

**Possible Norwegian Engagement  
in  
Decentralized Forest and Natural Resource  
Management in Uganda**

**Fact finding mission**

By

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**Noragric  
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# TABLE OF CONTENTS

Acronyms	v
<b>EXECUTIVE SUMMARY</b>	<b>1</b>
<b>1. INTRODUCTION</b>	<b>11</b>
1.1. Background	11
1.2. Outline of the Report	11
1.3. Some Delimitations and Clarifications Concerning the TOR	11
<b>2. BRIEF OVERVIEW OF SECTOR ELEMENTS</b>	<b>13</b>
2.1. Structure and Organisational Arrangements of the Enr Sector	13
2.2. Enr Sector Institutions and Relevant Actors	14
2.3. Key Sector Policies, Plans, and Documents	18
2.4. Some Key Challenges	20
2.5. Links To Governance Issues	20
2.6. Major Programs And Activities	21
<b>3. OVERVIEW OF KEY DONORS MAIN ACTIVITIES IN THE FIELD</b>	<b>22</b>
3.1. Special Section on Norwegian Previous Support	22
3.2. Review of Major Reviews, Assessments of Major Programmes	23
3.3. Key Players in the Enr Sector	23
3.4. Partnership Principles	24
3.5. Uganda Joint Assistance Strategy	25
3.6. Norwegian Policy, Donor Coordination and Budget Support	25
3.7. Donor Coordination Experiences, and Operationalisation of Ujas	26
3.8. Funding to Civil Society and Private Sector	26
<b>4. POSSIBLE FUTURE ENGAGEMENTS</b>	<b>26</b>
4.1. Introduction and Strategic Elements	26
4.2. Some Concerns	27
4.3. Selection of Support Elements and Outline of Key Principles	28
<b>5. NATIONAL FORESTRY AUTHORITY</b>	<b>28</b>
5.1. Institutional Anchoring of Support	28
5.2. Key Rationale for Support	28
5.3. Possible Support Areas	29
5.4. Links To Peap, Ujas, Enr-Sip	30
5.5. Private Sector and Civil Society	31
5.6. Other Donors (Relevant to Nfa Support)	31
5.7. Embassy Administration Capacity	32
5.8. Relevant Partner Institutions in Norway	32
5.9. Risk Factors	32
<b>6. MINISTRY OF WATER, LANDS AND ENVIRONMENT</b>	<b>33</b>
6.1. Institutional Anchoring	33

6.2. Key Rationale for Support	33
6.3. Possible Support Areas	34
6.4. Links to Peap, Ujas, Enr-Sip	40
6.5. Other Donors	41
6.6. Linkages with Norwegian Institutions	42
6.7. Embassy Administrative Capacity	42
6.8. Risk Factors	42
<b>7. REGIONAL PROGRAMS</b>	<b>42</b>
7.1. Ongoing Regional Initiatives Supported by Norway	42
7.2. Future Support for Regional Processes	43
<b>8. FISHERIES</b>	<b>43</b>
8.1 Some Background Notes	44
8.2. Institutional Anchoring	44
8.3. Key Rationale for Support	44
8.4. Possible Support Areas	45
8.5. Regional Activities	47
8.6. Research, Training and Development Needs	47
8.7. Capacity Building for Practical Community Based Management	48
8.8. Private Sector and Civil Society	48
8.9. Links to Peap, Ujas, Enr-Sip	49
8.10. Other Donors	49
8.11. Embassy Administration Capacity	50
8.12. Relevant Partner Institutions in Norway	50
8.13. Risk Factors	50
<b>9. EDUCATION, TRAINING AND RESEARCH IN THE ENR SECTOR</b>	<b>50</b>
<b>10. SOME CROSSCUTTING FINAL COMMENTS</b>	<b>52</b>
<b>ANNEXES</b>	
Annex A. Itinerary and Persons Met	
Annex B. References	
Annex C. Policy Frameworks.	
Annex D. Enr Sector Members and Status	
Annex E. Summary of Some Key Enr Challenges and Opportunities	
Annex F. Summary of All Forestry Initiatives	
Annex G. Summary of Fisheries Initiatives	
Annex H. Recommended Organigram for Natural Resources Directorate for District Lg	
Annex I. Developing a Responsible Trade in Forest Produce	
Annex J. Terms of Reference	
Annex K. Report Comments	

## ACRONYMS

AfDB	African Development Bank
CBOs	Community Based Organisations
CFM	Collaborative Forest Management
CPRs	Common Property Resources
CSOs	Civil Society Organisations
DEAP	District Environment Action Plans
DFR	Department of Fisheries Resources
DEO	District Environment Officers
DPs	Development Partners
DFO	District Fisheries Officers / District Forestry Officers (depending on context)
DFS	District Forestry Services
DLG	District Local Government
DNRD	District Natural Resources Department
EAC	East African Community
EC	European Commission
EDF	European Development Fund
EDF	European Development Fund
ENR	Environment & Natural Resources
ENRM	Environment & Natural Resources Management
EU	European Union
FID	Forestry Inspection Division
FIRRI	Fisheries Resources Research Institute
FORRI	Forest Resources Research Institution
GMB	Grants Management Body
GoU	Government of Uganda
IGAD	Inter-Governmental Authority on Development
LGDP	Local Government Development Program
LVEMP	Lake Victoria Environment Management Program
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
MTTI	Ministry of Tourism Trade & Industry
MWLE	Ministry of Water, Lands & Environment
NAADS	National Agricultural Advisory Services
NARO	National Agricultural Research Organisation
NEMA	National Environment Management Authority
NFA	National Forestry Authority
NFIA	National Fisheries Authority
NFP	National Forest Plan
NGO	Non-Government organisation.
NMFA	Norwegian Ministry of Foreign Affairs
NORAD	Norwegian Agency for Development Cooperation.
NR	Natural Resource
PEAP	Poverty Eradication Action Plan
PES	Payment for Environmental Services.
PMA	Plan for the Modernisation of Agriculture
SIP	Sector Investment Plan
SWAp	Sector Wide Approach
TA	Technical Assistance
UJAS	Uganda Joint Assistance Strategy
UWA	Uganda Wildlife Authority

WB  
WID

World Bank  
Wetlands Inspection Division

## EXECUTIVE SUMMARY

### I. TERMS OF REFERENCE OUTLINE AND COMMENTS

The team has been asked to make an assessment of possible elements in a new and expanded programme related to environment and natural resources. The TOR is attached in annex J. In the report we:

- first analyse important forest and environmental resource sector elements; key challenges, political and administrative structures, policies, activities and future plans.
- then look at different donor activities and experiences in the sector, supports to harmonization and coordination initiatives and future plans, with particular emphasis on the PEAP, Uganda Joint Assistance Strategy (UJAS) and in particular the SWAp and the ENR Strategic Investment Plan process.
- lastly derive where potential Norwegian support, bilateral or in tandem with other donors, could make a difference also in line with Ugandan authorities and bodies- and we- see as potential support areas for the future.

In an initial meeting with the Embassy some **additional bearings and delimitations** were agreed upon in order to focus the teams' work:

- The team will delimit its studies to look at the sub sectors of *forestry, lands, environmental management* and *fisheries*. *Bioenergy* could be explored. Consequently, issues related to wildlife, meteorology and wetlands will only be considered insofar as they benefit from general institutional and capacity building efforts discussed. Pollution, waste management ("brown" issues) and cultural heritage within the broad conception of environmental sector elements from NMFA/NORAD will not be looked into at all.
- The overall planning/management capacity of MWLE should be discussed, as it will be a natural entry point for support to the broader ENR sector. The strengthening of the other elements of the forestry institutional structure besides NFA (i.e. FID and DFS) and support to a more decentralized and democratised ENR management is one reason to expand the programme
- The overall policy documents guiding major priorities for the sector include the PEAP, the Partnership Principles and Ugandan Joint Assistance Strategy (UJAS) and to sector level; the proposed Sector Wide Approach (SWAp) and the ENR sector investment plan (SIP). The latter may in the future provide clear and committed frameworks for programme development from Norway. The team should assume that Norway will follow these co-ordination initiatives and contribute to making them a reality. Both bilateral and co-funding components are of interest to explore. The team has not been asked directly to explore direct budget support mechanisms options, but still address such measures when discussing harmonization /donor coordination issues.
- The team should also address the challenges posed by the Governments use of the Medium Term Expenditure Framework (MTEF), with total and sector government budget ceilings and that may have impacts on the realization of various suggested supports.
- The Embassy also attaches priority to enhancing private sector development in the ENR

sector, and to promote good governance in the same. Institutional developments in the ENR sector that also benefit northern areas of Uganda will attract special interest; in particular issues related to land tenure/resettlement/ land rehabilitation issues.

- Constrained operational capacity of the Embassy should be considered as to which and how many activities to be included in a new programme. Efforts should be made to limit the number of direct contracts, entry points and reporting procedures. Opportunities for linking up with other donors, and with institutions in Norway for twinning arrangements, will thus be elements in the assessment of opportunities for the future programme. In light of the above, possible synergies between a new Norwegian funded programme and other ongoing initiatives (especially energy and governance) will be part of the assessments made.
- In the identification process, there will *very tentatively* be a potential frame size of support in the range of up to NOK 40 million annually over a 4-5 year period.
- Given the substantial workload of the study and the size of the team, possible regional future supports should only be superficially addressed. There is no time to visit relevant institutions such as EAC, Nile Basin initiative, LVEMP or the IGAD secretariat.
- Most of the consulted partners do not present ready or clearly outlined programme supports suggestions. Given the time frame of the study, the team therefore can do no more than sketch potential areas of future support, and leave more detailed elaboration, design and planning for the future.

## **II. PROGRAMME CONCEPT; DECENTRALIZED ENR SECTOR SUPPORT IN UGANDA**

Uganda is experiencing a massive deforestation, through unsustainable forest use, but also through the more or less totally uncontrolled conversion of often-marginal forest land to agricultural land. Agricultural production in Uganda increases now by land expansion and not by a much more preferred land productivity increase. The present processes are so alarming because the removal of tree cover and forests generate irreversible processes of land degradation that has been so much observed in countries such as Ethiopia, parts of Kenya, Tanzania, Mali, Sudan etc. In a poverty alleviation context and also from a biodiversity and environmental point of view the long term perspectives around these processes are inhibiting sustainable development and leaves scenarios of potential increasing hunger and even famines - in a resourceful country like Uganda. The population growth of 3.2 % enhances these processes, and leaves an increasing land scarcity and landlessness especially among the poor rural Ugandan population.

A much less known process takes place in the fishery sub-sector of ENR. We do not know much about stocks of different fish in the different waterways of Uganda. There is a general feeling that the present catch in most places by far outstrips the annual increment; and forms an argument for a more decentralized and controlled management of the fishery resources.

A major idea behind the supports we suggest is to address some of these issues, both through a pointed support to key institutions at central and in particular at District level and below. Most districts today are extremely weak, administratively and economically, especially in the ENR sector and needs support not only for traditional institution building, but maybe even more so in operational skills and in terms of having access to incentive mechanisms by which practical results can be accomplished. This also includes democratic issues of involvement and participation at sub-county levels and below; to enhance capacity to improve legitimacy of policy formulation and execution. Institution-building is thus more than capacity building; we recommend a particular focus on practical skills and to facilitate ability to implement policies in practice. “Talk does not cook rice” (*Chinese proverb*).

**The key focus:** Strengthen the decentralized governance system for the ENR sector, on capacity, competence and actual delivery.

At a more general policy level, such support links well to Uganda's decentralization policies, with important bearings to good governance. A sector-oriented focus has the advantage that good governance can be linked directly to practical policy formulation and implementation. Major challenges at district level relate to lack of funding but also to substantial risks of lack of transparency and accountability, although the Local Government Sector is investing substantial resources to strengthen accounting and monitoring systems generally – thereby avoiding the need for specific Norwegian support to achieve this. The Department of Natural Resources at District levels is one of the most recent departments, has low levels of influence and power and to some extent has had a weak start, not only related to the forest sector reform and its lack of funding both of FID and DFS, but more in general the sector's lack of evenly distribution of funds from donors and Ugandan government. In contrast is for example the Department of Production (agriculture) where the NAADS mechanism has been instrumental in many of the districts.

We thus argue that a strategic support to selected elements of Uganda's ENR policy institutions, frameworks and program execution can provide support to good governance, to economic growth with a poverty focus and to more general principles of sustainable development at large.

### **III. BEARINGS FOR SUPPORT**

In the potential interventions we suggest, we address the following issues;

- Key rationale for support
- Institutional anchoring
- Possible support areas (Institutional support, competence and capacity building, pilot and demonstration activities, R&D, training etc.)
- Private sector and civil society
- Links to PEAP, UJAS, ENR-SIP
- Other donors
- Embassy administration capacity
- Relevant partner institutions in Norway
- Risk factors

### **IV. OUTLINE OF POTENTIAL AREAS OF SUPPORT**

#### **IV. 1. Continued support to NFA**

*Generally, we recommend that support to NFA should be provided through clear contractual engagement (through revision of the existing performance contract) and regular and detailed independent monitoring. This can be a shared mechanism with Forestry Inspection Division (MWLE) and other development partners that choose to support NFA.*

#### **Key rationale for support**

- Needs some more core support of various kinds to become economically sustainable
- Has some core public good provision activities that one may not expect a private operation to finance; government and donor support may be needed

- NFA has positive track record, important that they succeed
- Directed support to improve CFM practices at district and local levels

### **Institutional core support**

- Direct core support
- Support to establish more plantations – to increase financial viability of NFA.

### **Support to provision of public goods**

- Strengthen and improve community based forest management skills and activities
- Private Forestry Promotion Centre (PFPC)
- Mapping and Inventory Centre (MIC)
- National Tree Seed Centre (NTSC)
- Biodiversity Conservation, and watershed management, especially through effective community participation.

### **Directed support to Northern Districts:**

- Establishment of plantations around refugee camps in the northern districts.
- Forest rehabilitation work in relevant districts
- Establishment of potential Peace Parks; NFA and UWA and regional partners

### **Research, training and development activities**

- FORRI, Nyabyeya and Makerere

### **Civil society**

- Improve use of local people and their CBOs, NGOs etc. Work with them; “NGOs as subjects for and objects of development”

### **Other issues;**

- In line with PEAP, UJAS and draft ENR-SIP.
- No other donors have yet outlined clearly their areas for future support.
- Acceptable modality for Embassy in terms of entry points; one agreement with NFA
- Norwegian institutions can be involved

### **Risk factors**

- NFA must succeed!
- Big values in forestry; always a risk factor linked to corruption etc.
- The present management of CFM and the eviction process handling can become a major problem for NFA
- NFA complacency as success may tend to attract risk averse donors

## **IV. 2. Ministry of Water, Lands and Environment**

*Generally, we recommend that support be provided through a comprehensive Sector Investment Plan and more detailed Implementation Strategies and Operational Plans for relevant sub-sectors.*

*A pre-requisite for using this financing mechanism is to support MWLE to finalise the SIP to be a results-oriented, monitorable plan.*

*Key is the performance monitoring system – whose design should be an integral part of the SIP – that allows a joint ENR Sector Donor group and MWLE to review periodically the effectiveness of the SIP.*

### **Key rationale for support**

- Strengthen forest sector reform
- Support to Uganda's decentralization – and democratisation efforts
- Too weak FID at central level and a very weak DFS/DNRD at district level
- Involve other important elements of a more comprehensive ENR sector for; lands, wetlands and the district environmental officials the situation is not much better.

### **Institutional anchoring**

- Ministry of Water, Lands & Environment
- Forestry Inspection Division
- Department of Planning and NEMA
- District Natural Resources Department
  - District Forestry Officer / Service
  - District Environment Officer / Service
  - District Lands Service

### **Core support to MWLE via Department of Planning & Quality Assurance**

- Assist in finalising the ENR Sector Planning work - discuss in context of donor coordination

### **Core support to MWLE via NEMA and DNRDs**

A substantial core organisation and competence has already been developed in NEMA.

- Now support to districts and in particular field related activities
- Improve integration between District Environmental officers and the general local government administration.
- Improve District Environmental Plans integration with District dev. plans
- Linking up to Land Use Planning and Plans; also possible support at district level
- A key issue in institution-building is ability to deliver. It is not enough to develop institutional capacity- competence inherently lies in delivery skills, which at present is not there at all.
- Identify mechanism for ENR Pilot & Demonstration field activities (community level activities such as watershed management, CFM, tree planting, land rehabilitation, wetland protection and management, etc)

### **Core support to FID/DFS**

FID is left with a very lean outfit (6-7 employed professional staff; need 5-6 more),

- a core support to FID for infrastructure, support to core activities and enhance abilities to serve DFS

### **District Forestry Services**

At present only few districts have actually employed their full compliment of Forestry and DNRD Staff, so for most of Uganda's 72 districts there is no district forest service.

- A confined core support to staff more districts could be considered
- As for DES, could also include DFS support to increase collaboration within DNRD and improve local level natural resource management through incentive schemes
- Support to improve control and monitoring of timber and charcoal activities to

secure more sustainable harvest and off-take rates

### **Northern areas**

Just as for NFA, DFS could support forest rehabilitation efforts in northern Districts of Uganda. A report has been developed by USAID on describing the present levels of forest vegetation and is a starting point for the potential development of a more comprehensive ENR strategy for the Northern Districts

### **Bio-energy**

The Norwegian Embassy expressed a clear desire to see more integration of the Energy, Environment and Forestry sectors. They form part of a whole that should be tackled in an integrated, rather than fragmented manner. Norway's long history in Ugandan forestry and current focus on the Energy Sector, point to an obvious synergy in efforts to further integrate the two sectors – which are currently separate and conduct little inter-sectoral dialogue. Key areas for future development support that integrates energy and forestry could include:

- Woody biomass cultivation for energy and power generation – with a focus on private sector investment in conversion technologies and distribution mechanisms. This should build on Norway's ongoing efforts to promote Norwegian investments in the power generation industry (currently focussed on Pico-hydro-power through Public-Private Partnerships).
- Addressing market failures in trade of woody biomass – linking directly to Norway's existing focus on energy sector and also to historical support to the National Biomass study.
- Improving efficiency of production and consumption of charcoal.

Over-harvesting of woody biomass has strong linkages to environmental degradation, global warming, and national energy security, and therefore better management of stocks has multiple impacts. A program of addressing bio-energy would need to be closely integrated with efforts to strengthen the District Forestry Services, as outlined above.

### **Research and development activities**

The main actors here would be FORRI, Faculty of Forestry, Makerere University and Nyabyeya College of Forestry.

### **Private sector and civil society**

Support via incentive schemes in DNRD to use local NGOs, CBOs and local people directly, especially in their CFM activities, but also for both plantation work and nurseries.

### **Regional collaboration and integration**

There are a few areas where Norway could focus new attention on regional matters – in line with its desire (expressed in the Development Cooperation Guidelines) to continue regional cooperation on natural resource management. These are:

- Regional Timber Trade. Timber - regional effort to regulate timber trade and promote more responsible procurement of timber. Implement in partnership with the Royal Netherlands Embassy.
- Peace Parks in the North, and West, of Uganda, for cross-border contiguous protected areas as a mechanism for building dialogue and understanding between Sudan, DRC and Uganda. This support could be jointly implemented with USAID.

### Other issues

- The proposals are in line with PEAP, UJAS and draft ENR-SIP
- No other donors at present, but World Bank and EU should be consulted by the Embassy
- More complex, but should be an acceptable modality for Embassy in terms of entry points; one agreement with MWLE
- Norwegian institutions can be involved: NMoE, DN/SFT plus various R&D institutions

### Risk factors

- Ministry of Water, Lands & Environment capacity to manage the program
- Big values in forestry always a risk factor
- Lack of resources for both institution and activities
- Lack of existing M&E systems and capacity.

## IV. 3. Department of Fisheries Resources

### Institutional anchoring

- DFR responsible for fisheries resources
- The enforcement role; District Fisheries Officers (DFOs), with Local Governments in monitoring fishing operations at the landing sites.
- The DFO is responsible for delivery of advisory services to the Beach Management Units.

### Rationale for support

- An integral part of a broader ENR- sector concept
- Lack of knowledge on existing fisheries resources and if the level of present off-takes in different water resources are sustainable; also on pro-poor source of food and protein; most likely substantial over-fishing
- Need for a sector reform
- Need for improved infrastructure for local, regional, national and international markets
- Fish farming highly under- developed in Uganda

### Possible support areas

- **Institutional reform collaboration.** The Fishery sector needs funds to support the ambitions to revamp the organisational structure of the fishery sector similar to the Forestry sector; establish an autonomous and efficient fishery sector authority.
- **Infrastructure development.** The Fisheries Department is looking for donors to assist in building and developing their new headquarters.
- **Fish farming:** To what extent it belongs to an extended ENR sector concept, rather than an agricultural development support can be discussed, but it should be an area where Norway has special competence to offer, both on production issues itself, but also relative to sub-sector planning and organisational matters. There is an opportunity to integrate fish farming with pico-hydro power generation, using the upstream reservoirs created to grow fish – thereby mitigating some of the social impacts of the hydro scheme.

- **District level support.** The enforcement role has been decentralized to the District level District Fisheries Officers. A possible support could be routed through the DoF down to selected district levels to see how one can strengthen district and local level institutions, improve governance and the outcome from the sector. In a poverty alleviation context, especially the BMUs seems like an interesting institution to assist develop further. There are also what has been termed Lake Management Organisations for the bigger lakes (Lake Albert, Lake Kyogo, Lake George, Lake Edward) and where also support could be given.
- **Regional activities;** Norway is already involved in several regional programmes with fish components such as the LVEMP and the NILE basin Initiative and Lake Albert.
- **Research, training and development activities:** Training and research under FIRRI, the Fishery research centre in Jinja. FIRRI is a semi-autonomous body, working with research and development activities.

### **Government policies**

The suggested themes are in line with PEAP, UJAS and draft ENR-SIP.

### **Other donors**

- AFDB on infrastructure Lake Victoria and small-scale landing sites
- EU on monitoring and surveillance In Lake Victoria
- USAID(?) Lake Albert Community based strategies, but also stock assessments and monitoring activities.
- Iceland?
- Irish Embassy
- USAID – FISH Project. Aquaculture, but in limited districts / regions at present
- UNDP: A small grants scheme, district hatcheries, fish farm programmes
- NAADS: Is not on fish at present- but could be on aqua-culture

### **Embassy Administrative Capacity**

A support to the FD with links to potential sub-components should facilitate a rather simple mechanism for the Embassy.

### **Relevant partner institutions in Norway**

The Norwegian Directorate for Fisheries has an extensive experience from working with fisheries authorities in several countries.

### **Risk factors**

- Lack of space within the Budget ceilings for new interventions.
- Institutional weakness of Ministry of Agriculture to manage
- Lack of experience in the sector within Uganda – a new venture.

## **IV. SOME CROSSCUTTING CONCERNS AND ACTIONS**

The team believe it is possible for Norway, with relatively small means to strategically contribute to an **improved decentralized and democratised natural resource management mechanism** at district and sub-county level and below in Uganda. Such results would have poverty alleviation, economic development and important environment and natural resources management implications and would also result in greater involvement of local people in natural resource management.

This requires careful design of organisational and institutional arrangements. We recommend that it be an expressed ambition to **involve other donors in a more coordinated effort** to improve the present conditions in the ENR Sector – also in line with official Ugandan politics.

