



# **GREENING UGANDA'S ECONOMY AS THE SUSTAINABLE PATHWAY TO MIDDLE INCOME STATUS**



**Ronald Kaggwa | Bernard Namanya**

**ACODE Policy Research Series, No 85, March 2018.**

**This project is funded by the European Union.**





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## List of Abbreviations and Acronyms

ACODE	-	Advocates Coalition for Development and Environment
CBD	-	Community Based Organisations
CCD	-	Climate Change Department
CDM	-	Clean Development Mechanism
CSOs	-	Civil Society Organisations
ERA	-	Electricity Regulatory Authority
GDP	-	Gross Domestic Product
GKMA	-	Greater Kampala Metropolitan Area
GoU	-	Government of Uganda
KCCA	-	Kampala Capital City Authority
KSL	-	Kakira Sugar Limited
MAAIF	-	Ministry of Agriculture, Animal Industry and Fisheries
MEMD	-	Ministry of Energy and Mineral Development
MWE	-	Ministry of Water and Environment
NAADS	-	National Agricultural Advisory Services
NARO	-	National Agricultural Research organization
NDA	-	National Designated Authority
NDC	-	Nationally Determined Contribution
NDP	-	National Development Plan
NEMA	-	National Environment Management Authority
NEMP	-	National Environment Management Policy
NFA	-	National Forestry Authority
NIE	-	National Implementing Entity
NPA	-	National Planning Authority
PEC	-	Presidential Economic Council
PMA	-	Plan for Modernization of Agriculture
RETs	-	Renewable Energy Technologies
SCOUL	-	Sugar Corporation of Uganda Limited
SDGs	-	Sustainable Development Goals
SGR	-	Standard Gauge Railway
SLM	-	Sustainable Land Management
UBOS	-	Uganda Bureau of Statistics
UEDCL	-	Uganda Electricity Distribution Company Limited
UEGCL	-	Uganda Electricity Generation Company Limited
UETCL	-	Uganda Electricity Transmission Company Limited
UGGDS	-	Uganda Green Growth Development Strategy
UNDP	-	United Nations Development Programme
UNEP	-	United Nations Environment Programme
UNPOS	-	United Nations Office for Project Services
UNRA	-	Uganda National Roads Authority
UWA	-	Uganda Wildlife Authority

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While various people may have contributed to this research paper, the views expressed are those of the authors, who take sole responsibility for any errors or omissions. The authors hope that this research paper will contribute to the policy discourse on matters of Green Growth in keeping with Uganda's Green Growth Development Strategy (GGDS), sustainable management of natural resources as well as providing new insights for research, policy and advocacy on green development.



## Executive Summary

While the concept of a green economy is new to Uganda, the practice and principles of a green economy are not new. The core principles of a green economy are mainstreamed in a number of government policies, laws, plans and programmes. Uganda has several on-going and planned green growth projects and initiatives by both Government and non-State actors including the following – the Switch Africa Green project; Uganda Green Incubation Programme; various renewable energy projects; sustainable transport initiatives; cities and urban development initiatives; and climate change measures and actions on mitigation, adaptation and resilience.

Generally, the policy environment is conducive for the implementation of SDGs, including political commitment to sustainable and inclusive development. However, most of the policies, plans and laws that seek to meet SDGs including through green growth initiatives, have largely remained on paper and are not implemented. Non-state actors, including the civil society and the private sector, are proactively engaged in implementation of green growth initiatives and programmes but only to a certain degree.

It is widely acknowledged that **huge financial investments are required if the transition to a green economy is to be achieved**. Considering that public revenues alone will not be sufficient in financing green growth initiatives in the short to medium term, there is need for mobilising private sector financial investments and development partner support to address the funding gaps. Consequently, there is an urgent need for a concerted engagement of both the public and private sector as well as development partners, to mobilise the required financial resources for funding the transition to a green economy.

Uganda has a low greenhouse gas emissions profile. This gives the country an opportunity to pursue a clean, green-growth, development pathway as opposed to the conventional approach of “develop first and clean up later”. **Uganda has recently developed the Green Growth Development Strategy (2017/18 – 2030/31) that identifies key interventions for achieving green growth** in the five high green impact sectors of: agriculture, energy, forestry, transport and planned green cities.

With the gap between the rich and poor in Uganda widening, it is hoped that the green growth priorities will promote redistribution of wealth to the poor people and thereby increase equity and fairness. It is projected that 4 million green jobs will be created in agriculture, manufacturing, research and development (R&D), administrative, and service activities.

Although there have been various initiatives on valuing natural resources, such as forests and wetland resources, Uganda is yet to develop an elaborate system for valuing or attaching financial value to ecosystem services.

The green growth development model presents a unique opportunity for Uganda's accelerated economic growth and transition to middle income in an environmentally sustainable and socially inclusive manner. Uganda's transition to a green economy is limited by several factors including: the high initial costs of the green economy transition; low access and adoption of green technologies; rising costs of living and inflation; rapid population growth; low prioritisation and funding to key strategic green sectors; the growing oil and gas sector that is mainly considered a black/carbon emission sector; and inadequate understanding and appreciation of the green growth concept by some sections of policy makers, technocrats and the general public.

Uganda's development and future prospects are closely linked to the harnessing of its rich but declining natural capital base. ***Despite the high economic growth rates attained in the past two decades, all environment and natural resource sustainability indicators depict a downward trend. The declining quantity, quality, diversity and productivity of the country's natural resource base pose major threats to national security, prosperity and development. Indeed, it puts the much-touted social economic transformation to middle income country status envisaged under the Uganda Vision 2040, in doubt.*** There is therefore an urgent need to rethink the current economic growth model to one that will simultaneously deliver environmental sustainability, economic growth and prosperity for all without leaving anybody behind.

The country's natural capital, comprising its high agricultural potential, a burgeoning eco-tourism industry, and a young and energetic population, all provide a solid foundation for the transition to a green economy. The generation of renewable energy is increasing. Sustainable transport and urban systems are being piloted. The sources of carbon emissions have been mapped out. ***If all these are in place, what then is the missing link towards a green transformative economy that will ensure that the people, the economy and the environment win i.e. the triple win?***

***The missing link for Uganda is innovation, technology, value addition, catalytic investment in natural capital and sectors with high green growth multiplier effects and targeted incentives.*** These are the low hanging fruits that can easily be harnessed. Transition to a resource efficient, socially inclusive and environmentally sustainable development pathway would, among others, require quick fixes for these gaps. The following strategic interventions are, therefore, proposed:



- political buy-in, ownership and commitment to green growth from the top leadership to the lowest levels to support the implementation of economic reforms, policies, enforcement of regulations and other green growth interventions which require firmness and decisive actions;
- carry out broad and far reaching economic reforms including; agricultural reforms, land reforms, subsidy reforms, energy reforms, construction reforms, market reforms and other related reforms to improve efficiency, transparency and accountability;
- targeted catalytic investments in sectors with high green growth multiplier effects which, in Uganda's case include: natural capital (forests, wetlands, tourism, fisheries, water resources, minerals), agriculture, renewable energy, planned green cities and sustainable multi-modal and mass transport systems;
- investment in human capital development through skilling of labour, provision of health care, good work ethics all of which increase the productivity of the increasingly young and energetic population and also a pre-requisite for the country to harness the demographic dividend.
- creation of strong partnerships at all levels that bring together public and private sector actors as well as civil society organisations, development partners to invest in innovative solutions, technologies, building the skills and knowledge base as well as provision of capital for financing green growth.

