

Government of Uganda/The World Bank

Review of Public
Expenditures for
Sustainable Land
Management

Final Report

September 2006

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Acronyms and Abbreviations

CCD	Convention to Combat Desertification
ENR SIP	Environment and Natural Resources Strategic Investment Plan
GDP	Gross Domestic Product
GoU	Government of Uganda
LGDP	Local Government Development Program
MAAIF	Ministry of Agriculture, Animal Industries and Fisheries
MEMD	Ministry of Energy and Mineral Development
MES	Ministry of Education and Sports
MFPEd	Ministry of Finance, Planning and Economic Development
MOLG	Ministry of Local Government
MWLE	Ministry of Water, Lands and Environment
MTEF	Medium-term Expenditure Framework
MTTI	Ministry of Trade, Tourism and Trade
NAADS	National Agricultural Advisory Services
NARO	National Agricultural Research Organisation
NEMA	National Environmental Management Agency
NEPAD	New Partnership for Africa's Development
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PIP	Project Investment Plan
PMA	Plan for Modernisation of Agriculture
PER	Public Expenditure Review
PRSP	Poverty Reduction Strategy Paper
SLM	Sustainable Land Management
SSA	Sub-Saharan Africa

1 Background and Objectives

1.1 Background

Land degradation and poor land management in sub-Saharan Africa (SSA) is a major challenge that cuts across issues of poverty, health, the environment and economic growth. The economic costs of poor land management in the region have been estimated to be US\$9 billion per annum¹ with over 3% of agricultural GDP lost annually as a direct result of soil and nutrient loss.²

Sustainable Land Management (SLM) offers the integrated approach needed to provide solutions to the intertwined environmental and economic challenges faced by rural land users and the urban inhabitants that depend on them for food security. Although land degradation is recognized as a major development issue, SLM has not received the desired attention in the development agenda of Uganda due to the existence of a number of critical barriers, including an unorganized body of knowledge and weak analytical underpinnings to support decision-making processes. As a result, the scale and scope of investments in SLM programs continue to be limited, in turn hindering achievement of rural development goals and balanced economic growth.

TerrAfrica, a new Global Partnership Program convened by the World Bank (AFR, ENV, and ARD), has taken up the challenge to enable the scaling up of SLM in SSA. Specifically, TerrAfrica provides a regional platform for identifying and disseminating targeted knowledge that supports decision-making with the aim to secure domestic and international resources to support scaled up investments in SLM. Partners include NEPAD, the UNCCD Secretariat and Global Mechanism, all UN agencies active in land management in Africa, the European Commission, and other bilaterals. The Government of Uganda (GoU) has proposed engaging in a country program under the TerrAfrica banner.

Many governments, including (GoU), have expressed interest in better integrating SLM issues into development strategies including PRSPs, donor assistance

¹ GTZ CCD Fact Sheet on Desertification (cite: Dregne 1991).

² Drechsel and Gyiele 1999. The World Bank's Africa Action Plan (Aug. 2005) has noted the important linkages between poverty and low agricultural productivity in SSA. In the Action Plan, the Bank identified the promotion of higher agricultural productivity through the use of more sustainable agricultural practices as one of their priorities. Activities under TerrAfrica are in line with the Action Plan: these activities promote sustainable agricultural practices by mainstreaming SLM in the development agenda.

strategies, and sectoral strategies. This interest has thus far been supported by the Global Mechanism of the Convention to Combat Desertification and other TerrAfrica partners, which has facilitated the gathering of some basic information. To more fully respond to country needs, however, the World Bank's comparative advantage will have to be brought to bear more prominently. As such, the context of this proposed activity is to strengthen the integration of SLM within the PRSP, donor assistance strategies, and domestic budget planning. **A critical prerequisite for mainstreaming SLM into these vehicles is to conduct a review of public expenditures for sustainable land management.**

GoU is preparing an ENR SIP as an important step to further strengthen fiscal allocations to the environment and natural resources sector. At this moment, the overall vision, the key institutions to be involved, the focal areas as well as the strategic objectives are in place. What remains in finalising the ENR SIP is the formulation of targets and the costing.

1.2 Project objectives and scope

The objective of this activity is to review Uganda's public expenditures in SLM across ministries and institutions, and compare the expenditures against the country's stated agricultural development, rural development and environment agendas. The proposed review would allow misalignments and gaps to be identified and filled, and appropriate adjustments in programs to be made to drive SLM scale-up and therefore improve land-use productivity. The review will also be an input into the annual Uganda PER process and a component of the Strategic Environmental Assessment being planned by the World Bank. A secondary objective is to provide good practice guidelines based on lessons learned from the SLM PER process, to improve similar efforts in SSA.

The definition of sustainable land management (please refer to section 2.1) has been agreed between the Bank and the Consultants during preparation of TOR. The definition was tested and discussed based on a project profile presented by the Consultants at the start-up meeting in Uganda on May 4 2006.

The draft report was presented as an important input for the first meeting under "Establishment of a country level platform on sustainable management in Uganda" held on June 27 2006.

The scope of this project includes the following three steps:

- Step one-define sustainable land management
- Step two-identify a portfolio of public sector SLM investments according to the definition
- Step three-collect budgetary data aligned with the definition of SLM and the portfolio investment

Thus this project corresponds to the three steps as outlined in TOR (please refer to Appendix 4)-The decision on implementation of a project to address the remaining step four-analyse data to produce actionable recommendations and step five-production of deliverables is awaiting the outcome of this report.

2 Overall Approach

2.1 Definition of SLM

SLM combines technologies, policies, and activities aimed at integrating socio-economic principles with environmental concerns. Definition of SLM³ is based on simultaneously achievement of the five pillars:

- maintain or enhance production (productivity);
- reduce the level of production risk (stability, resilience);
- protect the potential of natural resources and prevent (buffer against) soil and water degradation (protection);
- be economically viable (viability);
- be socially acceptable (acceptability).

SLM can prevent, halt and reverse the effects of land degradation. It can ensure sustainable growth and reduce poverty, through agricultural productivity gains, food security, biodiversity conservation, water, climate and the integrity of ecosystem functions.

SLM is a necessary building block for sustainable agricultural development and it is a key element in Agenda 21's goal of sustainable development.

In accordance with a recent study⁴, soil erosion is the most significant environmental degradation factor in the Uganda. Thus, based on a SLM diagnostics outlining the causes of soil fertility and land degradation, the PER should out-

³ Smyth & Dumanski 1993, World Bank 2004. This definition has been field tested in several countries and is judged to provide useful guidance to assess sustainability. The background for the definition is the development of the concept of sustainable land management in 1991 followed by the establishment of an international working group of the International Society of Soil Science which actually developed the definition. Subsequent international workshops under the umbrella of the Congress of Soil Science have further developed indicators of sustainable land management.

⁴ J.Olson & L.Berry (2003): *Land Degradation in Uganda: Its Extent and Impact*

line key interventions for mitigating soil erosion/land degradation and should assess whether such interventions are adequately funded to ensure sustainable land management. Taking into account the above SLM definition the approach suggested for undertaking the PER has taken into account the feasibility of identifying SLM projects over a reasonable time and tracing associated planned and actual project expenditures. The approach includes the following steps:

- Design and test project matrices to be used in identifying eligible SLM projects
- Identification of "grey" projects
- Data sources and assumptions for data collection
- Data collection
- PER results and conclusions

2.2 Design and test project matrices to be used in identifying eligible SLM projects

The basis for the expenditure review is annual Project Investment Plans (PIP's) as submitted by MFPED. The PIP provides an overview of all public investment projects financed by GoU and by donors. For each project a project profile outlines objective, outputs and indicators and planned expenditures related to project implementation.

The following matrix shows the level of information to be collected for each project in assessing its SLM eligibility.

Table 2.1 SLM Project Eligibility Matrix

1. Name of Ministry	Selected ministries
2. Name of Project	From PIP project profile
3. Project objective	From PIP project profile
4. Project outputs	From PIP project profile
5. Project indicators	From PIP project profile
6. The project maintains or enhances production	Yes/No
7. The project reduces the level of production risk	Yes/No
8. The project protects natural resources	Yes/No
9. The project reduces soil and water degradation	Yes/No
10. The project is economically viable and socially acceptable	Yes/No

Only projects which comply with all criteria 6-10 should be considered SLM projects. This implies that the inclusion/exclusion of individual large projects

based on their SLM classification significantly affect the total level of SLM expenditures. Projects that comply with only four of the five criteria 6-10 will be pooled into a "grey-area" of projects. It should be noted that the classification of projects into SLM and "grey area" projects have been based on project screening only from the PIP and not on implementation. In cases where it has been difficult to classify projects from the PIP profile the concerned line ministry has been consulted.

