

## ***BACK TO OFFICE REPORT***

Enhancing the Representation of Environment and  
Natural Resources in Poverty Reduction Strategies  
in East Africa

Uganda & Kenya

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## Executive Summary

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National governments and the international community are joining together to fight poverty in Sub-Saharan Africa through achieving the Millennium Development Goals. This very significant challenge will require major changes in the way that all supporters of poverty reduction work together.

Poverty Reduction Strategies and papers (PRSPs) are seen as one of the most important tools to deliver a pro-poor partnership between national governments, civil society and the donor community. Effective partnerships can be established when PRSPs are combined with Sector-Wide Approaches to funding development through Medium-Term Expenditure Frameworks (MTEF).

Environment and Natural Resources (ENR) are recognised by the international community as making very significant contributions to the livelihoods of the poor and extremely poor in most countries in Sub-Saharan Africa. The link between environment and poverty was very well documented at the World Summit on Sustainable Development, but perhaps surprisingly environment and natural resources tend to be significantly under-represented in poverty reduction strategies as a pathway out of poverty. Many national governments and donors avoid investing in interventions relating to ENR, preferring other options, which are perceived to be associated with lower risk.

This report identifies opportunities in the East African Region (Kenya, Tanzania, Uganda) to document examples of, and measure the contribution of the emerging Environment and Natural Resource (ENR) sector to poverty reduction in these countries. These examples would then be available to local stakeholders to argue the case for increased and better focused investment in the ENR sector.

Better representation of the ENR sector in PRSPs will require, often weak line ministries supporting the sector to develop very significantly improved abilities to articulate the message that investing in ENR will lead to poverty reduction. This will assist line ministries to influence budget allocation to promote interventions that have been demonstrated to be effective in poverty reduction. Line ministries need to articulate this message to much more powerful ministries of finance and planning. The ability to negotiate in the MTEF is supported by developing an ENR SWAp. Bringing together ENR sub-sectors under one ENR ceiling, enables resources to be allocated more coherently, with reduced duplication and great linkage of sub-sector decentralised spending, thereby minimising demand for additional resources within limited budgets.

This can best be done by supporting the line ministries with:

- Objective, quantitative evidence and analysis of the contribution of specific ENR interventions to poverty reduction (case studies).
- Training, skills and tactics to improve negotiation skills with ministries of finance and planning.
- Improved capacities in Departments of Planning.

The report identifies a clear demand from local stakeholders in Uganda and Kenya to support the process of mainstreaming the ENR sector in the PRS process. In Uganda, it is suggested that this should be done through further strengthening the activities of the ENR sector working group, aiming to influence the 2003-04 revision of the Uganda Poverty Eradication Plan (PEAP). In Kenya, the new government is creating an environment that is much more conducive for external supporters to engage in poverty reduction activities. It is suggested that any additional support in Kenya should be co-ordinated through the Poverty Environment Initiative being implemented by UNDP. A similar approach could be applied in Tanzania.

The country initiatives could be further strengthened by the establishment of a regional learning network supporting the ENR sector in PRSPs. The network would facilitate South-South learning and be a neutral forum for learning from experience outside the region. A link to the New Partnership for Africa's Development (NEPAD) could further strengthen the learning component of the initiative and present opportunities to extend this approach to other regions within the continent.

The funding of these activities could be provided through basket funding by donors currently involved in the sector and co-ordinated through appropriate SWAP and donor committees. Some of these activities would require new funding sources to be provided as much of the existing sector funding is already committed in support of ongoing activities. There was a very strong message from local stakeholders that obtaining additional (new) World Bank financial support for the programme would greatly enhance the impact of all resulting activities in terms of increasing the negotiating power with ministries of finance and planning

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## Summary of Recommendations.