# 1.0 Introduction

Uganda is heavily dependent on natural resources for economic growth and the livelihoods of its people. The natural resource-based sectors of agriculture (crop, livestock and fisheries), tourism, minerals and forests, among other resources, are the engines of economic growth. Agriculture contributes approximately 23 percent of the country's GDP, 48 percent of the total exports and 68 percent of the total employment.<sup>1</sup> Agriculture also contributes to food security and supplies raw materials to agro-based industries. Uganda's tourism (mainly eco-tourism) is now one of the leading foreign exchange earners. In 2014/2015 tourism's contribution was estimated at US\$1.8 billion or 9.9 percent of GDP and a total of 592,500 jobs.<sup>2</sup> On the other hand, over 95 percent of the population and many industries depend on biomass as the source of energy which is not sustainable.

Despite their importance, Uganda's natural resources are under threat from natural and man-made causes. The country is experiencing a declining natural capital base, resource productivity and diversity. Recent studies<sup>3</sup> indicate that over a period of 25 years from 1990 to 2015, Uganda has lost about 63 percent of its forests at an annual rate of 2.5 percent. Wetlands declined from 18 percent to 8 percent during the same period.

The declining natural resource base and productivity, coupled with the high population growth rate of 3.2 percent, a very young population, high vulnerability to external shocks and the adverse impacts of climate change, are imposing high social, environmental, economic and political costs to the country. These costs are manifested in the increasing levels of food insecurity whereby 40 percent of the population is unable to meet the required dietary needs.<sup>4</sup> The degradation of natural resources is contributing to declining levels of economic growth stagnating at a low average of 3.9 percent per annum for the last two years against the NDP II target of 6.5 percent p.a. and an average of 7 percent in the last two decades. The country is also facing high but declining levels of income inequalities (Gini coefficient, 0.37) and wide regional economic disparities with the northern and eastern regions lagging behind. These challenges have persisted despite the remarkable progress registered in the last two decades which have seen poverty levels falling from 56 percent in 1991 to 19 percent in 2015 and rise to 27 percent<sup>5</sup> in 2017 partly due to the adverse effects of climate change and the hard-global

<sup>1</sup>Uganda Bureau of Statistics, 2015

<sup>2</sup> Report by the Uganda Tourism Board, 2015.

<sup>3</sup> Fridah Basemera and John Diisi, 2016. Activity Data – Deforestation in Uganda. National Forestry Authority

<sup>4</sup> Report by NPA 2017, Towards Zero Hunger, A Strategic review of SDG-2 in Uganda.

<sup>5</sup> Statistical Abstracts, 1992, 2000, 2015, UNDHS, 2017

economic conditions. The average life expectancy rose from 48.1 to 63.3 years in the same period. However, these achievements cannot be sustained.

It is evident that while the conventional development model may deliver Uganda to its vision of a middle-income status, it will compound existing vulnerabilities such as: poverty, regional imbalances, unemployment, environment degradation and climate change. For instance, according to a recent Government report<sup>6</sup>, ***failure to undertake climate change adaptation will result in costs to the economy in the range of US\$3.2-5.9 billion within a decade, with the biggest impacts being on water, followed by energy, agriculture and infrastructure. This is higher than the cost of action estimated at US\$ 264 million annually implying that the cost of inaction is over 24 times higher than the cost of action, thus leaving no alternative option but to act on climate change.***<sup>7</sup>

Implementing a green economy model is, therefore, an exciting approach that can significantly boost Uganda's efforts towards achieving sustainable development. A green economy is one that aims at achieving sustainable development without degrading the environment.<sup>8</sup> Key attributes of a green economy include – low greenhouse gas emissions; sustainable use of natural resources; and social inclusiveness and equity.<sup>9</sup>

The green growth model if effectively implemented has the potential to contribute to addressing some of the sustainable development challenges facing the country such as high levels of unemployment especially for the youths currently estimated at 78 percent,<sup>10</sup> natural resource degradation, inequitable growth and poverty. Empirical evidence backed up by macroeconomic modelling, indicates that adopting a green growth model presents the country with additional opportunities for: creation of gainful employment (green jobs), export oriented industrialization, fiscal revenue expansion, improved health and social outcomes. Implementation of green growth strategies has the potential to generate 4 million jobs and to spur economic growth by an additional 10 percent above the Business as Usual scenario.<sup>11</sup> It can also reduce greenhouse gas emissions by 28 percent by 2040, which is far above the national target of 22 percent.<sup>12</sup>

The need to achieve the country's aspirations as stated in the Uganda Vision 2040 and the National Development Plans in a sustainable way, is another key

<sup>6</sup> Republic of Uganda, 2015. Economic Assessment of the Impacts of Climate Change in Uganda. Ministry of Water and Environment

<sup>7</sup> Ibid

<sup>8</sup> UNEP, 2011. Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication - A Synthesis for Policy Makers, [www.unep.org/greeneconomy](http://www.unep.org/greeneconomy)

<sup>9</sup> Ibid

<sup>10</sup> National Development Plan II (2015/16-2020/21) p.4

<sup>11</sup> Ministry of Finance Planning and Economic Development (2016). The Economic Impact of Green Growth: An Agenda for Action.

<sup>12</sup> Republic of Uganda, 2015. Intended Nationally Determined Contribution

motivation for pursuing green growth. The Uganda Vision 2040 indicates that over the vision period, Ugandans aspire to have world class infrastructure and services, modern technology to improve productivity and production, access to clean, affordable and reliable energy to facilitate industrialization; planned settlements and a clean environment where the ecosystems are sustainably managed and urban systems greatly improved.

The need to incorporate natural resources extraction into national accounts is also a motivation for the pursuit of a green growth development approach. Incorporating changing stocks of natural capital in national accounting systems is an area worth exploring for simultaneous achievement of environment sustainability and economic prosperity.

The major objective of this paper is to examine and establish the status of green economy in Uganda, particularly to: i) analyse the rationale and justification for greening Uganda's economy; ii) examine Uganda's progress towards greening its economy; iii) examine opportunities and obstacles towards greening Uganda's economy; and iv) provide recommendations for fast-tracking effective greening of Uganda's economy.

### **Box 1: Strategic Interventions Needed**

- Political buy-in, ownership and commitment to green growth from the top leadership to the lowest levels to support the implementation of economic reforms, policies, enforcement of regulations and other green growth interventions which require firmness and decisive actions;
- Carry out broad and far reaching economic reforms including; agricultural reforms, land reforms, subsidy reforms, energy reforms, construction reforms, market reforms and other related reforms to improve efficiency, transparency and accountability;
- Targeted catalytic investments in sectors with high green growth multiplier effects which in Uganda's case include; natural capital (forests, wetlands, tourism, fisheries, water resources, minerals), agriculture, renewable energy, planned green cities and sustainable multi-modal and mass transport systems;
- Investment in human capital development through skilling of labour, provision of health care, good work ethics all of which increase the productivity of the increasingly young and energetic population. It is also a pre-requisite for the country to harness the demographic dividend;
- Creation of strong partnerships at all levels that bring together public and private sector actors as well as civil society organisations, development partners and researchers to invest in innovative solutions.

The approach and methodology for developing the paper was largely qualitative. The main method used in developing the paper was literature review.

