



# INVESTING IN FORESTS AND PROTECTED AREAS FOR CLIMATE-SMART DEVELOPMENT

*with support from World Bank  
2020-2026*

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



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## FORESTS AND PROTECTED AREAS AND 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.<sup>1</sup> 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 NDP-III whose implementation will start in July 2020 and is expected to include a strong focus on sustainable environmental management, jobs, and employment.

Under the first two NDPs the economy more than doubled in size, from UGX64 trillion in FY 2010/11 to UGX128 trillion in FY2018/19 in nominal terms. It is estimated that Uganda's natural capital contributed almost 40 percent to overall wealth in 2014.

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

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

Despite economic growth, there was a reversal in the poverty levels in 2017 largely due to droughts and crop failures. This affected the poor and vulnerable people typically live in rural areas who 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.<sup>2</sup>

Uganda is vulnerable to climate change, and its impacts are already being experienced in the region.<sup>3</sup> 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 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 mitigating impacts of climate change, and for building resilience of rural communities to climate change effects, in addition to supporting livelihoods directly.

Unfortunately, Uganda's natural forests and wetlands are being lost and degraded at one of the highest rates in the world despite their importance

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*.



for provision of wood fuel, timber, poles, water, fish, and wetland products and also support 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.<sup>4</sup>

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). Travel and tourism are forecast to rise to 8 percent of GDP by 2027.<sup>5</sup> 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, and gorilla and chimpanzee tracking.

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 1.3 million refugees and asylum-

seekers, close to 200,000 of whom arrived in the last year alone.<sup>6</sup> Most refugee settlements are located in western (within or close to the Albertine Rift) and northern Uganda. The refugee presence has added to existing pressure on the environment, leading to an increase in the rate of degradation and tree loss, with accelerated land cover changes in bushland and woodland.<sup>7</sup> It is evidence that the inflow of refugees in these locations 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 tend to consume more wood fuel and other forest resources than refugees per household, the added demands for biomass, especially, fuelwood and poles from refugees have widened the gap between sustainable wood yields and the level of demand in refugee-hosting districts. In some cases, refugees have been settled very close to high-value Central Forest Reserves [e.g., Bugoma CFR] and Wildlife Reserves (e.g, Katonga WR), and the combined impacts of refugees and host communities on forest resources in these particular locations are significant.

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:

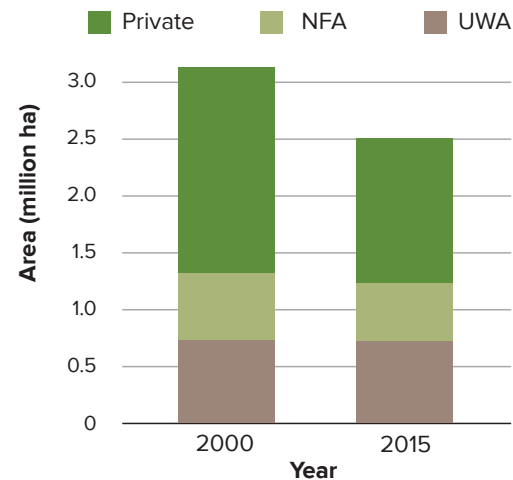
- a. improving the management of forest and wildlife protected areas to ensure they can

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.



## FOREST COVER LOSS 2000-2015



Source: Forest Reference Emissions Level 2018

**Project Development Objective: to improve sustainable management of forests and protected areas and increase benefits to communities from forests in target landscapes**

**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 area, 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, forest plantation development.

### **CLIMATE CHANGE AND RESILIENCE**

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

biodiversity and livelihoods to climate change effects 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, and by increasing tree covers and improved land management thereby tackling impacts of refugees on forests and landscape within 11 refugee host districts in Albertine Rift and West Nile region.

The project responds to Uganda's objectives set out in the Nationally Determined Contributions under the UNFCCC 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 and access to services and benefits from forest and wildlife PAs can help vulnerable communities to better absorb and adapt to the impacts of shocks and stressors, among them, climate change.<sup>8</sup> Uganda's Nationally Determined Contributions place a strong emphasis on adaptation to ensure that all people

and communities are resilient to climate impacts.

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 17 refugee hosting and adjacent districts through improved management and restoration in 4 Central Forest Reserves and 2 wildlife reserves, increasing tree cover in the landscapes adjacent to the refugee settlement by supporting agroforestry on about 17,500 ha, establishing about 9,700 ha of fuelwood woodlots and supply of 115 metric tons of fuel wood to persons with special needs in refugee settlements within the project landscape.

