribute to reducing the trade deficit and improving the overall Balance of Payment position of the country.

3.4 Revenue

Environmental levies are increasingly becoming a major source of government revenue. Records from URA indicate that from 2007/08-2010/11, US\$ 120.6 billion was collected on used imported items alone. However, although these funds were collected under the umbrella of environmental protection, they were channeled to the Consolidated Fund, and there was no plan for re-investment in the ENR sector. Although local governments' locally generated revenue is still meager, it is worth noting that for many of them, natural resource-related levies contribute a large percentage of this revenue. For instance, Nakasongola District gets 76% of its revenue from charcoal and fishing permits, licenses and fees. Increased budget allocation to the ENR sector is an investment into a sustainable revenue base that will reduce dependence on transfers from the centre and enhance the economic viability of local governments.

3.5 Linking ENR to Rural Growth and Socio-economic Transformation

The low productivity and incomes from the ENR sector is a big constraint to non-agricultural rural production and transformation. In order to restore growth in rural incomes, ENR remains a critical sector because it provides the bulk of rural employment and incomes.

3.6 Equity

The high economic growth rates that Uganda has achieved averaging 6.5% over the last ten years, have not translated into enhanced economic wellbeing of the poor

¹¹ Background to the Budget 2010/11.

and the general rural-based population. Widening income inequalities and increasing regional disparities are emerging. Given the heavy dependence of the poor on the ENR sector, investment in its continued productivity is one of the viable strategies for reducing income inequalities that threaten national stability, social welfare and sustainability of many Ugandans.

3.7 Linking ENR to other Sector Outcomes

The ENR sector cuts across the other sectors of the economy and influences their functionalities and outcomes. It is both a primary growth sector and an enabling sector. It contributes directly to the production of goods and services, and provides a conducive environment and framework for the efficient performances of all sectors of the economy. These sectors include Health, Energy, Agriculture, Water and Sanitation Sector, Justice Law and Order Sector (JLOS), Transport, Works and Communications among others. For instance, over 70% of the disease burden in Uganda is environment-related. Diseases such as Malaria, Cholera and Respiratory infections would be greatly reduced if a healthy and clean environment was maintained. Maintaining a healthy environment is the most cost-effective way of delivering preventive health care services. Landslides and floods as a result of poor environment management damage road infrastructure and make the recurrent cost of maintaining roads unmanageable.¹²

In the energy sector, generation of Hydro Electric Power (HEP) depends on the water flow levels and sustainable use of water catchments. Over 96% of Ugandans depend on biomass energy (charcoal and firewood). Degradation of water and forest resources will therefore increase the cost of power generation and increase the cost of living. Therefore, investment in ENR will have greater multiplier effects on the entire economy.

3.8 ENR for National Stability and Prosperity

Evidence is emerging that many conflicts around the world are driven by environmental scarcities, inequitable access and benefit-sharing of resources, declining resource productivity and poverty. This is evident in the cattle corridor where water scarcity and diminishing grazing land is a cause of conflicts, some of which are trans-boundary. Land conflicts arising out of inequitable access and benefit sharing are increasing. Therefore maintaining Uganda's natural resources should be seen as a priority to ensure national stability, development and prosperity.

¹² 'Ug. Shilling 45billion required for rain washed roads', Daily Monitor, Tuesday, November 2011.

3.9 Macroeconomic Stability

Uganda is currently experiencing inflationary pressures. At the end of August 2011, food inflation hit a record of 21.4%. One of the contributing factors to food shortages are poor rains and drought conditions. Without the timely intervention of the meteorology department to assist farmers with information on when to sow or plant the various crops, this threat is far from over. The meteorology department is in dire need of investment, which necessitates a major increment to the ENR funding. This will go a long way in boosting the planning, production and efficient supply of food on the market and in turn contribute to macro-economic stability.

3.10 Millennium Development Goals (MDGs)

Uganda joined the international community under the United Nations in endorsing the MDGs. MDG-1 focuses on reducing extreme poverty and hunger, while MDG-7 is about ensuring environmental sustainability. Environmental sustainability is linked to all MDGs. Therefore investment in ENR offers a unique and cost-effective opportunity for achieving the MDGs and sustainable human development.