Below a few last technical practical comments:

1. Given the time frame and the lack of prepared proposals from other potential partners, more in-depth elaborations and proposals must be made. We have not had time to go back and discuss our final proposals with potential partners – nor did we have the mandate to do so before RNE provide feedback.
2. Concerning possible areas of support, we have, regardless of when an ENR-SIP might be ready, tried to show that it is relatively unproblematic for Norway to enter into any of the three outlined supports as they are well fitted into the PEAP, UJAS and the draft ENR-SIP frameworks. The supports could then be included when the ENR-SIP is there.
3. An issue has been the Government's implementation of the Medium Term Expenditure Framework (MTEF), with total and sector government budget ceilings and that may have impacts on the realization of various suggested supports. Our concerns relate to the strictness of existing ceilings, and the ability to accommodate new funds from Norway. Based on *very* mixed signals from both donors and government actors, we have decided not to address it as a major constraint throughout the various suggested supports. But there can be no doubt that this must be clarified both between donors and towards the government, both on level and on what kind of activities or criteria for activities that are seen to be inside the ceiling. This may have important bearings on final supports to be selected, as also pointed out through comments made to the draft report.
4. The explosion in the number of districts obviously constrains funds flowing to each district, and could be a theme in future UJAS processes, as it severely hampers possibilities to build and sustain a robust district level governance system.
5. The World Bank is at present planning for a sector intervention (USD 30-40 million over a 3- to 5-year period), from FY09. Closer consultations are strongly recommended from the Embassy side towards the Bank. EU will continue to fund the Sawlog scheme over the next 2 years as a no cost extension of the existing program, and are exploring the potential to expand their program to support the broader ENR Sector, with funds in the order of €30-50million, but have not concretely identified key areas of support. The only donor that has clearly committed funds to the sector over the next 3 to 5 years is African Development Bank's Farm Income Enhancement and Forest Conservation Project, which proposes to invest approximately \$15million in the forest sector (forest conservation, watershed management and tree planting) covering 26 out of the total 72 Districts – the tree planting component will be supported by the Nordic Development Fund. EU, Norway and WB will therefore be relatively equal players in the sector. The Belgian Embassy has earmarked €2 million to support the PQAD to implement and monitor the SIP. This, however, should not imply any danger of overcrowding the forestry sector or imply any double funding, but will require close coordination between during planning and implementation.
6. A major challenge is a lack of firm sector leadership on the side of donors. As stated in the partnership principles, GoU would like to see that "*Development partners participating in the SWG should endeavour to communicate with Government through a 'lead donor' and with a common voice*". No donor has clearly volunteered to take this lead. Again, given the Embassy's focus also on other sectors, particularly Energy, and in light of limited resources within the Embassy to take on substantial new responsibilities, it seems likely that Norway

*Possible Norwegian Engagement in Decentralized Forest and Natural Resource Management in Uganda*  
neither can nor will take this “Lead Donor” role.

7. There are good reasons to believe that the tentative official timeframe of June 2007 for completion of the Sector Investment Plan, as the key mechanism for Donor Coordination may be far too optimistic. A suggestion from the team is therefore to provide resources to speed up this process and secure that the process will be finalized. There is clearly scope for one or other of the Donors to take a lead in coordination in the Sector, although given RNE’s commitments in the Energy Sector, it seems unlikely that Norway will perform this role.
8. In the further planning process, donors must discuss with both government bodies and with civil society on developing frameworks for control and monitoring routines to secure transparent and accountable procedures for use of funds within the mechanism. IUCN and other NGOs / civil society partners could contribute to discussions on how to secure good M&E routines within the ENR-SIP. The Embassy should consider commissioning a report to get suggestions from civil society. This is a crucial issue for the success of a SWAP for the sector- and also - to create an attractive environment for potential donors.

## **1. INTRODUCTION**

### **1.1. BACKGROUND**

The Norwegian Embassy in Kampala, Uganda, has requested Norad to undertake an assessment of possible elements in a new and expanded programme related to environment and natural resources. The current support to the sector is concentrated to supporting the NFA. This programme ends in 2007. Terms of Reference are enclosed in Appendix 1.

The appraisal team included the following members:

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The Team visited various government and public institutions in Kampala, during the mission carried out between 12.03- 24.03.2005 (Itinerary, Annex A). NFA and the Norwegian Embassy in Kampala facilitated the consultancy. We thank all involved parties for important inputs in the process.

### **1.2. OUTLINE OF THE REPORT**

The report follows general guidelines and policies as laid down by NMFAs/Norad's Development Collaboration Manual and general policies. The report starts with an analysis of important forest and environmental resource sector elements; key challenges, political and administrative structures, policies, activities and future plans. In section 3, we scrutinize different donor activities and experiences in the sector, supports to harmonization and coordination initiatives and future plans, with particular emphasis on the Uganda Joint Assistance Strategy (UJAS) and in particular the SWAp and the ENR Sector Investment Planning process. This is done in order to derive where a potential Norwegian support, bilateral or in tandem with other donors, could make a difference.

In section 4 we identify and detail to some extent what Ugandan authorities and bodies - and we see as potential support areas for the future. For each of these potential interventions we briefly describe the key challenges to be addressed, possible activities, budget allocations and its confluence with both Ugandan policies and Norwegian development collaboration bearings (poverty alleviation, gender, good governance, institutional sustainability etc.). We also look into its possible institutional anchoring and possible institutional and organisational design, financing needs and flow of funds. We also look into the potential roles for the public, private and the NGO sectors. We further consider concerns in relation to the Embassy's administrative capacity and possible alternative Norwegian support systems. Lastly we look at the interventions in relation to other donors, and potential for co-funding and other types of collaborations, also briefly concerning regional synergies.

### **1.3. SOME DELIMITATIONS AND CLARIFICATIONS CONCERNING THE TOR**

The above outline of the report reflects our interpretation of TOR. In an initial meeting with the

Embassy some additional bearings and delimitations were agreed upon in order to focus the teams' work.

The team will first of all in consultation with the Embassy delimit its studies to look at the sub-sectors of *forestry, lands, environmental management* and *fisheries*. *Bio-energy* could also be explored. Consequently, issues related to wildlife, meteorology and wetlands will only be considered insofar as they may benefit from the general institutional and capacity building efforts discussed. Pollution, waste management ("brown" issues) and cultural heritage within the broad conception of environmental sector elements from NMFA/NORAD are not at all looked into.

The overall planning and management capacity of the MLWE will also be discussed as it will be a natural entry point for support to the sector. The strengthening of the other elements of the forestry institutional structure besides NFA (i.e. FID and DFS) is one of the key motivations to expand the programme, and the Embassy therefore wants to consider opportunities for interventions related to these with special care.

The overall policy documents guiding major priorities for the sector include the overall PEAP, the Partnership Principles and the Ugandan Joint Assistance Strategy (UJAS) and coming down to the sector; the proposed Sector Wide Approach (SWAp) and the ENR sector investment plan (SIP). The latter can or may in the future provide clear and committed frameworks for programme development from Norway. The Embassy clearly states that it intends to follow these co-ordination initiatives and contribute to making them a reality. Both bilateral and co-funding components are of interest to explore. The team has not been asked directly to explore direct budget support mechanism options, but will still briefly address such measures when discussing harmonization / donor coordination issues.

The team will also address the challenges posed by the Government's use of the Medium Term Expenditure Framework (MTEF), with total and sector government budget ceilings and that may have impacts on the realization of various suggested supports.

The Embassy also attaches priority to enhancing private sector development in the ENR sector, and to promote good governance in the same. Institutional developments in the ENR sector that also benefit northern areas of Uganda will attract special interest; in particular issues related to land tenure / resettlement / land rehabilitation issues and the Northern Recovery Action Plan.

The constrained operational capacity of the Embassy also gives some direction as to which and how many activities that should be included in a new programme. Efforts will be made to limit the number of contracts, entry points and reporting procedures. Opportunities for linking up with other donors, and with institutions in Norway for twinning arrangements, will thus be elements in the assessment of opportunities for the future programme. In light of the above, possible synergies between a new Norwegian funded programme and other ongoing initiatives will be part of the assessments made.

In the identification process, the team will very tentatively use a potential level of support in the range of NOK 40 million annually over a 5-year period to guide thinking.

Given the substantial workload of the study and the size of the team, possible regional future supports are only superficially addressed. There has been no time to visit EAC or the IGAD secretariat for example.

A last point on delimitations relates to the fact that most of the consulted partners have not presented ready or clearly outlined programme supports suggestions. Both EU and WB are in the same process of scoping for new ENR programs at the time of writing. Given the time frame of the study, the team therefore can do no more than sketch potential supports, and leave more detailed elaborations, design and planning for future assignments.

## 2. BRIEF OVERVIEW OF SECTOR ELEMENTS

### 2.1. STRUCTURE AND ORGANISATIONAL ARRANGEMENTS OF THE ENR SECTOR

#### 2.1.1. SWApping the ENR Sector

In line with Government policy to plan and allocate resources around sectors, in 2004, the ENR sector decided to adopt a Sector Wide Approach (SWAp). During 2005-06, the various ENR institutions have been organising themselves into a more coherent “ENR Sector” (see Appendix D for members) and developing a Sector Investment Plan (SIP), which provides a consolidated redefinition of the institutional roles and responsibilities to reflect a harmonized development of the sector as a whole.

The SIP provides a competitive environment in which all ENR sub-sector institutions have to justify their respective services and sub-sectoral programs and prioritise the allocation of limited resources within a budget ceiling set by the Medium Term Expenditure Framework. The SIP also provides a single mechanism whereby Donors can support Government to implement its own priority programs within the sector in a coordinated manner, with full Government ownership.

**Progress to date:** However, the status of the SWAP is still somewhat unclear. The ENR donor group has discussed the idea numerous times, and the MWLE is working on a document describing the mechanism, but the draft SIP (Version 7, MWLE, PQAD, 2006a) remains incomplete, and weak - in terms of prioritisation and details of program activities, quantifiable targets and indicators, scheduling, budgets and information on funding. Systems for reporting and performance monitoring modalities - for Government and donors alike - are not yet specified. In terms of the strategic and operational plans for sub-sectors, many elements are already available in basic documents like NFP, PMA and others.

Having missed the original target of using the SIP as the budgeting tool for FY2006-07, MWLE presented the conventional Ministerial Budget Framework Paper (BFP). 31.8 Billion Uganda shillings were allocated to the Ministry in this Budget Round, representing a meagre 0.75% of the total national budget. This demonstrates that ENR are still given low priority compared to more immediate national concerns.

**Future Sector Ceilings and Financial Disciplines:** From FY 2007-08 the Ministry of Finance say that they will insist that Donor funds (where allocated *in support of the implementation of government responsibilities*) must be channelled as part of the SIP allocation. Funds for such work can be allocated through general, or earmarked Budget Support, or as programs which are consistent with the SIP and which are treated as if part of the SIP ceiling. This may, if implemented, severely curtail the resources made available to those institutions, such as NFA, that have benefited from heavy direct Donor support in the past.

The principle for Norwegian support of an ENR SWAp will be a basket funding in the form of general sector budget support or earmarked funds for specific elements of the work plan; both will be accepted under the terms of the Uganda mechanism.

However, support to Private Sector, and Civil Society can be provided off-budget (as done by DANIDA, USAID, WB, EU, etc). Support to Local Government structures and operations are also

subject to the Local Government Sector Ceilings.

Given the major contribution of ENR to Uganda's economic development, there is scope for lobbying for substantially higher budget ceilings for the ENR Sector as a whole, but this will take a concerted effort of all ENR Institutions (MWLE and lead agencies) to persuade the authorities.

There may also be potential to finance the delivery of some global environmental services such as conservation of biodiversity through other means than the MTEF, given that the benefits of such investment flow in large part to the global community.

### **Forest Sub-sector Reforms**

Since 1999, the forest sector has been undergoing major reform, culminating in a new Uganda Forestry Policy approved in 2001, a new sector strategic plan – the National Forest Plan (NFP) – approved in 2002, and new National Forestry and Tree Planting Act launched in 2003. In April 2004, the Forestry Department was divested into three new institutions: the Forestry Inspection Division (FID) under the Ministry of Water, Lands and Environment (MWLE); the National Forestry Authority – a semi-autonomous agency and the decentralised District Forestry Services. However, the NFA has received the lion's share of available funding for the sector to date, to the detriment of a balanced implementation of the intended reforms.

## **2.2. ENR SECTOR INSTITUTIONS AND RELEVANT ACTORS**

The ENR sector institutions include Department of Fisheries Resources (DFR) under MAAIF, most of the operating units of MWLE, and Uganda Wildlife Authority under MTTI, semi-autonomous bodies and the private sector. Increasingly, the GoU implementation effort is focused on the new District structures. The ENR Sector defined for Medium-Term Expenditure Framework (MTEF) budgeting purposes excludes Fisheries and Uganda Wildlife Authority, as well as activities related to minerals, water resources and energy derived from biomass.

### **2.2.1. Ministry of Water, Lands & Environment**

**MWLE** is the lead agency for ENR, responsible for water resources, lands, forestry, environmental management, meteorology and wetlands.

- The **Planning & Quality Assurance Department** (PQAD) is the focal point for the ENR Sectoral planning processes, responsible for leading the planning process, and monitoring performance over time.
- In rural areas, the **Directorate of Water Development** seeks to ensure sustainable utilization of water resources and adequate supply of water for human consumption, animals and other uses.
- The **Directorate of Lands and Environment** conducts land mapping and registration, planning functions, environmental management support and meteorology services.
- The **Forest Inspection Division** presides over the formulation and monitoring of national forestry policy and regulatory frameworks, supports and monitors the forestry activities of LGs and other stakeholders, mobilizes resources for forestry development and interacts with the still-new National Forestry Authority.
- The **Wetlands Inspection Division** provides oversight of Wetlands management at national level, formulating policy, setting standards and guidelines; supervision and monitoring; technical support; and resource mobilisation. It also has the role of liaising with and building the capacity of other agencies, in particular local governments to deal with wetland issues, and periodically preparing strategic and operational plans, and monitoring their implementation.
- At technical and management levels are respective departments under the Directorate of Lands and Environment and other Units directly reporting to the Permanent Secretary.

- The Permanent Secretary is the Chairperson of the SWG and has primarily coordinated the other relevant Ministries and Institutions to participate in the sector framework. For over three years now, the Ministry has led the process of preparing a single Budget Frame Work Paper (BFP) for the ENRS as guided by the MTEF.

### **2.2.2. The National Environmental Management Authority (NEMA)**

NEMA was created by statute in 1995 to monitor, supervise and enforce regulations, standards and guidelines, to co-ordinate environmental activities and to ensure that all Government programmes address environmental concerns and promote both sustainable development and the prudent use of NRs. NEMA is responsible for preparing and/or endorsing the ToR, scope and findings of the EIAs that feature as conditions of approval for development projects.

To date, NEMA has concentrated on building environmental management capacity at all levels, developing environmental regulatory framework, standards and guidelines, and creating public awareness. Enforcement of environmental regulations has intentionally been phased in softly, and so far has been neither widespread nor even-handed, a situation expected to improve with the recent appointment of Environmental Inspectors. EIAs have been compromised by the political drive to implement development projects. GoU funding has been low. The NEMA budget is not included within the MWLE vote and there are concerns about prospects for the unit beyond the current DP support period.

### **2.2.3. The National Forestry Authority (NFA)**

NFA is a semi-autonomous body established late in 2003 under a Board of Directors. It is mandated to manage the 506 Central Forest Reserves, and to provide various forestry services on contract, through its **Technical Services Department**, which incorporates the **National Tree Seed Centre**, and Remote Sensing, survey and cartographic services and support the promotion of private forestry. This department is currently contracted to continue updating the National Biomass Study.

The NFA is expected to execute performance contracts for the FID of MWLE and to establish strong links with the emerging District Forestry Services. However, the Performance Contract is currently a weak monitoring tool to some extent to track performance on contractual engagements for delivery of Public Goods and Services, but it becomes in particular weak when there is a lack of steering signals from the Ministry. NFA has benefited from the Start-Up Funds provided by NORAD and DFID, and from the ongoing Forest Resources Management and Conservation Program, funded under the 8<sup>th</sup> European Development Fund. Details are provided in Annex F.

### **2.2.4. The Uganda Lands Commission (ULC)**

ULC is mandated to manage the development of Government land, both existing and purchased with the Land Fund, to enable occupants to acquire registered interest and for resettlement. ULC purchased 14,195 ha in 2004/05 but the process is not moving as rapidly as intended.

According to one commenter for the draft report, there are in this area ongoing activities under the Uganda Land Policy (ULP) and the Land Use Policy. Development of land tenures, registry, conflict resolutions etc. are important activities. A programme is now funded (24 mill USD- WB (?)) to establish a Land Information System (with land registry etc). The ULP also proposes the establishment of a Uganda Lands Authority. (This could potentially be a component for support from Norway).

### **2.2.5. Fisheries**

**DFR** is under MAAIF and is responsible for the effective conservation, development and management of fisheries resources, formulating and enforcing management measures contained in the Act and ensuing fisheries regulations, licensing fishing boats, and maintaining a national fish inspection and quality control programme. **District Fisheries Officers (DFOs)** work with LGs in monitoring fishing operations at up to three each of the 600 landing sites as well as advising **Beach Management Units**.

### **2.2.6. Decentralisation of ENR Management Institutions**

Responsibility for environmental management has been devolved to the District level and municipal councils. LGs are the key to integrating ENR and agriculture through harmonised District Development Planning and by overcoming conflicts between development and conservation objectives. Each District has a **Natural Resources Department (DNRD)** with a cadre of technical staff for forestry, environment, wetlands and land management, one of whom is designated the **District Natural Resources Officer** and leads the Department. Many posts are yet to be filled, particularly in physical planning and land administration. Given the rapidly expanding number of districts, in-house studies by MWLE have demonstrated that the cost of implementing the envisaged structures is prohibitive on a nationwide scale, so there will be some inevitable cost-savings by reducing the number of staff within the DNRD.

**District Forestry Service (DFS)** cadres (effectively the forestry staff within the DNRD) are recruited by the District but financed from the Centre through Conditional Grants. The DFS support District forestry development and the management of Local Forest Reserves by: delivering advisory services in agro-forestry technologies; promoting and supporting the protection and sustainable management of forests on private and communally owned land; supporting the negotiation of Collaborative Forest Management partnerships within Central Forest Reserves; and promoting tree planting and the protection of vulnerable areas and watersheds.

The DFS also collects revenues from licences and taxes on forestry activities. As LGs are responsible for regulating trade outside the Forest Reserves, they are entitled to collect taxes on timber harvested on private land. This is seen as an important source of local revenue, especially since the scrapping of the Graduated Tax, Market taxes and other taxes that formerly sustained Local Governments.

### **2.2.7. Advisory Services**

*The following summary derives in large part from the recent review of the Rural Development Sector by the African Development Bank. It is valuable background to the envisaged support to the ENR Sector through a NAADS-type delivery mechanism, and is therefore repeated here.*

Public sector advisory services are continuing to be provided to the mass of small-scale producers as “the markets” begin to function properly. NAADS is designed to propel farmers into sustainable responses to real demand signals. The service is now “rolled out” in 37 of 74 Districts and on target for complete national coverage by 2007/08. NAADS was working with 19,759 farmer groups in 2004/05, with women comprising 53% of group participants. The primary intention of these groups is to achieve economies of scale in service delivery. It is envisaged that the groups will not be perpetuated, however, but rather that the scheme will result in the emergence of more commercial and self-reliant independent farmers. The programme has emphasized technology demonstrations (118 technologies in 2004/05) and training in marketing.

Recent reviews found that NAADS had succeeded in disseminating technology to households, but the very poor and landless were not well represented in the groups. Further, ENR management had

been mainstreamed into service provider training modules, but the key NR issues had not been addressed fully with producer groups.

**ENR aspects of advisory services.** Various now completed pilot projects offer some important lessons relating to ENR management on farms. These include: the importance of continuous participatory problem analysis and needs identification, farmer institutional development and the efficacy of a multi-disciplinary approach to sustainable land management within extension team cadres. Technologies that give quick returns at low costs, such as methods that address moisture stress and soil fertility, are attractive to farmers. When returns are high and a market readily available, farmers may also adopt expensive technologies, such as the construction of soil and water conservation structures in banana plots and technologies that save labour, promote efficient utilization of land resources and make farm operations easy, such as improved cooking stoves, water harvesting and irrigation techniques. However, there are other ENR management technologies and conservation activities that they will not adopt without provision of some form of assistance, subsidies or incentives.

The NAADS Natural Resources Strategy of February 2003 was intended to integrate a number of key aspects of ENR management into the routine services offered by NAADS through incorporation into the contracts of service providers and integration into production systems. In practice, participatory NR planning has not been mainstreamed into the NAADS group formation and enterprise selection processes. Under initial pilot schemes, the list of NRs being targeted was limited to soil and water conservation and to soil fertility management as part of crop production; other NRs, such as on-farm biodiversity and natural forest management on private land, were not addressed. Service providers only integrated these techniques into their mainstream extension activities if obliged to do so by their ToR, and even then, often only making passing reference to the issues, rather than helping farmers identify and implement solutions.

Typically the current NAADS group demand-driven mechanism is never going to prioritize fisheries, forestry and ENR-based enterprises, not because farmers do not understand the ENR issues but rather because:

- the prevailing NAADS enterprise selection process does not give them sufficient opportunity to ask for soil management, common property (forests and fisheries) resource management or tree planting advice because they must compete with investments that offer quicker returns and/or higher profits; and
- technology packages on ENR investments or management of CPRs are not well developed and service provider capacity to deliver such advice is currently very weak.

Future approaches to delivering services in ENR management to farmers must therefore provide sufficient performance-related incentives for the supply of key environmental goods and services, and must overcome the inevitable bias to demand for advice for commercially oriented activities by making sure that ENR advisory services are offered in distinct “menus”.

Finally, the NAADS planning and monitoring mechanisms are constrained to the District Production Departments and agricultural officers, and therefore do not draw on the potential of the District Natural Resources Departments to contribute to addressing on-farm ENR problems.

### **2.2.8. Civil Society**

Civil Society has participated heavily in the evolution of the ENR Sector, and have in some cases demonstrated impressive results.

Over 200 CSOs are involved in the Sector, and they have been instrumental in mobilising the rural poor, helping them to form coherent and often legally recognised groups such as:

- **Beach Management Units (BMUs)** - established under the Fish Act to promote “decentralisation and community involvement in fisheries management”. They have a poverty focus and involve all stakeholders in the local management of fisheries by devolving some decision-making responsibilities to communities. BMUs have to collect fisheries information, can link into Government development planning and can lobby policy makers, especially through their Lake-wide Management Organizations.
- **Collaborative Forest Management (CFM) Institutions** have increasingly taken responsibility for the management and protection of parts of Central Forest Reserves, in return for greater usufruct rights and more opportunity to benefit from commercial licenses for the harvesting of forest produce.
  - Land Committees
  - Communal Land Associations, who can legally register common property
  - Environment Committees
  - Forest Resource User Groups
  - Farmer Groups
  - Village level CBOs, among many others

With the help of service CSOs, these community-based institutions are now achieving significant benefits for the poor, who form the majority of their membership:

- Demanding their rights of access to NRs
- Taking much greater responsibility for sustainable NR management
- Contributing to local and national level ENR sectoral planning and policy formulation
- Piloting innovative participatory ENR management systems;
- Delivering real improvements in ENR-derived benefits to the poor

CSOs have an important role to play in the Sector and future programs should make a stronger linkage with the various other channels for support to Civil Society through Norwegian NGOs and Norad/NMFA/Oslo, to ensure that ENR sector CSOs are supported in the framework of a coherent, integrated ENR program.

With Norway’s strong and increasing support for Civil Society Organisations, it has a potential to be a lead player in supporting the Environmental NGOs to better lobby for sufficient allocation of government resources to the sector and appropriate implementation of the policy and regulatory framework.

### **2.3. KEY SECTOR POLICIES, PLANS, AND DOCUMENTS**

The past 10 years have resulted in a plethora of National ENR sector policies, strategies and plans for rural development (Annex 1) to which this concept makes reference.

A general trait is that while policy documents refer to a balanced application of the “sticks” and “carrots” required for environmental management, their interpretation into the regulatory framework has been short of carrots, and over-dependent on the stick. This provides field staff with an inadequate toolbox to address ENR management issues in a socially acceptable and economically realistic manner.

The program envisaged in this document will to a large extent try to redress this imbalance, by generating a set of incentives and support mechanisms that promote ENR management. With such

tools, the policy and legal framework provides a sufficient basis for implementation of intended policy.

