



INVESTING IN FORESTS AND PROTECTED AREAS FOR CLIMATE-SMART DEVELOPMENT (IFPA-CD)

with support from
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Transforming the Ugandan
forestry sector and landscape
for sustainable growth and
economic and social benefits







FORESTS AND PROTECTED AREAS FOR UGANDA'S DEVELOPMENT

Uganda is a low-income country in East Africa with a land area of 238,535 square kilometres and estimated population of 42.7 million people (in 2018).¹ In 2018, Uganda's Gross Domestic Product (GDP) was US\$27.5 billion. Uganda's economy remains heavily reliant on renewable natural resources.

The Government of Uganda (GoU) aims to drive economic development through the implementation of a series of six five-year National Development Plans (NDPs). The NDP III started in July 2020. It includes a strong focus on sustainable environmental management, jobs creation, and employment.

Under the NDP I and II, the economy doubled from UGX64 trillion in FY2010/11 to UGX128 trillion in FY2018/19 in nominal terms. Over this period, the economy remained relatively resilient in spite of a challenging global economic environment, geopolitical challenges, and the deepening impacts of climate change, as evidenced

1. <https://data.worldbank.org/country/uganda>, accessed on January 20, 2020.

by the rebound in real GDP growth in FY2017/18 to 6.2 percent. It is estimated that Uganda's natural capital contributed almost 40 percent to overall wealth in 2014.

The economic performance notwithstanding, there was a reversal in the poverty levels in 2017 largely due to droughts and crop failures. In addition, economic growth in 2020 has been heavily affected by the COVID-19 pandemic. This has affected the poor and vulnerable people who typically live in rural areas and derive their income predominantly from subsistence rain-fed agriculture farming.

A heavy reliance on rain-fed and subsistence agriculture continues to expose the economy to risks from adverse weather, and these risks are likely to grow under most scenarios for future climate

change.² Uganda is vulnerable to climate change, and its impacts are already being experienced in the region.³ Increased occurrences of drought conditions and reduced or more variable rainfall across much of the country will affect agriculture, livestock, and human health.

Environmental degradation, which is partly responsible for severity of local climate change effects, poses significant challenges to Uganda's economic growth and to livelihoods, especially those of the poorest and vulnerable groups, particularly women.

Forests, wetlands, and wildlife-protected areas are important for the development of rural areas, for mitigating impacts of climate change, and for building resilience of rural communities, in addition to supporting livelihoods directly.

2. World Bank. 2015. *Supporting Climate Resilient Growth. Uganda Strategic Climate Diagnostic*. Report Number ACS14399.

3. Ministry of Water and Environment. 2015. *Uganda's Intended Nationally Determined Contribution*.

Unfortunately, Uganda's natural forests and wetlands are being lost and degraded at one of the highest rates in the world despite their importance for provision of wood fuel, timber, poles, water, fish, and wetland products, and also support to nature-based tourism. The total net loss of Uganda's forests during 2000–2015 was estimated at 1.8 million ha, equivalent to an average annual loss rate of 4 percent. In 2000, forests covered 19.4 percent of the land area, but this had reduced to 12 percent by 2015.⁴

Nature-based tourism has been identified as a key growth sector in the NDP-III. Tourism foreign exchange earnings have been growing in recent years, generating US\$1.6 billion in 2018 (compared to US\$1.45 billion in 2017) and providing 1.17 million jobs (8 percent of total employment). Prior to the COVID-19 pandemic, travel and tourism were forecasted to rise to 8 percent of GDP by 2027.⁵ The forests and wildlife of the Albertine landscape are particularly important for tourism, as they attract more than 80 percent of the leisure tourists in Uganda for wildlife safaris, bird-watching tours, gorilla and chimpanzee tracking. Although the tourism sector has been heavily affected by the COVID-19 pandemic, nature-based tourism is predicted to recover faster than other tourism types.

Uganda is the largest refugee-hosting country in

Africa and the third largest worldwide. Due mainly to ongoing conflicts and instability in the Democratic Republic of the Congo and South Sudan, Uganda is hosting over 1.4 million refugees and asylum-seekers.⁶ Most refugee settlements are located in western (within or close to the Albertine Rift) and northern Uganda. A recent assessment⁷ has shown that the inflow of refugees in north western Uganda has exacerbated a range of ongoing environmental impacts and associated challenges, including land degradation and woodland loss, leading to inadequate access to energy for cooking and competition with local people for water and other natural resources.

