



BUILDING MOMENTUM FOR GREEN STRUCTURAL ECONOMIC POLICY REFORM

MOVING FROM STIMULUS TO STRUCTURAL CHANGE



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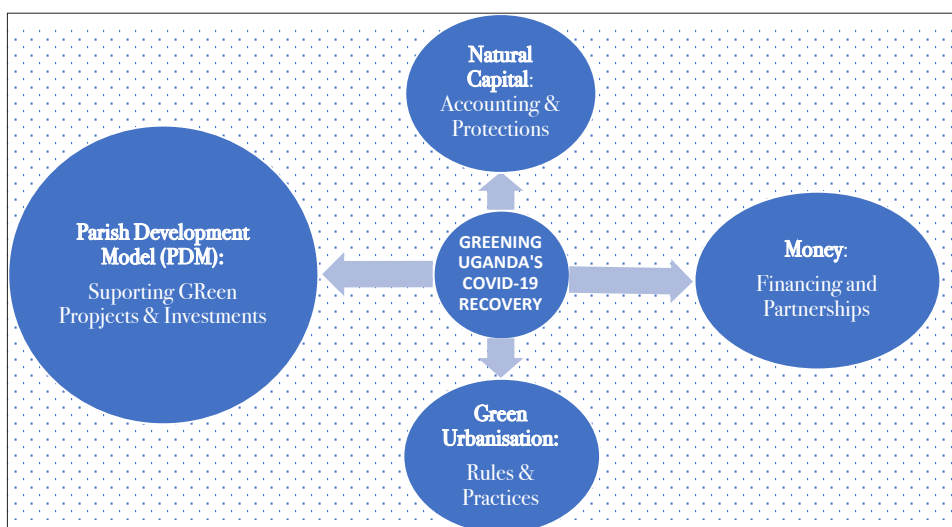
ACODE is convinced that this publication will be instrumental in improving decision making processes for green structural economic-policy reforms in Uganda.

ACRONYMS

ACODE	Advocates Coalition for Development and Environment
COVID-19	Coronavirus Disease - 19.
GDP	Gross Domestic Product
GEC	Green Economy Coalition
ICT	Information and Communications Technology
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance, Planning and Economic Development
MWE	Ministry of Water and Environment
MoLHUD	Ministry of Lands, Housing and Urban Development
MoLG	Ministry of Local Government
NEMA	National Environment Management Authority
NDP	National Development Plan
NPA	National Planning Authority
OWC	Operation Wealth Creation
PDM	Parish Development Model
SMEs	Micro, Small and Medium Enterprises
SDGs	Sustainable Development Goals
UGGDS	Uganda Green Growth Development Strategy
UDB	Uganda Development Bank
UNFCCC	United Nations Framework Convention on Climate Change

1.0 KEY EMERGING ISSUES

The transition to a green economy in Uganda has been an unfolding undertaking. It predates the COVID-19 pandemic. Similarly, the urgent need to cushion Uganda’s economy from the ravaging impacts of climate change, as seen being happening in countries like Pakistan, has been acknowledged in interventions like the Uganda Green Growth Development Strategy, commitments and practices under the (UGGDS), United Nations Framework Convention on Climate Change (UNFCCC) and environment sensitivities. The need for cleaner, unpolluted, and safer environments is as important in urban areas (hence green urbanization), as the need for more inclusive growth and environmental sustainability. The COVID-19 pandemic compelled us to think of pandemic-recovery interventions that are green, sustainable, climate-change-sensitive and equitable. Accordingly, studies that informed ACODE dialogues on “*Green Structural-Policy Change in Post-COVID-19 National Development Processes*” gave impetus to calls for policy innovations intended to ensure that Uganda pursued green post-COVID-19 development. The following key issues came out of the dialogues:



1. **Natural-Capital Compliant Budgeting and Resource Allocation:** Uganda’s economy depends on her natural-resource endowment. Over 73% of Uganda’s labour force is employed in sectors that depend on natural capital. Over 40% of the country’s exports are from agriculture. The country’s earnings from tourism (7.75% of GDP in 2020) are based on natural capital, nature conservation, and ecosystems management. Expanding and deepening investment in natural-capital accounting and management, therefore, requires that the country takes stock of her natural capital as well as sustainably manages her natural endowments. It is ironical therefore, that only 40% of the 2021/2022 national

budget was natural-capital compliant, which calls for more natural-capital complaint budgeting and resource allocation.