### **2.3.1 Mainstreaming ENR issues into Local Government's Planning and Budgeting Processes**

**District Environment Action Plans:** District Environment Action Plans (DEAPs) are a statutory requirement under the National Environment Statute. Most prepared so far have been funded by Project funds (notably COBS – a now completed USAID funded initiative in the South-Western Districts, and the WB funded EMCBP under NEMA. While strongly promoted by NEMA and their funding donor, these DEAPs have had a mixed reception:

- They are seen on the one hand as providing a critical mechanism for bringing together a range of ENR issues that are often overlooked in conventional District Development Planning (DDP), under a comprehensive planning and prioritisation framework, from which most of the identified actions can then be “mainstreamed” into the relevant sectors, such as agriculture. Experience has been that the residual activities remaining purely the responsibility of the NR Department are often surprisingly small.
- Others see the DEAP process as yet another piece of time-consuming sectoral planning that District Local Governments have not the resources (staff time and funding) either to prepare, or to implement. They are often too general on sub-sectoral issues such as forestry, tourism development and fisheries management to be easily implementable.
- The reality is also that while the responsibility for implementation of many strategies and activities have been allocated to other sectors, especially agriculture, this does not mean that they are actually implemented, due to other funding priorities and constraints of the relevant institutions. Even when funds are allocated to implement a particular strategy, the experience has been that it is not always clear how those funds should be used and they are wasted.

Some of the historical weakness of prioritising environment within the DDPs can be put down to the fact that with no earmarked funds on the horizon, Local Governments attached little importance to devoting the DDP's limited budget support and planning efforts on such activities.

In an effort to overcome funding constraints for the implementation of the DEAPs, NEMA have provided funding for the implementation of priority programmes identified in the DEAPs, through the District Environment Funds – a targeted fund of UGS 50 million for each of 27 Districts. However, experience is reported as being disappointing. Money was either not spent, or was not adequately accounted for, with much of it being diverted to other Local Government priorities. In part, this reflects the lack of capacity of what NEMA calls Grant-Making Bodies - local and national NGOs, who were contracted to ensure that environmental programmes were supported and monitored.

Ministry of Local Government commissioned a study, which identified a number of constraints to mainstreaming environment into Local Government planning & budgeting (MoLG, 2004). The outcome was a Strategic Plan to address some of these ENR Mainstreaming issues.

On the positive side, there are some good practises that have emerged at local government level, which should be emulated, to seize on new opportunities for environmental mainstreaming. The creation of posts for ENR management at lower local governments can redress the weaknesses at District level to implement ENR strategies.

Development of ordinances and by-laws has strengthened enforcement of ENR concerns. However, these have often fallen into the same trap as national laws – with heavy emphasis on the “don'ts”

and punishments for non-compliance, with inadequate means of enforcement, with less emphasis on the incentives and self-regulatory approach. Dissemination of templates of well-crafted ordinances and by-laws to other Local Governments may reduce the time it takes them to develop and promulgate such rules.

The solution to environmental mainstreaming lies in a compromise between focussing sufficient attention on ENR issues through sub-sectoral plans, while also harmonising this process with other policy development and planning processes to maximise the potential for synergies and coordinated implementation of ENR priority activities between sectors (such as ENR and NAADS). Substantial intra and inter-sectoral facilitation is required to achieve the integration of environmental issues into mainstream government and private sector activities.

## **2.4. SOME KEY CHALLENGES**

A set of key issues, challenges, and potential opportunities is provided in Appendix C. In summary, there are challenges at a range of levels:

- **Institutional Design** – either incomplete or faulty.
- **Institutional Capacity** – many ENR Sector institutions lack either the human or financial capacity to implement their mandates.
- **Impacts on the ground** – stronger institutions do not necessarily deliver more results on the ground.
- **Economics of ENR management** – the long-term, and public good nature of many investments in ENR do not favour prioritisation by either National or Local Governments or the Private Sector, particularly within the poverty eradication policy framework.

## **2.5. LINKS TO GOVERNANCE ISSUES**

ENR management is no exception in its need to address governance issues. Some examples of problematic areas are provided below, although this list is by no means exhaustive:

- The threat of a new spate of degazettements of Forest Reserves – to allow private sector multi-national investors to engage in large-scale agriculture.
- Politicisation of the encroachment problems during elections, resulted in massive influx of new encroachers and a conflict situation for the NFA, which will take a long time to redress.
- The politically motivated pre-election scrapping of the Graduated Tax, Market taxes and other local taxes that formerly sustained Local Governments has increased their dependence on Forest-produce derived taxes. Forest-derived taxes and levies especially on timber and charcoal are generating up to 40% of total locally generated income for forested Districts such as Masindi, Hoima and probably even more – from charcoal - in Nakasongola. Regrettably, early experience has shown a tendency to endorse over-harvesting to increase local revenues at the expense of sustainable management of the resource base.
- Failure of government to allocate more resources to ENR management is resulting in widespread resource mining by the rural poor, supplying the urban (wealthier) centres with a cheap source of food and forest produce (charcoal and building materials). Some observers have interpreted this as a form of subsidy by the rural poor of the urban elite.

These examples highlight the need for more advocacy by Civil Society to counter the dominance of Government in important decision making about management of the country's heritage (and in particular land held by GoU in Trust for the people of Uganda). It also points to the need for Donors to take a stronger stand, and build some conditionalities and indicators into funding of the ENR sector that explicitly address governance issues.

As stated in the Partnership Principles, GoU will “*encourage the participation of civil society and the private sector in fighting corruption, especially by increasing public access to Government information.*” However, in practise this has proved problematic for environmental NGOs, who have been systematically ignored, or more actively oppressed, in trying to redress the imperfections in sectoral governance.

## 2.6. MAJOR PROGRAMS AND ACTIVITIES

### 2.6.1. PEAP – ENR targets and performance

Through implementation of the PEAP Government aim to achieve increases in per capita incomes and consumption as well as savings, especially for the poor. However, it emphasizes (PEAP 2004, p.2) that “this growth must take a form that **maintains and protects the environment and natural resource assets** on which the poor depend,” and later (Ch.4) recognises that “*Uganda’s recent rapid economic growth has put significant stress on its ENR base resulting in environmental degradation*”. Consequently the quality and quantity of resources on which sustainable economic growth and poverty reduction depends, is declining.

Environment is identified as a key crosscutting issue within the PEAP, and ENR falls under Pillar 2 – *Production, competitiveness and incomes*. The specific ENR priority under this Pillar is “*Preservation of the natural resource base, particularly soil and forests*”.

Chapter 4 of the PEAP recognises that Uganda’s economic growth and its sustainability will depend on how well the environment and natural resources are managed and used.

The PEAP envisages addressing the increasing deficit of woody biomass derived fuels by achieving cooperation between the forestry sub sector in the Environment and Natural Resources sector and the energy sub sector in the Economic Services sector. **They are collectively charged to develop effective strategies to meet domestic energy needs**, in particular through promoting technologies that allow the more efficient use of fuel wood.

The effective implementation of the ENR Strategies under the PEAP was largely envisaged through the Plan for the Modernisation of Agriculture and other ENR sub-sectoral plans.

### 2.6.2. PMA – ENR targets and performance

The vision for PMA is clearly all about sustainable natural resource management – the transformed subsistence farmer is envisaged to be one that manages farm activities in a manner that **does not degrade the environment**, and a sector that is **effectively utilising resources such as land, water, and forests in a sustainable manner for both the present and future generations**.

Objective No.4 of the PMA is to “promote sustainable use and management of natural resources.” Pillar No.6. is the “Sustainable natural resource utilisation and management”.

Farmers themselves have identified 5 key constraints to enhancing agricultural productivity and improving their livelihoods, one of which is central to the ENR sector:

*“Natural environmental aspects that include limited access to land, poor soil fertility, unavailability of water for production, and wildlife pests.”*

The PMA Government Strategy & Operational Framework document (2000) therefore asserted:

- Environmental issues & concerns will be incorporated in all programs implemented under the

PMA.

- Research will be undertaken on soil and water conservation methods and demonstrating appropriate technologies to farmers, particularly through agro-forestry methods.
- Private sector extension staff in ENRM will be trained; agro-forestry and other natural resource conservation techniques will be incorporated within the agricultural education curricula.
- Core competence in natural resource and public good management will be a pre-requisite for service providers to become eligible to provide services under the NAADS.

Finally, to ensure that important issues relating to the sustainable utilisation of natural resources in the agricultural production system will not be forgotten during implementation, the PMA assures the reader that “NAADS shall support the initiation of a special land husbandry and management strategy” and laid much emphasis on the policy, legal and regulatory framework for the Land sub-sector. Forestry and fisheries sub-sectors were given cursory mention and no specific strategies were spelt out as to how they were to be incorporated during implementation of the PMA.

In contrast to the plans of 5 years before, the recent PMA review (PMA, 2005) noted that:

- *“NFA has actively engaged with PMA, particularly in monitoring and evaluation. However there is poor integration [of forestry] with other pillars of the PMA. In particular the potential of agro-forestry for poverty reduction has been rather overlooked, particularly where NAADS is concerned.*
- *Much of the achievement under the natural resource pillar so far has been at policy and strategy level, rather than at the level of implementation.*
- *District structures are slowly being put in place, but as yet there is limited evidence of impact.*
- *Both technical staff and farmers appear to understand the severity of the environmental problems caused by inappropriate agricultural practices [but] there are limited incentives, again in part because of the nature of land tenure, to address these.”*

### **3. OVERVIEW OF KEY DONORS MAIN ACTIVITIES IN THE FIELD**

#### **3.1. SPECIAL SECTION ON NORWEGIAN PREVIOUS SUPPORT**

Norwegian support to the EnR sector in Uganda over the last two years has concentrated on supporting the NFA.

Prior to that, a fairly wide forest sector programme (FSP) was supported. In the last phase of this programme, the process of legal reform, policy development and institutional change was in focus. This was done in collaboration with other donors, with DFID in a lead role. The main elements of the previous FSP were: education and training, seed supply, biomass monitoring, peri-urban plantations, conservation area management, CFM and institutional strengthening.

Some of the learning points from previous support to the sector in Uganda have been;

- It is necessary for a successful development of the sector to review and update policy, legal instruments and institutional structures
- Forestry needs a private sector involvement in order to gain economic importance and fill the timber supply gap
- Forestry has a big potential for contributing to poverty reduction
- Law enforcement is key to developing a sound timber and biomass market; illegal wood currently distorts the market severely
- Capacity building in the form of research and education has long-term impact on

quality of services and sustainability of development support

- The need for land for agriculture is often more important for local people than access to land for forestry; promoting combined use in agroforestry systems may encourage people to grow more trees
- Land tenure is crucial for the interest of local people in long term investments

Learning points coming out of the end review of the Norwegian forest sector programme (NORAD 2005b) include some of the above, and also the strong need to improve the balance in the sector through supporting the other major institutions in addition to NFA (notably FID and DFS). The need for development of good sector level indicators was also mentioned; this will also be crucial for the success of a SWAP. The end review also noted the crucial importance of research and capacity building; this issue is also reflected in the present fact finding mission report.

### **3.2. REVIEW OF MAJOR REVIEWS, ASSESSMENTS OF MAJOR PROGRAMMES**

A number of major reviews of the ENR and Rural Development sector have been conducted recently, and/or are ongoing:

- NAADS Review (2005)
- PMA Review (2005)
- EC Country Environment Profile (2005)
- AfDB Rural Sector Review(2006)
- WB Strategic Environment Assessment (ongoing)
- EC-Delegation – Proposal for future sector funding (2006).

Generally these provide a comprehensive set of documents on the status of the ENR sector and there is little value in repeating them, although highlights are included in this document.

However, with the exception of the NAADS review that allocated substantial resources for a field assessment, a general weakness of such reviews has been the lack of newly generated data from which to evaluate the situation on the ground – many reviews are inevitably reviews of previous studies and reports, rather than new data-gathering missions.

These reports provide many pointers for the way forward to activate the ENR sector, but there is much consultation to do with respective stakeholders, and more detailed analysis and programming to put substance on the 'outline of proposals' made.

### **3.3. KEY PLAYERS IN THE ENR SECTOR**

The following 7 Donors are in the process of negotiating the content of a Joint Assistance Strategy (UJAS) that outlines some principles of their future engagement with Development assistance in Uganda:

- European Commission
- World Bank
- African Development Bank (AfDB)
- The United Kingdom's Department for International Development (DFID)
- Germany (GTZ)
- The Netherlands (RNE)

- Norway
- Sweden

The analysis indicates an increasing shift from project support to General, or Sectoral Budget Support, and notes that Norway is one of the DPs that are most committed to budget support, although historically the majority of support to the forest sector (where Norway has maintained a long term focus) has been Project Support.

The analysis also shows that the following donors are the main supporters of ENR management WB (UWA, NEMA, LVEMP), EU (Forestry, Fisheries, Wildlife), Norway (Forestry), USAID (Biodiversity, Fisheries), ADB (Forestry), Belgium (Wetlands) and Ireland (Fisheries). Both the UK and the Netherlands have recently withdrawn from the ENR Sector. This would indicate that there are about 7 key donors with which future support to ENR Sector must be coordinated.

The **World Bank** is at present planning for a sector intervention (USD 30-40 million over a 3- to 5-year period), from FY09.

The **European Commission** will most likely continue to fund the Sawlog scheme over the next 2 years as a no cost extension of the existing program, and are exploring the potential to expand their program to support the broader ENR Sector, with funds in the order of €30-50million under the 10<sup>th</sup> European Development Fund (EDF). While some proposals are on the table, the EC Delegation has not concretely identified key areas of support.

The only Donor that has clearly committed funds to the sector over the next 3 to 5 years is African Development Bank's Farm Income Enhancement and Forest Conservation Project, which proposes to invest approximately \$15million in the forest sector (forest conservation, watershed management and tree planting) covering 26 out of the total 72 Districts – the tree planting component will be supported by the Nordic Development Fund.

The Belgian Embassy has earmarked €million to support the PQAD to implement and monitor the SIP. This, however, should not imply any danger of overcrowding the forestry sector or imply any double funding, but will require close coordination between during planning and implementation.

EU, Norway and WB will therefore most likely be the major players in the sector, on a relatively equal basis. We recommend closer consultations from the Embassy towards these actors both during planning and implementation of programs of support to the ENR Sector.

### **3.4. PARTNERSHIP PRINCIPLES**

Sector budget support is acceptable to GoU if *“SWAps and sector development plans are in place, and if the support is mutually agreed upon by the line ministry, MFPED and the donors, through the yearly consultative budget process”*. However, GoU *“does not guarantee that sector budget support will increase the relevant sector's budget expenditure ceiling above that provided in the MTEF”*. Sector budget support is still provided straight into the Consolidated Fund, to simplify budget execution, accounting and reporting procedures.

However, as stated in the Partnership Principles, *“the Government recognizes that the development partners willingness to give budget support depends on their confidence in the transparency, predictability and efficiency of Government budget processes and in the public servants in charge of these processes.”*

It is therefore incumbent on GoU to prepare a convincing ENR SIP, implementation and monitoring mechanism for the ENR Sector that gives the Embassy, and other donors, the necessary confidence to invest through sector budget support.

### **3.5. UGANDA JOINT ASSISTANCE STRATEGY**

The UJAS is centred on three principles, which are consistent with those articulated in the Paris Declaration on Aid Effectiveness. These are:

- Supporting implementation of the country-owned and led **revised PEAP** to achieve the MDGs.
- **Focusing on results and outcomes** (including managing resources and improving decision-making for results, and **strengthening systems for monitoring and evaluation**).
- **Collaborating more effectively**, both among donors and with the government.

DPs are also particularly committed to better coordination of activities, and joint analytic work under the UJAS and in particular cooperation to strengthen Uganda's monitoring and evaluation capabilities. This will certainly help reduce costs of evaluation and monitoring, capacity building and increase aid effectiveness.

### **3.6. NORWEGIAN POLICY, DONOR COORDINATION AND BUDGET SUPPORT**

Recent NORAD policies have also been reviewed (Annex B). Norway's guidelines for Norwegian Development Cooperation with Uganda (2001-2005) (NORAD, 2001) state that it is committed to "*subscribing to the same overall goals as the PEAP and used the same indicators for monitoring achievements*". Both Norway and Uganda have agreed that a "*holistic, cross-sectoral approach is necessary to reduce poverty, and confirm their intention to move towards budgeted support modalities as and when appropriate transparent mechanisms are put in place*". These guidelines also place emphasis on "*overriding concerns for gender equality, sustainable management of natural resources, institutional capacity building, transparency and accountability*". Finally, the guidelines provide options for "*support to activities in the public sector, civil society and the private sector*", and "*continued support for regional cooperation on natural resource management*".

Generally, the proposals made in this report are in close accordance with the Guidelines for Norwegian Development Cooperation with Uganda. Notable, however, is that these guidelines envisage a "**move towards budget support modalities when appropriate transparent mechanisms are put in place**".

In the specific case of the emerging ENR Sector, and its nascent SWAp process, such mechanisms are not yet in place, and we see that it is in line with policy to adopt alternative financing modalities until such time as these mechanisms are adequate, albeit with the ultimate intention of shifting to sector budget support as soon as clear criteria are met.

### **3.7. DONOR COORDINATION EXPERIENCES, AND OPERATIONALISATION OF UJAS**

With a history of project-based support to the ENR sector, coordination of DP interventions has not been particularly strong, with a few exceptions. However, the ongoing design of an ENR Sector Wide Approach and associated Sector Investment Plan has begun to bring the DPs around the table more regularly to plan and coordinate. This has been done with some level of success in the process of development of the forest sector institutional reform and policy/legal process, where DFID, EU and Norway have cooperated closely.

From our own interactions with most of the DPs in the Sector we perceive an as yet still imperfect flow of information between DPs and GoU about future plans, and priorities. There is scope for a much stronger ENR Sector Working Group that could deliver substantial synergies and economies of scale to future investments.

### **3.8. FUNDING TO CIVIL SOCIETY AND PRIVATE SECTOR**

There are many potential funding channels Civil Society (both NGOs and Private Sector). These are not constrained by the MTEF ceilings, and provide an alternative channel to boost support to the ENR Sector where budget ceilings constrain the necessary levels of investment. Where environmental public goods and services are provided by private sector – such as private landowners, then there is logic in paying for such services off-budget. Modalities and financing mechanisms for doing so must be carefully analysed and designed.

DfID, and EC both of which have in-country CSO Capacity Building and Support programs. NORAD/NMFA in Norway has also provided grant support to a number of International Conservation NGOs, such as the WWF in the Rwenzori Mountains.

## **4. POSSIBLE FUTURE ENGAGEMENTS**

### **4.1. INTRODUCTION AND STRATEGIC ELEMENTS**

Why should Norway host an ambition to expand and or broaden the engagement in the ENR sector in Uganda? In line with overall concerns as stated in the Millennium Development Goal (MDG) number one on fighting poverty, and in line with ambitions to assist in sustainable development efforts of a country a support to the sector seems warranted. Likewise, in common with many developing countries, Uganda's relatively poor performance on environmental management to date – in spite of many policy commitments to the principles of sustainable development. MDG No.7 “Ensure environmental sustainability” is therefore a key motivation for support to the sector.

As stated in the MDG Report (UN, 2005), achieving this goal will require greater attention to the plight of the poor, whose day-to-day subsistence is often directly linked to the natural resources around them, and an unprecedented level of global cooperation.

However, in Uganda's general policies for decentralization, an important dimension is linked to good governance, and a sector-oriented thinking about this has the advantage that one links good governance directly to practical policy formulation and implementation. Major challenges at district level relate both to a general lack of funding and also to substantial problems of lack of transparency and accountability.

The Directorate or what is now termed the Natural Resources Department (see organogramme in ANNEX H) at District levels is one of the most recent departments, has low levels of influence and power and has to some extent had an unfortunate development, not only related to the forest sector reform and its lack of funding both FID and DFS, but more in general the lack of funds from donors and Ugandan government. In contrast is for example the Department of Production (agriculture) where the NAADS mechanism has been instrumental in many of the districts. In addition, the explosion in number of districts obviously constrains funds flowing to each district, and should probably be a theme in the UJAS processes.

It is possible to argue that a strategic support to selected elements of Uganda's ENR policy institutions and frameworks can provide support to good governance, to economic growth with a poverty focus and to more general principles of sustainable development at large.

## **4.2 SOME CONCERNS**

From the consecutive sections the team has, in collaboration with the Embassy, developed some possible future supports for a careful expansion into a broader environment and natural resource sector support.

There have been several challenges both in the identification work and not least in considerations about possible design and entry points for the Embassy.

The Norwegian Embassy supports and stands behind the PEAP, the Partnership Principles and the Uganda Joint Assistance Strategy (UJAS) and its implications for donor harmonization and also "donor principles" (see Annex B). They imply that Norway will commit to practices such as routing funds through public channels, being loyal to PEAP priorities, using Ugandan national procurement system, avoiding parallel financing and implementation structures, reducing aid tying, increasing joint donor missions and reviews and several other targets for harmonization.

There are obviously complex balances here between effectiveness of assistance, institution and capacity building, potential risk scenarios, misuse of funds etc. but it may be beyond the team's ToR to do anything else than take the Norwegian policy here as a point of departure.

Another issues, not fully explored by the team relates to the Medium Term Expenditure Framework, a fiscal macro policy mechanism that attempts to put a ceiling on both total and sector-specific public expenditures, both to secure budget control, and also to reduce inflation effects of donor funds, and also reduce donor dependency. To what extent this impact upon a possible Norwegian support to the ENR Sector, because of crowded ceilings by other Donors with high spending plans, and more muscle to get them prioritised seems to be in the blue; some government officials, in particular from MoFPED argue that it may, others seem to be more relaxed on this issue. The team were not able to follow this up to any clear conclusion, but recommends the Embassy to take it up in joint donor/government meetings.

Linked to the PEAP, and UJAS is also the ambition for coordination at sector level for the ENR-SIP and SWAp. Norway supports these efforts and this has implications for both types of supports, types of entry points and design of supports we suggest. An additional challenge is that the ENR-SIP, (as the UJAS?) is not yet completed which in one sense leaves room for the team to suggest additional strategies under the five different key result areas that can achieve sub-sectoral progress, until the ENR SIP becomes operational. This is in line with the Norwegian Guidelines for Development Cooperation with Uganda (see Section 0).

In addition, and less problematic, has been our mission to look for and assess potential support in relation to Norwegian development collaboration principles.

#### **4.3. SELECTION OF SUPPORT ELEMENTS AND OUTLINE OF KEY PRINCIPLES**

The Embassy has in the TOR and in discussion asked us to look into continued forest sector support, support to a wider environmental management support, and look into related aspects on land, fisheries and bio energy issues. Some particular focus should also be put on good governance and the decentralization process for the sector. We were also asked to look in particular at possible supports to the Northern areas. Although related and tempting for the team, we were not asked to look into specific issues on concerning wildlife, wetlands, and biodiversity management issues in that context.

For each key area of support we have considered the following aspects:

- Institutional anchoring
- Key rationale for support
- Institutional support, competence and capacity building
- Possible pilot and demonstration activities
- Research, training and development needs
- Private sector and civil society
- Links to PEAP, UJAS, ENR-SIP
- Other donors
- Embassy administration capacity
- Relevant partner institutions in Norway
- Risk factors

### **5. NATIONAL FORESTRY AUTHORITY**

#### **5.1. INSTITUTIONAL ANCHORING OF SUPPORT**

NFA is an autonomous institution, mandated under the National Forest Plan (NFP) and the National Forestry & Tree Planting Act. Norway is still supporting NFA till the end of 2007. NFA has been operating since 2003 and has a general mandate to manage the 506 Central Forest Reserves in Uganda, to revamp the forestry sector and create an environment to stimulate private sector investments and to demonstrate how forestry stands to benefit the livelihoods of communities at the grassroots and its contribution to the wider government programme of fighting poverty. NFA should operate in a business-like way.

#### **5.2. KEY RATIONALE FOR SUPPORT**

NFA is trying to become financially sustainable within a period of 4 years of its inception. This may prove to be difficult, as reported in the Annual report, 2004 and also in an independent review commissioned by EU (Landell Mills, 2005). The report is generally positive to NFA and its performance so far, especially on its ability to develop plantations.

