

CLIMATE INVESTMENT FUNDS

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Washington D.C
Wednesday, December 7, 2016

PROGRESS OF UGANDA'S FOREST INVESTMENT PLAN FORMULATION



Progress of Uganda's Forest Investment Plan Formulation

- 1. National Context:** The forest sector is one of the national development priorities as reflected in Uganda's development policy. Uganda's Vision 2040 recognizes the declining forestry resources and targets to restore forest cover to 24% of Uganda's land area by 2040, while the second National Development Plan (NDP II) (2016-2020) targets to restore forest cover to 18% by 2020, reduce pressure on forest cover, increase plantation forestry and productivity, promote forest based industries, trade and incomes, and capacitate institutions responsible for the sector. FIP will contribute towards these development priorities stated in NDP II.
- 2.** The Forestry Sector provides enormous resources that sustain livelihoods of the majority of rural Ugandans (approximately 80% of the population) in the form of biomass energy (charcoal and fuel wood), and forestry resource value chains, wild foods and medicines. Forests also serve as a basis for Uganda's tourism and provide timber for domestic consumption. Forests house key cultural and livelihood assets for forest dependent indigenous people and forest fringe communities.
- 3.** Forestry is a priority area for climate change mitigation under Uganda's National Climate Change Policy and Nationally Determined Contributions. Uganda's climate change agenda seeks to promote sustainable management of forest resources to mitigate climate change and support sustainable development. FIP is a key development strategy for implementing Uganda's NDC and Climate Change Policy over-all.
- 4. Trends in forestry resources:** Forests resources in Uganda have been on a downward trend. Natural forest cover has reduced from 4.9 million hectares (30% of total land area) in 1990 to 1.727 million hectares (approximately 10%) in 2015 (Figure 1). Forest cover loss occurs on both protected areas and private land although the rate of loss is more on private land. Within the same period, forest plantation cover has increased from 32,251ha in 1990 to 107,608ha (234% increase) mainly through private sector led tree farming and commercial plantations.
- 5. Drivers of Deforestation and Forest Degradation:** The key drivers of deforestation and forest degradation in Uganda are i) expansion of commercial and subsistence agricultural into forest lands and bush lands, ii) unsustainable harvesting of tree products, mainly for charcoal, firewood and timber, iii) expanding urban and rural human settlements and impacts of refugees; iv) free-grazing livestock; v) wild fires; vi) artisanal mining operations and, vii) oil exploration activities.
- 6.** The drivers of deforestation and forest degradation are symptoms of underlying socio-economic factors including; i) high rates of population growth, ii) levels of economic performance resulting in high dependence on subsistence agriculture, natural resources and biomass energy, iii) weak forest governance and policy implementation, iv) climate change effects and, v) land tenure systems.
- 7. FIP Process:** FIP preparation is a government led process since October 2015 spearheaded by the Ministry responsible for the forest sector (Ministry of Water and Environment) and coordinated by National Climate Change Advisory Committee. The FIP process is financed through a CIF /FIP grant and is supported by the World Bank (Lead MDB) and African Development Bank with FAO as a joint technical partner providing additional assistance. The FIP is being formulated alongside the formulation of Special Programmes on Climate Resilience (SPCR) under the Pilot Programme on Climate Resilience (PPCR). The FIP process is being informed by analytical information generated by the RREDD process, FIP studies as well as views from stakeholders at national and district levels and across sectors including government ministries and agencies within and outside the forest sector, civil society, private sector, local



communities, forest dependent people, and development partners in Uganda. A Dedicated Grant Mechanism for supporting forest dependent people and communities is being designed together with FIP.

8. **Uganda FIP objective¹:** The long term goal of Uganda's FIP is to reduce GHG emissions from deforestation and forest degradation through investments that reduce pressure on natural forests, enhance carbon stock and forest ecosystem services, improve coordination and governance in the forest sector, and ensure a vibrant forest industry in Uganda. FIP will provide up-front bridge financing to implement the National REDD+ Strategy² aiming at creating a transformational impact in the forestry sector towards low-carbon, sustainable development.
9. **Investment projects:** Uganda's FIP investments will address wood fuel value chains, forest based business and livelihoods through three projects, combining investments at national and landscape level and realizing synergies with the SPCR. The FIP investment projects are: i) Strengthening policy implementation, institutional capacity and delivery of forest services and ii) Supporting the development of an efficient and sustainable forest based industry for continued investments into production forests. ; iii) Integrated and sustainable catchment and landscape management for improved livelihoods and community resilience³. The joint FIP and PPCR investments at landscape level aim to realize: (i) increased household resilience to climate change; (ii) increased tree cover in the landscape; iii) improved management and protection of catchment natural forests and biodiversity corridors; (iv) efficient wood fuel utilization.
10. **FIP outcomes:** FIP investments are expected to achieve the following catalytic outcomes; i) Enhanced delivery of public goods such as climate change mitigation, watershed and biodiversity protection from forested landscapes; ii) Improved governance, and regulatory and institutional capacity; iii) Improved livelihoods and resilience; and, iv) Vibrant forestry sector. FIP investment will generate co-benefits that include (i) poverty reduction through improved quality of life of forest dependent indigenous peoples and local communities and (ii) reduced biodiversity loss and increased resilience of forest ecosystems to climate variability and change.
11. **Request to FIP Sub-Committee:** Uganda's request FIP Sub-Committee to note the progress towards completion of FIP design and Uganda's intention to submit FIP in March 2017 for the next FIP Sub-Committee meeting due May 2017. Uganda further requests FIP Sub-Committee to note the uniqueness of Uganda's proposal for joint FIP and PPCR projects and provide guidance on suitable financing modality for accessing both FIP and PPCR financing portfolios.

¹ FIP Goals, investment and outcomes are elaborated in the FIP Document.

² Preparation of Uganda's REDD Strategy is in advanced stages with draft Options formulated.

³ This a joint projects for FIP and PPCR to be implemented in three water management zones



Figure 1: Forest Vegetation maps showing changes (1990-2015)