Although host communities were found to consume more wood fuel than refugees per household, the added demands have widened the gap between sustainable wood yields and the level of demand in refugee-hosting districts. Also in some cases, refugees have been settled very close to high-value protected areas, including Central Forest Reserves and wildlife Protected Areas, and the combined impacts of refugees and host communities on forest resources in these particular locations (such as Bugoma Central Forest Reserve, Katonga Wildlife Reserve, and Ajai Wildlife Reserve) are significant. The solutions to addressing these issues of forest loss and degradation must focus on support to host communities.

4. MWE. 2018. Proposed Forest Reference Level for Uganda. Republic of Uganda.

5. World Travel and Tourism Council. 2017. Travel & Tourism, Economic Impact 2017, Uganda.

6. <https://ugandarefugees.org/en/country/uga>. Data as of October 31, 2019.

7. World Bank and FAO (Food and Agriculture Organization of the United Nations). 2018. Rapid Diagnostic Assessment of Land and Other Natural Resource Degradation in Areas Impacted by the South Sudan Refugee Influx in Northern Uganda. FAO Technical Report, October 2018.

THE PROJECT: INVESTING IN FORESTS AND PROTECTED AREAS FOR CLIMATE-SMART DEVELOPMENT

Project investments will combine forest management in both state-managed and community managed lands, increase revenues and jobs, and support resilient livelihoods in targeted landscapes within the project area. The project expects to achieve this by developing the economic productivity of forests and their surrounding landscapes based on:

- a. improving the sustainable management of forest and protected areas to ensure they can

continue to generate revenues and provide important environmental services

- b. increasing revenues and jobs from forest and wildlife protected areas
- c. enhancing productivity of the overall landscape through encouraging establishment of greater tree cover and supporting sustainable forest management and landscape resilience on privately owned land.

PROJECT DEVELOPMENT OBJECTIVE:

to improve sustainable management of forests and protected areas and increase benefits to communities from forests in target landscapes.⁸

8. Target landscapes include Albertine Rift, the refugee-hosting areas of West Nile Region, and Lamwo district.



The project will support the government agenda of increasing forest cover through afforestation and reforestation and slowing down the loss and degradation of the nation's forests. Project Components:

Component 1 will focus on improving management of government-managed forest and wildlife protected areas to ensure they can continue to generate revenues and provide important environmental services.

Component 2 will increase revenues and jobs from these forest and wildlife PAs through targeted investments in tourism and productive forests.

Component 3 will encourage establishment of greater tree cover in refugee-hosting landscapes outside protected areas, supporting sustainable forest management and landscape resilience on private and customary land.

The project will contribute to Uganda's development priorities stipulated in NDP III as follows:

- a. Objective 1: "Enhance value addition in Key Growth Opportunities during 2020-2024": project investments target to create jobs and increase revenues and incomes through value addition to Uganda's tourism potential, wood value chains and other forest-based enterprises. Project support will cover tourism planning, diversification of and promoting tourism products, improving road and other access facilities in targeted projected areas (including Concessions areas for Space for Giants Investments), private sector led tourism hospitality

facilities, community led tourism investments, wood value chains, skilling manpower in tourism, wood value chains and forest enterprises, and other forest based enterprises.

- b. Objective 4: "Strengthening the private sector to drive economic growth": Project investments target to support private sector led interventions in hospitality and tourism facilities and services, wood value chains and, forest plantation development.

CLIMATE CHANGE AND RESILIENCE

The project aims to address the problem of increased vulnerability of economic productivity,

biodiversity, and livelihoods to the effects of climate change due to declining forestry ecosystems, goods, and services.

Building on the opportunities provided by forest and wildlife protected areas to mitigate climate change effects and build resilience of livelihoods and economy, the project aims to respond to some of these challenges through improving management and protection of forests, wetlands, and wildlife protected areas, increasing opportunities

for earning income and creating jobs from nature-based enterprises.

The project responds to Uganda's objectives set out in its Nationally Determined Contributions under the United Nations Framework Convention for Climate Change related to reversing the loss and degradation of forests and supporting their restoration.

Forests play an important role in the resilience of local communities. Sustainable forest management,



access to services and benefits from forests and wildlife PAs can help vulnerable communities to better absorb and adapt to the impacts of shocks and stressors among them, climate change. Uganda's Nationally Determined Contributions place a strong emphasis on adaptation to ensure that all people and communities are resilient to climate change impacts.

REFUGEE RESPONSE

The project will contribute towards implementation of Uganda's Comprehensive Refugee Response Framework and the related Water and Environment Sector Response Plan for Refugees. The project targets refugee impacts in 18 refugee hosting and adjacent districts through increasing tree cover in the landscapes adjacent to the refugee settlements by supporting agroforestry on about 17,500 ha, establishing about 9,700 ha of fuelwood woodlots and supply of 115 metric tons of fuelwood to persons with special needs in refugee settlements within the project landscape. The project will also support improved management and restoration in 4 Central Forest Reserves and 2 wildlife reserves in the refugee hosting areas.