The practical method for assessing SLM eligibility is to request MFPED to release recurrent and capital expenditures for the period 2001-2005 inclusive. Donor funds will be captured as part of the expenditures submitted by MFPED. However specific cases where donors finance and implement activities directly with beneficiaries could only be captured by approaching the relevant donors. The level of expenditures by major nationwide NGOs will also be assessed by approaching these NGO's directly.

All expenditure trends should if possible be analyzed by category (types of sustainable land management) and by geographical distribution.

2.3 Identification of grey projects.

The definition of SLM is all-inclusive emphasizing enhancement of production, protection of natural resources, soil and water conservation as well as economic viability and social acceptability. All criteria should be simultaneously fulfilled as a pre-requisite for SLM eligibility.

With an initial assumption that few projects would comply with all criteria it would be important to capture reasons and explanations why the majority of projects may be ineligible.

Therefore in addition to eligible projects an additional group of ineligible projects will be registered as part of the assessment of the project profiles:

- Those projects complying with four of the five criteria 6-10

Above projects could be considered as belonging to a grey zone of projects or projects which with more attention given to sustainability aspects potentially would have been eligible as a SLM project.

2.4 Data sources and assumptions for data collection

A number of data sources have been identified and used for the analysis including:

- Budgeted capital expenditure and actual funded by donors and GoU in accordance with PIP-data provided by MFPED

- Recurrent expenditures for all ministries funded by GoU-data provided by MFPED
- Transfer of conditional and un-conditional grants from central government to districts-data provided by MFPED
- Off budget donor funded expenditures for SLM activities implemented by NGO's.

2.4.1 Capital expenditures funded by donors and GoU

Using PIP for each year ensures data consistency which would not be possible if data was retrieved from different line ministries.

PIP is sorted by ministries and agencies of which the target for SLM investments should be searched among the following ones:

- Office of the Prime Minister
- Ministry of Finance, Planning and Economic Development (MFPED)
- Ministry of Agriculture, Animal Industry & Fisheries (MAAIF) including NARO and NAADS
- Ministry of Water, Lands and Environment (MWLE)
- Ministry of Local Government (MOLG)
- Ministry of Education and Sports (MES)
- Ministry of Trade, Tourism and Industry (MTTI)
- Ministry of Energy and Mines Development (MEMD)
- Local Government Development Programmes (LPDP) Districts

The data indicated in PIP project profile is considered the main source of information in assessing project eligibility. Only in cases where data indicated in the PIP project profile is considered insufficient to assess the project eligibility the concerned line ministry will be approached.

2.4.2 Recurrent expenditures by GoU

Recurrent expenditures allocated for SLM by relevant sectors should be estimated from budget performance figures or actual disbursement expenditures. The wage and non-wage recurrent expenditure for SLM sectors should be multiplied with the relevant SLM sector ratio. The SLM sector ratio is estimated from the average annual ratio of SLM capital investments (donor and GoU) as compared to all capital investments (donor and GoU) of the sector.

2.4.3 Transfer of conditional and un-conditional grants from central government to districts

In addition to expenditures captured under line ministries and implemented at district level the fiscal decentralization provides for conditional as well as un-conditional grants which are funds channelled directly from central government to districts. Conditional grants are earmarked for specific activities which are subsequently being monitored by the relevant line ministry responsible and MFPED.

MFPED has prepared an overview of conditional and un-conditional grants to districts of which conditional grants are the most significant part amounting to approximately 80%. In accordance with the overview the following areas include SLM expenditures:

- Agricultural Extension
- PMA-Non Sectoral Expenditures
- Agricultural Development Centres
- NAADS (this allocation is an alternative to expenditures for agricultural extension)
- Natural Resources
- PAF monitoring & accountability

Finally any share of un-conditional grants allocated by districts for SLM activities should be captured through MOLG.

2.4.4 Off-budget donor funded expenditures

A number of donors including USAid implement activities through direct channelling of funds to NGOs at district level thereby bypassing the whole public budget process. These expenditures should however also be reflected which would require data to be sourced directly from donors.

3 SLM Expenditures

The SLM expenditures are estimated in accordance with the methodologies as presented in Chapter 2 and shown below as:

- Capital and recurrent SLM expenditures as captured through PIP;
- Conditional and un-conditional grants to districts allocated for SLM activities;
- Off budget expenditures for implementation by NGO's funded by donors

3.1 Budgeted and disbursed capital expenditures captured through PIP and funded by donors and GoU

A number of approximately 2,000 projects as included in the PIP during 2000/01-2004/05 have been assessed or more specifically project titles were screened for their SLM relevance. This resulted in the identification of a smaller number of approximately 50 projects belonging to SLM relevant ministries including in particular MAIFF, MWLE and MEMD but also Ministry of Local Government, Office of the President and Ministry of Education and Sports. The remaining majority of projects were from an assessment of their title/host ministry found SLM irrelevant.

Subsequently a more detailed assessment was carried out of the 50 SLM relevant project profiles as included in the PIP. For each project profile and in particular from the project objective and outputs it was assessed whether or not the specific project complied with the SLM criteria 6-10 as outlined in Table 3.1 above. Projects complying with all five criteria were identified as SLM projects and those projects complying with four out of five criteria were identified as grey area projects. Remaining projects were considered irrelevant for further analysis.

Result of the detailed screening of the 50 projects is shown in the project matrix (Please refer to Appendix 2). For the most relevant SLM sectors including agriculture, water and energy characteristics of the identified SLM projects have been outlined in the following.

3.1.1 Agriculture

The SLM projects identified and implemented under MAAIF include the following types of projects:

- Support to sustainable production technique and through training of extension workers and farmers
- Institutional and framework support with emphasis on sustainability issues
- Research projects as related to sustainable land management and funded under NARO

Quantitative characteristics of SLM and grey projects within agriculture are shown in Table 3.1.

Table 3.1 Characteristics of SLM and grey projects under MAIFF

	SLM projects	Grey Projects
No of projects identified	17	9
Total expenditure-disbursement (Million US\$)	80.9	17.2
Project location	Countrywide and specific districts	

Source: MFPED

A relatively large share of agricultural projects has been identified as grey projects. These projects mainly have a productivity increase focus whereas issues of natural resource protection and prevention of soil and water degradation are not part of project outputs. Thus this group of projects which potentially contribute to land degradation could with inclusion of sustainability issues become SLM projects.

The location of SLM projects is either all Uganda or specific districts. Specific districts include among others Northern Uganda, West Nile, cattle corridor and tea growing areas.

3.1.2 Water, lands and environment

The SLM projects identified and implemented under MWLE include the following types of projects:

- Support to improved management of land use practices with focus on soil and water conservation, wetland management and sustainable use of forest products
- Support to land tenure reform and to the establishment of a computerised land information

- Support to the development of a vision for the ENR sector

Table 3.2 gives details for SLM and grey projects under MLWE.

Table 3.2 Characteristics of SLM and grey projects under MLWE

	SLM projects	Grey Projects
No of projects identified	6	1
Total expenditure-disbursement (Million US\$)	66.5	8.7
Project location	Countrywide	

Source: MFPED

3.1.3 Energy and mineral development

Currently, less than 5 percent of Ugandans in rural areas have access to hydro electric power, solar energy, wind, biogas and other forms of power energy. The fact is that trees in rural areas are being depleted at an alarming rate, thus it is important that energy projects are designed and implemented not only to transform rural areas through increased access to electricity and other forms of energy but also to curb or reduce environmental degradation.

The SLM projects identified and implemented under MEMD include the following types of projects:

- Support to drafting of legislation for the renewable energy
- Support to generation of energy based on renewable sources of energy
- Support to generation and transmission of power to rural areas

Table 3.3 Characteristics of SLM and grey projects under MEMD

	SLM projects	Grey Projects
No of projects identified	5	1
Total expenditure-disbursement (Million US\$)	80.3	3.1
Project location	Countrywide	

Source: MFPED

Among the five SLM projects is the Power IV Project (Kiira Dam) for which donor funding has amounted to approximately US\$ 39 Million or around 50% of all expenditure allocated for SLM activities under MEMD.