The paper is structured as follows. Section 2 presents the status of transition to a green economy and the role of State and Non-State Actors. Section 3 discusses aspects relating to measuring and governing – what is the evidence that businesses, government or communities are measuring their progress beyond financial gains? Section 4 discusses reforming financial systems as a means to achieving the transition to a green economy. Section 5 discusses the key economic sectors that have potential for green growth initiatives. Section 6 discusses aspects of inequality and how the green growth concept will help in bridging the gap between the rich and poor. Section 7 discusses Uganda's progress in valuing or attaching financial value to ecosystem services. Section 8 briefly discusses the obstacles and challenges of achieving the transition to a green economy and then presents conclusions and recommendations.

## 2.0 Status of Transition to a Green Economy and the role of State and Non-State Actors

The Government of Uganda has demonstrated commitment towards the principles of green growth and sustainable development as indicated in various legal, policy, planning and institutional frameworks.<sup>13</sup>

Indeed, although the concept of a green economy may be new to Uganda, the practice and principles of green economy are not new. The core principles of a green economy are mainstreamed in a number of government policies, laws, plans and programmes, including the Constitution of Uganda 1995,<sup>14</sup> the Uganda Vision 2040,<sup>15</sup> the second National Development Plan (NDP II),<sup>16</sup> the Intended Nationally Determined Contribution 2015,<sup>17</sup> and the National Climate Change Policy 2015 and its draft law. In order to operationalize the core principles of a green economy, a Uganda Green Growth Development Strategy (2017/18 – 2029/30) which identifies key interventions for achieving the transition to a green economy has been developed. Uganda is also a party to international legal instruments that are pertinent to a green economy including, the 2030 Agenda for Sustainable Development, the United Nations Framework Convention on Climate Change 1992, the Kyoto Protocol 1997, and the Paris Agreement 2015, the Global Green Growth Institute, among others. The Government of Uganda therefore wishes to pursue a green growth development strategy in line with national, regional and global commitments. However, Government's major role is generally limited to providing an enabling environment through policy, continuous regulatory reforms, enforcement of legislations, good infrastructure and ensuring macroeconomic stability.

***Although Uganda's green economy policy landscape is impressive, it is widely acknowledged that poor implementation of existing policies and laws stands out as the biggest challenge to the country's transition to a green economy.***

These obstacles notwithstanding, Uganda has several operational, on-going and planned green growth projects and initiatives by both Government and non-State actors including the following among others:

<sup>13</sup> Uganda Green Growth Development Strategy 2017/18-2030/31

<sup>14</sup> See Principle XIII and Principle XXVII (iii) of the National Objectives and Directive Principles of State Policy; see also Articles 39 and 245 of the Constitution of Uganda

<sup>15</sup> See Sections 100, 101, 102, 103, 104, 105, 106, 202, 208, 295 and 294 of the Uganda Vision 2040

<sup>16</sup> See Sections 6.2, 8.2.2, 9.2, 11.1.2 and 550 of the National Development Plan II (2015-2020)

<sup>17</sup> See Section 2.1 of the Intended Nationally Determined Contribution (2015)



## 2.1 The Switch Africa Green project

This project is majorly focused on driving resource use efficiency by adopting sustainable consumption and production principles in Micro, Small and Medium Enterprises (MSMEs). These enterprises are in; agriculture, tourism, waste management, welding and trade. However, the project covers a few beneficiaries (six grantees) and faces unsustainable financing challenges given that it is purely donor driven. Expansion of this project to thousands of beneficiaries would expand Uganda's green energy development opportunities.

## 2.2 Uganda Green Incubation Programme

This is one of government's major attempts on implementing the principle of inclusive green growth and equity although it is still at the pilot phase. The programme is aimed at creating green decent employment, enhancing productivity, reducing poverty and ensuring environmental sustainability. It is spearheaded by the Ministry of Gender, Labour and Social Development with support from the UNDP. Under this programme, Uganda is attempting to domesticate the Songhai model and the pilot area has already been selected at Kampilingisa, in Mpigi district.

## 2.3 Renewable Energy

Government has demonstrated commitment to increasing the generation of electricity from renewable sources and adoption of energy efficient technologies. About 76 percent of Uganda's energy is generated from hydro (459MW), 17 percent from thermal (100MW) and 7 percent from cogeneration (41MW).<sup>18</sup> Construction of big hydroelectric power projects is in advanced stages with Karuma dam expected to generate 600MW and Isimba dam 183 MW. These power station will change the country's energy balance. Uganda has the biggest solar power plant in East Africa in Soroti which contributes 10MW to the national grid with a potential to triple this production to 30MW at full capacity. There are several mini-hydro power plants. Consumption of Liquefied Petroleum Gas (LPG) is increasing though still on a small scale and mainly in urban areas. In addition, Government is taxing Kerosene and subsidizing solar panels to promote use of renewable solar energy for lighting at the household level. **While the use of solar energy has significantly increased, there are still concerns about the high initial costs of solar batteries and other accessories as well as the poor quality of the solar power equipment on the market.**

There are still major challenges of availability, access and affordability of energy. Indeed, Uganda is still an energy poor country with per capita electricity consumption estimated at 80kWh/year which is far below Kenya at 155kWh/

<sup>18</sup> Uganda's Electricity Sector Overview, Electricity Regulatory Authority, 2017

year, Ghana at 300kWh/year and the Republic of Korea at 8,502kWh/year.<sup>19</sup> Therefore, there is still need to offer more off-grid renewable energy options to enhance energy access and availability, especially in remote rural areas where on grid energy supply may not make a lot of economic sense in the short term.

## 2.4 Sustainable Transport

There are several initiatives focused on sustainable transport options with many in pilot phase, others requiring fast tracking. More needs to be done to ensure effective implementation. The construction of the Standard Gauge Railway (SGR) that will have light rails connecting different divisions of the city and roads with walk ways are underway. However, much of the anticipated modern infrastructure development is foreign-funded either through borrowing or donations. This mode of financing infrastructure development has the effect of increasing the debt burden. Indeed, 30 percent of the 2017/18 budget is earmarked for paying interest on loans.<sup>20</sup> This is the real cost of transition to a green economy.

### Box 2:

**The negative perception about non-motorized transport such as walking and riding bicycles being associated with the poor, affects the uptake of such alternatives. Most roads lack walkways. There are limited Green Traffic Islands and trees are planted along major arteries. The potential of inland water transport specifically to ease traffic jams in the city and major highways (Jinja-Kampala, Kampala-Masaka, and Kampala-Entebbe) have not been exploited. Though government has developed ferries plying different routes, inland water transport mainly relies on motorized and non-motorised canoes. Traffic regulations on water transport are hardly enforced leading to accidents that have claimed lives and property.**

Bus transportation is increasing especially on long upcountry routes. However, challenges of poor compliance to traffic regulations, small congested roads, the increasing number of privately owned small vehicles, commuter taxis and bodabodas (passenger motorcycles) have compounded traffic jams and greenhouse gas emissions. There are also concerns about road safety with Uganda registering high numbers of accidents in the region. For example, **according to the Ministry of Works and Transport Performance Report 2016/2017, at least 9,572 people were killed in motor accidents in the last three years country wide.**<sup>21</sup>

<sup>19</sup> National Planning Authority, NDP I 2010/11-2014/15

<sup>20</sup> Ministry of Finance; Background to the Budget, 2017

<sup>21</sup> Ministry of Works and Transport Performance report 2016/2017

## 2.5 Cities and Urban Development

There are a number of on-going interventions for ensuring sustainable urban development. Some of them have registered visible gains though most are haphazard, unsustainable and are curtailed by the absence of an integrated national physical development plan. The limitations, or lack thereof of integrated land use and management hampers the development of integrated infrastructure corridors, yet the country faces huge challenges during land acquisition for infrastructure development in both rural and urban areas. Uganda has one of the highest urbanization rates estimated at 5.4 percent annually.<sup>22</sup> Majority of the cities in Uganda have grown in the face of ineffective and inadequate planning giving rise to slums, limited economic opportunities, inadequate access to water and sanitation services, poor waste management and drainage, settlements and encroachment on natural ecosystems such as urban wetlands and forests. The absence of a National Physical Plan continues to drive haphazard urbanization.