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	Recommendation	For	by	page
1	The PEAP revision sub-committee of the ENR SWG is the legitimate channel for actions that support increased representation of the ENR sector in the PEAP revision and BFP (MTEF) in Uganda. Any additional donor or external support in this area should be channelled through the SWG in response to demand from the sub-committee to empower this local process.	Donors and external supporters		8
2	It is essential that any external support of the PEAP revision for ENR in Uganda leads to a sustainable process. This is best achieved by using and strengthening local institutions (including the ENR-SWG) and their ability to inform and influence the PEAP, MTEF and policy.	Donors and external supporters		8
3	Institutional strengthening of the ENR-SWG should be designed to improve the understanding of the government's budget cycle by line ministries and the development of tactics for the SWG to influence the PEAP.	ENR-SWG	When requested	8
4	Additional research is required to collect and collate evidence of the outcomes of previous ENR interventions and resulting impact poverty reduction. Civil society and private sector actors should be encouraged to contribute to this process. The main client for this information will be MOFPED and they should be involved in this process. This client-focused approach will ensure that the research is not overly academic.	ENR PEAP sub-committee	When required	9
5	The World Bank should be approached to provide additional support for institutional strengthening of the SWG and the generation of evidence (additional case studies) to support the PEAP revision. This should be timed to feed into the forthcoming PEAP revision process.	ENR SWG	May 2003	9

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	Recommendation	For	by	page
6	The PEAP sub-committee of the ENR-SWG should consider requesting an external review of the draft 2003 State of the Environment report to ensure that it maximises the potential links to poverty reduction.	ENR-SWG	May 2003	10
7	The question of who represents the interests of ENR sub-sectors to MOFPED must be resolved before the PEAP revision commences.	MWLE, MAAIF	May 2003	12
8	The ENR-SWG should consider the needs and opportunities for selected case studies to generate evidence of the contribution of the ENR sector to poverty reduction in Uganda. The SWG should identify strategic partners for this work and if necessary approach donors for additional funding.	ENR-SWG	May 2003	18
9	The new Ministry of Planning in Kenya represents the main client for knowledge supporting the ENR sector's presence in the PRSP and MTEF.	External supporters		19
10	The Poverty Environment Initiative in Kenya and Tanzania should be used as the framework to co-ordinate any new activities designed to enhance the representation of environment and natural resources into revisions of the PRSP.	Donors	19	
11	The NEPAD secretariat should be approached to develop a partnership for mainstreaming environment in (greening) PRSPs.	IUCN-EARO	May 2003	21
12	IUCN-EARO should facilitate discussions between local stakeholders in the East Africa Region relating to the development of a learning initiative on mainstreaming Environment and Natural Resources in PRSPs. The World Bank should be approached as potential funder for this process.	IUCN-EARO	May 2003	23

## Abbreviations

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Abbreviation	Definition
AMCEN	African Ministerial Conference on Environment
CBO	Community Based Organisation
CSO	Civil Society Organisation
DFID	Department for International Development
EAC	East Africa Community (Kenya, Tanzania, Uganda)
ECTF	Edinburgh Centre for Tropical Forests
ENR	Environment and Natural Resources (sector, Uganda)
FAO	Food and Agricultural Organisation of the United Nations.
FID	Forest Inspectorate Division (MWLE, Uganda)
HIPC	Heavily Indebted Poor Countries
IIED	International Institute for Environment and Development
IUCN	International Union for the Conservation of Nature and Natural Resources
IUCN-EARO	IUCN East Africa Regional Office
LGDP	Local Government Development Plan (Uganda)
MAAIF	Ministry of Agriculture, Animal Industries and Fisheries (Uganda)
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs (Finland)
MOFPED	Ministry of Finance, Planning and Economic Development (Uganda)
MoEMD	Ministry of Energy and Mineral Development (Uganda)
MOH	Ministry of Health (Uganda)
MTEF	Medium Term Expenditure Framework
MWLE	Ministry of Water, Land and the Environment (Uganda)
NAADS	National Agricultural Advisory Service (PMA, Uganda)
NARC	National Rainbow Coalition (Kenya)
NEPAD	New Partnership for Africa's Development
NFP	National Forest Plan (or programme)
NFPF	National Forestry Programme Facility
NSSD	National Strategy for Sustainable Development
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan (Uganda)
PEI	Poverty Environment Initiative (Kenya, Tanzania)
PMA	Plan for the Modernisation of Agriculture (Uganda)
PMU	Poverty Monitoring and Analysis Unit (Uganda)
PROFOR	Programme on Forestry (UNDP, now WB)
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper (or process)
PSR	Poverty Status Report
RNE	Royal Netherlands Embassy