3.1.4 Capital expenditures

Overall SLM capital expenditures as captured in PIP for the main ministries are shown in Table 3.4

Table 3.4 SLM Capital expenditures disbursed under MAIFF, MWLE, MEMD and other Ministries. Current prices- Million US\$

	2000/01	2001/02	2002/03	2003/04	2004/05	Total
Disbursement: MAIFF						
Donors	8.6	7.9	10.1	5.4	0.6	32.6
GoU	4.8	10.3	8.8	11.4	13.0	48.3
Sub-total MAIFF	13.4	18.2	18.9	16.8	13.6	80.9
Disbursement: MWLE						
Donors	8.9	10.0	1.1	7.0	4.8	31.8
GoU	9.4	8.4	4.2	6.1	6.6	34.7
Sub-total MWLE	18.3	18.4	5.3	13.1	11.4	66.5
Disbursement: MEMD						
Donors	22.3	6.3	19.9	0.0	1.6	50.1
GoU	1.8	5.0	20.2	0.3	2.9	30.2
Sub-total MEMD	24.1	11.3	40.1	0.3	4.5	80.3
Disbursement: Other ministries						
Donors	6.6	17.6	12.1	2.2	3.6	42.1
GoU	2.3	1.2	0.9	1.0	0.9	6.3
Sub-total other ministries	8.9	18.8	13.0	3.2	4.5	48.4
Total Disbursements						
Donors	46.4	41.8	43.2	14.6	10.6	156.6
GOU	18.3	24.9	34.1	18.8	23.4	119.5
Grand Total	64.7	66.7	77.3	33.4	34.0	276.1

Source: MFPED. Prices converted from Ushs to US\$ at average annual exchange rates.

The main trends in capital expenditure for SLM are the following:

- Overall disbursed SLM capital expenditures were increasing from a level of around US\$ 65 Million in 2000/01-2001/02 until 2002/03 where they

reached US\$ 77 Million but have since dropped significantly to a level of US\$ 34 Million in both 2003/04 and in 2004/05. This SLM expenditure trend reflects a general decrease in project support from donors (at least from 2003/04-2004/05).

- Overall donors funded US\$ 157 Million and GoU the remaining US\$ 119 Million of total capital expenditures of US\$ 276 Million over the period. Thus the donor funding ratio was 57%. However since 2003/04 the GoU contribution of SLM capital expenditure has exceeded the donor contribution amounting to an overall ratio of 69% in 2004/05
- Within MAIFF planned donor funded expenditures exceed disbursements for each year significantly; however mostly for donor funded expenditures; for energy and water disbursements have in a number of years exceeded planned expenditures due to mainly an accumulation of disbursements which have been delayed in previous years.
- SLM expenditures/project in MEMD and in MLWE are relatively larger than for MAIFF. For MEMD this is primarily due to Power IV Project (Kiira Dam) for which donor funding alone has amounted to US\$ 39 million i.e. approximately 78% of all donor SLM expenditures for this ministry⁵.

3.2 Recurrent expenditures by GoU

Recurrent expenditures allocated for SLM activities are estimated from budget performance figures. The basis for the estimation is wage and non-wage recurrent expenditures for the SLM sectors of agriculture and water. These expenditures are multiplied with the relevant SLM sector investment ratio. The SLM sector investment ratio is estimated from the average annual ratio of SLM capital investments (donor and GoU) as compared to all capital investments (donor and GoU) in the sector.

Table 3.5 Estimated Recurrent SLM Expenditures (Million US\$)

	2000/01	2001/02	2002/03	2003/04	2004/05	Total
MAIFF						
Wage ⁶	0.7	0.8	1.2	1.2	1.4	5.3
Non-wage ⁷	0.9	1.2	1.2	1.6	3.8	8.7
Sub-total recur-	1.6	2.0	2.4	2.8	5.2	14.0

⁵ According to the MEMD the objective of Power IV Project is to address the low rural access ratio to electricity which has also been reflected by a high annual growth target 2001-10 for rural connections of 15%. Thus significant wood/charcoal reduction.

⁶ Wage and salaries consist of all compensation of government employees except for social contributions by employers. Source: Government Finance Statistics Manual 2001, IMF.

⁷ Non-wage recurrent expenses include as main items a) use of goods and services, b) interest, c) subsidies and grants and d) social benefits.

rent						
SLM recurrent (ratio of 27%)	0.4	0.5	0.6	0.8	1.4	3.7
NARO	1.2	1.1	1.1	1.0	0.9	5.3
Sub-total SLM MAIFF	1.6	1.6	1.7	1.8	2.3	9.0
MWLE						
Wage	0.2	0.3	0.3	0.5	0.6	1.9
Non-wage	0.3	0.1	0.2	0.2	0.3	1.1
Sub-total recur- rent	0.5	0.4	0.5	0.7	0.9	3.0
SLM recurrent (ratio of 16%)	0.1	0.1	0.1	0.1	0.1	0.5
Sub-total MWLE	0.1	0.1	0.1	0.1	0.1	0.5
MEMD						
Wage	0.3	0.3	0.5	0.5	0.7	2.3
Non-wage	0.5	1.0	0.9	1.0	0.6	4.0
Sub-total recur- rent	0.8	1.3	1.4	1.5	1.3	6.3
SLM recurrent (ratio of 16%)	0.1	0.2	0.2	0.2	0.2	0.9
Total SLM recurrent	1.8	1.9	2.0	2.1	2.6	10.4

Source: MFPED

3.3 Transfer of conditional and un-conditional grants from central government to districts

3.3.1 Recurrent expenditures

Under the Recurrent Expenditure Budget, the districts are given both Conditional and Unconditional Grants to finance their programmes. Conditional grants are provided to districts to finance the programmes already agreed upon with the central government. Districts may however decide independently from central government on the use of up to maximum 10% of all conditional grants.

Table 3.6 shows the following conditional grants that are utilized on SLM related activities;

- Environment and natural resources grant-is used for planting trees within communities, sustainable management of local forest reserves, reactivation of environment management institutions, strengthen land management in-

stitutions, develop wetland management plans and ensure planned developments on the land. Thus this grant fully finances SLM activities;

- Agricultural extension service (wage and non-wage)-is assumed to be fully financing SLM activities. It is acknowledged that agricultural extension services are financing activities that does not qualify as SML, however the above assumption was made taking into account the difficulty in estimating the SML and the relatively small expenditure allocation for agricultural extension service-approximately 15 million US\$ corresponding to around 20% of conditional and un-conditional grants and only around 4% of all SML expenditures;
- District agricultural training centre/s- is assumed to be fully financing SLM activities. This assumption may not reflect the full reality however the assumption is based on the fact that the total expenditure allocation for district agricultural centres is marginal (less than 1%) as compared to all conditional and un-conditional grants;
- Plan for Modernization of Agriculture non-sectoral grant- is used by the districts following their priority areas. The total expenditure pattern of PMA non-sectoral grant was reviewed jointly with the PMA secretariat based on which the Consultant has identified the SLM expenditures which amounted to a SLM ratio of 69% of all expenditures which subsequently has been used as an estimate;
- PAF Monitoring & Accountability-is used by the districts to monitor implementation of activities. The share that goes to SLM related activities has been estimated using the ratio of recurrent SLM expenditures (grants for environment and natural resources, agricultural extension service and district agricultural centres) to all recurrent expenditures. The ratio is multiplied by total PAF Monitoring & Accountability Grant to get the SLM share.
- Unconditional grants-are used by districts to fund activities which they give priority to. Based on assessments of a sample of District Budget Framework Papers for 2004/05 - 2005/06 it has been estimated by the Consultant that 14% of the amount allocated for unconditional grants are used for SLM related activities.

3.3.2 Development expenditures

Two types of grants to the districts are being provided:

- NAADS –this grant is assumed to be fully used to finance SLM activities. This is based on the fact that the plan of operation of NAADS aims at developing and implementing a sustainable natural resource strategy- however it is acknowledged that NAADS is also implementing non-SLM activities. Expenditure allocation for NAADS (a total of around 17 million

US\$) is around 22% of all conditional and un-conditional grants but still less than 5% of all SML expenditures;

- LGDP Grant-is used to finance a number of activities including production with focus on sustainability issues. An assessment of the types of activities included in a sample of different district budget framework papers has been made by the Consultant based on which an estimate of 3% of the LGDP grant has been assumed to be allocated for SLM activities.