2. ***Green Urbanization:*** Uganda is one of the fastest urbanizing countries in Africa. Today, more than 25% of Ugandans live in urban areas. New cities (and other urban areas) have been gazetted and more are in the offing. Uganda, therefore, needs policies, legislations, and other frameworks that stress green urban infrastructure development, green real-estate development, green housing (home constructions), green industrial parks, and other construction processes. Green urbanization will make cities more liveable, more sustainable, and more conducive centres for economic and technological production. Strengthened and coordinated work involving government, the private sector, research community, and financial institutions, is important in ensuring green urbanization in post-COVID-19 Uganda. This is possible by adapting and deploying technologies that promote green urbanization.
3. ***Money – financing and Partnerships:*** while many elements of COVID-19 recovery can be “greened” with limited finance-capital investments, a great number require substantial investments in green energy (e.g. government’s efforts on solar-powered irrigation schemes to ensure all-year-round agricultural production for food security, reducing drought-related food shortages that repeatedly drive food inflation); green technologies and systems (new construction techniques and equipment, zero-carbon industrial systems, and energy-efficient industries). While the Uganda Development Bank (UDB) has developed innovative approaches to support green investments, more private financial institutions, multilateral development agencies, and equity-financing stakeholders, need to be integrated in an overarching and integrated green-development financing ecosystem.
4. ***Greening the Parish Development Model (PDM):*** a current opportunity for greening the economy, and increasing awareness about climate-smart development, is to mainstream local green investments into the PDM. In rural and urban Uganda, the PDM can focus on post-COVID-19, parish-level, projects that are carbon-neutral, green in nature, and ensure resource efficiency (e.g. smart agriculture, hydroponics, etc.).
5. ***Scaling-up green pro-Green Development Efforts:*** Government has several green growth initiatives that can be scaled up. The government can expand regulatory instruments (both as carrots and sticks); strengthen natural-capital accounting systems and processes; and improve management of the built environment and integrate green urbanization in the National Physical Development Plan processes. The Ministry of Finance, Planning and Economic Development (MoFPED) is yet to complete the development of guidelines on green-investment financing by the banking sector. The National Planning Authority (NPA) can strengthen partnerships with stakeholders like Private

Sector Foundation, Ministry of ICT and National Guidance, public and private education institutions, religious and cultural institutions, to undertake awareness about green development and environment- and climate-sensitive investing. This also requires engaging digital/internet citizens (netizens). The mid-term review of the third national development plan (NDP III) can also integrate green post-COVID-19 recovery and development.

6. ***Coordination:*** Uganda has shifted from sectoral to all-of-government development approach. Some Ministries, Departments and Agencies (MDAs), however, still operate in silos. This slows adoption of program-based planning and development. The inter-MDA program working groups are important vehicles for ensuring that cross-sectoral programs are prioritized and jointly implemented (e.g. Water for Production; Green Infrastructure; Green Innovations; and Human-Capital Development).
7. ***Human Capital Development:*** the country's speed and quality of development depends on the productivity of its people. Human-capital interventions, such as BTVET, need strong emphasis on green innovation, technology adoptions, high per capita productivity and synergies. Human capital development should be integrated in strategies like PDM, OWC, Emyooga, and urbanization, and informed by research and evidence-based decision making, resource allocation and prioritization.

2.0 GREENING UGANDA'S POST-COVID-19 DEVELOPMENT

2.1. Introduction

The world is perhaps heading towards a post-COVID-19 world. In this world, COVID-19 will be contained or we can coexist with it thanks to evolving treatment discoveries and vaccination efforts. In the same world, however, lie insurmountable challenges to human progress: climate change and its attendant threats to agricultural productivity and food security, increasing emission of greenhouse gases and their associated depletion of the ozone layer and resulting global warming, ecological destruction, discontent with globalization, unequal sharing of development dividends, and unpredictable ecological conflicts and conflict-trends. In such a world, climate-change-induced conflicts¹ are more likely than other conflicts (unless the global political order is destabilised). Such a world of inequality, uncertainty, and ecological peace-less-ness is inconsistent with many global, regional and national strategies² designed to transform our lives. Increasing awareness about the need for climate-sensitive development explains growing emphasis on green development strategies and practices. The Green economy, which had animated pre-COVID-19 global development thinking, has re-emerged as one of the key policy pathways out of the COVID-19 crisis.

That COVID-19 recovery should be green development and reflect two additional ideas: (i) the pandemic forced economies to redirect attention away from global environmental challenges. Unless post-pandemic recovery refocuses on balancing environmental and economic-development concerns, the economies will lose gains hitherto made in green growth. (ii) The task at hand may not be easy, given pandemic-induced constraints on policy making, financing, and economic activities, hence green recovery requires careful planning and timely policy adjustments. There is more to