TOURISM INFRASTRUCTURE DEVELOPMENT

The project support will finance infrastructure and equipment for management and protection of 7

National Parks, 4 Wildlife Reserves and up to 28 forest reserves for improvement management and for tourism development. In addition, the project will support restoration of degraded wildlife and forest protected areas, collaborative management arrangement with communities, and managing of fire risks and human-wildlife conflicts.

PROJECT FUNDING

The project will be funded by the World Bank / International Development Association (a combination of grants (US\$70 million, through the Refugee Sub Window and IDA) and loans (US\$78.2 million) and the Government of Uganda (US\$ 30 million). It is expected that the project will attract an additional US\$ 30 million from Global Climate Funds as co-financing to World Bank loan and grant.

GEOGRAPHIC FOCUS

The project area includes the Albertine Rift and West Nile, with focus on target protected areas as well as districts⁹ that host refugees or are within 5 km of refugee settlement boundaries (see map below). The performance-based subsidy scheme for private plantation development under Component 2 will be national in scale.

Environmental degradation and habitat loss are already associated with reduced levels of ecosystem services and have been linked to increasing levels

9. Braatz, S. 2012. "Building Resilience for Adaptation to Climate Change through Sustainable Forest Management." In *Building Resilience for Adaptation to Climate Change in the Agriculture Sector*, edited by A. Meybeck, J. Lankoski, S. Redfern, N. Azzuand, and V. Gitz, 117–28. Proceedings of a Joint FAO/OECD Workshop. <http://www.fao.org/3/i3084e/i3084e09.pdf>.

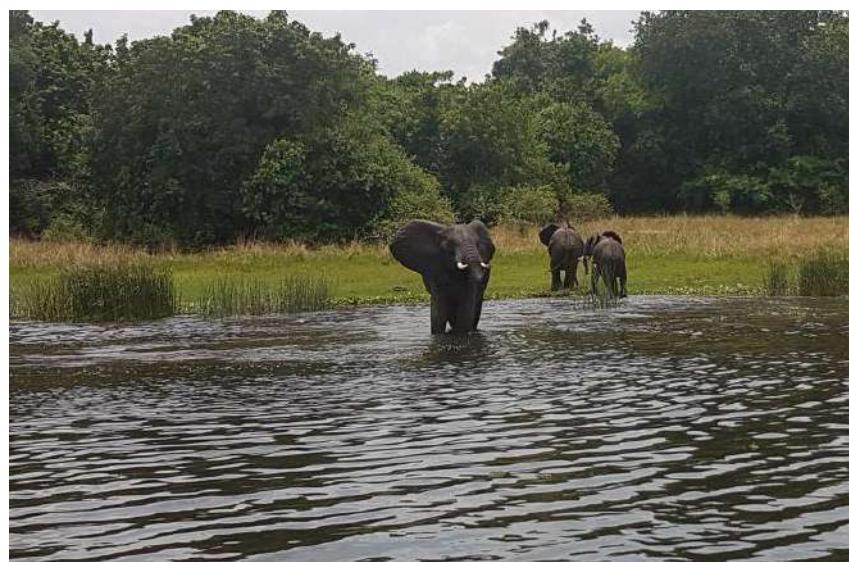
Component	IDA Credit	IDA Grant	RSW Grant	Total
Component 1. Improved management of protected areas	34.7	6	6	46.7
Component 2. Increased revenues and jobs from forests and wildlife protected areas	38.5	—	—	38.5
Component 3. Improved landscape management in refugee-hosting areas	—	6	52	58
Component 4. Project management and monitoring	5	—	—	5
Total	78.2	12	58	148.2