A number of green innovations have been implemented including; solar powered street lighting, green belts and amusement parks, improved waste management and drainage systems, express ways and ring roads to reduce congestion and ease mobility and increased taxation on high emission old vehicles. Plans are also underway to develop flyovers and underpasses to reduce traffic congestion within the Greater Kampala Metropolitan Area (GKMA).



**Sustainable Transport (Kampala - Entebbe Expressway). The country needs, at the minimum, similar but much bigger expressways, linking Kampala to Jinja, Mbarara, Hoima and Gulu.**

<sup>22</sup> UN World Urbanisation Trends 2014

## 2.6 Climate Change measures and actions

There are a number of on-going climate change response initiatives that are related to green growth<sup>23</sup> including, the creation of an updated inventory of greenhouse gas emissions by sector;<sup>24</sup> preparation of various Nationally Appropriate Mitigation Actions (NAMAs);<sup>25</sup> the community tree planting project which entails distribution of free tree seedlings;<sup>26</sup> development of a national REDD+ strategy;<sup>27</sup> environmental tax on the high green-gas emitting old vehicles;<sup>28</sup> addressing the fiduciary requirements to make Uganda qualify for climate finance from the various international climate finance windows;<sup>29</sup> distribution of efficient charcoal saving cook stoves;<sup>30</sup> and undertaking studies that quantify the economic cost of climate change responses coupled with the cost of inaction.<sup>31</sup>

However, most of these green growth initiatives are small in scope, donor driven, use inefficient technologies, have limited potential for replication and project approval processes are lengthy. Other equally important research and knowledge management strategies have not been adequately attempted. For instance, little is known about the cost of traffic jam in and around Kampala in terms of: number of man hours wasted per day in traffic; amounts of greenhouse gas emitted by motor-vehicles stuck in traffic per day / week / month / annum; fuel costs incurred by motorists who keep engines running for hours in traffic jams; wear and tear of/on roads due to traffic jam; health costs of sitting for long hours in jam or breathing in of emitted motorvehicle fumes; and the psychological and coefficient of efficiency costs at individual and collectivity levels.

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<sup>23</sup> See Uganda Green Growth Development Strategy, 2017 p. 8

<sup>24</sup> Ibid

<sup>25</sup> Ibid

<sup>26</sup> Ibid

<sup>27</sup> Ibid

<sup>28</sup> Ibid

<sup>29</sup> Ibid

<sup>30</sup> Ibid

<sup>31</sup> Ibid

## 3.0 Measuring and Governing

### 3.1 Sustainable Development Goals (SDGs)

A recent study on the status of implementation of the 2030 Sustainable Development Goals (SDGs) shows that Uganda has addressed 69 percent of the SDGs in the NDP II.<sup>32</sup> Integration of SDGs in sector and local development plans is also on-going.<sup>33</sup> Generally, there is a conducive environment for the implementation of SDGs, including political commitment and leadership to sustainable and inclusive development.<sup>34</sup>

Despite the existence of a conducive environment, most of the policies, plans and laws that provide for the implementation of SDGs and green growth initiatives have largely remained on paper and are not implemented.<sup>35</sup> This is mainly attributed to institutional weaknesses, limited coordination, scientific and technological underdevelopment, poor work ethic, bureaucratic red tape, corruption and inadequate political will for things to be done effectively and efficiently, and an underdeveloped private sector.

To this end, the Government has introduced a number of reforms to improve institutional efficiency and operational capabilities, including establishment of a delivery unit in the Office of the Prime Minister to fast track implementation of core projects, presidential initiatives and directives key sectoral results; a requirement that all accounting officers at national and local governments sign performance contracts in line with NDP II results and targets; issuance of a certificate of compliance of the national budget to the NDPII and MDA plans and budgets to NDP II before approval by Parliament; and the progressive shift from output-based budgeting to programme-based budgeting.<sup>36</sup>

### 3.2 Non-State Actors

Non-state actors including the private sector, civil society organisations, religious and cultural institutions, the entertainment industry, the media and research community have a major role to play in supporting transition to a green economy. Non-state actors are proactively engaged in SDG implementation.<sup>37</sup>

<sup>32</sup> See Ministry of Finance, Planning and Economic Development, 2016. Review Report on Uganda's Readiness for Implementation of the 2030 Agenda pp 1-25

<sup>33</sup> Ibid

<sup>34</sup> See Ministry of Finance, Planning and Economic Development, 2016. op cit p.5

<sup>35</sup> Ibid, p.36

<sup>36</sup> Ibid

<sup>37</sup> SDGs 2030 are a core component of the transition to green growth.



### **Civil Society Organisations**

Civil society organisations, through their coalition, the National CSO Core Reference Group (NCCRG),<sup>38</sup> are playing a crucial role in mobilizing and sensitizing citizens on the 2030 Agenda for sustainable development; creating a common understanding and building synergies amongst CSOs; advocating for efficient utilisation of resources and localization of the 2030 Agenda in their planning processes; monitoring of the SDGs as they are being implemented within the existing institutional structures; and supporting Government to build capacity particularly to monitor the SDGs at the local level. In addition, CSOs are carrying out education and awareness campaigns on green economy as a tool towards sustainable development and realisation of SDGs and NDP II objectives.

### **Private Sector**

Uganda's economic development policy envisages a private sector led and an export-oriented economy.<sup>39</sup> The private sector is partnering with Government to implement projects that are important for transition to green growth and attainment of SDGs. Some of the key public-private partnerships with green growth aspects include: Tororo Phosphate plant, the Bujagali hydroelectric project, the Kilembe mineral project, the Kenya-Uganda railway project and Kalangala Oil Palm and infrastructure services projects.<sup>40</sup> Recently the Government, in collaboration with the *Daily Monitor* Newspaper, NTV Uganda, Uganda Coffee Development Authority, Agricultural Business Initiative, and USAID- Feed the Future Project organised a climate change symposium. The first of its kind in Uganda, the symposium was intended to create public awareness on the adverse impacts of climate change and various adaptation and mitigation strategies.<sup>41</sup>

Increasingly, the private sector especially the medium and large-scale entities, is beginning to understand and appreciate the importance of sustainable consumption and production patterns in increasing their production efficiency, competitiveness and profitability. Already, there are many waste to energy projects being operated by private companies such as Kakira Sugar Works and the Sugar Corporation of Uganda Limited (SCOUL). For instance, currently Kakira Sugar Limited (KSL) is crushing 7,200 tons of cane per day, where bagasse is generated that is used to run the cogeneration plant generating 50 MW of electricity of which 18MW is used in house and 32MW feed in the national grid.<sup>42</sup> The factory has also set up an ethanol distillation plant to utilize the sugar molasses to produce un-hydrous ethanol from which liquid carbon dioxide and organic fertilisers are made.