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, 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

8. 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	35	6	6	<b>47</b>
Component 2. Increased revenues and jobs from forests and wildlife protected areas	40	—	—	<b>40</b>
Component 3. Improved landscape management in refugee-hosting areas	—	6	52	<b>58</b>
Component 4. Project management and monitoring	5	—	—	<b>5</b>
<b>Total</b>	<b>80</b>	<b>12</b>	<b>58</b>	<b>150</b>



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Sub Window and IDA) and loans (US\$80 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 Albert Rift and West Nile, with focus on target protected areas as well as districts that host refugees or are within 5 km of refugee settlement boundaries. 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 and frequency of floods and landslides and worsening water shortages.

The Albert Rift hosts Uganda's natural resources of global significance. Three (3) 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 (2) 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 Reserves by the UNESCO. However, forests in the region are under high pressure and becoming fragmented.

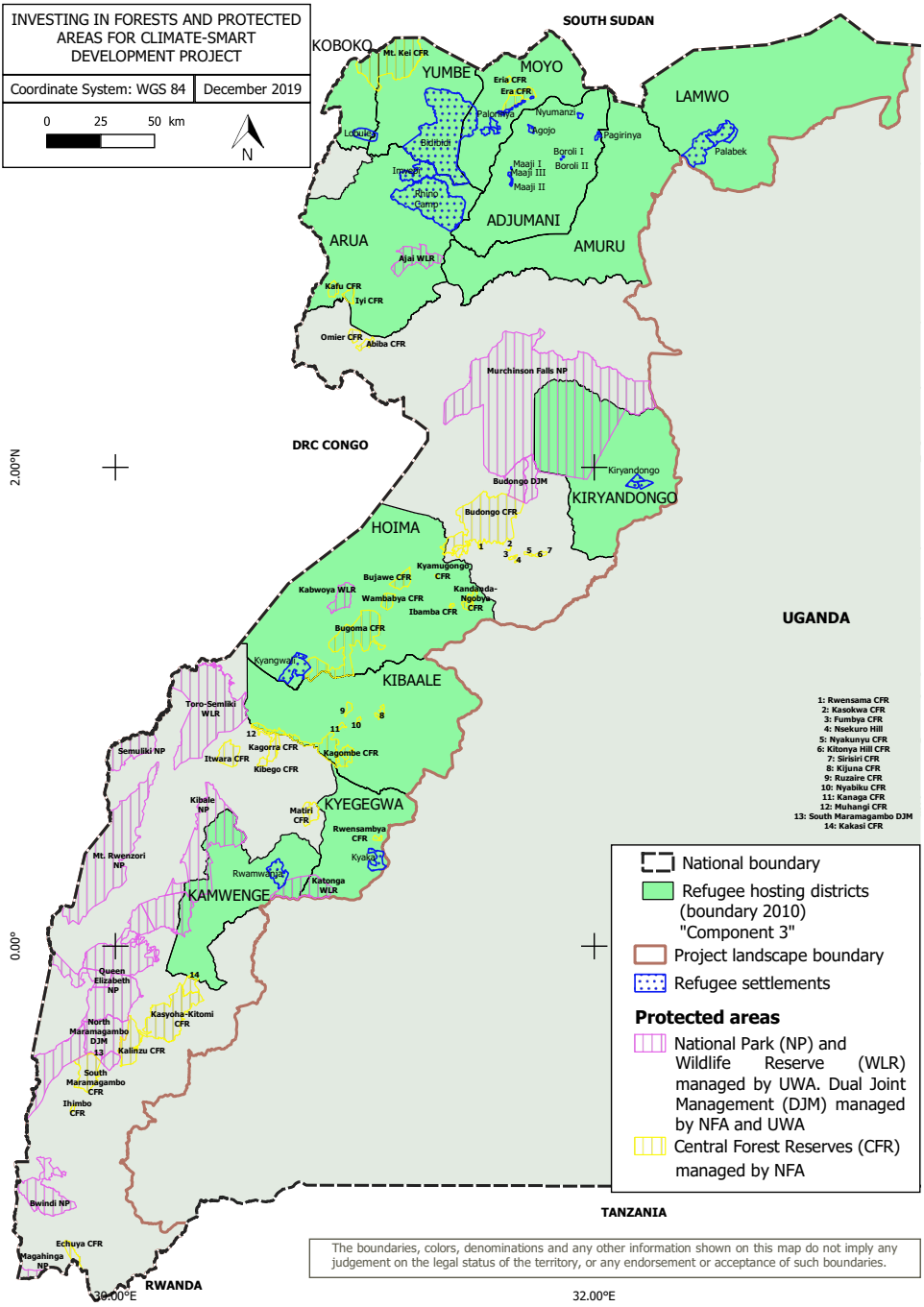
The West Nile is hosting large numbers of refugees who are creating additional pressures on natural resources that are already declining.