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- 1 Cristina Cattaneo, Valentina Bosetti, 2017. "Climate-induced International Migration and Conflicts", CESifo Economic Studies, 63 (4):500–528; Faizan Ali, Tooba Asim Khan, Aamir Alamgir & Moazzam Ali Khan, 2018. "Climate Change-Induced Conflicts in Pakistan: From National to Individual Level", *Earth Systems and Environment*, 2:573–599; Valentina Bosetti, Cristina Cattaneo, Giovanni Peri, 2021. "Should they stay or should they go? Climate migrants and local conflicts", *Journal of Economic Geography*, 21 (4):619–651
 - 2 E.g. United Nations (UN), 2015. *Transforming our World: The 2030 Agenda for Sustainable Development*. New York: UN Resolution; African Union (AU), *Agenda 2063: The Africa We Want*. Addis Ababa: AU Agenda; East African Community (EAC), 2015. *EAC Vision 2050: Regional Vision for Socio-economic Transformation and Development*. Arusha: EAC; EAC, 2020. *6th EAC Development Strategy 2021/22-2025/26*. Arusha: EAC; Republic of Uganda, 2020. *Third National Development Plan (NDP III), 2020/21-2024/25*, Kampala: National Planning Authority (NPA); Republic of Uganda, 2017. *Uganda Green Growth Development Strategy*. Kampala: NPA; Republic of Uganda, 2010. *Uganda Vision 2040: A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years*. Kampala: NPA.

do in less time. There are resource constraints. There are competing priorities (e.g. addressing food insecurities worsened by the Russia-Ukrainian conflict³). There are also dangers to cushion populations against such onslaughts. Green development needs to happen across several fronts, and at a pace commensurate with the rate of change in human aspirations. This explains why countries like Uganda developed green growth development strategies⁴ and integrated green development in their medium term strategies⁵, while others like Tanzania have dedicated entire regions to green growth.⁶ Business-as-usual economics in COVID-19 recovery would reverse green-growth trends.

This Policy Briefing paper underscores emerging issues and policy proposals on greening COVID-19 development recovery in Uganda. It draws on regional and national dialogues held by the Advocates Coalition for Development and Environment (ACODE). Both dialogues had a shared objective: to build national momentum for green structural economic-policy reform. In this pursuit, the dialogues sought to achieve the following specific objectives: (i) to disseminate the findings of the study on ‘Mainstreaming Sustainable Natural Capital Management into Uganda’s COVID-19 Recovery Packages’; (ii) to trigger multi-stakeholder discussions in the ways in which institutional actors (state and non-state alike) can influence economic decision making and shape public discourse to promote green recovery as a strategy for COVID-19 recovery to secure a resilient and sustainable economy for long term; and (iii) to share with key stakeholders the observations made from the green economy tracker which captures data on Uganda’s policies for a Green COVID-19 Recovery Process.

The dialogues were facilitated by experts from the Green Economy Coalition (GEC) Secretariat; officials from Uganda’s Ministry of Water and Environment (MWE), Ministry of Finance, Planning and Economic Development (MoFPED), and National Planning Authority (NPA). Representatives from other government Ministries, Departments and Agencies (MDAs), development partners, GEC network member organizations, the media, academia, private sector and civil society, among others, attended these meetings. The policy recommendations from both dialogues informed this Briefing paper.

3 Petra Hellegers, 2022. “Food security vulnerability due to trade dependencies on Russia and Ukraine”, *Food Security*, <https://doi.org/10.1007/s12571-022-01306-8>; Nour Yazbeck, Rania Mansour, Hassan Salame, Nazih Bou Chahine and Maha Hoteit, 2022. “The Ukraine–Russia War Is Deepening Food Insecurity, Unhealthy Dietary Patterns and the Lack of Dietary Diversity in Lebanon: Prevalence, Correlates and Findings from a National Cross-Sectional Study”, *Nutrients*, 14, 3504. <https://doi.org/10.3390/nu14173504>; Tarek Ben Hassen and Hamid El Bilali, “Impacts of the Russia-Ukraine War on Global Food Security: Towards More Sustainable and Resilient Food Systems?”, *Foods*, 11, 2301 - <https://doi.org/10.3390/foods11152301>.

4 Republic of Uganda, Uganda Green Growth Development Strategy.

5 Republic of Uganda, NDP III, 2020/21-2024/25.

6 Mikael Bergius, Tor A. Benjaminsen, Faustin Maganga & Halvard Buhaug, 2020. “Green economy, degradation narratives, and land-use conflicts in Tanzania”, *World Development*, 129, 104850: 1-13.

2.2. Background to Green Recovery Dialogues

Uganda has developed efforts to green her economy. This endeavour is reflected in the Uganda Green Growth Development Strategy and other strategy documents. Moreover, COVID-19 pandemic coincided with Uganda's medium term planning transition period. The second five-year National Development Plan (NDP II, 2015/16-2019/20⁷) ended in 2020, paving way for the third five-year National Development Plan (NDP III, 2020/21-2024/25). 2020 was also a year when Uganda had her first COVID-19 lockdown, announced in March. This coincidence between pandemic and planning transition provided a window of opportunity to integrate COVID-19 response in the new NDP III (2020/21-2024/25).