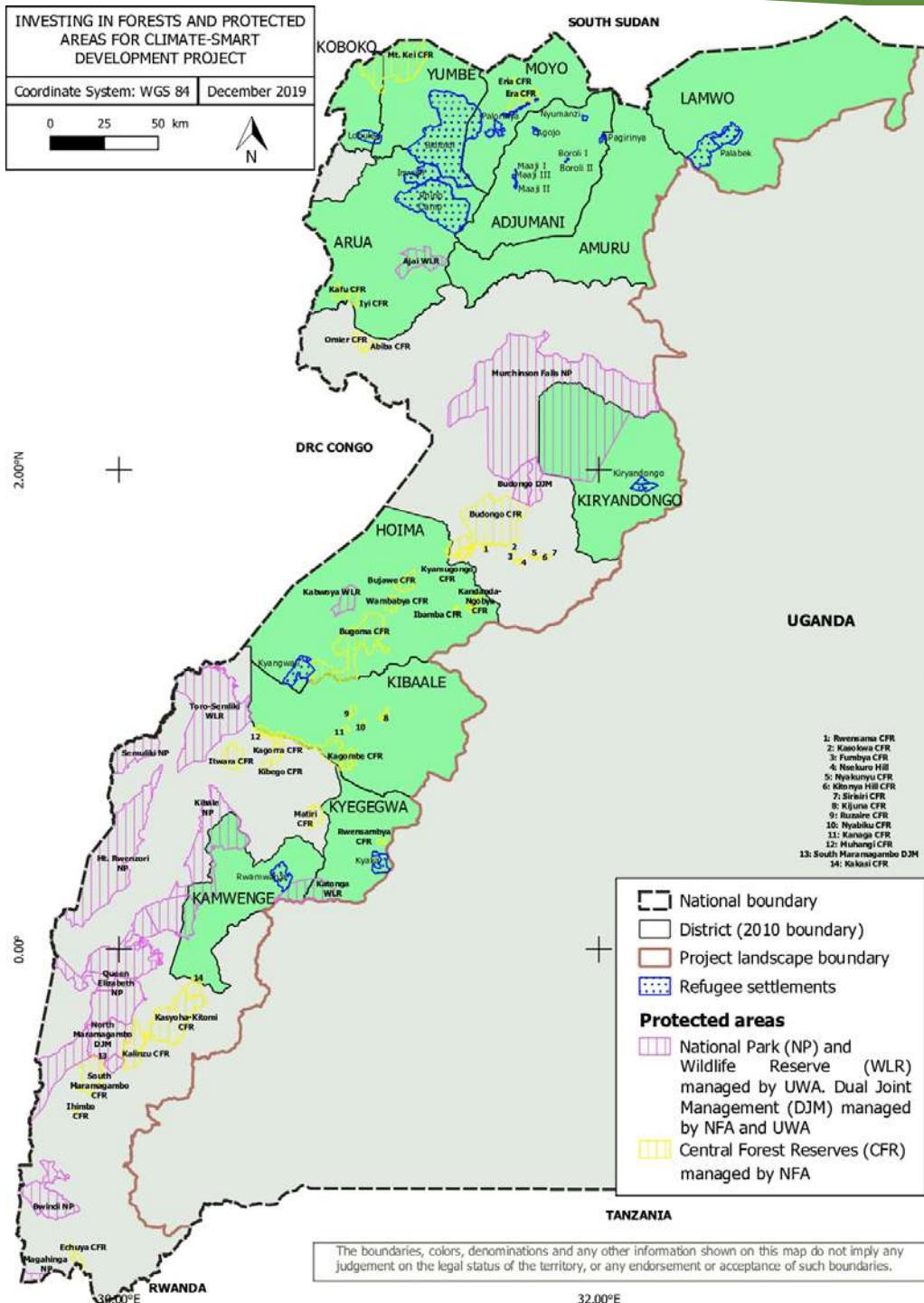
and frequency of floods and landslides and increasing water shortages.

The Albertine Rift hosts Uganda's natural resources of global significance. Three wetlands ecosystems, namely Lake George, the Delta wetlands in Murchison Falls National Park, and peatlands and lake systems within Rwenzori Mountains National Park, are recognized as Ramsar Sites under the Ramsar Convention. Two national parks, namely Bwindi Impenetrable National Park and Rwenzori

Mountains National Park, are recognized as World Heritage Sites under the UNESCO World Heritage Convention, while Queen Elizabeth National Park is recognized as a Man and Biosphere Reserve by the UNESCO. However, forests in the region are under high pressure and becoming fragmented.

The West Nile is hosting large numbers of refugees who are creating additional pressures on natural resources that are already declining.







EXPECTED OUTCOMES:

- Increased provision of ecosystem goods and services through more sustainably-managed forests and protected areas and enhancement of forest stocks
- Increased revenue generation and other benefits from forests and protected areas for communities, government agencies, and private sector in the Albertine Rift and West Nile Region.

PROJECT BENEFICIARIES

- Ugandan communities that depend on forest resources
- Host communities in refugee hosting districts in the Albertine and West Nile region
- Tourism sector stakeholders
- Investors in tourism and productive forestry
- Government agencies in the forest and wildlife sector and their staff through improved capacity
- The vulnerable and marginalised communities including women, boys and girls as well as the historically marginalised communities of the Batwa.