3.3.3 Main trends in recurrent and development expenditure for SLM through districts

The main trends as derived from Table 3.6 are as follows:

- An overall amount of US\$ 74 million for total SLM recurrent and development expenditure over the period 2000/01-2004/05 with an increasing overall annual expenditure trend and in particular for development expenditure;
- Recurrent and development expenditures amount to 72% and 28% respectively of all recurrent and development expenditures over the period;
- For recurrent expenditures the important SLM components appear to be the share of un-conditional grant and agricultural extension which amount to 55% and 29% respectively of all recurrent expenditures whereas the environment and natural resources grant represent a minimal expenditure component amounting to less than 1%-NAADS represents the largest expenditure component of development expenditures amounting to 81% of all development expenditures
- The overall increasing trend for SLM conditional and un-conditional grants reflects the increased fiscal decentralisation. Conditional and un-conditional grants have been funded from budget support.

Table 3.6 Estimated SLM expenditures through conditional and un-conditional grants (Million US\$)

	2000/01	2001/02	2002/03	2003/04	2004/05	Total
1. Recurrent expenditures						
1.1 Environment & Natural					0.50	0.50
1.2 Agricultural extension	2.50	3.70	3.10	3.00	3.40	15.70
1.3			0.05	0.05	0.05	0.15

tural Dev. Centres						
1.4 PMA-non-sectoral		1.99	1.82	1.78	1.98	7.57
1.5 PAF monitoring & accountability	0.05	0.08	0.03	0.03	0.03	0.22
1.6 Share of un-conditional grant	6.00	5.50	5.40	5.60	6.60	29.10
1.1-1.6 Total Recurrent expenditure	8.55	11.27	10.40	10.46	12.56	53.24
2. Development expenditures						
2.1 SLM LGDP	0.45	0.55	0.67	1.01	1.12	3.80
2.2 NAADS		0.50	3.00	4.90	8.33	16.73
2.1-2.2 Total Development expenditure	0.45	1.05	3.67	5.91	9.45	20.53
Total Recurrent and Development	9.00	12.32	14.07	16.37	22.01	73.77

Source: MFPED & District Budget Framework Papers

3.4 Off-budget donor funded activities

A number of donors including USAid and WWF are supporting SLM activities through channelling funds directly to NGO's working at district level. As an example Table 3.7 shows SLM projects funded by USAid during 2000/01-2004/05.

Table 3.7 SLM projects funded by USAid through NGOs

Project	Objective	Period	Amount of funding, million US\$
Environmental Conservation Trust of Uganda-ECOTRUST	Conservation of biological diversity and poverty alleviation through sustainable	2001-2005	4.2

	economic activities		
Productive resource investment in managing the environment (PRIME)	Biodiversity conservation through reducing threats to forest, woodland, and aquatic ecosystems through increased economic opportunities and conflict resolution for	2003-2005 ⁸	9.0
Total			13.2

Source: USAid

USAid may be the largest donor for SLM funded activities implemented through NGO's in the country. With this assumption the total SLM off-budget expenditures 2001/02-2004/05 may be estimated to approximately US\$ 20 Million.

3.5 Summary of SLM expenditures

The total SLM expenditures during 2000/01-2004/05 have been established as approximately 380 US\$ Million in accordance with Table 3.4-3.7.

The SLM expenditures by capital expenditures from the PIP, associated recurrent expenditures, conditional and un-conditional grants (which again could be disaggregated into recurrent and development expenditures) and off-budget expenditures are shown in below figure.

The main SLM expenditure trend is as follows:

- Overall annual disbursed SLM expenditures were increasing from a level of around US\$ 80 Million in 2000/01-2001/02 until 2002/03 where they reached US\$ 97 Million but have since dropped significantly to a level of US\$ 56 Million in 2003/04 and then increased to a 2004/05 level of US\$ 62 Million. This reflects a general decrease in project support from donors (at least from 2003/04-2004/05) which is only partly compensated by a gradual increase in conditional and un-conditional grants. Conditional and un-conditional grants reflect fiscal decentralisation which is funded by budget support.
- The significant decrease in capital expenditures as captured in PIP over the period could not be fully compensated by an increase in conditional and un-conditional grants from US\$ 9 million to 22 Million over the period.
- With an expected increasing fiscal decentralisation conditional and un-conditional grants may in the future represent the most significant part of

⁸ The project ends by September 30 2008

SLM expenditures. The ratio of SLM expenditures allocated for conditional and un-conditional grants to all SLM expenditures have increased from a level of 11% in 2000/01 to 35% in 2004/05

Figure 3.1 SLM Expenditures

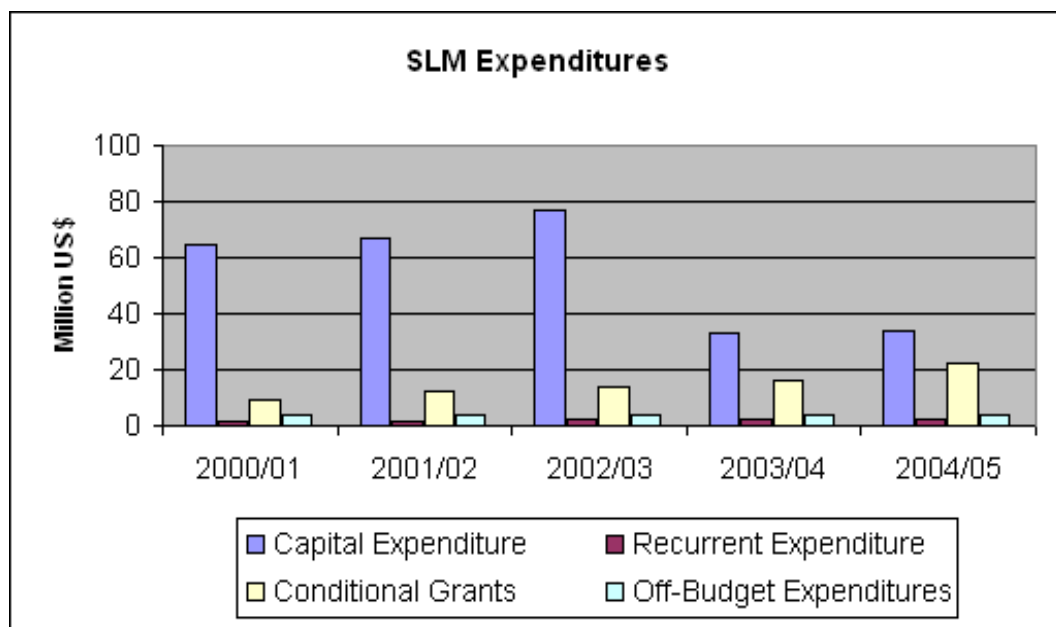


Table 3.8 SLM Expenditure Summary (Million US\$)

	2000/01	2001/02	2002/03	2003/04	2004/05	Total
Capital expenditures	64.7	66.7	77.3	33.4	34.0	276.1
Recurrent expenditures	1.8	1.9	2.0	2.1	2.0	9.80
Conditional & Un-conditional grants	9.0	12.2	14.1	16.4	22.0	73.70
Off-budget expenditures	4.0	4.0	4.0	4.0	4.0	20.0
1. Total SLM expenditures	79.5	84.8	97.4	55.9	62.0	379.6
2. Total ⁹ budget expenditure	1,203	1,315	1,396	1,805	1,771	
3. SLM expenditure in percentage of total budget	6.6%	6.4%	7.0%	3.1%	3.5%	
4. Total ¹⁰ donor	951	1,074	1,280	583	1,144	

⁹ Source of information: Background to the budget, 2002/03 and 2006/07

disbursement						
5 Donor ¹¹ SLM disbursements	55.4	54.0	57.3	31.0	32.6	
6. Donor SLM disbursements in percentage of all donor disbursements; 6=5:4	5.8%	5.0%	4.5%	5.3%	2.8%	
7. MAIFF expenditure	58	68	69	62	63	
8. MAIFF SLM expenditures	13.4	18.2	18.9	16.8	13.6	
9. MAIFF SLM expenditures in percentage of all MAIFF expenditures. 9=7:8	23.1%	26.8%	27.4%	27.1%	21.6%	
10. MLWE expenditures	76	74	65	54	60	
11. MLWE SLM expenditures	18.3	18.4	5.3	13.1	11.4	
12. MLWE SLM expenditures in percentage of all MLWE expenditures. 12=11:10	24.1%	24.9%	8.2%	24.3%	19.0%	

The expenditure summary indicates that:

- Generally GoU allocates a relative higher share (except for year 2003/04) of its budget to SLM activities as compared to donors (compare row "3" with row "6"). For GoU as well as for donors the SLM ratio has been declining with the GOU share ranging from 7.0% to 3.1% and the donor share ranging from 5.8% to 2.8%.
- The MAIFF the SLM ratio is generally higher than in MLWE (except for 2000/01, compare row "9" with row "12"). The average MAIFF SLM ratio is 25% as compared to an average MEMD SLM ratio of 20%.