<sup>38</sup> See Ministry of Finance, Planning and Economic Development, 2016. op cit pp.25-26

<sup>39</sup> MFPED, 2017. The National Strategy for Private Sector Development, 2017/18-2021/22

<sup>40</sup> Ibid

<sup>41</sup> The Daily Monitor Newspaper, 2017. The 1st Uganda Climate Change Symposium and Expo on Low Carbon and Adaptation

<sup>42</sup> <http://www.kakirasugar.com/content/power-co-generation>



Most of the Clean Development Mechanism (CDM) projects registered by the UNFCCC Executive Board have been implemented with the active involvement of the private sector.<sup>43</sup> In addition, private sector players through Corporate Social Responsibility (CSR) initiatives are supporting the transition to a green economy and attainment of the 2030 SDGs. Private sector companies that are active in CSR initiatives include Coca Cola, Stanbic Bank, Standard Chartered Bank, MTN, and Airtel.<sup>44</sup>

Despite the important role of the private sector in Uganda's transition to green economy, it still remains weak and largely informal.<sup>45</sup> The most active private companies are also foreign, indicating limited national participation and local ownership of green-development investments.

### 3.3 Going Beyond GDP

Uganda's current development model highly emphasizes changes in GDP, per capita income and poverty reduction as measures of progress with minimal or no attention to issues of: inclusiveness, resource use efficiency, maintenance and accounting for natural capital. There is, however, growing recognition about the limitations of GDP as a measure of economic performance. As a result, there are efforts to develop environment economic accounts mainly driven by the environment and natural resource sector with donor support. Nevertheless, developing green GDP accounts is yet to be fully achieved, though UBOS is undertaking preliminary work on developing natural asset accounts for Water. Economic monitoring and evaluation frameworks also contain a few sustainability indicators.

The cost of environmental degradation was conservatively estimated in 2002 to be between 4-12 percent of the gross national product (GNP) while in 1991 soil and land degradation alone were estimated to lead to 11 percent loss of GNP.<sup>46</sup> Since 2002, these measures have not been enriched, improved yet there has been more environmental degradation since that would require such estimates and costings.

UBOS, through Uganda Health and Demographic Surveys collects data regularly which measures progress on different socio-economic indicators that have a bearing on green growth. Attempts have been made, through programmes such as Prosperity for All and Operation Wealth Creation (OWC), though with limited success, to pursue an equitable human wellbeing agenda.

<sup>43</sup> See <http://unfccc.int/2860.php>

<sup>44</sup> See Uganda Green Growth Development Strategy, 2017 p.23

<sup>45</sup> MFPED, 2017. National strategy for private sector development 2017/18-2021/22

<sup>46</sup> Slade G, Weitz K. 1991. Uganda Environmental Issues and Options; Moyini, et al 2002. The costs of environmental degradation and loss to Uganda's economy.

### 3.4 Sustainability Reporting

Increasingly corporate organizations in Uganda are beginning to realize that their performance measurement goes beyond financial performance. Accordingly, corporate reports of many large and medium scale organisations now not only capture/indicate their financial performance, but also, record their social and environmental performance. The Certified Public Accountants of Uganda (CPA-U) has developed sustainability reporting guidelines, reviews corporate reports and organizes annual FIRE Awards at which the best performing corporations are recognized. Other sustainability reports include the State of Environment Report produced bi-annually by the National Environment Management Authority (NEMA) and the National Biomass study.

The major challenge facing measuring and costing in Uganda relate to limited interest in developing rigorous methodologies and techniques for measuring activities and developments that affect everyday living of Ugandans; technical and capacity limitations; governance weaknesses including corruption; and fear of the unknown (the feared cost of knowing and revealing/exposing uncomfortable truths).

## 4.0 Reforming Financial Systems

The transition to a green economy requires substantial financial investments estimated at US\$1.8 billion annually to 2020.<sup>47</sup> Estimates show that current Government plans already cover 75 percent of the required investment<sup>48</sup> for the transition to green growth of which 44 percent is expected to come from the private sector.<sup>49</sup> The additional annual investment is estimated to be around US\$450 million per annum, of which US\$200 million would be expected to come from public sources<sup>50</sup>.

### 4.1 International Climate Finance Flows

A recent study shows that the bulk of international climate finance flows into Uganda, is mainly channeled through multilateral development banks, multilateral climate funds, bilateral development assistance, private capital, carbon offsets and philanthropy<sup>51</sup>. The study<sup>52</sup> estimates that the total on-going and projected bilateral climate change funding commitments from development partners in the period 2013 to 2023 is US\$930 million, of which 63 percent are grants. The bulk of this climate-related financing is from French Development Agency (AFD), Danish Agency for International Development (DANIDA), Department for International Development (DFID), the European Commission, German Development Agency (GIZ), Japan International Cooperation Agency (JICA), United Nations Development Programme (UNDP) and the United States Agency for International Development (USAID)<sup>53</sup>. The study<sup>54</sup> shows that as of 2016, a total of US\$342 million in the form of bilateral loans had been approved and/or disbursed to Uganda mainly from the World Bank (US\$135 million) and the French Development Agency (US\$207 million).

The total projected climate finance flows into Uganda are US\$1,272 million over a period of 10 years translating to US\$127.2 million per annum<sup>55</sup> against a target of US\$450 million per annum<sup>56</sup>.

<sup>47</sup> See Ministry of Finance, Planning and Economic Development, 2016. Achieving Uganda's Development Ambition: The Economic Impact of Green Growth: An Agenda For Action.

<sup>48</sup> This existing investment will however, need to be prioritized in order to place the country on the transition to a green growth

<sup>49</sup> Ministry of Finance, Planning and Economic Development, 2016.op cit

<sup>50</sup> Ibid

<sup>51</sup> See Africa Climate Change Resilience Alliance, 2017. Finance Readiness Assessment,

<sup>52</sup> Ibid

<sup>53</sup> Ibid

<sup>54</sup> Ibid

<sup>55</sup> Ibid

<sup>56</sup> Ministry of Finance, Planning and Economic Development, 2016.op cit

This would mean that ***as per current estimates<sup>57</sup> there is a shortfall of 72 percent in green growth-related finance, a conservative estimate considering that not all the earmarked climate finance will be used to finance green growth-related activities. Moreover, recent studies suggest that not all the approved climate change finance is actually disbursed<sup>58</sup>.***

## 4.2 National climate finance

Climate change related expenditures from Uganda's national budget constitute about 1 percent<sup>59</sup> and this is heavily biased toward adaptation activities<sup>60</sup>. It is very difficult to monitor climate finance because Government does not have systems for monitoring climate related expenditure<sup>61</sup>. Thus, very little is known about the financing of green growth-related activities and their effectiveness. It is important that the Government puts in place a monitoring system to track green growth-related finance and how it flows from the funding agencies to the implementing partners and to the local beneficiaries<sup>62</sup>.

Government intends to amend the Public Finance Management Act, 2015 to require various Government agencies to mainstream climate change measures and actions including green growth-related actions into their annual work plans and budget framework papers<sup>63</sup>. Under the proposed law<sup>64</sup>, it will be mandatory for accounting officers to obtain **a certificate of compliance** showing that sector budgets have made adequate provision for climate change measures and actions including green growth-related activities in their annual work plans and budget framework papers.

Given the inadequacy of both Government and development partners' financing for green growth-related activities, it is absolutely essential to explore innovative means of mobilising private sector finance to bridge the financing gap. Government with the support of GIZ is currently developing a Climate Finance Strategy which will contain among others, strategies to effectively mobilise domestic and international private sector climate finance to bridge the financing gap.