PROJECT RESPONSES TO POST-COVID-19 RECOVERY

IFPA-CD project contributes to post COVID-19

recovery through investments that will **create jobs and generate more revenue** from tourism assets (e.g., developing tourism access infrastructure and facilities, community-based tourism, diversification of tourism products), **secure Uganda's green assets** through support to protection of target National Parks, Wildlife Reserves, and Central Forest Reserves), **sustaining local economies and livelihoods** through building infrastructure for managing human-wildlife conflicts and promoting co-existence between humans and wildlife, **create employment and increase revenue** from forest based industry through plantation forestry development and wood value chains. Project support to **agroforestry** interventions in refugee-hosting areas will have a direct benefit of contributing to food security.

INSTITUTIONAL ARRANGEMENTS

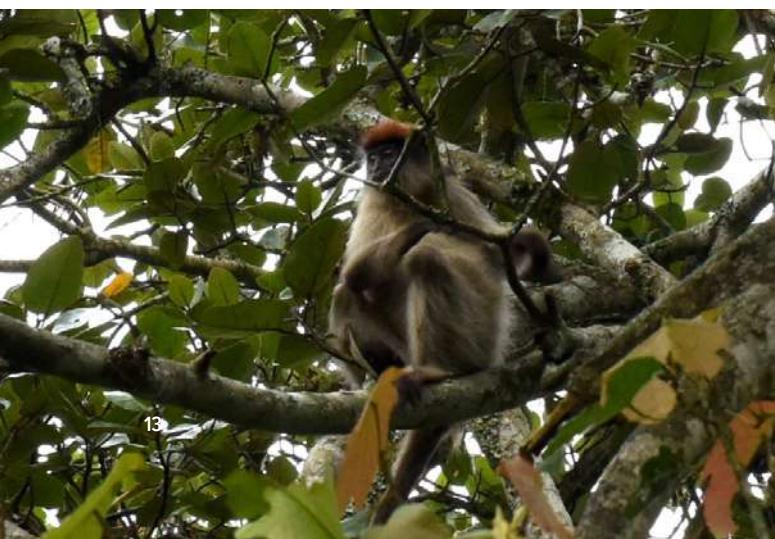
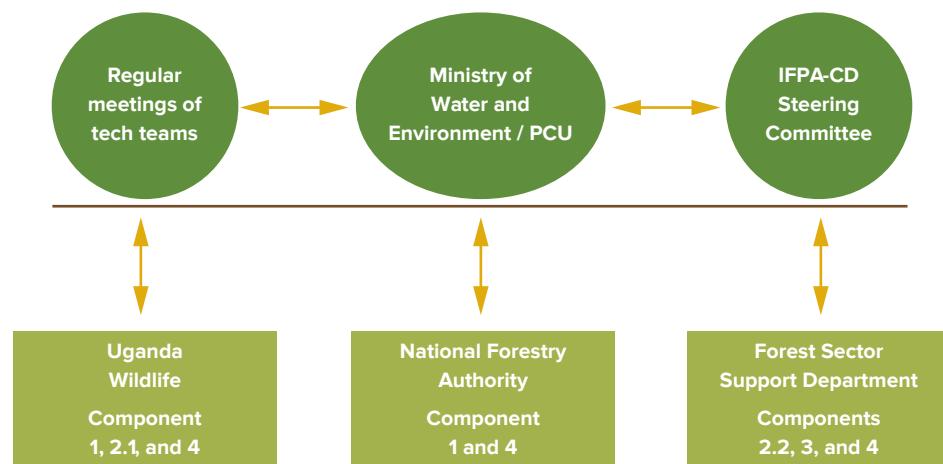
The Ministry of Water and Environment (MWE) is the lead institution for overall implementation and coordination.

The Forest Sector Support Department leads implementation on behalf of MWE and provides technical and coordination responsibility. National Forestry Authority leads activities within and around Central Forest Reserves and supports forest monitoring. Activities in and around National Parks and Wildlife Reserves are implemented by UWA (under

the Ministry of Tourism, Wildlife and Antiquities). There will be close cooperation of the MTWA in tourism-related activities and Office of the Prime Minister in activities in the refugee-hosting areas. Other institutions like NGOs, Private Sector or UN agencies will be engaged to provide technical and specialist support, as appropriate.

IFPA-CD Steering Committee: The Project is coor-

minated at national level by a Steering Committee co-chaired by MWE and MTWA. The IFPA-CD Steering Committee comprises of representatives from Government ministries and agencies, private sector, and NGOs. The Mandate of the IFPA-CD Steering Committee is policy guidance, coordination, harmonization and integration with broader national development policy, NDP III and other programmes.





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