3.11 Returns on Investment in ENR

The ENR sector provides significant returns on investment as well as acting as a source of natural wealth for public and private investments. Studies have indicated that modest investment in soil conservation, water conservation and improvement of soil quality can bring about significant changes in agricultural productivity. Investment in conservation reduces the cost on health and infrastructure, and cleaning up the environment. For example, Mabira Central Forest Reserve stores 17.1 million tonnes of carbon dioxide, equivalent to US \$1.4 billion, which the polluter would pay to clean the air if the carbon was released on cutting down the forest. Table 1 below indicates the annual economic contribution of the various natural resources which, unfortunately, are not captured in Uganda's GDP measurement.

Table 1- Estimates of key ENR Contributions to the Economy of Uganda, 2001

Item	Amount (US\$)
Gross returns to the natural economy from biodiversity	63.9 billion/year
Consumer surplus from gorilla tourism	1.72 million/year
Value of wetlands use to local households	11.4 billion/year
Value of papyrus swamp use to local households	3.4 billion/year
Value of forest watershed catchment	13.2 million/year
Value of pharmaceutical use of forests	1.15 million/year

Source: *Moyini & Muramira (2001)*

Table 2 further illustrates the vital contribution of the ENR sector to Uganda's economy.

Table 2- Annual Economic Contribution of ENRs to the Economy of Uganda, 2003

Type of Natural Resource	Annual economic value (US\$ million)	Currently recorded in GDP (US\$ million)
Fisheries	301	130
Forestry	360	112
Wetlands	277	-
Tourism and Wildlife	163	163
Total of the above	1726	405

Source: *Gil Yaron and Yakobo Moyini (2003)*

4. Costs of Natural Resource Degradation to the Country

Uganda's rapid economic growth has put significant stress on the country's ENR base resulting in environmental degradation. Consequently, the quality and quantity of the resources on which sustainable economic growth and poverty reduction depend is declining and this is imposing substantial costs on the country. It is estimated that natural resource degradation costs as much as 17% of the gross national income per year, of which 6% consists of forest degradation and 11% soil degradation. At current GDP levels, the loss is estimated at US\$2.5 billion per year with soil degradation alone estimated at US\$1.7 billion per year.¹³

¹³ See Table 3.

Figure 3: Motorists Drive through a Flooded Road in Kampala

Source: *Daily Monitor, November 8, 2011*

Table 3- Estimated Annual costs of ENR Degradation to the Ugandan Economy

ENR degradation	Annual costs (Billion of US\$)
Biodiversity loss	506
Forest degradation	3.756
Wildlife loss	55.353
Soil degradation	225
Rangeland degradation	815
Wetland encroachment	2.0
Water hyacinth pollution	870
Water contamination	38.61

Source: *Moyini and Muramira 2001*

The above estimates make it apparent that failure to achieve improvements in the condition of the ENR sector will undermine economic growth and frustrate the achievement of the country's development goals. These costs are annually paid by the poor who depend more on natural resources for their livelihoods.

5. Budget Allocation to the Environment and Natural Resource Sector

Despite the important and critical role of ENR Sector in economic growth, poverty reduction, employment, livelihood and food security, it is one of the least funded sectors. The share of the budget allocated to the Environment and Natural Resources (ENR) Sector over the last four years has not only remained low, but has also declined both in absolute and relative terms. As shown in Table 4, the share of total government expenditure allocated to the ENR Sector reduced from UShs. 88.3 billion in financial year 2003/04 to UShs. 51.7 billion in financial year 2005/06. Although showing a slight increase, the allocation to the sector for financial year 2006/07 remained low at UShs. 59.3 billion. In contrast, the total budget for the central government increased progressively from UShs. 3,026.7 billion in FY 2003/04 to UShs. 3,933.5 billion in the FY 2006/07, registering a 23% increase as opposed to the decline of 32.8% experienced for the ENR Sector.

Table 4: Government Expenditure by Sector '000UShs

Sector	2003/04	2004/05	2005/06	2006/07
ENR Sector	88,288,061	79,541,684	51,695,473	59,299,737
Defense	313,163,040	364,116,360	360,318,216	366,871,803
Health	234,015,812	201,413,953	261,672,339	192,570,794
Education	146,824,550	158,772,458	117,039,420	131,809,707
Other sector combined	2,244,374,249	2,391,438,419	2,652,705,865	3,499,370,504
Total	3,026,655,712	3,185,282,864	3,433,431,313	3,933,526,043