The dialogues are also rooted in the awareness that unlike other countries, Uganda has no standalone COVID-19 recovery plan. Instead, her response and recovery interventions have been integrated in the mainstream annual national budgeting which currently implements NDP III. Accordingly, the two national budgets, for Financial Years 2020/21 and 2021/22, were restructured into COVID-19 recovery budgets. This was in a bid to cushion society from devastating impacts of COVID-19, resuscitate the economy then constrained by the pandemic and spiraling effects of the Russo-Ukrainian conflict, and continue with other development pursuits under the NDP III. Many other country governments have focused on stimulating return to business as usual, which increases systemic risks like climate change and biodiversity losses while dwarfing green development needs.⁸ These recovery packages are not 'adequately green' and can threaten sustainable development goals (SDGs).⁹ There are, however, "climate-friendly projects that could be part of the COVID-19 recovery" strategies of countries and regions, if appropriate policy tools are designed and implemented.¹⁰ The need for dedicated policy attention to green structural policy reforms, in response to challenges associated with economic recovery from COVID-19, cannot be overemphasized. The inclusive nature of positive green transition pathways means that they have potential to help the national economy follow the path to "a green and sustainable recovery from COVID-19."¹¹

7 Republic of Uganda, 2015. Second National Development Plan (NDP II) 2015/16-2019/20. Kampala: NPA.

8 Marina Andrijevic, Carl-Friedrich Schleussner, Matthew J. Gidden, David L. McCollum & Joeri Rogelji, 2020. "COVID-19 recovery funds dwarf clean energy investment needs", Science, DOI <http://dx.doi.org/10.1126/science.abc9697>.

9 Kalterina Shulla, Bernd-Friedrich Voigt, Stefan Cibian, Giuseppe Scandone, Edna Martinez, Filip Nelkovski & Pourya Salehi, 2021. "Effects of COVID-19 on the Sustainable Development Goals (SDGs)", Discover Sustainability, 2 (15), DOI <https://doi.org/10.1007/s43621-021-00026-x>.

10 Olga Chiappinelli, Timo Gerres, Karsten Neuhoff, Frederik Lettow, Heleen de Coninck, Balázs Felsmann, Eugénie Joltreau, Gauri Khandekar, Pedro Linares, Jörn Richstein, Aleksander Śniegocki, Jan Stede, Tomas Wyns, Cornelis Zandt & Lars Zetterberg, 2021. "A green COVID-19 recovery of the EU basic materials sector: identifying potentials, barriers and policy solutions", Climate Policy, 21 (10):1328-1346

11 Aaron Werikhe, 2022. "Towards a green and sustainable recovery from COVID-19", Current

The dialogues held by ACODE in Mbarara and Kampala cities initiated discussions on green recovery, an effort which is consistent with current research.¹² In order to build momentum for policy reforms aimed at promoting green COVID-19 recovery, the dialogues facilitated honest conversation between policymakers, technocrats, private sector, research community and think tanks, media and civil society. These exchanges can bring green-development priorities to the decision-making and resource-allocation tables. Mbarara City dialogue attracted about 50 participants from south-western Uganda, comprising of: local green enterprises, civil society, private sector, media, academia, district technical staff, district political staff and policy makers. The Kampala dialogue, which attracted about 40 participants, was attended by officials from central-government MDAs, development partners, civil society, private sector, media, academia and research community. The discussions underscored the need to balance both recovery and green-development needs hitherto acknowledged in Uganda's pre-COVID-19 strategies and plans.

By integrating global and national perspectives on green pandemic recovery with subnational imperatives of green development, the dialogues principally called for a reorientation of our development processes. The participants, in a consensus, called for an equitable “green economy”. *This is an economy that enables all people to participate in development and create and enjoy prosperity; promotes socioeconomic equity within and between generations; restores, safeguards, and invests in nature; supports sustainable production and consumption; integrates economic, environmental, and social concerns into a research and governance framework; and is guided by integrated, accountable, and resilient institutions.*¹³

The green economy, and greening COVID-19 recovery programs, would be consistent with the UNDP's principle of inclusive development encapsulated under the principle of “Leaving No One Behind” (LNOB).¹⁴ Green development, such as is being undertaken in The Southern Agricultural Growth Corridor of Tanzania (SAGCOT)¹⁵, can help reduce carbon-di-oxide (CO₂) emission risks that are associated with “increasing gross domestic product growth beyond 25% of annual growth.”¹⁶ These growth rates, while unfavorable to green economy,

Research in Environmental Sustainability, 100124.

12 Werikhe, Ibid.

13 Olivia Bina, 2013. “The green economy and sustainable development: an uneasy balance?” Environment and Planning C: Government and Policy, 31:1023–1047; Ian Bialek & Federico Caprotti, 2014. “The Green Economy: Functional Domains and Theoretical Directions of Enquiry”, Environment and Planning A: Economy and Space, 46 (8): 1797–1813.