¹⁰ Source of information: Development Co-operation Report, 2004/05

¹¹ Donor SLM disbursements assumed to be equal to donor funded SLM capital expenditures (Ref Table 3.5) and SLM conditional and un-conditional grants (taken from budget support)

4 Conclusions and Recommendations for Follow-up in Country Program for Uganda

The SLM expenditure baseline as provided in Chapter 3 is by definition a quantitative picture of SLM performance in Uganda. A total estimated figure of US\$ 380 Million disbursed over a five years period is a significant amount. However the amount disbursed needs to be related to the impact caused in terms of improved land management practices and subsequently reduced land degradation.

The absolute amount of SLM expenditure disbursed may not necessarily be the most important issue-expenditure efficiency is very crucial and in particular for a cross-cutting sector such as SLM.

The following challenges should therefore be considered in finalising a country program for Uganda:

- It is acknowledged even in the current National Budget Framework Paper (March 2006) that the high rate of environmental degradation including declining soil fertility in the country is caused by a number of factors such as unsustainable agricultural practices, land fragmentation and forests being settled and swamps reclaimed for agriculture. The document outlines a number of sector priorities and activities to combat environmental degradation for which financing should be made through different sectors;
- Budgeting for SLM is currently an exercise divided between a number of ministries all with their specific priorities-better inter-ministerial coordination for SLM planning and implementation would improve the situation, one single SLM budget may be the most efficient from a resources and implementation point of view;
- With increasing fiscal decentralisation the focus is now on planning and implementation of SLM activities at district level. Expenditure efficiency for activities implemented at district level and funded through conditional and unconditional grants is therefore crucial. The complex grant structure by which SLM activities are financed through a number of different grants also has an impact on efficiency which should be assessed.
- The role of NGO's in planning, financing and implementation of SLM also needs to be further analysed as part of the finalisation of a SLM country programme for Uganda.

- Finally the role of the private sector in future planning, financing and implementation of SLM activities needs to be assessed as part of the finalisation of the country program for Uganda.

Some of these issues and areas could deserve more attention in an extended assessment of PER for SLM.

Appendix 1-List of People Met

Ministry/Agency	Name	Function
MFPEP	Mrs. Margaret Kobusingye	Senior Economist-Water, lands and environment
	Mr. Laban Mbulamuko	Principal Economist in charge of MTEF in Budget Department
	Mr. Fad Tumwebaze	System Analyst, Aid Liaison Department
	Mr W. Ainebyona	Economist-Agriculture
	Mr. Wilbert Ainebyona	Principal Economist-Agriculture
	Mr. William Ndoleriire	Senior Economist-Fiscal Decentralisation
MAIFF	Mrs. Tumusiime Rhoda Peace	Commissioner Planning & Development
	Mr. George Otim	Assistant commissioner
	Mr. Stephen Muwaya	National Co-ordinator UNCCD/NAP
	Mr Aboya Bowazi	Senior Economist, member of ENR
Ministry of Local Government	Mr. Lawrence Banyoya	Local Government Finance Commission, Secretary
	Mr. Adam Babale	Local Government Finance Commission, Principal Economist
MWLE	Mrs. Edith Kateme Kasajja	Commissioner Planning & Development
PMA Secretariat	Tom Kakuba	Programme Officer-Monitoring and Evaluation
Local Government Development Program	Mr. Gilbert Kiracho	Information Systems Officer
WB	Madgur Gautam	Senior Economist
The Global Mechanism	Nils Ingvarsson	Financial Strategy Officer

Royal Belgian Embassy	Kathelyne Craenen	Development Cooperation-ENR donor working group
World Agro-Forestry Centre	Willy Kakuru	Country Programme Co-ordinator

Appendix 2-Classification of PIP Projects

**CLASSIFICATION AND SCREENING OF DONOR FUNDED PROJECTS FOR THE QUALITIES OF SUSTAINABLE LAND MANAGEMENT (SLM)
IN THE AGRICULTURAL AND NATURAL RESOURCES SECTOR FUNDED BETWEEN 2000/01-2004/05**

Name of the project	Project outputs	Enhances production	Reduces production risks	Protects natural resources	Prevents soil and water degradation	Economically viable & socially acceptable	Location	SLM eligible	Grey projects
Ministry Of Agriculture, Animal Industry and Fisheries									
1. Support for Institutional Development MAAIF	Skilled Extension staff	Yes	Yes	Yes	Yes	Yes	Uganda	Yes	
2. Agriculture and Marketing Support Project	Feeder roads repaired Farmer groups formed Extension workers trained Trees planted	Yes	Yes	Yes	Yes	Yes	Districts in West Nile, Northern Uganda & Bundibugyo	Yes	
3. Cotton Sub-Sector CDO	Farmers get seeds New research on seeds Trained farmers Trained extension staff	Yes	Yes	Yes	No	Yes	Cotton growing districts in Uganda	No	Yes
4. Early Warning and Agricultural Statistics	Early warning messages Food security reports	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
5. Farming in Tsetse Controlled Areas	Sustainable control of Tsetse fly pop Samorin treated cattle Introduce good agricultural practices	Yes	Yes	No	No	Yes	Eastern & Central Uganda	No	
6. Northwest Small holder Agricultural Development	Improved farmer skills Revive District Farm Institutes Production of improved varieties of seeds	Yes	Yes	Yes	Yes	Yes	West Nile	Yes	
7. Support for Irrigation	Increase rice production Maintain access roads	Yes	Yes	Yes	Yes	Yes	Lira district & various	Yes	
8. Livestock Disease Control	Improve disease surveillance Eradicate Rinderpest Maintain vaccine production unit Trained veterinary staff	Yes	Yes	No	No	Yes	Countrywide	No	

Name of the project	Project outputs	Enhances production	Reduces production risks	Protects natural resources	Prevents soil and water degradation	Economically viable & socially acceptable	Location	SLM eligible	Grey projects
9. National Livestock Productivity Improvement Project	Improve livestock water supply and people's income Set livestock standards Use insecticide treated tsetse traps by farmers Practice modern farming	Yes	Yes	No	Yes	Yes	29 districts countywide	No	Yes
10. Energy for Rural Transformation Agriculture Sub-Component Project	Raise farm productivity Increased access to energy by farmers Post harvest management Exploit renewable sources of energy	Yes	Yes	Yes	No	Yes	10 districts in 4 regions	No	Yes
11. Supervision, Monitoring and Evaluation	Set agricultural performance indicators	Yes	No	No	No	Yes	specific projects	No	
12. Support to Fisheries Development	Increased incomes Provision of cold storage facilities Reduce water hyacinth Produce high quality fish	No	Yes	Yes	Yes	Yes	5 lakes of Uganda	No	Yes
13. Support to National Agricultural Advisory Services, (NAADS)	Demand driven and farmer-led agricultural extension services to poor farmers	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
14. Support to UCDA Coffee Seedlings	Distribute coffee plantlets/seedlings to farmers Stop Coffee Wilt Disease Produce high value coffee	Yes	Yes	Yes	Yes	Yes	Various districts	Yes	
15. Support for Tea/Cocoa Seedlings	Distribute high yielding elite seedlings to farmers Establish demonstration sites and nurseries	Yes	Yes	Yes	Yes	Yes	8 tea growing districts	Yes	
16. Vegetable Oil Development Project (VODP)	Increased incomes Increased Industrial oil processing mills Ensure high environmental standards	Yes	Yes	No	Yes	Yes	14 vegetable oil growing districts	No	Yes