One still highlights some areas of concern in addition to the overall financial assessment. A major point is made on securing a financial base through planting sufficient plantation to secure a full rotation period. There are also a substantial number of the 506 CFRs that are not yet under

management in any way. Many of them are in particularly remote areas, inhibiting NFA direct management and where types of CFM seems like an interesting management option (see also Landell Mills, 2005).

Much of the CFRs should have been natural forests, but are typically degraded, encroached and even cultivated and inhabited. In the Annual report from 2004/05, an inventory reveals that substantial numbers of CFRs are still encroached, and area of 780 000 ha, involving 180 000 people in 9 240 families, and where some 57 000 ha are cultivated and some 136 000 livestock are grazing. As much as 35 000 houses (1,473 permanent) are found within the CFRs and schools, health stations, cattle dip tanks, churches and mosques are also found within the areas.

This encroachment challenge is substantial, and NFA has received a lot of public and political attention for its efforts and means to try and demarcate land and evict people. It is a challenge with social, cultural, environmental and political connotations and the review leaves doubt if present strategies, abilities or proficiencies to execute and resource inputs are sufficient to secure the CFRs for the future. It is further obvious that the present situation constrains NFA possibilities to fulfil important elements in their mandate, and their own business plans, and that comprehensive CFM strategies must be developed to secure local, district, and national legitimacy around the management ambitions and the eviction processes. A more comprehensive involvement of local people also secures, through “social fencing”, most often less encroachment, higher production of forest products and lower enforcement and monitoring costs.

One could further ask if NFA as a private business can be expected to pay for the provision of public goods in the future unless specifically contracted to do so. Many of NFAs present tasks are public goods:

- Tree Improvement Programmes and seed collection and certification, as provided by the National Tree Seed Centre;
- Part of the Collaborative Forest Management work (although we acknowledge that some CFM helps reduce NFA’s costs of protection of plantations and natural forest reserves);
- The National Biomass Monitoring, and National Land Cover Mapping Programme
- Forest Information/Awareness Programme
- Protection of biodiversity of national and global importance, and watersheds of local and regional value.

Several of these public goods related tasks currently provided by NFA, do not have secure funding, and may obviously be cut out if NFA has to cut costs.

### **5.3. POSSIBLE SUPPORT AREAS**

As the Norwegian NFA support ends next year, the team has been asked to consider possible continued support areas. Some of our ideas may also be seen as addendums to present supports.

**Institutional core support.** If NFA needs a continued core support in order to become economically sustainable, one could consider a core support in terms of support to establishing more plantations so that NFA has a full rotation by the time support ends. In a comment to this report, NFA also stresses that there are still needs for more traditional core support to include a more confined, but continued infrastructure support, in terms of issue such as office renovation and establishment in the field, vehicles, IT etc. as well as a continued management support.

**Public goods provision supports.** We argue for support to NFA for the provision of the following:

- Tree Improvement Programme at the National Tree Seed Centre:
- CFM work, particularly where CFM is primarily aimed at alleviating poverty of forest-adjacent communities,
- The National Biomass Monitoring and National Land Cover Mapping Programme,
- Forest Information/Awareness Programme,
- Biodiversity conservation work.
- Training and dissemination programmes towards public and private sector on improved techniques for harvesting and wood processing programmes, possibly in collaboration with private sector entities.

Support for developing a more **comprehensive strategy for “demarcation and restoring the integrity of forest reserve boundaries” activities**. Such activities (boundary demarcation, legal actions, compensation and resettlement issues, sensitisation, extension and outreach..) should be linked to well-designed and competently executed CFM strategies. These activities, inefficient and incomplete as they are today, are crucial; both from a poverty focus, good governance focus and from a social and political point of view. A failure here can seriously hamper not only NFAs business plan, but also national aims relating to poverty alleviation and environmentally sound management of the forest resource base.

**Targeted support to Northern Districts:** NFA can support the establishment of plantations around refugee camps in the northern districts. There are also areas or districts that now seem to be so peaceful that forest rehabilitation work can start. Some areas have regenerated during the conflict periods, and it is crucial that the values generated through this period is not lost through short-term, opportunistic harvesting by more and less legitimate actors, but that proper management of these resource scan be secured through a directed support. Another idea is the future establishment of potential Peace Parks where both NFA and possibly UWA could be relevant partners also in regional and transboundary efforts.

#### **5.4. LINKS TO PEAP, UJAS, ENR-SIP**

A suggested future NFA support falls under PEAP Pillar 2 (Enhancing production competitiveness and incomes), strategic objective 2.4 Increased and sustained forestry production). As the UJAS is loyal to the PEAP, we refined support to the Pillar 2; ”improving incentives for sustainable management of natural resources”(UJAS, 2005: 12).

Looking at the draft ENR-SIP, the suggested supports fall well within:

- Key Result Areas 1 Secure land tenure, (strategy 102 and 106 -needs details)
- KRA 2; Sustainable use/harness of natural resources (strategy 20101/2,3,5,6,7,8 ; Strategy 20103; all targets, Strategy 20105/2,3, Strategy 20107, 1,3; Strategy 20109/all targets; Strategy 20110/1,2,3,4)
- KRA 4; Productive natural resources base (Strategy 40101/1,2; Strategy 40103/1 and Strategy 0402/needs strategies and targets).

Given the mechanism, it should thus be possible to route the intended support through the ENR-SIP, but some more detailed work must be put into describing some of the targets in particular a bit clearer. One obvious lack now is that most of district level and below support is at present targeted by districts, which seems wise given lack of funds and an expanding number of districts. If Norway thus would like a special Northern focus on certain activities, such would have to be included in strategies and targets under relevant headings.

Another issue is how the Swap will be operationalised in order to secure open and transparent flow of funds. We return to this

## **5.5. PRIVATE SECTOR AND CIVIL SOCIETY**

A worry has been that a substantial NFA plantation could displace private interest in the sector as future profit expectations might be lowered. There is little reason for worry in the present situation as the gap between a small supply and an increasing demand is substantial (Uganda has around 2 500 ha of mature timber plantations; needs are estimated around 65 000 ha by 2025). However, it is recommended that NFA clearly distinguish its plantation investments and enterprises from the rest of its work, put itself on a level playing field with the private sector in terms of land rents and costs of other support, and demonstrate high levels of transparency to minimise concerns about unfair competition to private sector.

The Sawlog Production Grant Scheme has proved a substantial success, and has at present encouraged around 5,000 hectares of plantations by Private Sector.

There should be possibilities to direct a support through NFA to involve local NGOs, CBOs and local people directly, especially in their CFM activities, but also for both plantation work and nurseries.

## **5.6. OTHER DONORS (RELEVANT TO NFA SUPPORT)**

EU expressed a want to continue support to the SPGS, but in general EU seems to be interested in also support to elements resembling what is described here, and it is recommended that Royal Norwegian Embassy takes a discussion with EU about NFA related supports in that context.

There are no other donor we visited that seems at present interested in support in the sector, but contacts should be made with the World Bank, as they are planning an annual support to the sector in the range of 30-40 mill. USD over a 3 to 5 year period from the FY08/09. They are just about to complete a commissioned report on this, but unfortunately it was not yet finalized. Again, we recommend that the Norwegian Embassy takes a discussion with the WB on plans and supports.

Since the implementation of the Forest Rehabilitation Programme (completed in the 1990s) – which in retrospect is generally regarded as having been a large-scale and expensive failure – WB have not specifically supported the Forest sub-sector, instead focussing on NEMA and the Wildlife Authority. However, it remains to be seen what they may, or may not plan to do in support of the Forest Sector.

WB's current involvement – in a small way – is through the WB Bio-carbon Fund, for which NFA is currently submitting a Project Implementation Note and more detailed design. Such mechanisms for payments for environmental services are perceived to be becoming increasingly more relevant to institutions such as NFA, and there is scope for encouraging WB (and other donors) to expand this type of initiative across the ENR sector.

Various area-specific programs are working with NFA to manage particular reserves, or groups of reserves, with a strong focus on biodiversity conservation in the Albertine Rift with support from USAID, GEF, and EU – largely through NGOs such as WWF, WCS, CARE, etc.

## **5.7. EMBASSY ADMINISTRATION CAPACITY**

The NFA agreement is already in place and continued support could follow suit. However, various observers have suggested that the existing NFA performance contract requires strengthening to become a more useful tool for monitoring performance.

We have made a general point of the relationship to the emergent ENR-SIP and SWAP, which could reduce the administrative burden on the Embassy even more. Core support to the NFA could be provided through the ENR-SIP, but some specific public good programs (such as those listed in Section 0 above) may require earmarked funding if they are to be prioritised in a sector budget support approach.

## **5.8. RELEVANT PARTNER INSTITUTIONS IN NORWAY**

A continuation of the current link with Statskog/SB Skog, Prevista and or Norwegian Forestry Group (NFG) should be considered upon an external assessment. A specialist support to implement specific elements of NFA's work could contribute to technology transfer, exposure to institutional systems and practices, and will represent a monitoring function that will be of value to the Embassy. NFG and NFA have a letter of intent describing plans to work together in support of projects and programmes in the east Africa region, and specific plans for supporting forestry development in southern Sudan are being developed.

## **5.9. RISK FACTORS**

It is crucial that NFA succeeds. Failure of NFA in core activities has substantial economic, poverty and environmental related and not least institutional and political costs for the future. We stress our emphasis both on the economic sustainability, but also - in particular – on the complexities of the demarcation and eviction related issues and that these issues are handled in competent ways. There are possible lessons to be learnt from the UWA's Protected Area rationalisation process in this regard.

NFA has proved good execution competence so far and as such risks are most likely lower than in other areas of the support we suggest. However, as core funds become less, which they may will with a switch to funding through the ENR SIP (which provides a more competitive environment for limited GoU and DP funds), there may be increasing pressures on the institution as a whole, and staff to cut corners.

NFA may have to downsize its staff and operations at the end of the current phase of donor support – not least because it may have received more than its fair share of limited available support to the sector as a whole. This possible downsizing carries substantial risks. The presence of an expatriate Executive Director, while not defensible in the long term, has inevitably cushioned some of the political pressures on the institution. The current numbers of well-paid staff, especially at the centre cannot be sustained from envisaged revenues – and the reduction in staffing levels will negatively affect both morale and capacity to manage the institution. This must be seen in the context of increasing – rather than decreasing pressures on the National Forest Estate as population levels increase, and alternative agricultural land becomes increasingly scarce.

NFA still retains certain traits of a civil service – while great strides have been made, the focus on performance, and delivery of results on budget has not yet sunk in to the level necessary to compete in a commercial environment. Core budget support alone is in the long run not a good remedy to such a situation – tightly monitored performance contracts for both private and especially for public goods deliverance, are key to ensuring that NFA delivers, rather than simply absorbs its budget.

## **6. MINISTRY OF WATER, LANDS AND ENVIRONMENT**

MWLE operates at present within considerable financial and capacity constraints. A particular concern from a donor perspective in this context, is that, as the lead institution in the ENR Sector, MWLE plays a critical role in determining the success, or otherwise of the ENR SWAp.

### **6.1. INSTITUTIONAL ANCHORING**

The various departments under MWLE are described in Section 2.2.1.

**The Planning & Quality Assurance Department (PQAD)**, within the Ministry of Water, Lands & Environment is responsible for leading the preparation, and overseeing the implementation of the ENR Sector Investment Plan as a whole, thus integrating all programs relating to forestry, environment, fisheries, land and wetlands in one planning framework. However, PQAD is constrained both in terms of human and financial resources to perform this role effectively. There is need to strengthen their capacity. The Belgian Embassy is taking a lead in supporting the PQAD and could be a valuable implementing partner for any Norwegian support provided at this level.

Any support to PQAD should as a priority assist in finalising the ENR Sector Planning work.

The **Forestry Inspection Division** is responsible for sub-sectoral oversight. Given the focus on forestry envisaged in this program, the Norwegian Embassy may wish to target efforts to substantially strengthen its ability to address the range of responsibilities within its mandate. Coordination with AfDB and EC are critical in this regard, as each envisages working closely with FID in future programs.

The **National Environment Management Authority (NEMA)** has been leading the process of decentralised environmental planning and to a very limited extent, enforcement of environmental regulations. Both these roles are critical to the strategy presented in this proposal, and therefore some engagement with NEMA to extend, and streamline the District and lower-level Environment Action Planning processes is necessary. Lessons should be drawn from previous experience and critical reviews of the DEAP process to improve its integration into the District Development Plans and subsequent implementation in the future.

**District Natural Resources Departments** are now the key instrument of decentralised ENR management, but as described earlier, are very weak and under-resourced. A future strategy will work on strengthening the DNRDs and their subsidiary services (see ANNEX ). We believe that the more these departments are encouraged to work as a team, rather than on their isolated sub-sectoral mandates, the better – promoting efficiency, cross-sectoral coordination, and stronger political clout in District level processes.

### **6.2. KEY RATIONALE FOR SUPPORT**

Implementation of the National Forest Plan has been lopsided, in favour of NFA at the expense of all other envisaged institutions. The situation for other sub-sectors – environment, lands and wetlands is not much different – with most resources being focussed on national institutions, and

less at effective decentralisation of responsibilities, or effective impacts on the ground.

This intervention is intended to strengthen forest sector reforms and balance the roles and responsibilities of the sub-sectoral institutions.

The overall objective of future support should be to accelerate Uganda's decentralization – and democratisation efforts in a more comprehensive ENR sectoral approach for lands, wetlands, forestry and environment.

### **6.3. POSSIBLE SUPPORT AREAS**

We envisage a range of possible areas for support, most of which can be achieved through support to a comprehensive ENR-SIP, if sufficient quality of design work for sub-components (such as those outlined in the following sections below), is integrated into the SIP completion process

#### **6.3.1. Funding the ENR SIP through Department of Planning, MWLE**

Given Norway's commitment to Swaps, the ENR- SIP and general donor coordination processes, we recommend that support should be provided through a comprehensive Sector Investment Plan and more detailed implementation strategies and operational plans for relevant sub-sectors.

The SIP can be seen as a potential key tool for the future funding of the Sector. Given the mechanism, it should thus be possible to route the intended support through the ENR-SIP, but some more detailed work must be put into describing some of the targets more clearly and establishing comprehensive joint monitoring, controlling and evaluation mechanisms. One obvious lack now is that most of district level and below support is at present targeted by districts, which seems wise given lack of funds and an expanding number of districts. If Norway thus would like a special Northern focus on certain activities, such would have to be included in strategies and targets under relevant headings.

*There may be a need for a short term technical assistance in order to complete the ENR SWAp process within 2006, due to the constrained capacity of the Ministry.*

The team considers the following steps to be crucial for developing the SWAP into an operational mechanism suitable for funding from FY 2007/08:

- Establish a Letter of Intent between the donors, the involved ministries and MFPED, describing an agreed process to be followed up to the formal establishment of the SWAP;
- Fund a TA in the planning division in the MWLE to coordinate this work;
- Prepare work programmes based on the strategic plans of each department or sub-sector, e.g. develop the NFP into an operational programme that is suitable for funding and possible to monitor and control, and where important prioritisations have been made
- Develop joint M&E systems and reporting procedures, as well as indicators suitable for inclusion in a performance contract between the donors and the implementing institutions
- Establish a steering committee of donors and government representatives (including NAADS, NFA, Nat. Fisheries Authority) to supervise and facilitate the process. This committee can later function as a steering committee for the SWAP with the mandate to approve SWAP work plans and budgets, decide on reviews and receive the reports from the various sub-sector programmes and the overall SWAP reports.
- Institute a joint annual review of the sector development programmes, with development partners and involved partners and authorities. Norad will be able to support the embassy for these annual reviews. Design of a robust performance monitoring and control system should be an integral part of the SIP.

- Identify TA and potential for institutional collaboration programmes, that will contribute to ensuring the ability to deliver according to the indicators that will be specified

It would in the view of the team be a natural progression to establish a Norwegian funded programme that is designed to fit under the SWAp, but with certain priorities specified, i.e. an earmarked programme according to the priorities of the Embassy.

At a later stage, when planning and monitoring routines have been further developed, a switch to sector level budget support should be considered. The programme design should be engineered in such a way that no reprogramming would be necessary to make this switch, but only an exchange of letters. The institutional collaboration elements could be designed to be independent of the switch to sector budget support, through earmarking funds for this in addition to the general support.

### **6.3.2. Support to Forestry Inspection Division**

FID remains with a very lean outfit - 6 professional staff at present. An additional 3 staff are planned, but FID has estimated they need 5-7 more to reach an “ideal” number of 14 staff.

#### **New Building for FID and other national ENR Institutions**

- Plans already exist for 2-storey building at Nakawa that would bring the Forestry Inspection Division, Wetlands Inspection Division, Directorate of Lands, Commissioner for Environment, Commissioner for Environmental Affairs, under one roof in Nakawa. Currently they are scattered between the Ministry building on Parliament Avenue, and Nakawa, with infrequent meetings and minimal synergies.
- Sharing one home will build synergies through closer geographical association and reduce administrative and overhead costs. It will also mirror the integration of similar functions at District level, providing opportunities for more synergies in the design, implementation and monitoring of decentralised ENR Services.

#### **Key FID Activities for support**

- Establish data collection and compilation, record-keeping and information dissemination systems on key indicators in the forest sector (forest product trade, registered forests, forest cover, community initiatives, etc)
- Increase quality and frequency of supervision of field activities of DFS and NFA
- Monitor NFA performance contract and any Payments for Environmental and Social Services negotiated under this program
- Monitor trade of forest produce (including species, volumes and prices)
- Design, pilot and disseminate standardised systems and guidelines for DFS functions such as:
  - information collection and dissemination
  - contracting procedures for private sector service provision
  - forest produce licensing, and taxation
  - local by-law development

### **6.3.3. Decentralised Environmental Management by the DNRDs**

A substantial core organisation and competence has already been developed in NEMA. It is now important to strengthen the decentralisation of environmental management to the districts and in particular field related activities. The team envisages achieving this through provision of support to selected district level Natural Resource Departments through a NAADS type mechanism down to sub-county level.

The DNRDs are collectively responsible for the decentralisation of ENR activities. To date, the DEAP processes have been led by NEMA at national level and District Environment Officers (DEOs) at local level. Where necessary the processes have engaged the other sub-sectors of forestry, wetlands, land etc., but as reported in section 0, the impact has not always been as great as intended.

There is need to reduce the burden of planning on the Districts, by better integrating sub-sectoral planning and coordination processes for forestry, fisheries, wetlands, land and environment and mainstreaming into the District Development Plans.

We envisage the establishment of a National Environment Advisory Service (NEADS), that mirrors the farmer-driven principles of NAADS, the clearly defined technology packages, and the distribution, and reporting mechanisms for funds, but which engages the entire DNRD rather than just the DEOs to deliver a range of ENR advisory services. (Depending on funds and scale, an alternative would be to route funds through the existing NAADS mechanism).

Such support will require comprehensive integrated decentralised ENR sectoral planning processes (building on the DEAP processes) to identify priority areas for action and ensure that they are integrated into the District budgeting process. Support for implementation will come through the SIP, but could be channelled through the NAADS secretariat. A detailed evaluation of the pros and cons of the range of options for channelling funds should be undertaken.

Examples of possible areas of support include:

- Improve integration between District NR Departments and the local government administration in general
- Improve District Environmental Action Plans and their integration with District Development Plans
- Linking up to Land Use Planning and Plans; also possible support at district level
- A key issue in institution-building is ability to deliver. It is not enough to develop institutional capacity - competence inherently lies in delivery skills, which at present is not there at all
- Establish ENR technology Pilot & Demonstration field activities (community level activities such as watershed management, CFM, tree planting, land rehabilitation, wetland protection and management, etc)
- Rationalizing revenue collection from forest produce. Use taxes and other fees as a mechanism to provide the right incentives for legal and sustainable harvesting, rather than incentives to “beat the system”. Pilot innovative electronic/telecommunication mechanisms for issuing licenses and real-time monitoring of the trade
- Where necessary, support key ENR activities and technologies, through grants and financial or other incentives. The packaging of technologies and related incentives requires careful design to support cost-effective achievement of priority objectives
- Build the capacity and skills of Private sector Service Providers and contractors to offer value for money professional services to the increasing number of private sector forestry plantation operators and to support the roll-out of envisaged ENR technology packages

These activities can for financial and other reasons be initiated in a few selected Districts initially and under this programme. Developing a good system for monitoring and assessing lessons drawn from pilot schemes, one may see a scaling up to national level in the future. However, this will also depend on where Ugandas’ decentralization is going. With the present development or expansion in number of districts, a regional tier may force its way in the future, and where many of the present districts tasks may be placed.

#### **6.3.4. District Forestry Services**

At present only few districts have actually employed their full compliment of Forestry and DNRD Staff, so for most of Uganda's 72 districts there is no district forest service.

- A confined core support to staff more districts could be considered, but this should be balanced or weighed against strengthening the few districts that are presently equipped with some staff, but that critically lack operational resources, general capacity and even competence.
- As for DEOs, could also include DFS support to increase collaboration within DNRD and improve local level natural resource management through incentive schemes

Key activities would include:

- Support to improve control and monitoring of timber and charcoal activities to secure more sustainable harvest and off-take rates
- Support awareness raising programs of new opportunities for community involvement in the management of forests, and of private land owners to register their forests
- Support the demarcation, survey and registration of Community Forests and Private Forests in the District Registry
- Build the capacity and skills of the DFS, to offer professional services to the increasing number of private sector forestry plantation operators, farmers demanding NR technologies and communities demanding support in social forestry initiatives

#### **6.3.5. Bioenergy**

Norway's long history in Ugandan forestry and current focus on the Energy Sector, point to an obvious synergy in efforts to further integrate the two sectors – which are currently separate and conduct little inter-sectoral dialogue. A new initiative would aim to achieve much stronger integration of the Energy, Environment and Forestry sectors.

Over-harvesting of woody biomass is strongly linked with environmental degradation, global warming, and national energy security, and therefore better management of stocks has multiple impacts. A program of addressing bio-energy would need to be closely integrated with efforts to strengthen the District Forestry Services, as outlined above.

There is scope for substantial effort to be put into developing commercial sources of bio-energy, with strong linkages to the existing focal sectors for Norwegian assistance to Uganda in both the forestry and energy sectors. EC propose to support the growing of woody energy crops, building on their core competence under the successful SawLog Production Grant Scheme, which is aimed at the Private Sector, but envisage the potential for collaboration on the technologies for conversion to heat and electrical power, distribution and regulation, which fall more squarely in the Energy Sector. A focus on private sector investment in conversion technologies and distribution mechanisms would build on Norway's ongoing efforts to promote Norwegian investments in the power generation industry (currently focussed on hydro-power through Public-Private Partnerships).

Charcoal and fuelwood production and trade are fraught with market failures, inefficiency, illegality and unsustainable resource use. While one could leave the trade to economic forces, the environmental costs of doing so are substantial. We envisage great potential for a targeted support to rectifying some of the market failures through a combination of data gathering and information dissemination (building on Norway's core competence in the National Biomass Study), innovative electronic licensing technologies and a focus on self-regulation.

This approach has strong synergies with efforts through local government to address management of forests and woodlands on Private Land (from which the sustainable supply of fuelwood is not currently economically viable because of artificially low bio-energy prices), and would release District Forestry Services from their policing roles (not actually intended in the NFP) to focus more on Service Delivery. Key components of such a program would look at the efficiency of conversion technologies of wood to charcoal, and charcoal to cooking energy. Correcting market failures will result in an increase in fuelwood and charcoal prices, which should bring about an automatic shift to more efficient conversion technologies, but there may also be a need for either subsidies on the purchase of more efficient conversion equipment, or access to targeted credit facilities to ease the up-front capital costs of upgrading technologies, especially for poor people who are heavily involved in the production of charcoal.

Implementation would be financed through the ENR-SIP and managed by either the FID, or the Ministry of Energy, in close collaboration with each other. The innovative nature of some of the work may require a TA component. Collaboration with GTZ, who have been working in the Energy Sector through the Energy Advisory Project, may minimise the need for long term TA.

An involvement in this area would also give synergies with a possible support to production of bio-fuels that is under consideration between Norad and the Embassy.