14 Stephan Klasen and Marc Fleurbaey, 2018. “Leaving no one behind: Some conceptual and empirical issues”, UNDP Department of Economic Affairs CDP Background Paper No. 44 ST/ESA/2018/CDP/44; Sakiko Fukuda-Parr and Thea Smaavik Hegstad, 2018. “Leaving no one behind’ as a site of contestation and reinterpretation”, New York: UN - CDP Background Paper No. 47 [ST/ESA/2018/CDP/47](#).

15 Bergius, et al., “Green economy, degradation narratives, and land-use conflicts in Tanzania”, p. 1.

16 Simplice A Asongu & Nicholas M Odhiambo, 2020. “Economic development thresholds for a green economy in sub-Saharan Africa”, Energy Exploration & Exploitation, 38 (1):3–17 – at p. 3

are possible if African economies address major bottlenecks to rapid growth. Countries' ability to competitively produce and export complex green products requires "higher environmental patenting rates, lower CO₂ emissions, and more stringent environmental policies"¹⁷, all of which necessitate policy reorientation and multistakeholder commitment. Thus, green recovery requires adaptability, diversity, inclusivity, and responsiveness.

Greening COVID-19 recovery would be based on broad social demand for change and policy readiness to respond to such demands. Imposed policies that do not engage with society can be perceived to be irrelevant or unnecessary, and thus rejected. Policies that are not informed by the realities of a diversity of people's lives, global trends, and necessities of sustainable development, are less likely to be effective too. Ultimately, the green economy is based upon a new social contract. The contract gives ordinary citizens a direct say in the economic decisions being made in their name while elevating environmental sustainability above financial profit, accumulation and consumption. The key policy issues that emerged from these dialogues, therefore, should inform deliberate multistakeholder effort at green pandemic recovery.

2.3. Key Policy Issues from the Dialogues

GEC is a multi-dimensional opportunity: Uganda, via ACODE, hosts the Green Economy Coalition (GEC), a global movement intended to transform the world economy within a generation. Operating in 6 continents, the GEC has foothold in neighbouring countries of Rwanda, Kenya and Tanzania. ACODE is the regional hub. This gives Uganda soft-diplomatic edge, via ACODE, on sounding the call that "green economies are resilient economies that put people and planet first", indicating a shift from an unequal, unsustainable, ecologically-insensitive economy, to one that preserves for future generations, promotes equity, and bequeaths to future generations a restored and protected/preserved environment. GEC efforts operationalize Uganda's green development strategy, climate-change-related commitments, and strategic aspirations under NDP III and Vision 2040. Since there is growing awareness that "prosperity for everyone is within the ecological limits of our planet", and that "the planet does not need us; we [are the ones who] need a healthy planet", green recovery is both liberating, transformative, and consistent with findings from the study on "Mainstreaming Natural Capital in Uganda's Economic Development".

Government development interventions are consistent with green development: Development has to be a societal effort, not a preserve of the public sector or few elites. Accordingly, Uganda's economy heavily relies on the natural-resource base for agriculture, mining, oil and gas sector, fishing, and tourism. Over 73% of Uganda's

¹⁷ Penny Mealy & Alexander Teytelboym, 2020. "Economic complexity and the green economy", Research Policy, <https://doi.org/10.1016/j.respol.2020.103948> - at p. 1

labour force and those in subsistence economy derive livelihood from agriculture. Accordingly, government follows a 4-fold understanding of green development: (i) becoming more resource-efficient, doing more with the same resources or less; (ii) reducing on carbon footprint in whatever the country does – becoming a low-carbon economy in a manner that is consistent with our development stage; (iii) the economy “should become more and more resilient to the diversified shocks that come our way”, such as pandemics and natural calamities; and (iv) development should be socially inclusive, seeking to expand opportunities for all and thereby advancing cohesion and solidarity as a society.” These elements are embedded in Vision 2040, the running NDP III, green development strategy, and investments in green energy, human and natural capital developments.

Uganda’s COVID-19 recovery strategy is green because government’s response during COVID-19 is summed up into 4-fold dimensions: preserving lives and livelihoods; repurposing the budget (to cater for pandemic-induced shocks); ensuring that Ugandans access emergency care amidst people-centred lockdowns that allowed some sectors to remain working; and sustaining peace, stability, and security (both social and macroeconomic stability). Mitigating COVID-19 impact on business activities necessitates a range of interventions—of monetary fiscal policy nature—to speed up transformation (wealth and job creation, return on investments, etc.). Uganda’s structural reform is anchored on: (a) supporting productivity centres and investment-led economic growth, improving resource efficiency by ensuring that labour and land productivity increases together with return on investment; and (b) promoting competitiveness to achieve the balance between delivering poverty reduction and transforming national production systems for a green development agenda.