Name of the project	Project outputs	Enhances production	Reduces production risks	Protects natural resources	Prevents soil and water degradation	Economically viable & socially acceptable	Location	SLM eligible	Grey projects
17. Household Agricultural Support Programme (HASP)	Increase income from farming Improved farm productivity and production Sustainable service delivery	Yes	Yes	Yes	Yes	Yes	6 districts all over the country	Yes	
18. Area Based Agricultural Modern Programme:	Increased farm productivity and household income Provision of clean water and sanitary services	Yes	Yes	No	No	Yes	Western Uganda	No	
19. Water for production	Completed valley tanks to increase water consumption Reduce distance travelled	Yes	Yes	Yes	Yes	Yes	cattle corridor districts	Yes	
20. Support for Cotton-Coffee Research	Improved cotton research Combat Coffee Wild Disease Disseminate information on disease control	Yes	Yes	Yes	Yes	Yes	National research	Yes	
21. Crop Production Systems Research	Use modern techniques - varietal improvement to increase production Better crop management and management of diseases	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
22. Farm Power and Small Irrigation Systems Research	Generation of new technologies Sustainable management of farm power and irrigation systems.	Yes	Yes	Yes	Yes	Yes	Various districts	Yes	
23. Fisheries Production Systems Research	Generation of new technologies Sustainable management of aqua- and fisheries resources	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
24. Forestry Production Systems Research	Enhance sustainable productivity and management of natural forests Improved technology options for natural and plantation forests	Yes	No	Yes	Yes	Yes	Various districts	No	Yes
25. Outreach and Partnership Initiatives	Increased adoption of technologies or research services by farmers	Yes	Yes	No	Yes	Yes	Various Districts	No	Yes

Name of the project	Project outputs	Enhances production	Reduces production risks	Protects natural resources	Prevents soil and water degradation	Economically viable & socially acceptable	Location	SLM eligible	Grey projects
26. Animal Production Systems Research	Generated new technologies & policy oriented research	Yes	Yes	Yes	Yes	Yes	National research	Yes	
27. Post Harvest Systems Research	Reduce post harvest losses of major grains and assure quality for agricultural produce	No	Yes	No	No	Yes	NARO	No	
28. Socio-economic and Agricultural Policy Research	Information on food imbalances and production Information on appropriate agricultural enterprises for good returns	Yes	Yes	Yes	No	Yes	Countrywide	No	Yes
29. Soil Fertility Enhancement Research	Strategic knowledge for generation of new technologies Policy oriented research for dev't Sustainable management of soil fertility and water management	Yes	Yes	Yes	Yes	Yes	NARO	Yes	
30. Support for Capacity Building for ARTP II	Improved capacity for research management and establishment of a Competitive Agricultural Research Grant and Trust Fund	Yes	Yes	Yes	Yes	Yes	Various districts	Yes	
31. Intervention in Strategic Agriculture Export	Commodity Risk Management Information to commercial farmers about strategic exports supported Government	Yes	Yes	No	Yes	Yes	Countrywide	No	Yes
32. Uganda Integrated Programme	Strengthened post harvest pilot centres Investments in agro-processing	Yes	Yes	No	No	Yes	Countrywide	No	
33. Area Based Agricultural Modern Programme	Increased farm productivity and household income Provision of clean water and sanitary services	Yes	Yes	No	No	Yes	Western Uganda	No	
Ministry Of Energy and Mineral Development									
34. Energy Advisory Project	Legislation for the renewable energy Analysis on Energy Efficiency & Demand Side Management	Yes	Yes	Yes	Yes	Yes	Ministry of Energy	Yes	

Name of the project	Project outputs	Enhances production	Reduces production risks	Protects natural resources	Prevents soil and water degradation	Economically viable & socially acceptable	Location	SLM eligible	Grey projects
35. Energy for Rural Transformation	Power generation for small renewable energy resources Individual/Institutional solar PV areas	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
36. Sustainable Management of Mineral Resources	Increase mineral production and exports Increase geological mapping coverage	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
37. Petroleum Exploration Promotion	Establish an environmental geo and petrochemical facility at Petroleum Exploration Promotion Department	Yes	Yes	Yes	No	Yes	Entebbe	No	Yes
38. Power IV Project	Rehabilitate the power generation and transmission system at Kiira Establish petroleum sector monitoring guidelines	Yes	Yes	Yes	Yes	Yes	Kampala Jinja and other areas	Yes	
39. Rural Electrification	New rural consumers connected	Yes	Yes	Yes	Yes	Yes	Nationwide	Yes	
Office of the Prime Minister									
40. Restocking Project	Increased household income & food production through cattle distribution Eradicate poverty through introduction of agricultural activities in the cattle corridor	Yes	Yes	No	No	Yes	Northern Uganda & Luwero	No	
41. Support to Disarmament of Karamoja	Provide water for livestock production Eradicate poverty through introduction of agricultural activities in the cattle corridor	Yes	Yes	Yes	Yes	Yes	Karamoja Region	Yes	
Ministry of Education and Sports									
42. Agriculture Sector Programme Support - MOE	Improved adaption of technologies in cattle, small ruminants and poultry production systems Strengthened research management at NARO and MUK	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	

Name of the project	Project outputs	Enhances production	Reduces production risks	Protects natural resources	Prevents soil and water degradation	Economically viable & socially acceptable	Location	SLM eligible	Grey projects
43. Digital Mapping Project	Cadastral database for the computerised land information system Geo-referenced information used for planning	No	Yes	Yes	No	Yes	Countrywide	No	
44. Environmental Management and Capacity Building Project EMCBP II	Enhanced environment planning to address environment degradation problems and sustainable natural resource use National environmental public awareness	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
45. Lake Victoria Environmental Management Programme	Improvement in management of land use practices regarding soil and water conservation Establish waste treatment plants	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
46. Land Tenure Reform Project	Land resources used sustainably	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
47. Wetland Sector Strategic Plan - Support Project (WSSP)	Effective management of wetlands	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
48. Support to National Forestry Authority	Sustainable yield of forest products	Yes	No	Yes	Yes	Yes	Countrywide	No	Yes
49. Support to ENR SWAP Process	Developing a shared vision for the ENR Sector	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
50. Protected Areas Management and Sustainable Use	Conservation of natural resources	Yes	Yes	Yes	Yes	Yes	Countrywide	Yes	
Total SLM Eligible Projects								29	
Total Grey Projects									11

Appendix 3- Sustainable land management



Land provides an environment for agricultural production, but it also is an essential condition for improved environmental management, including source/sink functions for greenhouse gasses, recycling of nutrients, amelioration and filtering of pollutants, and transmission and purification of water as part of the hydrologic cycle. The objective of sustainable land management (SLM)¹ is to harmonise the complimentary goals of providing environmental, economic, and social *opportunities* for the benefit of present and future generations, while maintaining and enhancing the *quality* of the land (soil, water and air) resource (Smyth and Dumanski, 1993). Sustainable land management is the use of land to meet changing human needs (agriculture, forestry, conservation), while ensuring long-term socioeconomic and ecological functions of the land.

Sustainable land management is a necessary building block for sustainable agricultural development, and it is a key element in AGENDA 21's goal of sustainable development (Chapter 10). Sustainable agricultural development, conservation of natural resources, and promoting sustainable land management are key objectives of the new World Bank rural investment program, *From Vision to Action* (World Bank, 1997), and increasingly these objectives are being included in all agricultural development and natural resources management projects.

Sustainable land management combines technologies, policies, and activities aimed at integrating socioeconomic principles with environmental concerns, so as to simultaneously:

- maintain and enhance production (productivity)
- reduce the level of production risk, and enhance soil capacity to buffer against degradation processes (stability/resilience)
- protect the potential of natural resources and prevent degradation of soil and water quality (protection)
- be economically viable (viability)

- be socially acceptable, and assure access to the benefits from improved land management (acceptability/equity)

The definition and these criteria, called pillars of SLM, are the basic principles and the foundation on which sustainable land management is being developed. Any evaluation of the sustainability has to be based on these objectives: productivity, stability/resilience, protection, viability, and acceptability/equity (Smyth and Dumanski, 1993). The definition and pillars have been field tested in several countries, and they were judged to provide useful guidance to assess sustainability.