#### **6.3.6. Northern areas**

Just as for NFA, DFS could support forest rehabilitation efforts in northern Districts of Uganda. A report has been developed by USAID on describing the present levels of forest vegetation and is a starting point for the potential development of a more comprehensive ENR strategy for the Northern Districts. The concept of Peace Parks (also supported by USAID) between northern Uganda and Southern Sudan could also be explored as part of a regional initiative.

#### **6.3.7. Land**

The scale of issues relating to land is well beyond the capacity of Norway to make much impact alone. Norway should use its limited resources to clarify land right and link investments in securing land tenure to enhanced ENR.

Concerning post armed-conflict in Northern Uganda, there will be millions of people returning to land that has been abandoned for anything up to 15 or 20 years. There are high potentials for renewed conflict, based on struggle to reclaim areas of land. These will undermine ENR management interventions.

A logical starting point for any initiative is planning land use on private land through a consensus building approach, that results in secure tenure prior to the initiation of ENR related interventions. For example, to manage Community Forests, or to register Private Forests, they must first be demarcated, mapped, and registered. Support to NFA to clarify boundaries with its neighbours can also be prioritised in areas where private sector are ready to invest in plantations, or where Communities have expressed interest in CFM.

Service delivery to do surveys and mapping could be channelled as one option supported by NAADS.

Land restoration, for example in degraded watersheds could also be one of the options offered under a NEADS.

If work related to land registration, mapping etc, is included in the future programme, the Norwegian Mapping Authority would be a relevant partner. They have been involved in several

projects in developing countries, and have a number of staff with relevant expertise. The expertise is however to some extent technology oriented, and may need to be supplemented with more development-oriented expertise.

### **6.3.8. Research, training and development activities**

Several of these activities also encompass **research, training and development activities** (pilot and demonstration) that could be financed as a separate component under an umbrella programme with NFA. Here one could commission or contract institutions such as FORRI, Nyabyeya and Makerere. There is also a question if such funds could be used for improved core activities such as plantation and natural forest management.

Activities under this Result could be supported through NARS and related programs. EC are also interested to support research in the ENR sector, and a jointly financed, carefully coordinated investment in research would simplify design and supervisory responsibilities for the Norwegian Embassy.

### **6.3.9. Plantations**

There has been little or no effective R&D in the commercial forestry sector in Uganda for the past 30 years. Species and silvi-cultural trials are needed to explore best practise management and other research into tissue culture, clonal-cuttings, pests and diseases, tree improvement among others are necessary to retain Uganda's competitive advantage over other countries.

Various financing channels and research supervisory boards could be explored. It is explicitly recommended that the Forestry Resources Research Institute are NOT given monopoly over research but that research is contracted out on competitive basis. FORRI should be able to compete for funding, and has a mandated role in monitoring research and disseminating research findings. The following activities should be supported:

- Initiate a client-driven R&D programme that is closely aligned with the needs of the NFA and private planters
- Assist in developing formal links with an international organisation that could provide the necessary support. Given its regional expertise, this activity should expressly also look at South African expertise rather than only at potential for collaboration with Norwegian Research Institutions
- Initiate a Tree Improvement Programme addressing medium and long-term seed requirements and to establish species and provenance trials
- Focussed R&D programme on Eucalyptus which must play a major part in future plantation strategy.

### **6.3.10 ENR and Social Goods & Service delivery**

The contractual provision of ENR and Social Goods & Services has now been piloted in widespread circumstances globally, but has relatively limited track-record in East Africa. However, it provides exciting new opportunities for making stronger links between public and private sector and between traditionally divorced sectors (such as downstream water users paying for upstream watershed protection, etc), which can outlive the duration of a donor-funded "project" if sustainable financing mechanisms are built. Much social, economic, and technical research is required to design and monitor pilot schemes and identify best practice for adaptation of models elsewhere to the Ugandan environment. The following activities should be supported:

- Research global best practise in the payment for environmental services (PES)
- Develop standards & guidelines for environmental goods and service delivery
- Develop independent quantitative monitoring methods for environmental service delivery (esp. biodiversity conservation, carbon sequestration, etc.)
- Explore markets for environmental services
- Design and test financing instruments for environmental services procurement

#### **6.4. LINKS TO PEAP, UJAS, ENR-SIP**

A suggested future ENR sector support falls in particular under pillar 2 (Enhancing production competitiveness and incomes), strategic objective 2.1 Increased and sustained forestry production). In the PEAP / p. 78 we find the following general priorities;

- Enhance implementation of the National Forest Plan
- Promote private sector investment in privately owned forests, through provision of information and technical advice on the management of forests; providing permits to grow trees in central forests reserves with secure land and tree tenure; reviewing tax and other disincentives; through the continued operation of the Saw log Grant Scheme and establishing a Tree Fund in accordance with the National Forestry and Tree Planting Act.
- Promote the establishment of community woodlots through the launch of the DFS for extension and advisory services to private and community members interested in tree planting, and for promotion of tree planting.
- Further develop the National Tree Seed Centre; establish a framework for decentralised seed production. The establishment of a National Tree Fund, may help communities access necessary resources.
- Investigate the possibility of benefiting from commercial markets for ecological services such as carbon trading in global markets, in line with the Kyoto Protocol.

What we have suggested falls in well under these priorities, and it is easy to see how crucial an establishment of an efficient, competent and able DFS/DDNR will be to reach these aims.

Going to the UJAS, we re-find support to the Pillar 2; "improving incentives for sustainable management of natural resources"(UJAS, 2005: 12).

Looking at the draft ENR-SIP, the suggested supports fall well within:

**Key Result Areas 1 Secure land tenure**, (strategy 101, 102 and 106 -needs details)

**Key Result Areas 2; Sustainable use/harness of natural resources** (strategy 20101/all targets ; Strategy 20102; all targets, Strategy 20105/all targets, Strategy 20106; all targets Strategy 20107/1,3; Strategy 20109/all targets;.

**Key Result Areas 4; Productive natural resources base** (Strategy 40103/1,3 Strategy 40103/1 and Strategy 0402 on research needs, needs strategies and targets).

Given the ENR-SIP mechanism, it should thus be possible to route the intended support through the ENR-SIP, in the future, but as said before more detailed work must be put into describing some of the targets in particular a bit clearer. One obvious lack now is that most of district level and below support is at present targeted by a few districts, which seems wise given lack of funds and an expanding number of districts. If Norway thus would like a special Northern focus on certain activities also here, it would have to be included in strategies and targets under relevant headings.

## 6.5. OTHER DONORS

The only Donor that has clearly committed funds to the sector over the next 3 to 5 years is the **African Development Bank's** Farm Income Enhancement and Forest Conservation (FIEFOC) Project, which proposes to invest approximately \$15million in the forest sector (forest conservation, watershed management and tree planting) covering 26 out of the total 72 Districts – the tree planting component will be supported by the **Nordic Development Fund**. The AfDP / NDF intervention is included under the BFP ceilings, but AfDB have not been regular members of the ENR Donor Working Group – by virtue of the fact that they have only recently established a Country Office in Kampala. The recent appointment of a full time Agricultural Economist who will also supervise the ENR sector should improve communication and coordination.

The AfDB FIEFOC project design has been subject to much criticism for its old-fashioned design – a large-scale, input-subsidy driven tree-planting programme which is not fully consistent with the National Forest Plan in terms of its *approach* to achieving policy objectives, even though it liberally quotes policy objectives as its *raison d'être*. It has the potential to substantially distract the FID and DFS from other activities and establishing precedents that will hamper implementation of more carefully designed, results-oriented programs.

Through its membership on the Board of AfDB, Norway, and other countries might consider lobbying for a review and streamlining of the FIEFOC design to bring the FIEFOC program towards a more harmonised, approach to supporting the ENR Sector as a whole, and fall in line with best practise approaches to securing stakeholder buy-in for ENR management.

The **World Bank** is at present planning for a sector intervention (USD 30-40 million over a 3- to 5-year period), from FY09. Closer consultations are recommended from the Embassy side towards the Bank. They are just about to complete a commissioned report on this, but unfortunately it was not yet finalized.

In addition to supporting plantation development under the SPGS, The **EC Delegation** are exploring the potential to expand their program to support the broader ENR Sector, with funds in the order of €30-50million, but have not concretely identified key areas of support.

**USAID** are supporting biodiversity conservation in the Albertine Rift, through their PRIME West project. This is one of two USAID interventions in the ENR sector – the other being in fisheries. USAID are engaged in the ENR Sector Donor Working Group, and are beginning to prepare for a new phase of future project identification so the Embassy should continue to liaise with them on future funding to the sector.

EU, Norway and WB will therefore be relatively equal players in the sector, with AfDB / NDF and USAID also as substantial contributors.

The **Belgian Embassy** has earmarked €million to support the PQAD to implement and monitor the SIP. This, however, should not imply any danger of overcrowding the forestry sector or imply any double funding, but will require close coordination between during planning and implementation.

## **6.6. LINKAGES WITH NORWEGIAN INSTITUTIONS**

The Norwegian State Pollution Agency and Directorate for Nature Management could be potential partners for working with NEMA. They both have experience from working with partner institutions in developing countries. If the future programme includes central institutional building in NEMA, these may be relevant partners. If the main support to environment however is through NAADS or a parallel mechanism in order to reach the district level, the component may not have major central institutional development components, and therefore will be in less need of that type of institutional partnerships.

If work related to land registration, mapping etc, is included in the future programme, the Norwegian Mapping Authority would be a relevant partner. They have been involved in several projects in developing countries, and have a number of staff with relevant expertise. The expertise is however to some extent technology oriented, and may need to be supplemented with more development-oriented expertise.

## **6.7. EMBASSY ADMINISTRATIVE CAPACITY**

For this component, one could have one direct link to the MoE, and with sub-components to the mentioned partners. It should be possible to run as one programme reporting to a nodal agent such as the Department of Planning, to keep administrative efforts low. In a future ENR-SIP, it could be secured that the components fit into existing plans. As seen above, all our suggestions fit in with national priorities.

## **6.8. RISK FACTORS**

The main set of risk factors here are clearly linked to supporting the ENR SIP mechanism and the budget support elements in relation to openness, transparency and how to avoid various types of misuse of funds.

A second set of risk factors relate to, even if using the ENR-SIP model, what we suggest involve several actors at different governance levels and with partly different interests.

A major point to be made is therefore the careful establishment of transparent and comprehensive monitoring, control and evaluation systems.

## **7. REGIONAL PROGRAMS**

The team were asked to briefly consider opportunities for regional programs.

### **7.1. ONGOING REGIONAL INITIATIVES SUPPORTED BY NORWAY**

Norway is providing ongoing support to the Lake Victoria Environment Management Program (LVEMP), the Nile Basin Initiative, and the Nile Equatorial Lakes Subsidiary Action Program (NELSAP) which are large scale regional initiatives – all of which were beyond the capacity of this team to engage with in the limited time available. The support to IUCN for the management of Mt. Elgon also has a transboundary, regional aspect – promoting collaboration between the Ugandan and Kenyan parts of the mountain.

Support areas envisaged in this document are consistent with the objectives of these programs, in particular those relating to watershed management, water resources management and fisheries. A

future detailed design process should consider how supports provided through the Sector Investment Plan, and other national or local level planning processes, can also contribute to regional objectives and maximise the potential for synergies.

## **7.2. FUTURE SUPPORT FOR REGIONAL PROCESSES**

Two areas of possible additional future support which clearly require a regional approach are outlined below:

- **Support to the Development of a Responsible Regional Timber Trade.** Timber harvested in Sudan and DRC, that flows to, and through Uganda, to Kenya and the global market is often illegally and unsustainably harvested, and is one of the key causes of ongoing conflicts in the region. Other commodities, such as gold, diamonds and other high value minerals are more difficult to regulate, given their small size and high value – making them prone to difficult-to-detect smuggling – and further justifies why regional efforts to regulate timber trade and promote more responsible procurement of timber should be the focus of a regional cooperative initiative to clamp down on illegal natural resource trade. For these same reasons, the Royal Netherlands Embassy has expressed an interest in supporting such a regional program (see Annex G), and there is scope for collaboration between Netherlands and Norway on this matter.
- **Establishment of Peace Parks in the North, and West, of Uganda,** using the processes of negotiating joint management objectives and modalities for cross-border contiguous protected areas as a mechanism for building dialogue and understanding between Sudan, DRC and Uganda. This support could be jointly implemented with USAID, who are keen to build such a concept into future support to Uganda.

Both these initiatives would require additional analysis and detailed planning before initiation.

## **8. FISHERIES**

### **8.1. SOME BACKGROUND NOTES**

The fish sector is an integral part of the broader ENR sector and as such should be investigated for possible support given the TOR and the ambition for a broader ENR sector involvement.

The capture fisheries sector is characterised by thousands of migrant fisherfolk using low technology, low-investment equipment. The very low entry level allows almost anybody to start to fish, and fishing represents a cheap means of getting thousands off the baseline of extreme poverty. As such, it is similar to the agricultural colonisation of previously forested areas, or charcoal burning – it has proven extremely difficult to regulate – proposed quota systems on boat licensing are simply not implemented - as this would inevitably result in thousands of people returning to unemployment and absolute poverty.

Attempts to modernise the sector with new technology, more efficient methods, and higher investment have also met with resistance – for example, the Dept of Fisheries Resources (DFR) have recently banned the use of fish finders, because they give the wealthier fishermen an “advantage” over their subsistence competitors.

Work in the capture fisheries sector must furthermore be seen as a “common property resource management for poverty alleviation exercise” more than a “technical” challenge. Focus must be on building sustainable social institutions but these institutions must still achieve some form of effective regulation.

The aquaculture sector is taking a similar track – the technologies being introduced – small low-tech ponds on farms – are primarily a poverty reduction tool – and far removed from the huge potential for growth in larger scale fish farming in cages in Uganda’s 160 small to medium sized lakes, its 800 km stretch of the River Nile, or its extensive wetlands.

## **8.2. INSTITUTIONAL ANCHORING**

DFR is responsible for ensuring the effective conservation, development and management of fisheries resources in the country. The Department is further responsible for formulating and enforcing management measures contained in the Act, and ensuing fisheries regulations, licensing fishing boats and maintaining a national fish inspection and quality control programme. DFR is headed by a Commissioner of Fisheries and assisted by two Assistant Commissioners – one in charge of Fish Production and the other responsible for Fisheries Regulation and Control.

The enforcement role has been decentralized to the District level District Fisheries Officers, who work with Local Governments in monitoring fishing operations at the landing sites. The DFOs are also responsible for delivery of advisory services to the Beach Management Units.

The envisaged National Fisheries Authority (NFIA) may also be a suitable beneficiary of funding, once established, but this can be channelled through the Sector Investment Plan, once included.

A separate support should in case considered, with a separate agreement with DFR/MoA.

## **8.3 KEY RATIONALE FOR SUPPORT**

Some main challenges in the fishery sector relate first of all to a lack of knowledge about existing fisheries resources and if the level of present off-takes in different water resources are sustainable. One should also know more about to what extent fish constitutes a particular pro-poor source of food and protein. There are reasons to believe there is substantial over-fishing in Lake Victoria, whereas little is known about stocks elsewhere, but as also referred in the draft ENR-SIP, yields at present are perceived to be unsustainable.

The provisional Fishery Sector Strategic Plan outlines certain areas of importance. A structural reform is discussed, similar to the forest sector reform, with the establishment of an autonomous National Fisheries Authority (NFIA) similar to NFA and a further developed District and local level organisations (BMUs), where relevant. There is also need for support to develop a new infrastructure for the DFR headquarters.

The fishery industry - from local fish landing, processing, consumption and local, regional and national sales - suffers from poor organisation concerning infrastructure, market structures and conditions and quality assurance of produce, imposing substantial price and quality uncertainties. This again inhibits long-term sustainability and predictability in the sector. For the export production of in particular Nile Perch, and some Tilapia, the situation is somewhat better (projected income earnings of USD 130 million in 2005), but it still suffers from problems concerning quality assurance, certification demanded by importers etc. To comply with trade regulations requires substantial new investment by Government to put in place the necessary institutional and technical infrastructure.

From a governance perspective, the lack of infrastructure and structure, has a negative feed-back feature in that the lack of infrastructure and developed markets also inhibits the collection of cess incomes and access license fees that could have been used to develop the sector further.

Fish farming is hardly developed in Uganda (approx. 1% of total catch), but it has a substantial potential, not yet developed.

## **8.4. POSSIBLE SUPPORT AREAS**

### **8.4.1. Stock assessments and monitoring**

The EC is currently financing new fish stock surveillance equipment, but only on Lake Victoria. Additional equipment and capacity to monitor fish stocks, off-take, water quality and other key variables is also needed on the many other large lakes in Uganda, particularly Lakes Edward, George, Albert, and Kyoga.

Methodologies for fisheries stocks monitoring are widely contested by different interested parties – and there is scope for substantial additional investment in the necessary research to understand the relatively complex ecologies of these lake systems, and the population dynamics of the commercially important fish stocks. In Lake Victoria, which is dominated by Nile Perch, Tilapia and Mukene, the balance between these species appears to be shifting dramatically.

In other lakes, preferences for indigenous fish are changing rapidly, based on availability and demand, and very little is known about the impacts of different fish capture techniques and intensities on the dynamics of these populations.

### **8.4.2. Institutional reform collaboration**

The Fishery sector needs funds to support the ambitions to revamp the organisational structure of the fishery sector similar to the Forestry sector and to establish an autonomous and efficient fishery sector authority. This could be a possibility for Norway to assist in developing a more effective fishery sector, and also assist in developing overall strategic structures for inventories, monitoring and controlling catch relative to sustainable off-takes, and to liaise with private sector. Once sustainable off-take is assured, NFIA could promote the opportunities for investment in fish farming, and enhance the export potential further.

NFIA will clearly need sustainable sources of income if it is to become a sustainable, autonomous authority, and identifying new and / or improving existing systems for income generation is critical, e.g. through collection of levies from the fish processors and exporters. The latter are reportedly willing to pay for an authority that provides a no-nonsense service, but are very insistent that it should be as much as possible free from government interference and be responsive to private sector needs.

However, there is an apparent risk of conflict between proposals for any NFIA fee collection with local / national governments' tax collection mandate.

NFIA will also need to explore options for and implement improved quality control systems, and export certification.

**Fiscal reform in the fisheries sector.** Taxes on fishermen were discontinued, along with graduated

tax and other taxes, prior to 2006 elections. If reintroduced, it is essential to rationalise any fisheries fiscal system to ensure that it simultaneously underpins the competitiveness of the sector, and provides the right incentives for sustainable fisheries management. The licensing of boats, transporters and processing facilities – are both potential sources of income for NFIA and local governments but also key tools for regulating quotas within sustainable limits. Likewise, the setting and enforcement of fines for breaking rules can also both raise revenue and provide the necessary disincentives for illegal fishing.

**Infrastructure development.** The Fisheries Department is looking for donors to assist build and develop their new headquarters. The land is available.

**District level support.** The enforcement role has been decentralized to the District level District Fisheries Officers, who work with Local Governments in monitoring fishing operations at the landing sites. The DFOs are also responsible for delivery of advisory services to the Beach Management Units. A possible support could be routed through the DFR down to selected district levels to see how one can strengthen district and local level institutions, improve governance and the outcome from the sector.

#### **8.4.3. Community based fisheries management**

Within such a sector reform one could also more coherently compare existing and improve pilot and demonstration models for community based fisheries (BMUs) structures.

In a poverty alleviation context, especially the BMUs are an obvious and interesting pro-poor institution requiring further assistance. There are also what has been termed Lake Management Organisations for the bigger lakes (Lake Albert, Lake Kyogo, Lake George, Lake Edward) and where also support could be given.

Developing community based institutional frameworks, and introducing technologies that improve incomes for small-scale poor fish-folks and farmers is also in line with both poverty orientation, economic growth, sustainable use of natural resources, and may also contribute to improved governance in the sector. However achieving poverty goals and commercial efficiency can be contradictory – see section 8.13.

#### **8.4.4. Fish farming**

The cage and pond production of fish - in particular Tilapia and catfish - is highly underdeveloped in Uganda, but has a substantial potential. To what extent it belongs to an extended ENR sector concept can be discussed, but should be an area where Norway has special competence to offer, both on production issues itself, but also relative to sub-sector planning and organisational matters. On-farm fishponds are relatively straightforward to develop, and USAID, with their FISH program is already supporting this.

Cage farming in lake waters has not yet begun in Uganda. A major constraint is the lack of legal framework to obtain a secure, long-term (minimum 15 year) lease on water bodies. This is a fundamental pre-requisite for the cage farming industry. There are also negative perceptions of the socio-economic impacts on local fisheries and fishermen, and vice versa, concerns by potential investors about the high risks of ‘poaching’ and other forms of sabotage of fish cages by local fishermen, which will have to be carefully addressed.

There is no doubt that the world market can currently absorb any amount of fish exports from Uganda and there is hardly need for new market studies. The main constraints to investment, beyond secure tenure are the availability of risk capital, and a quality supply industry – particularly feed and seed. All the necessary ingredients for fish feed can be grown within Uganda, and is

clearly the most cost-effective source. However, the fish feed manufacturing industry is poorly developed, existing fish feed being of low quality, and limited availability. An existing feed mill could be supported to adapt existing equipment to prepare extruded floating fish feed. On both fry and fish feed production economies of scale are critical to create a competitive industry.

Some work has been done on fish hatcheries, but the fish farming industry will need to grow simultaneously, and substantially to sustain a significant investment in fish fry production. An earlier attempt to develop a tilapia fish fry business by Genomar (a Norwegian fish breeding – technology company) failed because it could not develop in isolation from the broader fisheries industry.

Any attempts to develop a commercial fish farming initiative should be designed in conjunction with potential investors, rather than non-commercial ‘consultants’, to ensure that research and development is primarily supportive of private sector success. There are already a number of Norwegian investors interested in exploring the potential for cage fish farming, and a design phase that brings such investors to Uganda to work together with government is the best way of ensuring that the industry takes off – the investors would identify key areas where government action is needed, and work with other commercial partners and donors to implement an integrated approach to kick-starting a viable fish farming industry.

Ongoing Norad supported exchange visits with the Norwegian Employers Federation, and other such private sector initiatives could provide an existing channel for promoting such an approach.

Targeted financing via NorFund (who are partners in Actis, and Aeos to provide long-term investment loans at favourable rates for fish farming start-ups could be a critical boost.

## **8.5. REGIONAL ACTIVITIES**

Norway is already involved in several regional programmes with fish components such as the LVEMP and the NILE basin Initiative and Lake Albert.

As with Lake Victoria, both Lake Edward and Albert are shared with a neighbouring state (DRC) requiring a regional approach to their sustainable management. Conflict over fisheries in these shared lakes is not uncommon.

## **8.6. RESEARCH, TRAINING AND DEVELOPMENT NEEDS**

The Fishery Resources Research Institute (FIRRI) in Jinja is a semi-autonomous body, working with research and development activities. They have a broad portfolio of research themes, both within natural and social sciences ranging from fish research, environmental challenges, socio-economic contexts and more general information on stocks and catch levels.

They stress needs for support to research relating to stock assessment work, market potentials, the organisation of fisheries, socio-economic and environmental issues, quality control, post-harvest losses and dissemination strategies.

In aquaculture they also do research on seed materials, feed, management techniques and also on marketing issues. They furthermore work with information dissemination in general and for schools visiting the facility for awareness-raising and also capacity building for practical community based fishery management.

There are possibilities for studies at B.Sc, and M.Sc. levels in fisheries at Makerere. FIRRI stresses a need for staff development and exchange programmes with other institutions.

## **8.7. CAPACITY BUILDING FOR PRACTICAL COMMUNITY BASED MANAGEMENT**

In common with many other natural resources of a common-property nature, sustainable management requires collaborative efforts between government authorities, and local community institutions.