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Abbreviation	Definition
SOE	State Of the Environment (report)
SWAP	Sector Wide Approach
SWG	Sector Working Group
UBOS	Uganda Bureau of Statistics
UNDP	United National Development Programme
UNDP	United Nations Development Programme.
USAID	United States Agency of International Development
WB	World Bank
WSSD	World Summit for Sustainable Development, (Johannesburg, 2002)
WSSP	Wetlands Sector Strategic Plan (Uganda)

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# 1 Introduction

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## 1.1 Background

- 1.1.1 The importance of the environment, biodiversity and natural resource management are increasingly being recognized by the international community as vital components of national economic and development planning, as well as for poverty reduction strategies (Bojö *et al.*, 2001; DFID *et al.*, 2002). In practice this potential is not yet being realised in a manner commensurate with that importance. National governments and donors seem reluctant to invest in environment and natural resources and seem to prefer to select alternatives that are considered less risky. This is demonstrated by falling national budgets and the country programmes of some donors moving away from the sector.
- 1.1.2 Poverty Reduction Strategy Papers (PRSPs) have been identified as a fundamental tool supporting the responses of national governments and the international donor community to the challenge of poverty reduction in Heavily Indebted Poor Countries (HIPC). Recent reviews (e.g. Proctor, 2002) of full and interim PRSPs have demonstrated considerable variation in the success of the incorporation of Environment and Natural Resources (ENR).
- 1.1.3 The emerging ENR “sector” being developed in countries including Uganda and Kenya involves a number of “sub-sectors” including land, water, forests and fisheries and environment. These have been brought together in recognition of the interactions between the sub-sectors and to aid the development of strategies for these sub-sectors to contribute to national development and poverty reduction. There is a need to articulate the contribution that the ENR sector can make to poverty reduction in these countries through documenting examples from a range of individual sub-sectors.
- 1.1.4 The forestry (sub-) sector has been most proactive at the international level in discussing approaches, strategies and tactics to increase the potential impact on environment and natural resources on poverty. A series of three meetings supported by FAO, DFID and the Finnish Ministry of Foreign Affairs (MFA) have led to a much better understanding of how ENR can be integrated with the participative process of building and implementing PRSPs (FAO & DFID, 2001; van Gardingen *et al.*, 2002; Oksanen, Pajari & Tuomasjukka, 2003). This series of meetings was extremely useful in defining a set of principles, approaches and tactics to ensure that the ENR contributes to poverty reduction.
- 1.1.5 One of the most important conclusions from these meetings was that government ministries with responsibility for environment and natural resources needed to act rapidly to ensure that the ENR sector is better represented in PRSPs and associated Medium Term Expenditure Frameworks (MTEF) that determine government investment to promote poverty-reducing initiatives. The Tuusula meeting also identified the need to act now, to demonstrate progress ... “Stop talking and start doing”.
- 1.1.6 The results from the previous work on forests and poverty reduction can be used as an entry point for discussions relevant to the wider ENR sector. The Forestry sub-sector has identified the following needs and opportunities of relevance to all sub-sectors:
  - Link PRSPs to existing national processes e.g. National Strategies for Sustainable Development (NSSD) and (sub) sectoral strategies and the associated need to strengthen the poverty focus of such processes.
  - Generate better evidence of ENR-poverty linkages through focused case studies from a range of sub-sectors in the ENR sector.