**A National Financial Inclusion Strategy 2017-2022** was launched recently, making Uganda the 44<sup>th</sup> country to adopt a financial inclusion strategy<sup>65</sup>. It aims at reducing income inequalities and meeting the financial needs of the poor through increased access to quality affordable financial products and services

<sup>57</sup> Ibid

<sup>58</sup> See Tumushabe, G et al., 2013. Uganda National Climate Change Finance Analysis, p.72

<sup>59</sup> Ibid

<sup>60</sup> Ibid

<sup>61</sup> See Resilience Policy Team, 2015. Uganda Climate Action Report

<sup>62</sup> Ibid

<sup>63</sup> See the draft National Climate Change Bill, 2017

<sup>64</sup> Ibid

<sup>65</sup> P.36, New Vision Monday October, 30th 2017

especially by women and children who are the most excluded. Financial exclusion for adults is expected to fall from 15 percent currently to 5 percent in 2022<sup>66</sup>. It is further expected that the strategy will deepen financial markets and reduce vulnerability of the poor to financial risks due to natural occurrences such as droughts.

***Technological innovations, such as mobile money have bridged gaps in financial access.*** Government has supported the growth of Savings and Credit Cooperative Societies (SACCOs), National Youth funds and Micro credit institutions. Despite these interventions, access to finance is still limited and interest rates are very high. Uganda's high cost of borrowing money discourages small scale investments using borrowed capital. Until the country is able to reduce interest rates to about 5% per annum , the economy will still face difficulties to domestic borrowing for small scale investors and start-ups.

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<sup>66</sup> Ibid

## 5.0 Greening Economic Sectors

**U**ganda has a low greenhouse gas emissions profile giving it an opportunity to pursue a clean green growth development pathway as opposed to the conventional approach of “develop first and clean up later”. According to Uganda’s first Nationally Determined Commitments (NDC, 2015), Uganda has one of the lowest green-house gas emissions per capita in the world estimated at 1.39 tons carbon dioxide, far below the global average of approximately 7.99 tons of carbon dioxide. Furthermore, Uganda’s contribution to world’s total green-house emissions is estimated at 0.999 percent.

**Uganda’s Green Growth Development Strategy (2017/18 – 2030/31) identifies key interventions for achieving green growth in the five high green impact sectors of agriculture, energy, forestry, transport and planned green cities<sup>67</sup>.**

These are indeed Uganda’s low hanging fruits identified under the green growth strategy that only need catalytic investment to be harnessed for transition to a green economy. Investments in toll roads and green superhighways are still lacking in the country but provide great investment potential.

**Sustainable Agriculture:** Uganda has both comparative and competitive advantages in agriculture. The agricultural potential is immense and with such minimal investments, Uganda can easily become the food basket of the region, enhance GDP growth and poverty reduction. Proposed strategic interventions include<sup>68</sup> supporting increased access to irrigation facilities; developing and implementing integrated soil fertility management; and undertaking actions to upgrade the value chain for strategic enterprises.



**Sustainable Agriculture**

<sup>67</sup> Republic of Uganda, 2017. Uganda Green Growth Development Strategy (2017/18 – 2030/31)

<sup>68</sup> Ibid



**Energy:** The energy sector presents opportunities for supporting Uganda's transition to a green economy. Strategic interventions include<sup>69</sup> supporting renewable energy investments such as biomass energy for electricity through co-generation by sugar companies and other modern technology options by 2030; improved technology for enhanced efficiency in using biomass for domestic cooking and industrial uses by 2020; enhancing solar power potential especially for on-grid and local supply over the transitional period for the country from the current 10MW to 5,000MW by 2030; exploitation of geothermal energy based on current plans from base capacity of 450MW by 2030 to 1,500MW by 2040; supporting capacity utilization for large and mini-hydropower plants, and encourage efficiency in evacuation of generated power; and supporting development and/or reinforcement of environmental, health and economic safeguards for energy generation in the country.



***Biogas Lamp***

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<sup>69</sup> Ibid

**Natural Capital Management and development:** This will mainly focus on tourism development, sustainable forestry, wetlands and optimal water resources management.

**Transport:** The strategic interventions include<sup>70</sup> supporting planned multi-modal and mass transport systems for urban areas comprising of the Bus Rapid Transport system (BRT) and the Light Railway Transport (LRT); and supporting development, utilisation and interconnectivity of the planned Standard Gauge Railway for the country.



***Multi - Modal Transport System (planned)***

**Oil and Gas:** strategic interventions include<sup>71</sup> implementing best practices approach to development; adopting clean technologies; utilization of electricity from renewable energy sources; establishing oil revenue sharing mechanisms; conducting Strategic Environment Assessments for the extractive industry; and enforcing work and safety standards.

Uganda's Green Growth Development Strategy (2017/18 – 2030/31) identifies a number of enabling arrangements that must be put in place in order for the transition to a green economy to be realised.

First, ***an appropriate institutional and governance framework*** must be established.

<sup>70</sup> Ibid

<sup>71</sup> Ibid

Second, ***required financial resources must be mobilised*** through implementing a variety of measures including increasing national budget allocations, environmental fiscal reform, green public procurement, certification of production and trade, green energy investments and incentives, innovation funds and **payments for environmental services** and scaling up international climate finance.

Third, ***maintaining conducive macro-economic conditions*** including GDP growth rate ranging between 5 and 10 percent per annum sustained in the long-term, decline in the current account deficit from the current levels of 9.75 percent, increase in net portfolio inflows through Foreign Direct Investment, stable and low inflation rate maintained close to the Bank of Uganda inflation target of 5 percent and a stable banking sector able to offer credit to private sector at affordable interest rates. Shift of government expenditure in favour of the transition to green growth and more effective enforcement of relevant policies and legislation will be needed in the short term.

Fourth, ***enhancing education and training and re-alignment of resource and land rights regimes*** to allow for increased access to producers who will contribute to economic, environmental and social targets of the green growth strategy as well as to allow for regulation for social and environmental safeguards. This will also create enabling conditions for psychological and behaviour change.

Finally, ***political will is essential for the transition to a green economy to be realised.***

## 6.0 Tackling Inequality

A report by Oxfam indicated that the wealthiest 10 percent (3.6 million people) of the people in Uganda own 35.7 percent of the country's wealth which is 14 times what the poorest 10 percent own<sup>72</sup>. The report further indicates that the possessions of the poorest Ugandans declined by 21 percent over the past 20 years while the wealth of the richest 10 percent improved by 20 percent annually<sup>73</sup>.

Green growth involves creation of green jobs. Green jobs are work in agriculture, manufacturing, research and development (R&D), administrative, and service activities that contribute substantially to preserving or restoring environmental quality<sup>74</sup>. This includes jobs that help to protect ecosystems and biodiversity; reduce energy, materials, and water consumption through high efficiency strategies; de-carbonize the economy; and minimize or altogether avoid generation of all forms of waste and pollution.

Uganda has developed a number of policies and laws<sup>75</sup> that seek to uplift the welfare and standards of the poor as well as offering them protection from all forms of discrimination at their places of work. **The Constitution of Uganda**<sup>76</sup> provides that every effort shall be made to integrate all peoples while at the same time recognising the existence of, among other things, their ethnic, religious and cultural diversity. *Article 32* of the Constitution of Uganda provides that the State shall take affirmative action in favour of groups marginalised on the basis of gender, age, disability or any other reason created by history, tradition or custom, for the purpose of redressing imbalances which exist against them.