Effective collaboration requires that community extension / outreach workers (whether District Fisheries Officers or private sector service providers) are equipped with a special mix of social, economic and technical understanding, and skills to facilitate the formation of sustainable community institutions and subsequently the interactions between such institutions and a range of diverse interest groups (government, traders, fishermen etc) to collectively analyse and resolve a diverse range of day-to-day management problems and conflicts, as they arise. This is a very tall order, and it is no wonder that there are relatively few community based management pilots that have been wholly successful, let alone scaled up. That said, there are no obvious alternatives, and an approach to training such facilitators must be highly adaptive – integrating the results of “action research” that monitors the activities and performance of community based institutions as they evolve and learn, back into iterative training events. Focus of such monitoring and “action learning” should be on the effectiveness (e.g. in terms of better resources management and fairer distribution of benefits) of the institutions rather than simply their existence, or internal functionality.

Networks, or “Learning Groups” are probably an essential ingredient - comprised of individuals that are working with or within fishing communities and which regularly meet or communicate to share experiences in a spirit of peer-to-peer learning.

Members of the community institutions themselves should also benefit from training programs designed in the same vein – the operationalisation of “Lakewide assemblies” would provide a possible conduit for peer-to-peer learning between communities around particular water bodies. Such community institutions should be supported to identify training needs for themselves, and benefit from extension through a NAADS-style model of farmer-driven service provision.

Institutions that provide such training and/or support, will need to have an active hand in the research / monitoring of community institutions and distil lessons from real life and transfer them to other network members. A good example of an existing institution / network that does exactly this is the MS Training Centre for Development Co-operation in Arusha, Tanzania.

## **8.8. PRIVATE SECTOR AND CIVIL SOCIETY**

There are some associations of private sector operators such as:

- Uganda Fish Processors and Exporters Association (UFPEA)
- The Uganda Fisheries and Fish Conservation Association (UFFCA)
- An emerging Fish Transporters’ Association

Private sector are critical to the long-term evolution of the fish industry in Uganda in terms of local trade, handling, processing, and exporting. Fish farming is at present a purely private sector initiative (i.e. with little or no “public good” component).

Development of the industry as a whole will have to rely heavily on government and donors alike engaging with the private sector from an early stage of project design and implementation and ensuring that interventions are supportive of private sector engagement. This must be achieved within the limits of sustainable production, legality and a poverty focus.

## 8.9. LINKS TO PEAP, UJAS, ENR-SIP

In the PEAP, (p.80); we find the following priorities from the government for fisheries;

- Implementation of the Fish Sector Strategic Plan (FSSP).
- Establishment and capacity-building of community institutions to manage beaches and lakes
- Monitoring and control of illegal practices
- Development of quality guarantees for fish exports
- Development of a central information system
- Stock enhancement for dams and small lakes
- Evaluation of options for fish technologies.
- Protection of children by BMUs against exploitation and abuse

A suggested DFR support falls under pillar 2 (Enhancing production competitiveness and incomes), strategic objective 2.4 “to have capture fisheries and aquaculture managed and developed on an integrated and sustainable basis for the benefit of present and future generations”. We re-find the support to the Pillar 2 in the UJAS; ”improving incentives for sustainable management of natural resources”(UJAS, 2005: 12 and 40).

Looking at the draft ENR-SIP, the suggested supports fall well within **Key Result Area 2: Sustainable use/harness of natural resources** (strategy 20401-20408), and one could consider all targets there as potentially relevant conditioned on direction of support.

Given the mechanism, it should thus be possible to route the intended support through the ENR-SIP, but some more detailed work must be put into describing some of the targets in particular a bit clearer for the possible finally selected support elements.

## 8.10. OTHER DONORS

A number of other donors are already involved in the sector –

- AFDB on infrastructure within Lake Victoria and small scale landing sites. ADB also funding aquaculture development, including research into fish feeds, breeding, production systems, and regional fish fry production and demonstration centres, and transfer of technology.
- EU on monitoring and surveillance In Lake Victoria
- WB, NORAD and others historically supported LVEMP – Lake Vic Environment Management Project – which in phase 1 worked on fisheries, but in 2<sup>nd</sup> phase, fisheries has been dropped, on the basis that EU are already supporting implementation of a regional fisheries initiative.
- World Bank on Lake Albert; community based strategies,
- The Chinese on landing sites.
- World Bank / IDRC have supported the development of an information and Database centre at FIRRI headquarters in Jinja,
- USAID(?) on Lake Albert; community based strategies, but also stock assessments and monitoring activities.
- USAID support the FISH Project – through Albany University – as consultants – who work with private sector to demonstrate fish ponds and in future cage production. They also facilitate some linkages between fish farmers.
- Iceland –development in the fisheries sector through a Fisheries Quality Assurance Project in

Entebbe

- DFID, Lake George Integrated Basin Management.
- UNDP: A small grants scheme, district hatcheries, fish farm programmes
- NAADS: Is not doing fish at present

More details of the above projects are provided in Annex G.

### **8.11. EMBASSY ADMINISTRATION CAPACITY**

A support to the DFR with links to potential sub-components should facilitate a rather simple mechanism for the Embassy. One could also link a support to relevant Norwegian institutions; see below.

Funds could be provided through the ENR SIP for support to the DFR and NFIA, but support for training, and private sector development, may require that other channels are sought for.

### **8.12. RELEVANT PARTNER INSTITUTIONS IN NORWAY**

The Norwegian Directorate for Fisheries has an extensive experience from working with fisheries authorities in several countries. This may provide a good partnership for development of the new Fisheries Authority. This would be a platform for technology transfer and institutional building, and would relieve the Embassy for close follow-up of the component.

A collaboration with the research institution Aquaforsk would also be an option worth consideration in this regard.

### **8.13. RISK FACTORS**

There are clear challenges in both improving the efficiency, and competitiveness of Uganda's fisheries while also focussing on a poverty reduction objective – they are sometimes counter-productive. These will have to be addressed in a process approach, and by encouraging close liaison between the community institutions, industry, and the markets to identify appropriate solutions.

Inability of community-based institutions to enforce rules upon their own members, even when collectively agreed upon is the greatest threat to the capture fisheries industry. Special attention within community institution building should therefore be on capacity building to give institutions both the teeth to bite, and the competence and the guts to do so!

Commentators have also questioned the ability to transfer technology, or institutional design (both organisations and management systems) to Uganda from Norway – whose circumstances are so different from those in Uganda. Design teams should be given a broad mandate to look widely afield for the most appropriate role models and expertise to suit Uganda's situation.

## **9. EDUCATION, TRAINING AND RESEARCH IN THE ENR SECTOR**

If elements of education and research are included in the programme, Nyabyeya Forestry College (NFC), Makerere University MUK) and FORRI will be natural local partners. On the Norwegian side, there is a long tradition of collaboration between UMB and MUK on forestry and nature conservation, which could be capitalised on. A number of students have studied in Norway, and

Norwegian students are offered courses in Uganda. In a research agreement between those institutions FORRI should be included in order to build their capacity gradually.

The recently approved National Agricultural Research Act (2005), provides for a substantial reform of the National Agricultural Research Institutes (NARIs), of which FORRI (Forestry) and FIRRI (Fisheries) are both part. It provides for decentralisation of some of the actual research stations and prioritisation of the program to “Zonal” Agricultural Research & Development Institutes (ZARDIs), and provides for a new multi-stakeholder National Agricultural Research Council (NARC), and similar Zonal Agricultural Research and Development Steering Committees (ZARD-SC), that empowers stakeholders to define, prioritise and monitor research performance.

According to the Act, the mandate of the ZARDIs is to carry out *adaptive research*, which is of relevance to a particular zone, while the National Agricultural Research Institutes NARIs are to carry out strategic research of national importance according to their mandates.

FORRI performance in terms of impact on the forestry sector has been low, and there is substantial scope for providing targeted research support specifically to the Forestry Sector. There is scope for building similar Forestry, and Fisheries Research Councils, or sub-committees of the NARC which brings in the various stakeholders to define priorities and direct research work in appropriate direction.

The EC Delegation, through the Sawlog Production Grant Scheme equally recognise the importance of a new injection of energy into forestry research to support the private sector in their substantial new investment in plantations. Tree breeding, pest and diseases, and clonal propagation of superior genetic material are all areas requiring inputs. Likewise, silvicultural research and species trials need to be done to support the expansion of plantation forestry by both NFA and the private sector without undue risk into new areas, and testing species in new environments.

On the socio-economic side, there is need to explore more fully the implications of some of the new approaches to forestry for poor rural communities of – including plantation forestry, collaborative forest management and private forest management. Likewise for fisheries, social research into the institutional aspects of community based fisheries management in Beach Management Units, and the implications for both fisherfolk, and fish stocks.

Farm forestry and agro-forestry have probably received more attention than all other aspects of forestry through a strong focus of the World Agroforestry Centre in their African Highlands Initiative and the Regional “Trees on Farms Network” (TOFNET). However, the embassy could support continuation of existing or new research in farm forestry.

Research and training can potentially be run through the common interface of research and demonstration sites, where both researchers and stakeholders can periodically review progress. Research can well be conducted in the commercial environment of new plantations, where research support to design and monitor species and silvicultural trials.

The same approach could be applied to on-farm research on Environment and Natural Resources management initiatives – for example on watershed management, private forest management, etc. It could equally be applied to fish farming initiatives.

Channels for funding of research are not so obvious – SPGS already provides some competitive

research grants for the plantation sector, so could be used as a conduit for additional resources, but they have a clear, but narrow focus on plantation forestry. The national system of research grants management through the NARC remains untested to date, but potentially could provide a more sustainable longer term arrangement.

For technical level education there has been contact between NFC and Norwegian institutions, and the forestry colleges at Evenstad, Finsås and others may be relevant. In addition SKI (Skogbrukets Kursinstitutt) represent a model for practical training that would be of considerable interest for replication in Uganda.

Within fisheries sector, we have already mentioned possible support to FIRRI and to Makerere also involving relevant Norwegian institutions.

As with research, there is evidence of the need for education and training institutes to become more responsive to the needs of the private sector and other stakeholders. The composition and modus operandi of the governing councils of training institutes are key in this regard – guiding them to focus on key areas where skills are lacking, and there are job opportunities.

Greater integration of training programs with professional placements, and encouragement of private sector, NGOs and government to sponsor students through courses or practical placements will bring more focus on what is missing, or out of date on training courses. Private sector and NGOs have a vested interest in the enhanced quality of training provided by these institutes and could probably be mobilised to do more.

Similarly, there is potential to integrate research and training to a much greater degree. University and training college staff in Uganda are less and less involved in hands on research, with the obvious consequence that they are not up to date on best practises. Research plots placed on site in training institutions such as Nyabyeya, or the Fisheries Training Institute at Entebbe can also provide a useful interface.

The mechanism for achieving stakeholders engagement in both research and training & education would most simply be done by making such arrangements a pre-requisite of Norwegian support, and let the institutions themselves work out how to achieve it.

Some TA support to setting up the grant mechanisms and exploring best channels for funding may be required.

## **10. SOME CROSSCUTTING FINAL COMMENTS**

The team believes it is possible for Norway, with relatively small means, to strategically contribute to an improved decentralized and democratised natural resource management at district and sub-county level and below in Uganda. Such results would have both poverty alleviation, economic development and important biodiversity management implications and would also contribute to involve more local people in local resource management. This requires careful design of organisational and institutional arrangements and it would also be not least also an expressed ambition to involve other donors in coordinated efforts to improve the present conditions – also in line with official Ugandan politics. We end this report with just a few words of caution and suggestions for potential follow-up.

1. Given the time frame and the lack of prepared proposals from potential partners, more in-depth elaborations and proposals should be made prior to any support. We have not had time to go back and discuss our final proposals with potential partners. This could maybe be taken further by the

Embassy/Norad or by more specialized teams set in for each of the three main intervention areas to develop proposals together with involved partners.

2. Concerning possible supports, we have, regardless of when an ENR-SIP might be ready, tried to show that it is rather unproblematic for Norway to enter into any of the three outlined supports as they are well fitted into the PEAP, UJAS and the draft ENR-SIP frameworks.

3. One major challenge we have pointed to, is the role of the World Bank. They are at present planning for a sector intervention, but this will not be ready before the FY09. Closer consultations are highly recommended from the Embassy side towards the Bank. They plan to stay in the sector. Other donors are not much present in the supports we suggest; except EU who seems to support the Sawlog scheme. This, however, should not imply any danger of overcrowding the forestry sector nor imply any double-funding.

4. A major challenge is a lack of firm sector leadership on the side of donors. There are good reasons to believe that the tentative timeframe of June 2007 may be far too optimistic. A suggestion from the team is therefore to support resources to speed up this process and secure that the process will be finalized.

5. In the further planning process, it is also of utmost importance that donors discuss with both government bodies and with civil society on developing frameworks for control and monitoring routines to secure transparent and accountable procedures for use of funds within the mechanism. The present ENR-SIP draft has, as far as we have been able to see, not dealt with this intricate matter at all. IUCN and other NGOS civil society partners could maybe help in discussions on how to secure good M/E routines within the ENR-SIP. Maybe the Embassy could consider commissioning a report to get suggestions from civil society. This is a crucial issue for the success of a SWAP for the sector- not least to create an attractive environment or context for potential donors.

6. To sum up a possible future process for the way forward could be:

1) The Embassy with support from Norad defines ambitions.

- Size of support

- Prioritise areas for support and budget-subcomponents

2) Consult relevant Ugandan partners and in collaboration develop concrete and more detailed programmes and project outlines

3) Consult other, relevant donors, and ensure that the program is well coordinated with other (in particular EU, WB, AfDB and possible the Belgium and Dutch programmes).

4) Develop a time-table leading to a start up point for a new programme. It could well be a staged plan where some elements can be developed and started before others.





## ANNEX A. ITINERARY AND PERSONS MET

Day	Time	Organisation	Title	Name	Contact
Mon. 13/03	09.00	Norwegian Embassy	Coordinator, Energy & Environment	Geir Hermansen	
	12.30	National Forest Authority	Executive director + other directors.	Olav Bjella	0782 378853
	16.00	MWLE	Hon. Minister	Maj.Gen. Otafiire	041 253871
Tues. 14/03	09.00	FID	Asst. Commissioner	Gershom Onyango	0772 491807
	11.00	MWLE	Csr Planning & Quality Assurance	Sam Otuba	0782 480892
			Coord'r Land Tenure Reform Project	Richard Oput	0772 412702
	11.00	MWLE	Hon. Minister of State	Hon. Jeje Odongo	
	14.30	NFA	Director, Field Operations	Jones Kamugisha	0772 927714
19.30	MAAIF Dept of Fisheries	Senior Fisheries Economist	Boaz Kezire	0772 402234	
Wed 15/03	10.00	EC Delegation	Rural Development Division	Christer Hermansen Margaret Kasakende	0772 868725 041 233303
	12.30	MoFPED Nat Auth Office	EC Adviser - Aid Liaison Dept	Nick Roberts	0712 639568
	13.00	Belgian Embassy	Chair, ENR Donor Grp	Kathelyne Craenin	0772 200357
		DfID Country Office	Rural Livelihoods Advr	Alan Tollervey	0772 700038
15.00	ACODE	Executive Director	Godber	0782 649126	
Thur 16/03	09.00	NFA Katugo Station	Station Manager	KK	
	11.00	NFA	Range Manager	Robert Esimu	0772 669144
	12.30	Masindi District Local government	District Env't Officer, District Forest Officer,	William Simon	0772 380840 0772 394129
	13.30		Visit CFM area		
	15.30	BUCODO	Deputy Executive Director	Asiku Micah	0772 733927
17.00	Nyabyeya Forestry College	Principal	Wilson Kasolo	0772 496986	
Fri 17/03	09.00	Hoima NFA, DFO	James Kihika		0772 643037
	10.00	Hoima District LG.	Chief Admin. Officer	Dr. Patrick Isingoma	0772 513712
	11.30	NAADS	Sub-county NAADS coordinator	Bernard.... ??	-
	12.30	Kikonda – Global Woods	Managing Director	Kai Windhorst	0782 568291
15.00	Lukuga CFR. Mubende	Field Staff – visit saw milling area.			
Mon 20/03	09.00	NAADS Secretariat	Exec. Director	Dr. Silim Nahdy	0772226 475
			Technical Service Manager	Dr. Joseph Oryokot	041 345 065
	12.00	MoLG, Decentralisation Advisory Office	DANIDA Adviser – Decentralisation / Public Sector Management	Jens-Peter Dyrback,	0772 700869
	14.30	Local Gvt Finance Commission	USAID – Chief of Party, Strengthening Decentralisation.	Kevin Curnow,	0782 505249
	12.00	UNDP	Environment Specialist	Justin Ecaat	041 233 440
	14.30	Fisheries Research Institute	Director	Dr. Balirwa	0772 620505
	18.00	National Tree Seed Centre	Director	Stephen Khaukha	0772 561227
19.30	EC FRMCP Forestry programme.	Sawlog Production Grant Scheme: Ch Tech. Adv'r Consultant – Bioenergy / Carbon	Paul Jacovelli Timm Tennigkeit	0772 312769 0772 494877	
Tues 21/03	08.30	NFA	Director Technical Services	Isaac Kapalaga	0752 622495
	09.30	MWLE	Director, Lands & Env't.	Mr. Bwango Apuuli	077 404110
	10.00	MWLE	6 members of ENRS Secretariat		
	11.00	World Bank	Senior Economist – covering ENR sector.	Madhur Gautam	041 230 094 0772 779 814
	12.30	USAID	Env't Desk Officer	Jody Stallings	0772 200892
	15.00	NEMA	Director Policy Internal M&E Specialist	Eugene Murrmira John Ogwang	0772 400625
	16.30	Norwegian Embassy	Coordinator, Energy & Environment	Geir Hermanssen	0772 702334
Wed 22/03	09.00-	REPORT WRITING			
	19.30	Dinner –	WCS Albertine Rift Programme Mgr IUCN Country Rep.	Andy Plumtre Alex Muhwezi.	0772 509754 0772 221499
Thur 23/03		REPORT WRITING			
	14.00	ENRS Donor Coordination Mtg - BTC, Kololo	Chair IUCN		
Fri	09.00	Report back RNE	Norwegian Ambassador + Staff.		

## **ANNEX B. REFERENCES**

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**MFPEd (2003)** Poverty Eradication Action Plan (PEAP) 2004/05-2007/08.

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**NORAD (2005)** Development Cooperation Manual. The Norwegian Ministry of Foreign Affairs

**NORAD (2005b)** End review of the Norad funded Forestry sector programme in Uganda 1996-2002. Ivar Jørgensen, NORAD (Team Leader), Ben Kamugasha (Independent Consultant) Frode Sundnes (UMB/Noragric)

**PMA Review (2005)** Oxford Policy Management, September 2005. PMA Evaluation Final Report.

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**UJAS (2005)** Uganda Joint Assistance Strategy, June 2005. Work in Progress Draft Version.

**UN (2005)** The Millennium Development Goals Report 2005.

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**UNIQUE Forestry Consultants (2006)** Decentralised rural electricity production from energy forests. Investigating the Feasibility of Business models for a Demonstration Project. Sawlog Production Grant Scheme

**WB (forthcoming):** Strategic Environment Assessment (ongoing)

**Yaron G and Moyini Y,, Wasike D, Kabi M and Barungi M (2003)** Technical Report to ENR Sector Working Group,. The role of environment in increasing growth and reducing poverty in Uganda.

## **ANNEX C. POLICY FRAMEWORKS**

### **1. Ugandan Policy Framework for Rural Dvt & ENR Sector.**

#### **National framework for rural poverty eradication**

- **Poverty** - PEAP, PRSP, MTEF.
- **Rural Development:** Plan for Modernisation of Agriculture

#### **ENR Sectoral Plans**

- ENR Sector Wide Approach Roadmap (September 2003).
- ENR Budget Framework Paper (March 2006)
- ENR Sector Investment Plan Draft #7 (March 2006).

#### **Sub-Sectoral Policies and Plans:**

- Forestry Policy, National Forest Plan
- Land Policy, Land Use Policy, Land Sector Strategic Plan
- National Environment Management Policy (1994), NEAP.
- National Fisheries Development Policy, Uganda Fisheries Competitiveness Plan.
- Uganda Wildlife Policy, UWA Strategic Plan, Protected Area Systems Plan;
- Wetland Sector Strategic Plan
- National Water Policy
- National Action Plan for Meteorology.
- National Policy for the Conservation and Management of Wetland Resources;
- Wetlands Sector Strategic Plan 2001-10;
- Renewable Energy Policy (being drafted); Energy Investment Plan;
- National Irrigation Policy (being drafted),
- National Biodiversity Strategy Action Plan;
- National Tourism Policy; Tourism Strategic Marketing Plan.

### **2. Norwegian Policy Framework for Development Cooperation**

**Guidelines** for Norwegian Development Cooperation with Uganda 2001-2005 (NORAD, 2001).

**Development Cooperation Manual.** (Norwegian Ministry of Foreign Affairs, May 2005).

- Describes key principles, procedures and standard working methods in different phases of a programme cycle.

#### **Millenium Development Goals**

- No.7. Ensure Environmental Sustainability

#### **Uganda Joint Assistance Strategy (UJAS):**

- Guides the 7 participating Development Partners (including Norwegian Embassy) to better coordinate implementation of PEAP (EC are one of the aspiring UJAS partners)
- Draws on each partner's comparative advantage in providing expertise and assistance

**Partnership Principles** between Government of Uganda & its Development Partners (MFPED, September 2003).

- Lays down general principles of how Development Partners should support Uganda's development

## ANNEX D. ENR SECTOR MEMBERS AND STATUS

Ministry	Sub-Sector	Key Institutions	Commentary on Capacity
Water Lands & Environment ( <i>MWLE</i> )	Land,	Dept of Lands & Surveys. Uganda Land Commission.	Out-dated recording mechanisms. Integrity problems. ULC not autonomous from Govt, as per its mandate.
	Forestry	National Forestry Authority	New but maturing Financial sustainability not secure.
		Forestry Inspection Division	Minimal resources; Weak supervisory capacity; Mandated responsibilities beyond staffing capacity. New Programs (ADB, LVEMP) will likely swamp existing capacity.
		District Forestry Services	Non-functional in most Districts. Zero operational budgets. Focus on revenue collection from forest produce harvesting & trade. Failing to deliver on other responsibilities.
	Environment	National Environment Management Authority	Increasingly mature. Strong on civic education Weak on law enforcement. Financial sustainability not secure.
	Wetlands	Wetlands Inspection Division	Not reviewed
	Climate/ meteorology.	Dept of Meteorology.	Very limited resources. Only 300 / original 1000 stations recording.
Planning and monitoring.	Planning & Quality Assurance Dept	Responsible for coordinating the sector – preparing plans, budgets and monitoring progress.	
Tourism Trade & Industries ( <i>MTTI</i> )	Wildlife & Tourism	UWA	Increasingly effective and mature. Financial sustainability not secure
Agriculture, Animal Industries & Fisheries ( <i>MAAIF</i> )	Fisheries	Fisheries Dept + forthcoming Nat'l Fisheries Auth.	Relatively strong, but not yet effectively decentralised.