- Develop systems to monitor and evaluate outcomes and impact of ENR related interventions on poverty reduction.
  - Promote lesson learning between countries (South-South), between sectors, and between partner countries and the wider international community.
- 1.1.7 There has been significant progress arguing the potential contribution of ENR to poverty reduction, however, there has been limited progress in the development and implementation of monitoring systems that measure and document impact. There is often little quantitative data on the linkages between ENR and poverty, and even less on the changes that take place when natural resource management and the environment are improved.
- 1.1.8 Case studies, which demonstrate serious analytical content, are considered essential to promotion further mainstreaming. Such studies will need to consider how sub-sectors interact linking the impacts of often more than one sub-sector on household income and livelihoods. This leads to an approach which is more poverty / people focused considering the ways that individuals and communities utilise natural resources and the environment to contribute to their livelihoods. There is also a need to link monitoring at the household level to the more integrated national level indicators required by ministries of planning and finance.
- 1.1.9 Knowledge and skills required to mainstream ENR into PRSPs and SWAPs are widely distributed between sectors, organisations and countries. The promotion of existing best practice through participative or action research linked to cross-sectoral and regional learning events is a very effective method to promote more rapid exchange of ideas and eventually impact. This, combined with local capacity building is proposed as essential activities required to overcome weaknesses of ENR sectors in articulating the relationship between Poverty and ENR.

## 1.2 Mainstreaming the ENR sector in East Africa

- 1.2.1 A recent World Bank internal report reviewing progress to mainstream the environment in PRSPs for three countries in East Africa (Tanzania, Kenya and Uganda, Bojö, 2002) concludes that the variation between countries necessitates tailoring responses to the needs of each country. In Tanzania there was a clearly articulated request for analytical work on ENR-poverty linkages. In Kenya, the new government is promoting the environment as part of their iPRSP and the Ministry of Environment has requested support in learning from other countries on approaches of integrating ENR into PRSPs.
- 1.2.2 Uganda is recognised as being at the forefront of PRSP development in East Africa with the third revision of their PEAP being implemented in 2003. The development of a Sector Wide Approach (SWAp) and Sector Working Group (SWG) for ENR with technical support from IUCN and financial support by an ENR sector donor group is promoting the mainstreaming of ENR for poverty reduction in Uganda. Other sectors and associated donor groups including the PMA (Plan for the Modernisation of Agriculture) have been established longer and currently benefit from greater donor commitment.
- 1.2.3 The IUCN Uganda office is acting to facilitate the development of the ENR sector in Uganda. IUCN and its partners are supporting a variety of activities to ensure that the environment, biodiversity and natural resource management are given the attention required in terms of economic planning, national development and in poverty reduction strategies in Eastern Africa. Much of this effort is focused on the Poverty Reduction Strategy process in terms of planning and allocating budgetary support for programmes and activities that contribute to poverty reduction.

1.2.4 In Uganda the environment and natural resources sub-sectors are being developed into a “sector” to promote more coherent allocation of resources. The same, it is hoped will apply to Kenya. The activities in Uganda are supported through funding from DFID and the Royal Netherlands Embassy while in Kenya a project document has been developed and agreed upon by the main partners. These national activities build on the recommendations and outcomes from a regional East African meeting (February 2002), organized by IUCN-EARO, which brought together Directors of Conservation (Wildlife, Fisheries, Forestry, Environment) together with their counterparts in Ministries of Economic Planning and National Development and, Ministries of Agriculture (IUCN, 2002).

### 1.3 Objectives of the Scoping Study

1.3.1 This scoping study, implemented in March 2003 focused on the opportunities in Uganda associated with the planned revision of their PRSP, the Poverty Eradication Action Plan (PEAP). A less detailed study of needs and opportunities in Kenya was linked to a discussion of a proposed regional learning network. Terms of reference are provided in Annex 2.

***Objective of the study:***

To work with local stakeholders to design a programme of work that will:  
***Enhance the contribution of the ENR sector to poverty reduction in East African countries through enhanced representation of the sector in PRSPs and their associated MTEFs***

## 2 Poverty Eradication in Uganda: Reference to Environment and Natural Resources

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### 2.1 Introduction

2.1.1 Uganda's Poverty Eradication Action Plan (PEAP, MFPED, 2001) is Uganda's Poverty Reduction Strategy Paper (PRSP) and is used to make poverty reduction central to all areas of government policy and action. The first version produced in 1997 was generated as a Comprehensive Development Framework through a participative process of consultation involving a wide range of stakeholders. A second revision was produced in 2001 and the third will be produced in late 2003 or early 2004 after a period of consultation commencing in May 2003.