**The Equal Opportunities Commission Act, 2007**<sup>77</sup> establishes the Equal Opportunities Commission with the mandate to monitor, evaluate and ensure that policies, laws, plans, programs, activities, practices, traditions, cultures, usages and customs of entities are compliant with equal opportunities and affirmative action in favour of groups marginalized on the basis of sex, race, colour, ethnic origin, tribe, creed, religion, social or economic standing, political opinion, disability, gender, age or any other reason created by history, tradition or custom.

**The Employment Act, 2006** prohibits forced or compulsory employment<sup>78</sup>, any form of discrimination based on race, colour, religion, political opinion,

<sup>72</sup> <https://www.oxfam.org/en/research/who-growing-ending-inequality-uganda>

<sup>73</sup> Ibid

<sup>74</sup> UNEP, 2011. Towards a Green Economy: op cit

<sup>75</sup> In addition to those mentioned in this section, other relevant laws include the Workers Compensation Act, Cap 225, Section 2 of the Occupational Safety and Health Act, 2006 and Sections 140 and 141 of the Petroleum (Exploration, Development and Production) Act No. 3

<sup>76</sup> Objective III(ii) of the National Objectives and Directive Principles of State Policy

<sup>77</sup> See Section 14 of the Act

<sup>78</sup> See Section 5

HIV status, social origin, or disability<sup>79</sup>, and sexual harassment<sup>80</sup>. In addition, employees must be given a fair hearing before their contracts of employment can be terminated, failure of which employers are liable to pay damages<sup>81</sup>.

The issue of inequality is elaborately tackled by ***Uganda's Gender Policy, 2007*** which has four main objectives: to reduce gender inequalities so that all women and men, girls and boys, are able to move out of poverty and to achieve improved and sustainable livelihoods; to increase knowledge and understanding of human rights among women and men so that they can identify violations, demand, access, seek redress and enjoy their rights; to strengthen women's presence and capacities in decision making for their meaningful participation in administrative and political processes; and to address gender inequalities and ensure inclusion of gender analysis in macro-economic policy formulation, implementation, monitoring and evaluation.

Social inclusiveness is integrated in the ***Uganda Green Growth Development Strategy (2017/18 – 2029/30)***. For instance, under the strategy, targeted outcomes for the agriculture sector include an additional 24,000 households per year having enough water for production and domestic use<sup>82</sup>; and ensuring that beneficiary households are female farmers and that bylaws are developed to ensure that women and other vulnerable groups have access to 40 percent and 10 percent of the green jobs respectively<sup>83</sup>. With regard to sustainable forest management, at least 50percent of forest land restoration on private land will be done by women<sup>84</sup>. In addition, women, children and poor households are projected to be the main beneficiaries of increased access to domestic electricity and renewable energy<sup>85</sup>.

However, Uganda's economic growth has largely been jobless, youth unemployment rate remains extremely high estimated at 78 percent<sup>86</sup>. Given this high rate of unemployment, employees are desperate to take up any form of employment and to work under poor terms and conditions even when these contravene existing policies and laws.

Furthermore, Government is yet to put in place a minimum wage law that would protect vulnerable employees against exploitation. These shortcomings taken together with the sluggish growth of the economy<sup>87</sup> are undermining efforts to guarantee a safe working environment.

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<sup>79</sup> See Section 6

<sup>80</sup> See Section 7

<sup>81</sup> See Section 66

<sup>82</sup> Uganda Green Growth Development Strategy (2017/18 – 2029/30) p.44-48

<sup>83</sup> Ibid

<sup>84</sup> Ibid

<sup>85</sup> Ibid

<sup>86</sup> National Development Plan II (2015-2020) p.4

<sup>87</sup> Ibid p.12



## 7.0 Valuing Nature

There have been various initiatives on valuing natural resources such as forests and wetland resources. However, Uganda is yet to develop an elaborate system for valuing or attaching financial value to ecosystem services. The ***draft National Environment Management Policy, 2014*** identifies some of the ecosystem services that could have a financial value, including forests (carbon storage and sequestration), wetlands conservation, watershed protection and species, habitat and biodiversity conservation.

The draft policy provides for some of the strategies for building a system for payment for ecosystem services, including:

- Establishing policy, legislative and regulatory frameworks responsive to the needs of the communities;
- Establishing guidelines and enterprise support centres for advisory and capacity-building services;
- Engaging and training prospective sellers, as well as financial institutions up to the community level for efficient delivery of payments;
- Providing a conducive environment for a public-private partnership for the system to flourish;
- Establishing effective governance and securing tenure to local ecosystem managers to ensure right and authority to manage ecosystems and benefit from the payments;
- Creating mechanisms for valuing or measuring services that are not currently valued in the market.

Carbon markets, which are an important instrument of green growth, and one of the mechanisms for payment for ecosystem services, have registered remarkable growth in Uganda over recent years. A number of projects – both stand-alone CDM projects and programmatic CDM projects – have been registered by the UNFCCC CDM Executive Board. Although there is uncertainty regarding the continued operation of the CDM as currently constituted due to the possible failure by the Doha Amendment to the Kyoto Protocol to enter into force. There is hope that similar emissions trading mechanisms will be established under the Paris Agreement, 2015, thus enabling the continued operation of carbon markets.

Payment for ecosystem services is provided for in the draft National Environment Bill, 2017. Section 65 of the Bill provides that a provider of a well-defined ecosystem service may enter into a voluntary transaction with a person who wishes to buy that environmental service or a form of land use likely to secure the environmental service, for the purpose of securing a continuous supply or availability of the environmental service.



It is provided that the National Environment Management Authority may issue guidelines and prescribe measures for the payment for ecosystem services, and shall consider: mechanisms for identifying and valuing ecosystem services that are critical for the environment and human well-being; instruments and incentives to generate, channel, transfer and invest economic resources for the conservation, restoration and sustainable use of the sources of ecosystem services; and criteria for design of payment for ecosystem schemes that ensures ecosystem sustainability.

**Box 3:**

***It is observed that mechanisms for payment for ecosystem services are largely undeveloped. Most of the existing projects that have applied the principles of payment for ecosystem services have done so with donor support and there is doubt as to whether these initiatives can be sustained beyond the life of the projects. The poor and vulnerable communities who are often mentioned in the project design documents as the ultimate beneficiaries are often left on the periphery with no tangible benefits. For instance, Kikonda carbon tree plantation project and New Forests Company carbon tree plantations have been criticised for failing to effectively address concerns of the poor and vulnerable communities in the project areas.***

One of the major failures in Uganda regarding valuing nature has been the failure to curb the destruction of natural features. Forests are being degraded at an alarming rate. wetlands have disappeared uncontrollably in both rural and urban areas. Green, publically accessible open spaces in urban areas have been encroached upon and destroyed; public parks have not been spared; rangelands and bushlands have also been cleared; water catchment areas have been destroyed, hence threatening river systems and the whole Nile Valley. Unless comprehensive efforts are made to restore the damaged natural environment, the country is at a risk of missing out on minimum sustainability.