Opportunities for greening the economy & natural capital management: Uganda is almost half-way with NDP III. The country can still strengthen areas of natural capital management in the NDP III review process, to stimulate the economy. COVID-19 recovery had been captured in the NDP III, even when its trajectory was still unpredictable. Government’s recovery packages affect natural capital; about 40% of these interventions in the 2021/2022 budget were natural-capital compliant and positive for natural capital – they promoted environmental sustainability. Some were strongly positive (they directly resulted in restoration of degraded natural capital, increased access to sustainable farming activities); others negatively affected natural capital.

The 2021/2022 budget needed to address issues of negative and neutral impact on natural capital. Even when it focused on pandemic recovery, with only 28% responsiveness to sustainable natural capital management, the general budget-resource allocation indicates that disbursement ought to have followed environmental principles instead of compounding degradation. It follows that government’s fiscal and monetary policy tools (keeping inflation below 5% and financing the agriculture sector) need to be accompanied by risk analysis, climate

change risk analysis, and monitoring of dry spells that are always associated with inflation, and natural-capital compliance. Unless Uganda prioritizes natural capital, she may not obtain development goals – because sustainability hinges on how well we manage natural capital. The mismatch between NDP III and ministerial policy-statement targets and budget allocations reveals that there is under-targeting in priorities and budget allocations yet Uganda needs to generate 520,000 green jobs annually. Thus, Uganda’s “growth is not job-rich growth.”

Alignment with Fundamentals of the Economy: Do capital-intensive investments, in infrastructure, rural electrification, etc., help us to change the economy? Can poor people tap in electricity and use it? These questions show that: (i) policy actions should shift factors of production (land, labour, capital, entrepreneurship, knowledge/innovation) to a higher curve, such as by investing money in the PDM to enable subsistence actors to borrow and access investment funding, a “social transformation pillar” that allows people and Small and Medium Enterprises (SMEs) to borrow at a concessional rate and invest in their businesses. Nevertheless, “the capacity of our borrowers is still wanting”. There is need to strengthen the demand side of the PDM. (ii) Creativity of the labour force propels the economy. (iii) Natural Resource Endowment is critical and needs to be tailored to human capital development, so that labour (the relationship between man and the environment) is aligned to endowment. (iv) Economic shocks, such as droughts or pandemics, tend to force inflation.

We need serious attention to the external operating environment and shift factors of production to a higher curve through ideological decisiveness on what government can do and what it cannot (e.g. deciding whether government should re-engage in business or completely allow the private sector to operate alone), supporting indigenous investors as against multinational companies, ensuring fiscal discipline to avoid supplementary budgets that have become a common feature of our political economy, and enhancing domestic revenue mobilisation while also using the PDM to stimulate local productivity, higher incomes, and enhanced opportunities for consumption taxes – assuming that PDM works, Emyooka works, investment in SMEs works.

Uganda has some Stuck Wealth: recent research by the PSF and Operation Wealth Creation revealed that government owns a lot of land. Some of that land is now utilized by powerful people in the country, not the government. If all this land were rent-charged, it would generate about UGX 2 trillion per year in revenues. Why has that not been done? This is a potential revenue source. Making government more efficient, through measures like automation, is good but requires patience, the fight against fraud, corruption, and impunity, and holding individuals accountable for mismanagement and/or privatization of private resources like government land. Current efforts to fight corruption in the PDM should be accompanied by ending impunity, rationalization and restructuring of government to make it more efficient and less corrupt, and generating consensus among key actors on greening NDP III

and future developments. Dedication is also needed: 40% of East Africa's arable land is in Uganda. When Russia and Ukraine fought, edible oil prices skyrocketed, yet it takes about 4 months to produce sunflower. The current war in Europe can provoke Uganda's investment in specific aspects of the agriculture sector. Uganda spends US\$ 380 million per year on importing edible oil, and can produce and export to other countries – all of which requires decisiveness on the part of leaders not only in budget allocations but also fighting corruption and impunity.

Uganda is an SME Economy: the country's private sector is mainly composed of SMEs, which constitute 80-90% of her entire private sector. Majority are microbusinesses with annual returns less than UGX 10 million. These SMEs account for the bulk of employment, and generate over 75% of GDP. These SMEs have a huge role to play in greening the economy, but lack enough skills and knowledge, market access information, and appreciation of their own contribution (positive or negative) to green development. Many SME manufacturers use outdated machinery that pollute the environment, cannot take advantage of resources like urban waste to produce value, and lack capacity to invest in some of the green development initiatives (e.g. recycling, reuse, 3Rs, industrial symbiosis). Eco-entrepreneurship, green businesses, and funding green procurements and investments remain strange to many, and yet Uganda has no standard of a green business. Financing support to SMEs (green and climate financing) can enable them tap into the bulk of climate funds that are available, but many lack knowledge on how to tap into these cheaper funds, yet the country cannot transition to green economy without the private sector, especially the SMEs.