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Coordinate System: WGS 84 | December 2019

0 25 50 km



The boundaries, colors, denominations and any other information shown on this map do not imply any judgement on the legal status of the territory, or any endorsement or acceptance of such boundaries.

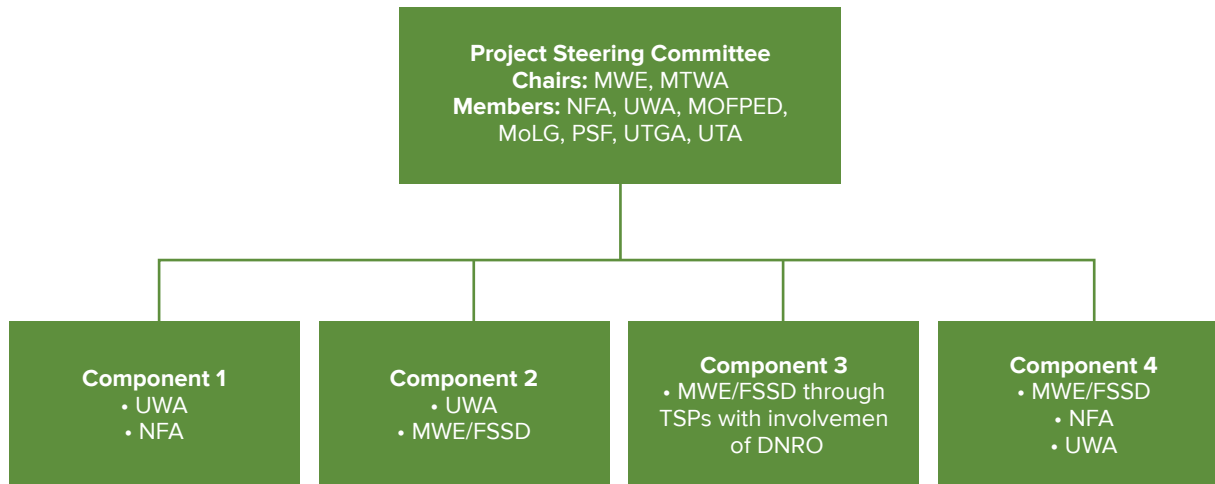


## EXPECTED OUTCOMES:

- 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.
- 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 BENEFICIARIES

- Ugandan communities that depend on forest resources



## INSTITUTIONAL ARRANGEMENTS

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

The FSSD leads implementation on behalf of MWE and provides technical and coordination responsibility on behalf of the MWE. National Forestry Authority (NFA) leads activities within CFRs and also supports forest monitoring. Activities in and around NPs and wildlife reserves are implemented by UWA (under MTWA). District Local Governments will be supported through FSSD to implement activities supporting Local Forest Reserves, forests outside protected areas, erosion control measures and household energy interventions. Other institutions from within Government, UN agencies, NGOs, Private Sector will be engaged to provide technical and specialist support, as appropriate.

**IFPA-CD Steering Committee:** The Project is coordinated 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, NGOs, academia/research, indigenous /minority groups and development partners.

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. The IFPA-CD Steering Committee shall report to the Permanent Secretary MWE.

**IFPA-CD Technical Committee:** A National Technical Committee (NTC) consists of technical officers from implementing institutions and representatives from districts will be established. Reporting to the IFPA-CD Steering Committee, the Technical Committee will oversee the technical aspects of the project and ensure technical quality and adequacy the project outputs and deliverables. The NTC will be chaired by the most Senior Officer nominated on the NTC, on biannual rotational basis.





## FOR MORE INFORMATION CONTACT

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**Ministry of Water and Environment**

REPUBLIC OF UGANDA