Source: *Approved Estimates of Revenue and Expenditure for Years 2003/04; 2004/05; 2005/06 and 2006/07 Ministry of Finance, Planning and Economic Development, Kampala.*

5.1. Country Comparison of Levels of Investment in ENR

Compared to Kenya, Tanzania and Madagascar, Uganda spends the least amount in the conservation of natural resources. Compared to Kenya, Uganda currently spends half the investment in conserving forests, national parks and wetlands (Table 5). The

picture becomes even bleaker when Uganda's investments are compared to those of Tanzania and Madagascar.¹⁴

Table 5: Country Comparison of Conservation Financing per Hectare per Annum (\$/ha/year)

Country	Forest	National Parks	Wetlands
Uganda	2.5	3.0	0.5
Kenya	5.0	6.0	3.0
Tanzania	7.0	7.0	3.0
Madagascar	9.0	10.0	3.5

Source: Muramira (2003)

The sector funding for the three years (FY 2008/9 to FY 2010/11) as indicated in Table 6 below show a decline in the share of the national budget from 2.6% in the FY 2008/09 to 1.09% in FY 2010/11. While funding to other sectors has progressively increased, the funding to ENR has continued to decline, hence creating a contradiction between policy commitment and resource allocation.

Table 6: Comparison of Resource Allocations with other Sectors

Sector	Actual Budget allocation (U Shs) Billions)			Percentage Share of Total Budget		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Security	477.2	477.9	504.3	8.1%	6.9%	6.6%
Works and Transport	1,083.7	1,133.7	1,409.1	18.5%	16.4%	18.4%
Agriculture	223.2	328.2	374.2	3.8%	4.7%	4.9%
Education	899.3	1,061.1	1,055.2	15.4%	15.3%	13.8%
Health	628.5	723.6	784.4	10.7%	10.5%	10.3%
Water and Environment	150.3	163.6	148.0	2.6%	2.4%	1.9%
Justice, Law and Order	280.4	350.8	368.6	4.8%	5.1%	4.8%
Accountability	417.6	401.0	430.1	7.1%	5.8%	5.6%
Energy and Minerals	461.2	698.9	785.9	7.9%	10.1%	10.3%
Tourism Trade and Industry	31.0	63.0	97.6	0.5%	0.9%	1.3%

¹⁴ It is acknowledged that while conservation challenges may differ among the four countries somewhat, the great disparities between Uganda and other countries is too big to be explained by ecological differences. This is especially so between Uganda, Kenya and Tanzania.

Lands, Housing and Urban	12.3	20.3	53.0	0.2%	0.3%	0.7%
Social Development	24.1	31.1	45.3	0.4%	0.4%	0,6%
ICT	6.5	9.5	9.5	0.1%	0.1%	0.1%
Public Sector	535.3	698.2	779.6	9.1%	10.1%	10.2%
Public Administration	136.3	215.2	281.9	2.3%	3.1%	3.7%
Legislature	112.6	122.0	121.3	1.9%	1.8%	1.6%
Interest Payment Due	379.1	363.7	345.2	6.5%	5.3%	4.5%
Unallocated	0.0	54.0	54.0	0.0%	0.8%	0.7%
Grand Total	5,858.7	6,915.9	7,647.1	100.0%	100.0%	100.0%

Source: *Compilation from Approved Budget Estimates MoFPED*

5.2 Sector Priorities Requiring Funding

Additional support is, therefore, required to enable the ENR sector to undertake the following priorities:

- (i) Enforcement of environmental compliance;
- (ii) Rehabilitation and expansion of forests which involve nation-wide tree planting programmes, demarcation and marking of forest boundaries;
- (iii) Rehabilitation of degraded wetlands, demarcation and marking of wetland boundaries;
- (iv) Restoration of degraded ecosystems;
- (v) Management of rangelands and restoration of soil fertility;
- (vi) Evaluation of the environmental impacts of oil and gas exploration and development;
- (vii) Creating environmental management capacity at national and local government levels including staffing, retooling and equipping. For instance, in the Department of Environment Support Service (DESS) under the Ministry of Water and Environment only 6 out of the 18 established posts are filled, while under most local governments the Natural Resources Department is grossly understaffed – with some registering only one Officer to manage environment, forests, wetlands and land, all of which are sectors under this department;
- (viii) The increasing number of districts requiring support in terms of capacity building and mentoring strains the sector which is already under-funded and inadequately staffed. In fact the creation of new districts from formerly

existing districts has significantly reduced local revenues of the latter and yet natural resource departments rely heavily on locally-generated revenue for their funding.