## ANNEX E. SUMMARY OF SOME KEY ENR CHALLENGES AND OPPORTUNITIES

Topic	Issue	Challenge	Opportunity
<b>General</b>	<b>Delivery of Public Goods &amp; Services:</b>	Economic benefits of public goods & services provided by sustainable ENR management accrue only in part to the individual farmer, but primarily at national, regional or global levels => Land owners users and managers often fail to prioritise good ENR management because they do not receive the full rewards.	Design of innovative incentive mechanisms (financial and non-financial) to create a “market” for public goods. Payments can be made against clear contracts, which farmers can choose to supply and be assisted by Govt programs such as NAADS in the same way as if they were producing a commodity or agricultural product.
	<b>Security of Tenure.</b>	Throughout the Rural sector, security of tenure undermines sustainable management of ENR, and inhibits investment for the long term.	Key to any program designed to enhance ENR is to secure tenure to land of any proposed beneficiaries. Systematic land demarcation of farms and forest resources is a pre-requisite for program success.
	<b>Environmental Justice.</b>	The capacity of the judiciary to enforce environmental legislation is weak, and often undermined by political interference	Train judiciary on the importance and workings of Environmental Law. Win test cases to demonstrate that there is no impunity for law-breakers.
	<b>Coordination of ENR Management</b>	Efforts are fragmented, both within Govt and Donor supported programs	The Sector Investment Plan provides a mechanism for harmonisation. Any new Donor support should be within this framework
	<b>Private sector technical and financial capacity</b>	Ability of Private sector to invest in ENR technologies, such as plantation forestry, efficient charcoal production, or to deliver competent technical service to the private sector etc is low	Build capacity through training, well targeted grant and loan finance, and the development of clear standards and guidelines to assist in raising levels of performance.
	<b>High population growth rate</b>	Results in subdivision of land, fragmentation, conflicts, and increasing pressure on land. Migration to forested areas.	Raise levels of productivity of farms through sound NR management on farms, to reduce the pressure to migrate, or encroach in Protected Areas / Forest Reserves.
	<b>Role of Civil Society Organisations in ENR management.</b>	Mistrust between LGs and CSOs results in inadequate exploitation of synergistic potential of the two institutions to contribute towards improved ENR management.	Develop CSO watchdog, awareness raising and advocacy role. Build alliances such as the Uganda Forest Governance Learning Group and the Uganda Forest Working Group that contribute to the better governance, transparency and flow of information within the sector.
<b>Decentralisation</b>	<b>Decentralising historically centralised ENR institutions</b>	While institutions for environmental management are in place at both national and local level, diverse factors hinder their effective operation. At local government level, these institutions have been inadequate in strength and status to be effective, and lack representation at lower levels below Districts.	Support effective operationalisation of the DNRD with adequate capacity and support, and transfer financial resources to launch and roll out the DFS.
	<b>Sectoral versus cross-sectoral approaches</b>	Adopting a strictly sectoral approach to ENR management is an inadequate strategy, because ENR issues are cross-sectoral and actions to address them need to involve the relevant sectors.	
	<b>ENR Planning at District and lower local government levels.</b>	LG planning places little emphasis on ENR management, arising in part from inadequate understanding, clarity of roles and responsibilities, and lack of guidance, emphasis, incentives and enforcement.	

Topic	Issue	Challenge	Opportunity
	<b>ENR Monitoring and Evaluation</b>	Weak at the LG level - thus little information about the status or trends of ENR indicators are available to LGs.	
	<b>Involvement of Private Sector.</b>	There is also inadequate involvement of the private sector in ENR management despite it being one of the main users and beneficiaries of ENR resources.	
	<b>Long-term approach</b>	Solutions to ENR problems require a long-term approach and benefits from investments are not immediate. With the high turnover of local government leaders, they are not interested to invest in long-term ENR management, since the benefits are not felt during their political terms.	Build the technical and leadership capacity for ENR management, and wherever possible, isolate resources intended for ENR management from political interference.
		The Fiscal Decentralisation Strategy is silent on the need to address environmental concerns within non-ENR sectors and to generate non-tax revenue.	
<b>Forestry</b>	<b>District Forest Services</b>	Full compliment of DFS staff not yet recruited	ENR Sector Investment Plan, when complete will identify clear priorities and funding levels for DFS.
	<b>Forest Regulations</b>	Overly complex and “control-oriented” rules are not likely to be implemented,	Finalise the regulations, with more focus on developing market and incentives-led mechanisms for improving forest management and wood processing practises.
	<b>Control of illegal harvesting</b>	Current mechanism of regulating trade increases tax-collection but does not guarantee that timber is either sustainably, or legally harvested	Promote self-declaration of trade in forest produce. Develop a greater opportunity for civil society to play a watchdog role in forest sector, with rewards for community / civil society organisations who contribute to effective law enforcement.
	<b>Forest Degradation</b>	Natural forest and timber plantation resource is heavily depleted	Outstanding opportunities in Uganda for a profitable forest industry based on commercial plantations.
	<b>Forest Product Taxation</b>	Districts LGs see regulation of forest product trade primarily as means to raise taxes.	Review tax and other disincentives. Explore Land Taxes as means to promote better private forest management. Harness trade regulation and taxation system to set and enforce quotas for forest produce harvesting, so as to increase the value of finite natural resources and encourage efficiency / legality.
	<b>Incentives for tree planting</b>	Risks of inappropriate subsidies distorting the market where the market is already functioning, particularly where tree planting is largely for private rather than public good.	Establish a National Tree Fund that will help communities access necessary resources to plant trees where there is a clear public benefit. Investigate the possibility of benefiting from commercial markets for ecological services such as carbon trading in global markets, in line with the Kyoto Protocol. Remove disincentives to tree investment and wherever possible correct market failures at their root through fiscal and other incentive mechanisms.

Topic	Issue	Challenge	Opportunity
	<b>Private Sector Investment</b>	Delayed issuance of tree planting licenses in Central Forest Reserves with clear terms and conditions. Ongoing encroachment and conflicts with Reserve-adjacent communities.	Promote private sector investment in privately owned forests. Provide information, and technical advice on the management of forests; Further develop the National Tree Seed Centre; establish a framework for decentralised quality seed distribution. Provide permits to grow trees in central forests reserves with secure land and tree tenure; Continue developing incentives through operation of the Sawlog Grant Scheme and establishing a National Tree Planting Fund.
	<b>Consumer demand for responsibly produced Forest produce</b>	Market currently does not differentiate between legally / sustainably and illegally / unsustainably harvested timber.	Promote “responsible timber procurement” standards within the key institutional procurement processes (Government and Donor funded) and private sector buyers in Uganda. Develop a niche, higher-value market for timber that meets basic standards of legality and sustainability
	<b>Resource baseline monitoring and quota setting system</b>	Lack of detailed information on rate of national forest resource depletion.	Support the ongoing routine implementation of the National Biomass Study, expanding its mandate to provide a national picture of forest resources within and outside the Forest Reserves. Use information to calculate sustainable quotas for capping local government forest product licensing.
	<b>Community woodlots</b>	Communal Land Association mechanism to owning & managing communally owned land not well understood.	Disseminate guidelines on Community Forestry. Launch of the DFS for extension and advisory services to private and community members interested in tree planting, and for promotion of tree planting.
<b>Bio-Energy</b>	<b>Control of harvesting levels for woody biomass.</b>	No annual quotas are calculated or enforced. Poor regulation of harvesting results in widespread cutting.	National Biomass Study data provides sound basis for calculating sustainable annual quotas by district.
	<b>Woodfuel prices</b>	Prices do not reflect costs of sustainable forest / woodland management. Prices reflect primarily the cost of transport and very cheap labour to harvest & convert to charcoal with earth kilns.	Cap the annual allowable cut of woody biomass and auction tradable rights to harvest and trade a limited amount of charcoal / wood fuel. Prices would rise to reflect a shortage in available supply of wood fuel on the market.
	<b>Poor or zero returns to land owners from the harvesting of woody biomass</b>	Woody biomass is typically seen as a by-product of agricultural clearance – little to nothing is paid for the raw material. Perceived value of woody biomass by landowners very low – does not promote sustainable management for profit.	Raise awareness of landowners (private individuals and communal land owners) of the potential to manage woodlands for profitable and sustainable woody biomass production. Assist landowners to prepare management plans for woodlands and forests and to register as Private Forests with the District Land Boards. Provide incentives to those landowners that respect a sustainable quota for their land, and disincentives for those that clear land for agriculture (through land tax or other mechanism).

Topic	Issue	Challenge	Opportunity
	<b>Improving efficiency of biomass end-user technologies</b>	Current end-use technologies are very inefficient increasing the demand for fuelwood and the cost of bio-energy for industry and the household.	Low-cost investment opportunities exist in the production and increased popularisation of biomass energy technologies (improved wood/charcoal burning stoves, brick-burning kilns).  Competitive manufacture and marketing of low-cost fuel-efficient technologies could enhance widespread adoption.
	<b>Crop drying</b>	Inability of farmers to dry crops severely limits their ability to add value and results in widespread reduction in end-product quality, and/or exacerbating crop loss.  Health risks associated with fungi growing in moist grain.	Biomass fuelled crop dryers can add value to products, such as dried fruits, grains for export, etc.  Reduced wastage of crops.  Increased profits to farmers and crop processors.  Enhance the ability of Uganda to export grain crops by drying them to less than 14% moisture.
	<b>Power production from biomass</b>	Limited knowledge of available technology for using biomass for electricity and heat generation.	Medium to high-level investment in technology to produce electricity from biomass resources.
	<b>Commercial biomass crop production</b>	No investment in woody biomass crops for energy because of the almost free supply of woody biomass from unregulated land clearance.	Increase production through large-scale private commercial plantations to cater for increasing wood energy demand for domestic and industrial sectors.
	<b>Clean Development Mechanism (CDM)</b>	Limited information available to investors in forestry about new technology or potential for CDM carbon credits.	Designated National Authority for CDM has been appointed. Uganda Carbon Bureau being set up.  Provide information to private sector on opportunities for CDM deals that increase profitability of bio-energy-related investments.
<b>Fisheries</b>	<b>Sustainable Fisheries management</b>	Declining catches due to excessive fishing	Better information on fish stocks to guide management  Support the implementation of lake management plans  Strengthen participatory fisheries management approaches
	<b>Fish Habitat / water quality</b>	Degradation of fish habitats due to eutrophication of lakes and other forms of pollutants;  Infestation and rapid spread of water hyacinth,	Better management of upstream watersheds.  Explore potential for payments for watershed management services.  Control water hyacinth (n.b. more or less under control now);
	<b>Regulatory framework and controls</b>	Lack of effective regulatory frameworks to control illegal fishing and piracy on major lakes, especially where shared with neighbouring countries.	New Fisheries Bill strengthens the enabling environment for poverty-focused integrated lake management.  Opportunities for community based control, supported by government regulation and enforcement.
	<b>Financial</b>	Inadequate funding for fisheries sector activities in general	New Fisheries Authority. Self-generated revenues from rationalised revenue collection mechanisms.  Secure more resources for lake and fisheries management

Topic	Issue	Challenge	Opportunity
	<b>Human</b>	Inadequate number of trained high and middle level manpower in the Department of Fisheries Resources (DFR)	Support the formation and operation of BMUs and Lakewide Management Organisations on other lakes in Uganda: build their capacity; Training, decentralisation of responsibilities. Identify effective mechanisms to mainstream fisheries into NAADS-type service delivery approach. Split the regulatory and advisory service roles of District Fisheries Officers.
	<b>Sustainable funding of BMUs and LMOs</b>	Insufficient financial resources to sustain the activities of the BMUs and the LMOs.	LMOs to raise funds for operational costs from their members – local government and BMUs; Adapt revenue collection mechanisms for fisheries sector, Reinvest more funds generated from the sector in the fisheries resource management, Lobby for resource allocation for appropriate institutions and activities.
	<b>Rent capture by local government</b>	Historically LGs have been accepting illegal undersized fish and allowing illegal nets to be used to maximise revenue collection.	More equitable distribution of boat / fishing licenses; More rational and equitable revenue collection mechanisms, for example separating the regulation and taxation functions to avoid the risks of regulation being downplayed in favour of revenue collection.
	<b>Equity and Gender</b>	Lack of equitable distribution of benefits of fisheries to women and the poor.	Continue the promotion of women in fisheries; Support mechanisms such as effective BMU establishment and management that enhance equity in allocation of licenses and distribution of benefits.
	<b>Infrastructure</b>	Lack basic infrastructure and fisheries facilities, such as rudimentary jetties, fish handling sheds, water treatment machines and ice plants	Improvement of facilities and infrastructure through private sector led investment with support from government to ensure ownership of some such facilities by poor communities (represented by Beach Management Units and Lakewide Organisations), so that they have better bargaining power with the traders, processors and exporters.
	<b>Aquaculture</b>	Subsistence level production. Substantial investment using wrong technologies – putting off fish farmers. <ul style="list-style-type: none"> <li>▪ poor quality fish seed,</li> <li>▪ lack of fish feed.</li> <li>▪ low productivity of fish ponds,</li> <li>▪ low aquaculture technology,</li> <li>▪ weak extension services,</li> <li>▪ inadequate data on fish culture systems and lack of knowledge on fish diseases;</li> </ul>	Rapidly increasing interest and investment in aquaculture. Opportunities to greatly increase yields per area of fishponds through best practise, including the reduction of acidity, and integration with for example rice, poultry and pig production. Commercialisation of fish farming.



## ANNEX F. SUMMARY OF ALL FORESTRY INITIATIVES

Development Partner	Project Name	Recipient / Programme Management	Main Thrust of initiative	Duration	Amount
African Development Bank	Farm Income Enhancement & Forest Conservation Project	MWLE / MAAIF. Tree Planting & Watersheds component managed through FID.  Targeting 36 Districts	<p><b>i) Forestry Support Component</b>, comprising two sub-components – (i) Community Watershed Management and; (ii) Tree Planting.</p> <p><b>ii) Agricultural Enterprise Development Component</b>, comprising four sub-components</p> <p><b>iii) Project Coordination</b>, including the setting up of coordinating unit in the Ministry of Water, Lands and Environment (MWLE), and the establishment of Project Support Teams in the MAAIF and MWLE to monitor and supervise project implementation in Districts.</p>	2005-2010	\$60million
European Union – EDF	Forestry Resources Conservation & Management Project.	National Forestry Authority (NFA)	Support to NFA and the Sawlog Production Grant Scheme. Details in the text.	2002 – 2008	13 million Euros
NORAD	NFA Start Up	NFA	Support for the NFA start up and continuation of the National Biomass Study.	2004-08	35.1 million Norwegian Krona
DFID	Uganda Forest Sector Policy and Strategy Project	MWLE	Support to institutional and policy reform in the Forest sector. Developed National Forest Plan, Revised National Forest Policy. Drafted and passed the Forestry legislation. Set up the NFA.	1999-2004	Stirling £6 million.
DFID	NFA Start Up	NFA	Support for the NFA start up through Basket Funding – therefore supporting all the work of the NFA.	2004-2006	£1.7 million
DFID through FAO	Strengthening participatory approaches in forest management	NFA	Capacity building in participatory approaches for middle-level managers in government and, to a lesser extent, other agencies and service providers in order to achieve more effective natural resource management, as a strategy for poverty reduction.	2002-2005	USD 1,576,195 for three countries. USD 500,000 approx. in Uganda.

Development Partner	Project Name	Recipient / Programme Management	Main Thrust of initiative	Duration	Amount
GEF / World Bank	Albertine Rift Forest project	Ministry of Finance, Planning & Economic Development (MFPED).  MWLE / WWF in close collaboration with NFA, Wildlife Conservation Society, Makerere University, and other stakeholders.	Goal: to conserve and manage the rich biodiversity forests in the Albertine Rift allowing sustainable development for all stakeholders, through a wide range of activities, including: <ul style="list-style-type: none"> <li>➤ supporting NFA to protect and manage the Central Forest Reserves through better demarcation, protection and collaborative management.</li> <li>➤ Developing local sustainable financing mechanisms for forests within and outside the CFRs;</li> <li>➤ Supporting local authorities, communities and private land owners supported to develop Private Forest Management Plans and implement using collaborative management approaches.</li> <li>➤ Undertaking land use planning and forest landscape restoration to maintain biodiversity corridors;</li> <li>➤ Exploring and promoting incentives for sustainable use of forest resources.</li> </ul>	2006-2008	USD 3.4 million
FAO	National Forest Plan Facility	Implemented through a partnership between FID and the Uganda Forestry Working Group (UFWG).	Supports processes to launch, coordinate and monitor forestry resources development within districts (DFS). Creating awareness about forestry, raising the profile of forestry sector at national, local and community levels. Enhancing and monitoring delivery of forestry advisory services through the NAADS arrangement.	2004-2007	USD 200,000 ??
FAO-Netherlands Partnership Project	Capacity building of new forestry institutions to increase forestry's contribution to meeting MDGs.	FID and selected target Districts.	To build the capacity for and promote the use of innovative ways of working to deliver effective forestry support services that raise the incomes and improve the quality of life of the poor.	Jan 2006 – December 2007.	USD 300,000
International Development Association / Global Environmental Facility (GEF), through the WB.	Lake Victoria Catchment Afforestation Project – a component of the	MWLE. -	Improve the management of forest reserves, and create new forest reserves. Promote conservation of forests outside forest reserves. Strengthen institutional capacity for effective management of the forest resources in the catchment. Raise awareness to promote forest management. Promote tree growing.	1 <sup>st</sup> phase ended 2004. 2 <sup>nd</sup> phase: 2005-??	USD 1 million for first phase, with second phase envisaged.
European Union	Empowerment of Local Communities for Participatory Forest	CARE, ACODE, BUCODO (Local NGOs).	Natural forests and woodlands in East Africa are sustainably managed and conserved with increased benefits to poor men, women and children in forest-dependent communities, through promoting:	2005-2010	In Uganda, Euros1.1 million over 4 years for 4

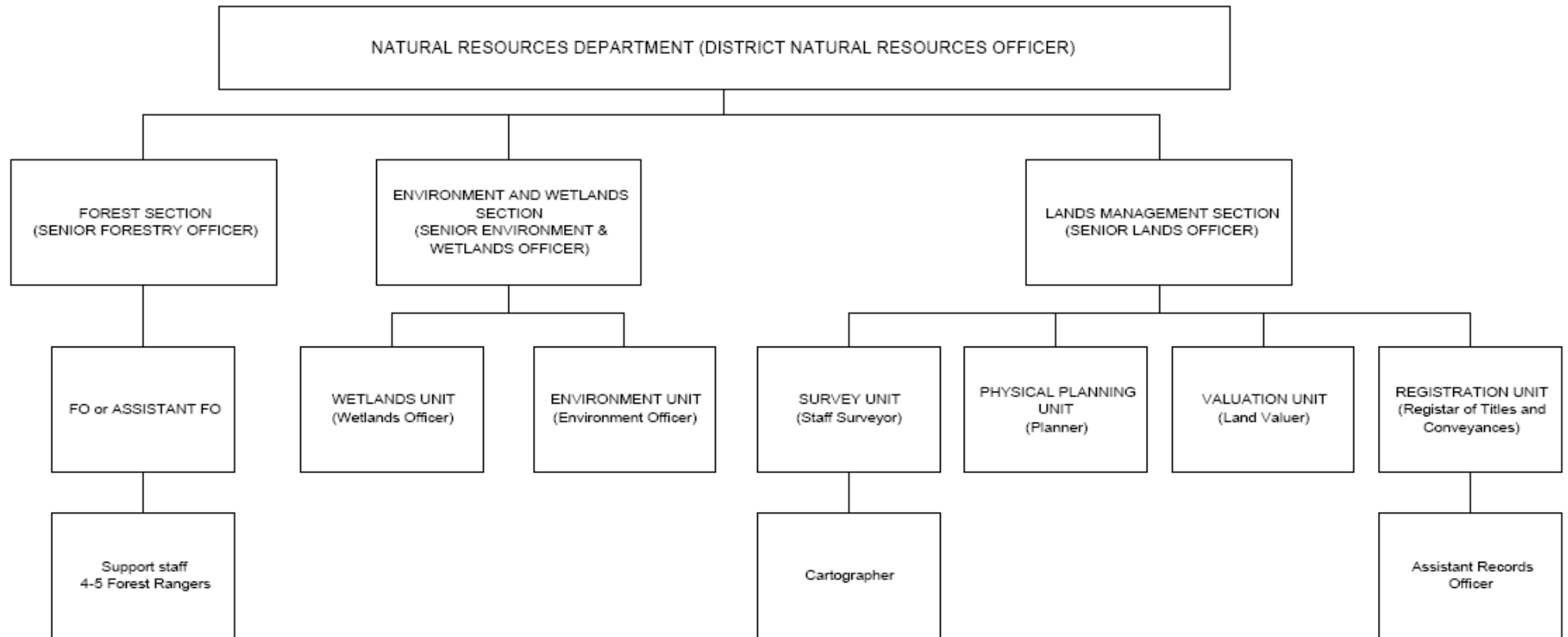
<b>Development Partner</b>	<b>Project Name</b>	<b>Recipient / Programme Management</b>	<b>Main Thrust of initiative</b>	<b>Duration</b>	<b>Amount</b>
	Management (EMPAFORM) – implemented in 3 countries of East Africa (Tanzania, Kenya, Uganda)		<ol style="list-style-type: none"> <li>1. Access to information for CBOs/NGOs</li> <li>2. Local and national networking;</li> <li>3. Increased capacity of CBOs/NGOs to analyse and advocate on policy, law, etc</li> <li>4. Strengthened CBO governance &amp; skills</li> <li>5. Direct technical assistance (legal and technical advice) to CBOs for PFM</li> <li>6. Regional, national and international level networking to share info and experience</li> <li>7. M&amp;E, Lesson learning &amp; dissemination;</li> </ol>		Districts.
NORAD	Peri-Urban Plantation Project	MWLE (Forest Department)	Supported farmers to establish 3,700 hectares of woodlot plantation.	1988-2000	??
GEF-UNDP	MWLE / Ministry of Finance	MWLE / Ministry of Finance Cross-Border Biodiversity Conservation Project	Supported participatory approaches to conservation in State owned Natural Forests focussing on Rakai, Kotido and Moroto Districts in cross-border initiatives with Kenya and Tanzania.	1998-2003	USD 3.54 million
NORAD/IUCN /WWF		MTTI, MWLE. Mt. Elgon Regional Ecosystem Conservation Programme	Integrated conservation of Mt. Elgon and Mt. Rwenzori National Parks including improved land use practises around the parks.	2005-2008	??

## ANNEX G. SUMMARY OF FISHERIES INITIATIVES IN UGANDA

Donor	Project Name	Recipient / Programme Management	Main Thrust of initiative	Duration	Amount
International Development Association / Global Environmental Facility (GEF), through WB.	<b>LVEMP Lake Victoria Environment Management Project.</b> Tripartite Agreement signed on 5 <sup>th</sup> August 1994 by the three riparian countries – Kenya, Tanzania, Uganda.	Each of 10 components managed by different government departments, under both MWLE, and MAAIF.	The project objectives include maximizing the sustainable use of basin benefits (food, employment, income), conservation of biodiversity and genetic resources, and harmonization of national management programs in order to control and reverse environmental degradation	1 <sup>st</sup> phase 1997-2002.  Second Phase	USD 25.4 million for Uganda in first Phase.  Second Phase – started 2004
African Development Bank	<b>Fisheries Development Project.</b>  Objective is to increase incomes from fishing through availability of higher quality fish products and through strengthening of aquaculture research and development.	MAAIF. Dept of Fisheries Resources is responsible for overall project coordination.  Links with NARO, Fisheries Training Institute, NEMA, and NGOs/CBOs.  Local Government at District and sub-county levels carry out actual implementation of project components.  The private sector manages the fish landing sites, fish markets and regional fish fry centres.	<ol style="list-style-type: none"> <li>1. The Fish Quality Assurance component involves the development of 30 fish landing centres, upgrading of 21 fish markets, improved monitoring, control and surveillance (through purchase of 4 patrol boats) and establishment of a fish quality laboratory.</li> <li>2. The Aquaculture Research and Development component covers research into fish feeds, breeding, production systems and hybridization. Aquaculture development is geared towards the establishment of regional fish fry production and demonstration centres as well as transfer of improved technology.</li> <li>3. The fisheries credit fund component will provide credit for fisheries production, trade and processing.</li> <li>4. The capacity building component covers technical assistance, staff and beneficiary training.</li> <li>5. The Project Coordination component aims at overall project coordination.</li> </ol>	2002-2007	UA 22million = US\$31million over 5 years.  An African Development Fund Loan. 100% finance of the project.
Department of International Development (DFID)	<b>The Integrated Lake Management Program</b>	Department of Fisheries Resources, working with Lake George Basin Integrated Management Organisation (IMO), and Lake Kyoga IMO.	Mobilizing the communities of Lakes Kyoga and George and sensitizing them on the importance of the sustainable management of the fisheries and natural resources and for the efficient management of the lakes. Providing institutional support to Kajjansi Aquaculture Research Station and smallholder ponds in rural areas.	1999-2004	USD 10.35 million

Donor	Project Name	Recipient / Programme Management	Main Thrust of initiative	Duration	Amount
DFID	<b>Fish Farming for Income Generation &amp; Food Security</b>	Department of Fisheries Resources, MAAIF.	Supporting the provision of pro-poor public/private sector services and advice on aquaculture.	-2004	Stirling £2.4 million.
European Commission Regional Indicative Programme	<b>The Lake Victoria Fisheries Research Programme Phase II (LVFRP)</b>	Department of Fisheries and Fisheries Research Institute	Long-term objective of encouraging co-operation on fisheries matters amongst the lacustrine countries as a contribution to fisheries management; Development of a management framework for Lake Victoria fisheries, including stock assessment and mechanical control of water hyacinth.	1 <sup>st</sup> Phase 1989-94 2 <sup>nd</sup> Phase 1997-2002	USD 12.38 million ?? €9 million over region.
European Commission	<b>Implementation of a Fisheries Management Plan for Lake Victoria Project</b>  Covering Uganda, Kenya and Tanzania	Lake Victoria Fisheries Organization - (Regional Project Implementation Unit) and Departments/Directorates of Fisheries and Fisheries Research Institutes in each Country (acting as National Coordinators)	Purpose: to assist the three riparian countries constituting the LVFO to implement management measures in line with the approved Fisheries Management Plan (FMP) and the LVFO Strategic Vision 1999-2015. Results: Effective coordination of FMP implementation; Strengthen communities' abilities to co-manage the fisheries; Improve fisheries infrastructure, including social infrastructure, water supply, sanitation and other amenities; Sustainable Monitoring, Control and Surveillance system established; Strengthen the LVFO Secretariat as a coordinating centre of the Lake Fisheries Institutions;	2003-2007	Euros 29.9 million between 3 countries.
United States Agency for International Development (USAID)	<b>Fisheries Investment for Sustainable Harvest activity (FISH)</b>	Working with the Private Sector	Demonstrate & introduce modern sustainable & high performance feed based technologies for commercially oriented cage and pond based fish production. Increase the quality and quantity of protein consumed by Ugandans, generate foreign exchange, increase incomes and employment, and improve resource use efficiency.  Promote farmer to farmer linkages	??	??
Republic of China	Fish landing site programme	Department of Fisheries	Construction of fisheries infrastructure, such as landing sites and fish storage facilities.	??	??
Iceland	Fish quality				

## ANNEX H. RECOMMENDED ORGANIGRAM FOR NATURAL RESOURCES DIRECTORATE FOR DISTRICT LG



**Note:** This diagram represents Model 2. Other models have more or less senior staff. Districts were free to select one of three models depending on the importance they attach to addressing ENR issues within their jurisdiction.