The lack of a comprehensive, quantifiable definition for sustainable land management is sometimes considered to be a serious deficiency. Yet, as argued by Gallopin (1995), a research model for sustainability has to be more flexible and therefore less easy to quantify than a research model for chemistry, physics, or classical agronomy. Such a research model must be designed around an evaluation process (rather than thematic context), because it is intended to test the likelihood of certain events taking place and the aggregate impacts of these events, rather than specifics of various null hypothesis or the impacts of certain inputs or land management interventions. Essentially the research model must include a goal statement, a conceptual framework, a set of procedures, and criteria (indicators) for diagnosis. One of the main objectives of such a research model is to evaluate the impacts of events which are uncertain, but the process of evaluation is guided by scientifically defined protocols.

REFERENCES

- Dumanski, J. 1994. International Workshop on Sustainable Land Management for the 21st Century: Summary. Workshop Proceedings. Agricultural Institute of Canada, Ottawa, ON. 50 pp.
- Pieri, C., Dumanski, J., Hamblin, A., and Young, A. 1995. Land Quality Indicators. World Bank Discussion Paper No.315. World Bank, Washington, DC. 51 pages.
- Smyth, A.J. and Dumanski, J. 1993. FESLM: An international framework for evaluating sustainable land management. A discussion paper. World Soil Resources Report 73. Food & Agriculture Organization, Rome, Italy. 74 pp.
- World Bank. 1997. Rural Development. From Vision to Action. ESSD Studies and Monographs Series 12. World Bank, Washington, DC. pp 157.

Appendix 4-Key documents

- Uganda Public Expenditure Review 2002
- Poverty Eradication Action Plan 2004/05-2007/08
- Public Expenditure, Growth, and Poverty Reduction in Rural Ghana, IFPRI 2004
- Papers on Sustainable Land Management, Dumanski J 1993
- Land degradation in Uganda: Its extent and impact, Olsson & Barry 2003
- Strategies for SLM and Poverty Reduction in Uganda, IFPRI 2004
- Papers on SLM in Uganda and other Sub-Saharan Countries

Appendix 5-TOR for Review of Public Expenditure for Sustainable Land Management (SLM)

INTEGRATING SUSTAINABLE LAND MANAGEMENT WITHIN COUNTRY PRSPS-UGANDA

1 Background: SLM enables rural economic growth

Land degradation and poor land management in sub-Saharan Africa (SSA) is a major challenge that cuts across issues of poverty, health, the environment and economic growth. The economic costs of poor land management in the region have been estimated to be US\$9 billion per annum¹² with over 3% of agricultural GDP lost annually as a direct result of soil and nutrient loss.¹³

Sustainable Land Management (SLM) offers the integrated approach needed to provide solutions to the intertwined environmental and economic challenges faced by rural land users and the urban inhabitants that depend on them for food security. Although land degradation is recognized as a major development issue, SLM has not received the desired attention in the development agenda of Uganda due to the existence of a number of critical barriers, including an unorganized body of knowledge and weak analytical underpinnings to support decision-making processes. As a result, the scale and scope of investments in SLM programs continue to be limited, in turn hindering achievement of rural development goals and balanced economic growth.

Many governments, including Uganda, have expressed interest in better integrating SLM issues into development strategies including PRSPs, donor assistance strategies, and sectoral strategies. To more fully respond to country needs, however, the

¹² GTZ CCD Fact Sheet on Desertification (cite: Dregne 1991).

¹³ Drechsel and Gyiele 1999. The World Bank's Africa Action Plan (Aug. 2005) has noted the important linkages between poverty and low agricultural productivity in SSA. In the Action Plan, the Bank identified the promotion of higher agricultural productivity through the use of more sustainable agricultural practices as one of their priorities. Activities under TerrAfrica are in line with the Action Plan: these activities promote sustainable agricultural practices by mainstreaming SLM in the development agenda.

World Bank's comparative advantage will have to be brought to bear more prominently. As such, the context of this proposed activity is to strengthen the integration of SLM within the PRSP, donor assistance strategies, and domestic budget planning. **A critical prerequisite for mainstreaming SLM into these vehicles is to conduct a review of public expenditures for sustainable land management.**

2 Specific Objectives

Many governments have expressed interest in better integrating SLM issues into development strategies (including PRSPs), while recognizing that they were not well equipped to do it. This interest has thus far been supported by several stakeholders, under various modalities, including a priority expressed by the Global Mechanism of the Convention to Combat Desertification which has facilitated the gathering of some information. In order to better address countries needs, however, the assignment will help build a better understanding of what is being/has been done in the current context, analyze the drivers and the processes that are taking or should take place to step up mainstreaming. As such the objective of this proposal is to generate additional knowledge and understanding about the strengthening of the integration of SLM (including UNCCD NAP priorities) within the PRSP.

The specific objective of this activity is to review Uganda's public expenditures in SLM across ministries and institutions, and compare the expenditures against the country's stated agricultural development, rural development and environment agendas. The proposed review would allow misalignments and gaps to be identified and filled, and appropriate adjustments in programs to be made to drive SLM scale-up and therefore improve land-use productivity. The review will also be an input into the annual Uganda PER process and a component of the Strategic Environmental Assessment being planned by the World Bank. A secondary objective is to provide good practice guidelines based on lessons learned from the SLM PER process, to improve similar efforts in SSA.

3 Rationale

The PER would give the Ugandan government an additional and timely tool to lead and manage its own progress toward scaling up more effective and efficient SLM, and improve overall NRM, by enabling the government to enhance its capacity to coordinate land management efforts across sectors. It will also allow the World Bank, in coordination with TerrAfrica partners, to better target investments in land management, forestry, and agriculture, and to improve policy dialogue on the best means of achieving sectoral and national goals.

4 Scope of work

The overall approach will build on previous work in Uganda (PEAP 2004, Public Expenditure Review 2002), recognizing the unique challenges inherent in conducting a PER of SLM. In general, an SLM PER is more difficult to carry out than a conventional single-sector PER, because reviewing public expenditures for SLM hinges upon the ability to clearly operationalize a definition of SLM expenditures. Allocations to SLM are not clear-cut in the financial management system and need to be detected through analysis of various expenditures in numerous sectors. In addition, consistent time series may not be available, due to changes in the national

financial management system. This lack of consistency also makes international comparisons of SLM expenditures problematic. Lastly, data on the land resource may be patchy, missing or unavailable, limiting the reviewer's ability to measure effectiveness and operational efficiency. For these reasons, a comprehensive PER of SLM requires working closely with the government on developing a detailed methodology.

There are **five steps** to conducting this review, detailed below:

Step one: define sustainable land management

Step two: identify a portfolio of public sector SLM investments according to above definition as well as an assessment of main barriers and bottlenecks in arriving at SLM

Step three: collect budgetary data aligned with the definition of SLM and the portfolio of investments

Step four: analyze data to produce actionable recommendations

Step five: produce deliverables

Step one: define sustainable land management

As there are numerous definitions of SLM, all of which emphasize holistic approaches, step one in this assignment will produce a *operational* definition of SLM that will be aligned with corresponding finance statistics. Thus from a pure finance classification point of view the expenditures to be captured as part of the review should be in accordance with those stipulated in the IMF Government Finance Statistics Manual. This implies that expenditures need to be captured from agriculture (70421), multipurpose development projects (70474) and environmental protection (705) and those related to forest management as a minimum.

SLM combines technologies, policies, and activities aimed at integrating socio-economic principles with environmental concerns so as to simultaneously maintain or enhance production, reduce the level of production risk, protect the potential of natural resources and prevent (buffer against) soil and water degradation, be economically viable, and be socially acceptable (Smyth & Dumanski 1993, World Bank 2004).

SLM can prevent, halt and reverse the effects of land degradation. It can ensure sustainable growth and reduce poverty, through agricultural productivity gains, food security, biodiversity conservation, water, climate and the integrity of ecosystem functions.

The World Bank's Agricultural and Rural Development Department's definition of land management projects includes three main types (Kloss et al. 2005):

land resources management (e.g. terracing, rotational systems, soil and water conservation, pastoral/range, forests); and
land quality management (pollution control).