5.3 Key Issues for Budget Policy Action

- (i) The rigid Mid-Term Expenditure Framework (MTEF) ceilings and budget cuts leave very little room for the ENR sector to fulfill its mandate;
- (ii) Insufficient release of funds against planned budget expenditures leads to poor implementation of annual planned outputs. For instance, out of the approved budget of Shs.17.96 billion in FY 2010/11 only Shs. 2.6 billion was released, representing a percentage budget release of only 14.5%;
- (iii) The Indicative Planning Figures (IPFs) given to local governments by the MoFPED do not cover environment as a separate sector, compared to other sectors like Health, Education and Works. This gives the impression to local governments that the ENR sector is not a Government priority;
- (iv) The funding at the Local Government level, where the implementation of environmental programmes takes place, is very poor. In most cases it is less than 1% of the national budget allocation. For instance, in the FY 2009/10, 99.1% of the ENR sector budget was spent at the centre and only 0.9% of the budget was disbursed to local governments in form of conditional grants.
- (v) Poverty Action Fund (PAF) conditional grants which constitute the Environment and Natural Resources Sector Conditional Grant (ENRSCG)- only covers Wetlands and do not cater for other natural resources such as Forestry and Environment to ensure sustainable use. Even then, the percentage of the PAF given to Wetlands is very small compared to that given to other sectors such as Health, Roads, UPE and Water Development (boreholes, spring wells, etc). It ranges from a paltry Shs 4m/= to Shs 12m/= per year and, therefore, cannot address the enormous challenges affecting the ENR sector. Worse still, it has been decreasing with the increasing number of districts.
- (vi) Inadequate integration of ENR in Sector and Local Government Budget Framework Papers (BFPs);
- (vii) The ENR contribution to economic growth in Uganda has not been recognized partly because much of the economic value it generates is unrecorded in the official statistics. Many services offered by the ENR sector go unrecorded and are missing in the national accounts.

- (viii) The ENR sector greatly relies on donor funding and it has resulted into a depressing lack of sustainability in respect to the majority of the donor-funded projects. It is also notable that the donors hardly fund any recurrent operations which are vital to the success of many of the interventions in the sector. This calls for more involvement of government itself, especially in the area of funding.

6. Policy Recommendations

- (i) **Revise the MTEF ceiling for Environment and Natural Resources Sector.** The Environment and Natural Resources Sector should be given importance as one of the outstanding national priorities affecting the country's political, social and economic development and correspondingly have its budget resource allocation increased. The government through the Ministry of Finance, Planning and Economic Development should revise the MTEF ceilings for the ENR sector to enable the increase of resource allocation to the ENR sector.
- (ii) **Integrate Environment and Natural Resources in the sector budgets.** Environment and Natural Resources, being a cross-cutting, primary growth and enabling sector affecting the functionality and outcomes of other sectors, should be mainstreamed through all ministries. The session committees of Parliament and the MoFPED should therefore compel all sectors during the sector budget reviews to identify sector-specific environmental issues and provide budgets for them.
- (iii) **Integrate Environment and Natural Resource values in the National Accounting System.** Parliament should demand from Ministry of Finance, Planning and Economic Development for the integration of full ENR values into the national accounting system so that the protection and sustainable use of all natural resources becomes an integral part of the annual government planning cycle.
- (iv) **The Poverty Action Fund should be extended to cover other aspects of the environment and natural resources.** Parliament should demand for the expansion of Poverty Action Fund conditional grants to cover all ENR sub-sectors and increase it to the levels of other sectors like Works, Health and Education.
- (v) **Fast-track the implementation of National Adaptation Programme of Action.** Parliament should demand that Government fast-tracks implementation of the National Adaptation Programme of Action (NAPA) to

mitigate the adverse impact of climate change on the country's development and periodically report to Parliament on the progress of implementation.

7. Conclusion

The Environment and Natural Resources Sector significantly contributes to rural poverty reduction and economic growth. The declining agricultural productivity over the last decade is partly explained by environmental degradation. Although the sector is clearly important, it ranks low in terms of budgetary allocation, attracting roughly 2% of total government expenditure annually. Therefore, there is need to step up the level of funding to the sector in order to sustain economic growth and the wellbeing of millions of Ugandans.

Publications in this Series

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