## 8.0 Conclusions and Recommendations

### 8.1 Conclusions

Uganda's transition to a green economy is limited by several factors including:

- The high initial costs of the green economy transition estimated at US\$ 11 billion over thirteen-year tenure of the Uganda Green Growth Development Strategy.<sup>88</sup> Inadequate capacity to mobilize financial resources exacerbates this problem. Low funding for research and development estimated at only 0.8 percent of the national budget annually limits knowledge production and innovations on green development.
- Low access to green technologies coupled with the low levels of its adoption.
- Rise in costs of living due to imposition of green taxes e.g. taxes on second hand vehicles, removal of subsidies and road tolls. These can however generate revenue that can fund the green growth transition
- Underdevelopment of modern agriculture techniques: The traditional extensive farming practices exert tremendous pressure on agricultural productivity through their effects on forest, wetland degradation, soil erosion, and water and land pollution.
- The low prioritisation and funding to key strategic sectors such as agriculture, water and environment, waste management and social development that play a catalytic role in accelerating Uganda's transition to green growth undermines the process.
- Inadequate understanding and appreciation of green growth by some sections of policy makers and the general public. Some view it as a cost that is likely to slow down development.

Much as there are obstacles, there are also abundant opportunities such as the political commitment, the natural capital assets, the young and energetic population and the good will of the international community that can be harnessed to spur the country to a green economy.

The transition to a green economy in the context of sustainable development and poverty eradication requires a balanced policy mix, far reaching reforms in the current institutional architecture, creation of public-private partnerships (PPP) and strengthening regional and global partnerships. It requires creating an enabling environment which includes the critical role of the state, the private sector and the active participation of all stakeholders including CSOs and development partners.

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<sup>88</sup> Ibid



### ***Planned Green Cities***

Uganda was among the first countries to mainstream Sustainable Development Goals in its development plan. It is therefore not surprising that Uganda has developed a Green Growth Development Strategy to operationalize green growth principles and accelerate the implementation of global development goals, Uganda Vision 2040 and the second National Development Plan.

#### **Box 4:**

***However, for green growth to succeed, all state and non-state actors (CSOs, private sector and development partners) must rally behind this approach and participate by mainstreaming the recommended green growth interventions in their planning, budgeting and implementation frameworks.***

With principles of resource efficiency, equity and social inclusiveness, low emissions development and sustainable economic growth, green growth presents an innovative growth path that simultaneously generates inclusive economic development and environment sustainability. Green growth in Uganda focuses on five core catalytic investment areas of agriculture,

natural capital management, green cities (urban development), transport and energy. It is expected that green growth will improve the income and livelihoods; create decent green jobs; promote climate change adaptation and mitigation measures; improve sustainable environment and natural resources management; improve food and nutrition security; improve resource use efficiency, social inclusiveness and economic transformation at the national and sub-national levels.

## 8.2 Recommendations

Transition to a green economy requires a range of targeted policy measures.

***The Ministry responsible for finance should increase public expenditure for green growth initiatives.*** The Ministry responsible for finance should increase public expenditure in activities relating to sustainable development and management and protection of natural systems; investing in people and improving their lives through green policy processes; greening economic sectors; influencing flows in green finance; and measuring progress towards greening the economy. Through the national budget, government is able to influence interaction with the environment by using financial carrots and sticks to improve the environment.

***The Ministry responsible for trade and industry should put in place a policy environment that encourages the participation of Non-state actors to invest in green growth initiatives.*** Non-State actors including the private sector and the civil society have a critical role to play; they are indeed key partners with government in facilitating transition to a green economy. Given the important role of non-State actors in implementing and financing the green growth transition, the Government should put in place robust standards and regulations that promote green growth and remove barriers to green investments. Regulations that create stringent standards for activities that may impede the green growth transition is equally imperative. Additionally, functional regulations reduce business risk and increase investor confidence since well enforced regulations and standards reduce uncertainty and prevent unfair competition imposed on compliant players by the non-compliant players.

***The Ministries responsible for education and social development should put in place initiatives for re-skilling and training of existing labour force to enable it operate the new green technologies.*** It is evident that the green growth transition will create several jobs which require appropriately skilled labour. The on-going Skilling Uganda initiative should also extend to policy makers, the private sector and civil society if they are to continually mainstream green growth in their activities.



**Government agencies responsible for transparency and accountability including Parliament, Inspectorate of Government, and Auditor General should ensure that financial resources earmarked for green growth activities are utilised for the intended purpose.** Financial resources mobilized

for green growth investments should be used for the intended purposes and the benefits thereof shared inclusively in a way that reflects social equity. For instance, the oil and gas production sharing agreements need to be made public in order to enhance the right of access to information and improve capacity to understand and make use of such information, in a manner that makes wider and meaningful participation in such important processes. Information relating to projects should be readily available and accessible including policy documents, audited accounts, services to the public, achievements and so on.

**Transition to a green economy requires strategic partnerships to be created and strengthened at all levels.** These partnerships among others; include:

Public Private Partnerships (PPP), partnerships with Civil Society Organisations (CSOs) and partnerships with the communities, as well as between developing and developed countries. This will create mechanisms for synergies, linkages and complementarities for the various initiatives. It ought to be recognised however, that creating mutually beneficial and durable partnerships is not easy and takes a long time to build trust.

**There is need for innovative funding mechanisms starting with mobilisation of domestic resources including tapping of resources from the private sector.** This requires implementing environmental fiscal reforms (EFR) which

introduces green taxes, charges, fees, green funds and environmental levies, among others. It should be noted that some of these mechanisms are already in place and are being used. For example, the National Environmental Fund (NEF) under NEMA and the National Biodiversity Fund. Other EFRs include the environmental levy on the importation of second hand and used vehicles and spare parts. However, it has emerged that the collections realised are not used to directly promote environmental sustainability as they are instead put in the National Consolidated Fund for general use. Attempts have been made to have a percentage of these collections dedicated to environmental causes, but they have not yet succeeded. Proposed Government reforms to amend the Public Management Finance Act, 2015, and make it a legal requirement for obtain a certificate of compliance from the National Planning Authority in regard to making adequate financial provisions for implementing climate change actions and measures should be fast tracked<sup>90</sup>.

<sup>89</sup> Environmental fiscal reform refers to a range of taxation or pricing instruments that can raise revenue while simultaneously furthering environmental goals. This is achieved by providing economic incentives to correct market failure in the management of natural resources and the control of pollution (World Bank, 2005)

<sup>90</sup> See the National Climate Change Bill, 2017

***Finally, there is need for institutional alignment to eliminate duplication of roles and conflicting mandates if we are to consistently move towards green growth.***

Institutions that have more or less similar work should be merged. Agencies handling work substantially similar to the line Ministry should be returned to the parent Ministry. Given that policy implementation has been identified as a critical challenge, it is hoped that the establishment of a delivery unit<sup>91</sup> in the Office of the Prime Minister to fast track implementation of core policies, laws, projects, presidential initiatives, and key sector results will facilitate the transition to a green growth while ensuring that the critical priority areas are efficiently allocated resources and planned activities and projects implemented.

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<sup>91</sup> Ministry of Finance, Planning and Economic Development, 2016. op cit p.5



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Kaggwa is a key player in national, sub-regional, regional and global initiatives on sustainable development and has established strong professional networks, partnerships and collaboration at local, national, regional and international levels that have been very useful in his work. Ronald has made several technical presentations at national and international forums and also has had a few publications, reports and papers in the subject of environment economics.



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ACODE is an independent public policy research and advocacy think tank registered in Uganda. Its mission is to make public policies work for people by engaging in contemporary public policy research, community empowerment to demand for improved service delivery and advocacy. ACODE has for the last four consecutive years been ranked in the Global Go To Think Tank Index as one of the top think tanks in the world.

### The Green Economy Coalition (GEC):

is a network of more than 50 civil society organisations, trade unions, businesses and campaigners, working together to accelerate the transition to a fair green economy. Prosperity for all within one planet limits is possible – but we need collective action to get there.

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