Projects related to land administration and land policy are not included in this category but will be addressed in this study as they are linked and interrelated to this

highly important issue -- to some extent determining the level of farmer investments in SLM.

In addition, step one should include a summary assessment of existing information on the extent and root causes of land degradation, as well as barriers and bottlenecks hindering adoption and scale up of SLM.

Step two: identify a portfolio of public sector SLM investments according to above definition

Step two requires first examining the policy and institutional structure and then assembling a portfolio of public investments in SLM. These SLM investments will be classified into expenditure categories in order to estimate overall impact and efficiency of public allocations and to track vertically (central to local government). The key questions include:

- 1) What legislation guides public sector work on SLM?
- 2) Which institutions are involved in delivering SLM programs?
- 3) What are the financing modalities - grants, transfers to lower levels of government, technical assistance (e.g. extension services), projects?

According to a recent study (14), soil erosion is the most significant factor of environmental degradation in the Uganda. Thus, based on a SLM diagnostic outlining the causes of soil fertility and land degradation, the PER should outline key interventions for mitigating soil erosion/land degradation and should assess whether such interventions are adequately funded to ensure sustainable land management. Taking into account the above SLM definition as well as main barriers and bottlenecks the study should include a section on methodological limitations outlining the transformation of specific SLM interventions into expenditure categories feasible for tracing from central level to the ground and in accordance with public expenditure classifications.

Donor supported interventions (investments) should also be accommodated in above transformation.

Step three: collect budgetary data aligned with the definition of SLM and the portfolio of investments

The review will collect public expenditure data of specific SLM sub-sectors and provide an initial assessment of expenditure data efficiency and implications for future funding in accordance with SLM practices and the broader enabling environment.

Expenditures will be broken down by:

- 1) institution (Ministry of Agriculture, Ministry of Natural Resources, etc.)
- 2) financing (i) gov't vs donors), (ii) capital vs operating, etc.

¹⁴ Land Degradation in Uganda: Its Extent and Impact, J.Olson, L. Berry 2003

3) type of expenditure - transfers to farmers, transfers to lower levels of government, programs (e.g. extension services), projects typologies, etc.

The practical method would be to request MFPED to release recurrent and capital expenditures for the period 2001-2005 inclusive of the respective sub-sectors. Donor funds should be captured as part of the expenditures submitted by MFPED, otherwise the main multilateral and bilateral donors will be approached. The level of expenditures by major nationwide NGOs will also be assessed. Furthermore, it will be ensured that expenditures channelled through local government are also included in the expenditure trend submitted by MFPED. Expenditure data from MFPED should be compared with similar data from the relevant implementing line ministries to ensure data consistency. All expenditure trends should be analyzed by category, type, size and structure.

Key ministries to be involved are Ministry of Finance, Planning and Economic Development (MFPED), Ministry of Agriculture, Animal Industry & Fisheries (MAAIF), Ministry of Water, Lands and Environment (MOLG) and Ministry of Local Government (MOLG).

The local consultant has been working for MFPED and is familiar with the budget cycle policies, procedures and data in Uganda.

Step four: analyze data to produce actionable recommendations

Step four provides a detailed analysis and recommendations on increasing the impact of public sector SLM interventions, answering two critical questions:

- 1) Are some types of interventions more effective than others?
- 2) How can effectiveness of public expenditures be increased?

The analysis of the effectiveness of public expenditures should present to the extent possible:

- 1) Indicators of public sector program impact on land degradation
- 2) Indicators of coverage: are public sector interventions taking place in the locales with the biggest problems of land degradation or poverty?
- 3) Cost-effectiveness: is there a way to estimate cost per unit of degradation avoided?
- 4) Benefit-cost: do economic benefits of avoided degradation exceed the costs of interventions?

More specifically, the review will assess budget efficiency in two different manners: i) allocative efficiency which refers to allocation of resources in accordance with sector priorities, and ii) operational efficiency meaning how allocated resources are transformed into outputs and outcomes. A high allocative efficiency implies a high degree of consistency between sector policies/strategies and financial allocation whereas operational efficiency measures the impact of expenditures on ground.

A major challenge will be to assess the overall expenditure efficiency (allocative and operational). Expenditure tracking would be required to measure allocative efficiency and subsequently, to the extent possible in this framework, the actual impact of expenditures once they have been allocated to the appropriate level.

A medium term expenditure requirement estimate (by capital and recurrent expenditure) for SLM should be established in order to assess the potential expenditure gap of the specific sub-sectors. This estimation should be based on the SLM diagnostics and identification of key interventions to mitigate land degradation.

Recommendations will focus on a mix of policy, strategy, institutional and budget cycle issues, acknowledging that increased financial allocation to specific sub-sectors would in itself be inadequate. Thus all recommendations should reflect and be formulated within the current and ongoing sector and sub-sector reform initiatives such as sector policies and strategies, budget reform including sector prioritization and sector budget ceilings.

Finally, lessons learned and guidelines for carrying out future PERs of SLM in Sub-Saharan countries will be provided in a stand alone report for use by AFR and its TerrAfrica partners.

Study recommendations should be focussed on measures of how to address in the near term the expenditure gap as identified above. Assessments and recommendations would include:

- An assessment the current ENR strategy including the possibilities for defining the boundaries of the land management sector and for preparing one single investment and recurrent expenditure plan for the sub-sector.
- An assessment of land reform and its relation to the performance of SLM investment
- An assessment of SLM expenditure efficiency measured in allocative and operational efficiency.
- An assessment of measures to improve SLM expenditure efficiency; this should be seen in the context of current budget reform initiatives including economic prioritization and limitations such as budget ceilings.
- An assessment of SLM interventions and medium-term capital and recurrent costs required to support measurable progress toward sustainable land management
- An assessment of the potential for providing funding for the SLM expenditure gap taking into account medium term public expenditures and donor funds and the potential role of the private sector.
- Recommended ways to align the review's findings with the Uganda Strategic Environmental Assessment
- Lessons learned for conducting future comparable PERs in Sub-Saharan Africa and in Uganda

Step five: production of deliverables

Based on the above work, a series of interim and final products will be delivered, as described in the next section.

5 Deliverables

Interim deliverables

1. By week 3: An inception note with final, annotated list of contents and detailed work plan should be submitted at the end of the first mission
2. By week 9: A draft report (maximum of 25 pages + annexes) will be prepared once the data collection and analysis is complete and the first draft of lessons learned and recommendations are prepared. The draft report could be presented in a workshop for main stakeholders of ministries and donors.

Final deliverables

3. By week 11: Final report will be based on comments from the workshop, from key stakeholders, and from the World Bank.

Supporting Documentation and Data

All final deliverables should be produced in professionally edited English. Data and text should include, but not be limited to the following types of information:

- List of people met, their titles, form of consultation, and contact information
- Minutes of meetings and workshops held
- Sub-technical report by consultants
- Key reports collected and used as background information for the work
- Statistical data obtained, including graphics, maps etc.

Key documents (Incomplete list to be updated)

- Uganda Public Expenditure Review 2002 (available)
- Poverty Eradication Action Plan 2004/05-2007/08 (available)
- Concept Note for TerrAfrica in Uganda (not available to consultants yet)
- Uganda Joint assistance Strategy (not available to consultants yet)
- Economic Sector Work / SEA (not available to consultants yet)
- Public Expenditure, Growth, and Poverty Reduction in Rural Ghana
- Papers on SLM in Uganda and other Sub-Saharan Countries

6 Reporting

- 4.1.1 The consultant will carry out the above mentioned activities under the supervision of Christophe Crepin (Task Leader for TerrAfrica), Madhur Gautam (ESSD Cluster Leader based in the field) and Yves-Coffi Prudencio (Task Leader for the SEA) and in consultation with other World Bank staff involved in Uganda. The consultant will be required to submit draft phases in relation to the above activities and respond to supervisor feedback.

7 Duration and Budget

The consultancy will commence in March 2006 and run through until June 2006

BUDGET

Payment 1 (delivery of inception note)	Signing of the contract Travel & other	\$5000 4990
Payment 2 (draft report) week 9	Fees Travel	\$17,000 \$3000
Payment 3 (final report) week 11	Fees Travel	\$17,000 \$3000
TOTAL	-----	\$49990