Not Greening and Environmental Degradation are Costlier than Greening and Conservation: Uganda risks incurring immeasurable costs of environmental degradation and failure to green her economy. Therefore, regulatory agencies like NEMA have a huge task to ensure sustainable green development. NEMA works with several environmental players in its coordination, monitoring, supervision, and regulation roles. The work is undertaken via licensing, regulation, law enforcement, policy mainstreaming, education and public awareness. It has laid emphasis on the view that the cost of conservation and green development is lower than the cost of degradation and non-green development considering what is going on around the world. Therefore, NEMA and other agencies need to lay emphasis on elimination of plastics, restoring lost forest cover, green urbanization (reclaim our green spaces, reclaim our forest cover, and stress cleaner production, distribution, and consumption), and net-zero-carbon certification

Capacitating Key Players for Green Development: whether the state runs businesses, merely plays a facilitating role to the private sector, or follows complete state roll-back and liberalization, Uganda needs to align the financial sector, development planners, financiers, and regulators, to the policies and practices that speak to green growth. Investing in green sectors is important for banks and other financial institutions. Alongside developing capacity of investors to invest green, Uganda

needs to strengthen awareness and capacity of financial institutions: most people in the financial institutions do not understand the things we are talking about. Green finance units can be established in commercial banks, loans and equity offered, and green start-ups supported with soft loans.

Capacity Development for the Indigenous Private Sector: there is general perception that government is biased toward foreign investors and against indigenous entrepreneurs. This militates against aspirations of sustainability because indigenous investors have more permanent interest and stronger attachment to the economy than foreign investors who repatriate profits and can relocate when economic conditions worsen. Thus, while Uganda needs FDI capital, skills and expertise, technology and foreign-market access, inadequate effort to develop indigenous capitalist class is counterproductive for transformation envisaged in Vision 2040, the EAC Vision 2050, and AU's Vision 2063.

Implementation of recently launched Green Recovery Plan: The Green Economy Recovery Plan was recently launched in Uganda and speaks directly to NDP III. There are lessons that resources are dwindling, hence it is high time to look for innovative sources of finance, debt-for-nature funds, etc. on capacitating financial institutions. Ministry of Water and Environment developed guidelines for greening the economy, other sectors should develop sector-specific (as in Ministry of Agriculture) tools. The financial sector needs these guidelines, so that the private sector knows the entry-points to green financing. The private sector now is eager to engage in green investment, and guidelines are important at this time.

Cost-Benefit Analysis of Some Choices: several issues require some serious cost-benefit analysis before full implementation: (i) whether electricity poles should be concrete (which encourages more cement production and its accompanying CO₂ emissions) or remain wooden poles (which encourages more tree planting while also shortening lifespans of forests). Wooden poles, when well treated, may be more reliable than concrete ones, yet transporting poles can also increase carbon-releases. (ii) Taxing land may drive landless people with more money buy off lands from the poor who are unable to pay taxes on these lands, and yet land is the survival anchor of the society. Government can create land banks for future development projects, to circumvent high acquisition costs and speculative behaviour. (iii) climate change mitigation vs. adaptation: given the global dimension and protractedness of climate change discussions, available research, partnerships created with different stakeholders, and more, the issue of whether emphasis should be placed on mitigation or adaptation remains difficult to resolve.

There is more incentive on mitigation than on adaptation – considering interventions, in private-sector and civil society players, there are more resources in mitigation. It may be possible to build more resilience on climate change mitigation because “the developed world is supporting mitigation...”, and some mitigation activities have

adaptation-related dividends. (iv) Corporate evaluation of carbon footprint: it is important to support private sector efforts with more information, more carrots, and synergies with other stakeholders, to as to ensure greening of the PDM and Industrial Parks, capacity building for the private sector in green investments, and possible relocation of business and industrial establishments in wetlands. (v) efficiency of construction: over 60% of Ugandans live in their houses built at a cost to the environment. Public policy choices, incentives, and resource allocations, can be designed to enable everyday Ugandans to construct green dwellings. Thus, a comprehensive green-development agenda entails public and private investment in technology, production methods, awareness creation, citizen engagement, and more. Change in production methods accompanies change in land-tenure systems, mind-set change, and human-capital reforms that inform holistic changes in the economy and society.

2.4. Policy Recommendations

The following policy recommendations were generated from the regional and national dialogues:

- 1) *Finalize Natural-Capital Compliant Budgeting and Resource Allocation:* Since Uganda's economy majorly depends on her natural-resource endowment, in the medium to long-term, the MoFPED should take the lead to work with the NPA, NEMA, and sectoral ministries to mainstream natural-capital accounting, reporting, and management, to ensure sustainable management of the country's natural endowments and natural-resource-efficiency in development processes. National budgets should be made natural-capital compliant.
- 2) *Establish Network of Promoters for the Green Economy:* the NPA should work with local governments and urban authorities to establish national and regional networks of SMEs, state and civil society stakeholders who are involved in the green economy. This will ensure coordination, knowledge sharing, multi-level awareness creation about climate change and green development, and integration of green economy imperatives in the PDM.
- 3) *Prioritise Green Urbanization:* Uganda's rapid urbanization means that cities (and other urban areas) are key areas for settlement, economic activities, inventions and innovations. The Ministry of Lands, Housing and Urban Development (MoLHUD) should champion policies, legislations, and other frameworks that stress green urban infrastructure development, green real-estate development, green housing (home constructions), green industrial parks, and more. The MoFPED should also ensure that financing and resource allocation to urban authorities lay emphasis on green-urbanization interventions to ensure that post-COVID-19 Ugandan cities are more liveable, cleaner, more sustainable,

and more conducive for economic and technological production, including integration of urban-rain-water harvest and management technologies.

- 4) ***Money – financing and Partnerships:*** the MoFPED should promote green public procurement at national and sub-national levels, champion development of policy and legal frameworks on public procurement that incorporate environmental, climate-change, and green-growth aspects (e.g. reviewing the Public Procurement and Disposal of Public Assets Act to integrate green procurement measures and strategies), ploughing back funds from the Environmental Fund toward the transition to a green economy, and expanding current investments in green energy (e.g. solar-powered irrigation schemes, solar and wind energy, green technologies and systems promoting zero-carbon industrial systems and energy-efficient industrial processes, and expanding and deepening the overall green-development-financing ecosystem.
- 5) ***Green the Parish Development Model (PDM) and NDP III review:*** the MoFPED, NPA, MoLG, and multi-sectoral working groups, should integrate green development into in the PDM processes as well as mid-term reviews of NDP III. This will ensure that post-COVID-19, parish-level, projects are as green in nature, and ensure resource efficiency, as possible.
- 6) ***Scale-up green Government’s pro-Green Development Efforts:*** in addition to policy and legal tools, Government, via the Ministry of Finance, Planning and Economic Development (MoFPED) should complete of development of guidelines on how the financial sector can provide green-investment financing in the country. The NPA should also strengthen partnerships with Private Sector Foundation, Ministry of ICT and National Guidance (MoICT-NG), religious and cultural institutions, public and private education institutions, and the media, to ensure country-wide mind-set change on green growth and environment- and climate-change-sensitive development.
- 7) ***Coordination among MDAs:*** since Uganda developed the Green Growth and Development Strategy, the country ought to have mainstreamed green development across sectors. Similarly, since the shift to all-of-government development approach, all MDAs should adopt program-based planning and resource allocation. Green development can then be mainstreamed in all programs. The NPA should ensure that inter-MDA program working groups act as vehicles for cross-sectoral prioritization of green growth to ensure wide-ranging pandemic-recovery green projects (e.g. water for production; green infrastructure; green innovations ; and human-capital development).
- 8) ***Human Capital Development:*** the NPA, Ministry of Education and Sports (MoES), and Ministry of Gender, Labour and Social Development (MoGLSD) should design and implement human-capital interventions with strong emphasis on green innovation, green technology adaptations, and enhanced per capita productivity and synergies. Via the MoLG, human capital development should

be integrated in strategies like PDM, OWC, Emyooga, and green urbanization, and informed by research and evidence-based decision making, resource allocation and priority setting.

- 9) *Enhance Coordination among Non-State Actors:* The GEC network should strengthen coordinated, evidence-based, and policy-relevant engagements of government and the private sector to promote climate-sensitive, green-development-aligned. Emphasis should be placed on programs like water security, climate-resilient irrigation and tax incentives on green irrigation equipment, integrated water resources management (water harvesting schemes), post-harvest handling technologies and equipment for farmers, sensitization of the public about opportunities available in green economy, monitoring and reporting on budgeting and resource allocation for post-COVID-19 green recovery and development, and green urbanisation.
- 10) *Protect, Conserve, Restore, River Systems:* The Ministry of Water and Environment (MWE), and related agencies like NEMA, as well as local governments, should champion programs for restoring river catchment areas now threatened by depletion of catchment areas and climate change. The River Rwizi Management Plan should be aggressively implemented to ensure full restoration of River Rwizi Catchment Area. Similar areas, such as rivers Mpanga, Mporogoma, and Kagyera, should receive similar attention. Seeking development-partner support and mobilisation of local resources for these efforts, should be a helpful strategy.

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ABOUT ACODE

The Advocates Coalition for Development and Environment (ACODE) is an independent public policy research and advocacy think tank based in Uganda. ACODE's work focuses on four programme areas: Economic Governance; Environment and Natural Resources Governance; Democracy, Peace and Security; Science, Technology and Innovation. For the last eight consecutive years, ACODE has been ranked as the best think tank in Uganda and one of the top 100 think tanks in Sub-Saharan Africa and globally in the Global Think Tanks Index Report published by the University of Pennsylvania's Think Tanks and Civil Societies Program (TTCSP).

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