It is 'recommended' by the Ministry of Local Government to the District Local Governments.



## **ANNEX I. DEVELOPING A RESPONSIBLE TRADE IN FOREST PRODUCE**

Key to the long term viability of commercial investment in forestry is to address some of the market failures in the sector – specifically, the ability of illegally and/or unsustainably produced forest products to compete in the same market space with those from legal, responsible and sustainable sources. Consumers, and in particular Government and Private sector bodies that procure large quantities of forest produce will be educated about the implications of purchasing produce from responsible or irresponsible sources.

The activities outlined below have been proposed as part of a regional program for support from the Royal Netherlands Embassy. RNE has not as yet confirmed that it will support the program, but whether it does or does not, there is scope for co-financing by EC under this program of the following activities within Uganda:

**1. PREPARATORY PHASE:** Creating a demand driven culture of “responsible timber procurement” in the regional timber market;

- Public awareness raising - newspaper publications, leaflets, and website - with links to other relevant websites;
- Establish Responsible Producer and Consumer Groups and define respective and common interests;
- Establish a regular discussion platform for promoting Responsible Timber Procurement among all stakeholders;
- Agree on Minimum Production Standard (initially non-FSC certified Controlled Wood) through appropriate forum, and endorsed by MWLE, Uganda;
- Agree minimum procurement standards. Lobby for adoption by Uganda Public Procurement & Disposal Authority, Uganda National Bureau of Standards;
- Review existing institutional and regulatory frameworks. Identify issues, illegal trade channels, corrupt practises and market failures in each country. Assess potential for more effective sanctioning of lawbreakers by JLOS;
- Assess production potential (supply side) and potential for market-based incentives for responsible timber production;
- Produce "Good Wood Guide" of available timbers and their uses, and guide to responsible timber procurement updating available information for architects, engineers and buyers;
- Explore options for strengthening role of Local Governments to support responsible timber production & procurement and improve forest tax systems;
- Explore options for strengthening role of Civil Society to support responsible timber production & procurement and improve forest trade monitoring & reporting systems;

**2. PILOT PHASE:** Implementing minimum procurement standards in selected organisations and enterprises

- Train private sector operators in responsible production / trade of timber;
- Test and evaluate applicability of minimum production and procurement standards for voluntary buyers and timber suppliers, identifying key additional costs for private sector and public agencies and donors of achieving compliance with defined standards;
- Train Local Govt / Provincial services and Civil Society in agreed roles re independent monitoring and auditing in Pilot areas;

- Lobby and support training of Justice, Law & Order staff to achieve more effective implementation of sanctioning forestry lawbreakers;
- Prepare large-scale implementation of responsible timber production and procurement.

**3. IMPLEMENTATION PHASE:** Establishing a regional timber supply and procurement network based on a common agreement on minimum standards:

- Initiate a regional timber supply and procurement network of members committing themselves to comply with minimum standards;
- Mainstream responsible timber procurement into national standards and guidelines for public procurement and donor support;
- Establish regional monitoring and control system;
- Initiate regular joint monitoring and evaluation involving both relevant government authority and independent CSO monitors;
- Assess impacts of procurement and production standards on regional markets and trade;
- Where deemed necessary, support the initial investment in establishing the expertise, technology and infrastructure to produce and distribute ‘responsible timber’ and establish foolproof tracking mechanisms along the chain of custody;

## **ANNEX J. TERMS OF REFERENCE**

### **Assessment of possible future Norwegian funded engagements in the Forestry and natural resources sectors in Uganda**

#### **Background**

Norway has funded various programmes in the forestry sector in Uganda for several decades. The most important inputs have been support to education and training in forestry through Makerere University; the forest sector programme comprising a number of sub-programmes; and support to the policy development and institutional building programme leading up to the formation of the National Forest Authority (NFA). The current programme of support is limited to supporting the establishment of NFA.

The Embassy now is in the process of considering if its and other donor's support to forestry is facilitating a balanced and sustainable implementation of the National Forest Plan (NFP).

The Embassy also wants to consider its footing in the broader Environment and Natural Resources sector which forestry is part of, and to which the GoU has opted for a Sector Wide Approach (SWAp). The embassy is also in a process of considering possible regional co-operation in the natural resources sector. For this reason the embassy has invited Norad to organise a team of external consultants to assess possible additional components to the bilateral programme between Norway and Uganda within the ENR sector. The team will be accompanied by a NORAD adviser during parts of the field work.

#### **Scope of work**

The team will assess the various plans and policies in the NRM sector in Uganda. This includes the PRSP, the emerging SWAp and Strategic Investment Plan for the ENR sector, the NFP, and other relevant sub-sector plans and policies.

The team will also assess the support from various bilateral and multilateral donors for the implementation of the national plans and strategies, and define important gaps in current support to the sectors. The team will also assess the implications of the Uganda Joint Assistance Strategy (UJAS) and the mechanisms for donor co-ordination that is discussed herein.

The team will based on this background propose options for possible extended Norwegian support in the future, including mechanisms of co-ordination with other donor agencies. The team will also assess potential partners among public and private institutions in Uganda for future cooperation within a Norwegian funded programme. The team shall relate its proposal to possible regional synergies, without going into detail on content and mechanisms of collaboration in a potential regional programme within the sector.

The proposed options for future additional activities and modalities should fill the following criteria:

- Complimentarity to and strengthening of sustainability aspects in the current support to the NFA
- Complimentarity to other ongoing programmes in the sector

- Compatibility with the relevant national strategies and policies, in particular the PRSP and the NFP
- Availability of credible partners for implementation
- Opportunities for implementing elements of the UJAS, and opportunities for collaboration and/or coordination with other donors
- Suitability for integration in a possible future regional programme within the NRM sector

The financial implications and administrative consequences for Norway (the Embassy and Norad) related to the proposed options shall be assessed.

### **Reporting**

The team will describe briefly the relevant strategies and policies, and the various ongoing efforts in the NRM sector. The report will also describe a limited number of options for focusing future support to the NRM sector, and possible mechanisms of delivery and possible partners for implementation. The selection of options for more detailed description should be done in an interactive process involving representatives from the embassy.

The report should not exceed 20 pages plus relevant annexes. The team will present their main findings to the embassy at the end of the field work. The draft report is expected not later than two weeks after completion of the field work.

## ANNEX K. REPORT COMMENTS

**Date:** Wednesday, May 24, 2006

**To:** Paul Vedeld, Noragric

**Cc:** Geir Hermannsen, Norwegian Embassy Kampala  
Ivar Jorgensen, Norad

**From:** Olav Bjella, ED-NFA

*RE:Comments on the draft "Possible Norwegian engagement in Decentralized forest and natural resources management in Uganda" report of April 2006*

First let me thank the team for comprehensive and well formulated report. It appears as a good overview of the status of the ENR sector in Uganda, and I believe it has identified the most suitable areas for a possible future support from Norway. The report also clearly links the identified areas for possible support to both Ugandan government priorities as well as Norwegian aid policies.

I will first give some comments to specific chapters of the report, and summarize it with some general comments and advice on the way forward.

- Page 3, SIP for the ENR. It is rightly stated that the successful and timely conclusion of this is instrumental in both accessing more government funding, increasing the budget ceiling and coordinating donor funds. As one of the institutions in the sector NFA will try to contribute to the finalization before the end of 2006. Any technical support to accomplish this would be welcome. The importance of addressing the budget ceiling can not be overemphasized. The report might outline further how a program can focus on activities that not so much will be constrained by the budget ceiling.
- Page 5/6, NFA. It is stated that the Performance contract is currently a weak monitoring tool. I partly agree. The contract itself and the modalities for reviewing annual targets and monitoring performance is fairly ok in my view, but it is "supply driven". We need a more demand driven process from the Ministry. In a future donor program regular external monitoring of progress from outside would help.
- Page 6. Decentralizing ENR... A fundamental weakness of the whole local government structure is its lack of capacity and operational funds, With the number of districts probably increasing towards 100 within a year of two, it is clear to me that the DFS will not will be a viable tool for implementing government policies in the ENR sector. Any capacity building programs across the board at this level will be there just as long as the donor program feeds it. An upcoming regional tier in Government might be more viable to support. Possible support to DFS should be restricted to a few (may be 10-15 districts?) crucial ones after a study of its sustainability.
- Page 6. The Lands sector. The report is only recognizing the Uganda Lands Commission. Development of land tenures, registry, conflict resolutions etc. are crucial for development. References should be made to the ongoing programmes of the Uganda Land Policy (ULP), and the Land Use Policy. Apparently WB(?) is funding 24MUSD (?) to establish a Land

Information System (land registry etc). The ULP propose the establishment of a Uganda Lands Authority. This could be a component for support from Norway.

- Page 24. Possible areas for support to NFA. I agree with those proposed, but can add some more.
  - Institutional core support could also include continued infrastructure support. Still quite a number of offices in the field needs to be constructed or renovated, vehicles must be replaced, IT infrastructure further decentralized etc. I foresee that NFA's own revenue collection mainly pay for areas which are not very attractive for donors, such as salaries, fuel, repair, patrols, maintenance of boundaries and plantations etc. Capital replacement will be a challenge.
  - A bullet point on support to improved techniques for harvesting and wood processing in collaboration with private sector could be considered.
  - ...comprehensive strategy for the demarcation and eviction activities... I don't think we should propose donors to pay for eviction costs. Suggest calling it a "comprehensive strategy for rationalizing and restoring the integrity of forest reserve boundaries". A strategy will involve boundary demarcations, in many cases legal actions, some part degazetting or swapping, a lot of sensitization work etc. Also funds for resettlement in areas where conflicting government policies have made this eligible. CFM support could also be part of it, or a stand alone programme.

NFA would also need continued management support and training to become a self sustainable business like institution.

- Page 25. Private sector and civil society. There is an opportunity to establish a program implemented by an NGO with a fund to support communities with CFM agreements with NFA. CFM is very promising, but there is a continuous need for incentives. NFA could within a few years have maybe 100 CFM's. If we could "feed them" through some NGO's with support worth let say NOK 10.000 each annually, it would make a real difference in many communities attitude. Must be clearly linked to performance against CFM plans, with recommendations for support from NFA.
- Page 26. Norwegian Forestry Group is mentioned as a relevant partner. I would rather say Statskog, to continue the links already established between key staff in NFA and Statskog/SB-Skog and Prevista.
- Page 29. TA support to the Dep of planning in MWLE. This is mostly a need right now. Under implementation of a programme, it would be better with a TA linked e.g. directly to the Director of Lands and Environment, since this is envisaged to have a sector programme approach.
- Page 31. A possible NEADS, to mirror NAADS on environmental issues is proposed. To make an impact this would need substantial funding. I'm skeptical to create new institutions; you could rather contract NEMA and NFA.
- Page 32. I would not support confined core support to staff more districts with DFS, but instead support some key forestry district to have an operational DFS (better with a few up and running, than many all being idle). More work must be done to develop work plans with priorities for what the DFS should be doing, and modalities to monitor and follow up on performance (FID).

### **General comments:**

- The report identifies possible areas for future support. I would have preferred if it could give some guidance on priorities. You can definitely not support all the areas mentioned with a program from Norway. With coordination with other donors, we can although achieve a lot.
- A fundamental weakness with the whole ENR SWAP is that the ENR is really not regarded as a homogeneous sector in Uganda. Fisheries is nearer to agriculture, wildlife to tourism as you also find it in the structures of the Ministries. The newest development seems to be creating a new Ministry of Lands. In the SIP process wildlife and fisheries are not very present. Budgeting follows the Ministry structures. There might be desirable for Norway to support fisheries, but I would recommend that this is done through a separate programme. Coordination within a Ministry is challenging, across ministries extremely challenging.
- A sector program implemented in the MWLE must be very well defined, with funding modalities avoiding use of the MWLE accounting and procurement structures. I would not be comfortable unless there is a provision for a full time TA in the beginning of the programme, and a regular follow up thereafter. The TA could be instrumental in the detail design of the programme.

Preferably, the report should advice on the way forward process. In my view something like this:

1. The Embassy with support from Norad define its level of ambitions. Uganda has an outstanding opportunity to pilot Norways ambitions on increased engagement in environment and natural resource management. Ideally this should include the amount of funding, its administrative capacity, and how narrow/wide its approach should be.
2. Donor coordination, at least ensure that the following program design is well coordinated with that in EU, WB and possible the Belgium and Dutch programmes.
3. A programme design phase. Institutions like NFA can probably develop fairly comprehensive program proposals. But for a sector approach a consultancy input would be needed following clarifications on point 1 and 2.
4. A time table leading to a start up point for a new programme – can also be a phased process were you establish the structure for the support, and start with components as they are ready. Ideally, we should be up and running we a programme mid 2007...

## **Comment to draft report from Fact Finding mission, April 2006**

### **By Svein Larsen, Coordinator for NFA-Statskog Cooperation**

I followed the development in the Ugandan forestry sector in various positions since 1970. The last period, from 2000 to 2003 I was working mostly full time as Restructuring specialist in Uganda Forest Sector Coordination Secretariat(UFSCS) and from 2003 as coordinator for the institutional cooperation between NFA and Statskog. With this background I am mainly concentrated my comments on the Forestry sector part of the mission report.

#### **1. General comments**

- The report indicate an annual amount of 40 million NOK but without prioritizing the allocation . 40 million is 3 times the annual support to NFA today, but with the list of fields for possible support in the report, it is still a small amount. The mission is also mentioned as a "Fact finding mission".

That means it will have to be designed a program document, or program documents and a long process before support will on the ground.

- Key elements as basis for a program for support to forestry will be SWAp, SIP and NFP. In Annex C in the report "Sector Wide Approach Roadmap of September 2006" and a Draft Sector Investment Plan(SIP) is mentioned under ENR Sector Plans. I understand SIP is still a draft.

- NFP is listed under Sub-Sectorial Plans. The work with NFP included an extensive preparatory process collecting much information and in-put from various stakeholders. However, the plan itself was far too ambitious to be a realistic document for implementation. Practically it is only the establishment of NFA that has been realized. The ADB project that has just taken off recently could have improved on that situation but this project has delayed very much. It is an absolute need for up-dating and revision of NFP. This could be one of the tasks in the support program.

- The mission stresses the importance of Donor coordination. I fully agree with that. However, with the experience from the present program, we must avoid that the bureaucratic regulation with the lead donor is a main obstacle for a smooth progress of the implementation of the program.

- Sector ceiling in the National budget.

A few days ago Olav Bjella and I were in a meeting in PS office together with the Director for Lands and Environment and the Head of FID. He explained about his problems in the initial stage of implementing the ADB project and pointed at the budgetary ceiling for the sector as a main obstacle for progress. As example for this year he told that the project had a budget of 23 billion shs, but he was only allowed to spend 8. I was not able to find out if this is correct, but this is not the first time I have met this problem. However, this is a question that has to be sorted out when designing the program.

In the "Outline of Potential areas of Support" plantation establishment is mentioned as "Institutional core Support" This will reduce the risk factor "NFA must succeed" as stated later in the outline.

- Prioritize production oriented activities.

As mentioned above the mission has listed fields for possible support, but without prioritizing the fields recommended for support. Afforestation and establishment of new plantation is very important in the present situation in Uganda with a big shortfall of forest products some few years ahead.

In a longer perspective it is the production that must pay for control and extension services. It is therefore important that production activities is given the necessary priority.

## Decentralized Management.

I am fully aware of the need for environment awareness and control of development activities in the districts. However, with the inflation of new districts I would question if Uganda will have resources to maintain a ENR administration with an environment and a forestry officer in each district. It is too many examples of support to activities with unrealistic intention of sustaining with local resources after termination of the support. If not by long term support such resources has to come from production activities. It is therefore important that support to production activities are prioritized as stated above, eg plantation establishment.

## **2. Support to MWLE**

During my work but also through personal contact with the Permanent Secretary I have been able to observe the administrative problems in the ministry. To improve on this I will propose to have a program coordinator linked directly to the PS office, to assist him in the ministry part of the program and to coordinate TA in-put in the various components. A tentative time schedule could be one year stay in an initial year and shorter annually or preferably biannually visits for the rest of the program period.

## **3. Support to FID**

The ADB project (Farm income Enhancement and Forest Conservation Project) is in the initial stage and is allocated to FID with the head of FID as Project Manager. The project set up is not including considerable additional personnel in the division, but the project includes big amounts to be channeled to the districts. It is very important that a possible Norwegian support to the districts are coordinated with the ADB project and integrated in a permanent and a sustainable administration set up for FID.

## **4. Further support to NFA**

In the mandate for establishment of NFA one of the conditions was that it should be self-sustaining after 4 years. When preparing the first business plan in 2001 we had to fulfill this requirement by adjusting the number of staff and by keeping the investment at a minimum, e.g. it was no room for expansion of the plantation areas.

Both in the planning process and during the first years of operations it has been great pressure and expectations for NFA to take on non-commercial activities. In the Forest Act it is clearly stated that such activities shall be paid for either from GOU or any other source. So far these activities have been supported by NORAD and EU to some extent, but nothing has come and should be expect to come from GOU in the nearest future. This refers specially to the Public Goods activities mentioned on page IV of the executive summary in the report. Especially the seed supply and the follow up of the biomass study should be given priority.

NFA was taking over all assets and liabilities from Forest Department. Being aware of unprdicable cost implications that could be incurred by boundary disputes, it was assumed that NFA should be handed over a forest estate with fairly clear status for CFR boundaries. In the last period in UFSCS it was also allocated money to FD, at least to assess the status for these boundaries. It was very little progress in this work and the reality has been that NFA was handed over a forest estate with a lot of boundary disputes to be solved. Much money has already been spent and will still be needed to bring the status of the forest estate to an acceptable stage of clarification. However, this is a very important issue and important and essential in the securing of a permanent forest estate.

As mentioned above it was very little room for extension of the plantation establishment in the first NFA business plan. I am therefore pleased to se that the mission mention support to plantation

establishment as a possible field for support. Without a bigger forest asset NFA will not be able to maintain a country wide organization and be a vehicle in the Forest Sector. At the present stage this vehicle is necessary for the general development of the sector. Alternatively NFA might end up as a pure land-owner with a small administration, administering licenses for plantation establishment with companies, various institutions and private individuals.

The present program for support to NFA amounts to 40 million NOK over 3 years with a TA component of 21,5% (8,6 mill.). The program runs up to end of 2007.

In March 2003 NFA and Statskog signed an agreement covering institutional cooperation between the two organizations. This is a part of the Norwegian support to the Ugandan forestry sector as mentioned above. The cooperation has included delivering of TA in various fields. As coordinator for this cooperation I am not the right person to comment on the success or failure of this cooperation in general. However, I will strongly recommend that the cooperation is continued. Early next year it will change in the leader group of the organization. How big changes we do not know, but we have change of Finance director at this moment and the head of Forest Operation Division has recently delivered his resignation and he will leave the organization early autumn. The organization is still young and in a period with need for changes. My personal view is that a new agreement could be with reduced TA in-put, more concentrating on specific subjects, but generally within the same group of consultants that has been involved already and with an experienced coordinator that can function as an advisor and discussion partner for the Board and the ED (I am not a candidate for that position), visiting 3 times a year.

On page 26 in the mission report The Norwegian Forestry Group is mentioned as a possible partner institution for cooperation for NFA. NFG is not an institution like Statskog, but an umbrella organization where also Statskog is a member. Under the present agreement it has therefore also been involved people from NFG outside the Statskog system.

## **5. Plan for the Program development**

The next step in the process should be to develop program document(s). It should be considered to split this work in two main components, one for Fisheries and one for MWLE. The MWLE component could then be split into 3 sub-components with a common part covering the support to PS office, Environment (NEMA), NFA and FID/DFS.

The practical organization of the work should be discussed but already at this stage it should be given indicative figures for the total amount and the splitting in the different component and sub-components mentioned above.

With the experience we have with the limited capacity in the MWLE administration it should be considered to contract an external consultant to assist in the program development process.

**Lillehammer 22.5.06**

**Svein Larsen**

## **Erik Trømborg, comments**

Dersom Norad ønsker å bruke NOK 40 mill årlig kan det være naturlig å gå utover NFA og kanskje også skogsektoren. Min vurdering er at uten en grunnleggende reform i MWLE, er jeg usikker på om en får noen varig effekt av å bruke mer penger der, dvs utover prosjekts varighet. Er også usikker på hva en kan få til i distiktene uten å gå inn tyngre. Skogbruk skal være en desentralisert aktivitet, men ikke nødvendigvis med en viktig offentlig lokal rolle.

Det viktig å bygge videre på NFA som et instrument i skogsektoren. Videre støtte til NFA bør ikke primært være for å støtte organisasjonen, men for å støtte aktiviteter i sektoren hvor NFA kan være et naturlig instrument. I tillegg til å sikre miljøverdiene i naturskogene, bør private sector involvement stå sentralt i neste fase for NFA. Tror utfordringen i NFA videre blir å finne et riktig ambisjonsnivå. NFA vil ikke ha ressurser til å investere og forvalte alle 6-700 eiendommene, men bør konsentrere seg om de største og de med størst miljømessig betydning. Dermed er det viktig å få inn privat sektor - communities, grupper, privatpersoner, investorer i forvaltningen av ressursene med NFA som grunneier, tilrettelegger, veileder og overvåker. Mitt inntrykk er at dette ikke har hatt nok fokus så langt i NFA, og kan være et område å sett trykk på gjennom videre støtte.

Ellers er det viktig å bruke NFP som et utgangspunkt for prioriteringer i skogsektoren. Nasjonale skogprogram skal være grunnlaget for bistand i skogsektoren, jfr IPF, IFF og UNFF som Norge har gitt tilslutning til. Prosessen i Uganda var omfattende og det er viktig å bruke dette videre i bistandssammenheng.