#### *The four pillars of the PEAP*

2.1.2 The PEAP specifies four major goals:

- Fast and sustainable economic growth and structural transformation.
- Good governance and security.
- Increased ability of the poor to raise their incomes.
- Increased quality of the life of the poor.

2.1.3 The PEAP has guided the formulation and implementation of government policy since its inception in 1997. Public expenditure for priority actions to deliver the goals are specified in the Medium Term Expenditure Framework (MTEF) and Poverty Action Fund (PAF).

2.1.4 The Government of Uganda uses the PEAP to co-ordinate national and donor expenditure on actions designed to reduce poverty. This has promoted a degree of integration that now means that line ministries in sectors including environment and natural resources must argue the case for the incorporation in both the PEAP and MTEF. Examination of the current PEAP shows that environment and natural resource actions to reduce poverty are poorly represented.

2.1.5 The linkages between environment and natural resources and poverty is well recognised in Uganda. Data from the National Household Survey (NHS) and Participatory Poverty and Environment Assessment (PPEA) feed into the Poverty Status Report (PSR, MFPED, 2003) which reports against progress under each of the four pillars in the PEAP.

2.1.6 PRSPs including Uganda's PEAP are now recognised as being a powerful tool to argue the case for funding of pro-poor government expenditure. In order to achieve this three steps are required:

- Document the link to poverty (e.g. between environment or natural resources and poverty).
- Suggest costed priority actions that will lead to the reduction of poverty. These are often obtained from sector-based action plans identified in documents including Environmental Action Plans, National Forest Plans (NFPs) or from National Strategies for Sustainable Development (NSSD).
- Include mechanisms to monitor the outcomes and impact of those interventions.

2.1.7 The poor representation of environment and natural resources interventions linked to Uganda's PEAP shows that the relevant line ministries are not being successful in articulating and arguing the case for inclusion of activities in the PEAP, MTEF

(Budget Framework Paper in Uganda) and the allocation of funds through the PAF. The following sections consider the process to identify opportunities to increase the inclusion of environment and natural resources in the next version of the PEAP.

## 2.2 Plan for the Modernisation of Agriculture

2.2.1 The PEAP recognises that agriculture provides a pathway out of poverty for the rural poor. Uganda's Plan for the Modernisation of Agriculture provides the framework designed to address rural poverty

2.2.2 The Plan for the Modernisation of Agriculture (PMA) (PMA, MAAIF & MFPEd, 2000) recognises the rural dimension of poverty in Uganda, where 80 % of the workforce is involved in the sector, and the majority of these are considered poor. The policies outlined in the PMA document pathways out of poverty for these people.

2.2.3 The seven priority areas for action identified in the PMA are:

- Research and Technology Development
- National Agricultural Advisory Service (NAADS)
- Agricultural Education
- Improving Access to Rural Finance
- Agro-processing and Marketing
- Sustainable Natural Resource Utilisation and Management
- Physical Infrastructure

2.2.4 The PMA supported the establishment of a Sector Working Group (SWG) for Environment and Natural Resources which represents a number of relevant "sub-sectors" including environment, fisheries, wildlife and forestry. The SWG is an attempt to foster greater co-ordination with this sector, which is fragmented by being distributed between a number of different ministries in government and has a poor track record of success in negotiating adequate budget allocations by MOFPEd.

## 2.3 PRSC

2.3.1 Poverty Reduction Support Credits (PRSC) are designed to implement programmatic lending by the World Bank in support of the implementation of PRSPs (which in Uganda is the PEAP) Uganda was the first country to have a PRSC approved by the World Bank in 2000 and it is currently negotiating the third annual version of the progress and implementation matrix.

## 2.4 SWAPs

2.4.1 Sector Wide Approaches (SWAPs) are seen as a way to increase government ownership of development processes through better coordination of government, civil society and donor actions within a sector. A number of SWAPs are being implemented in Uganda and a new SWAP is being developed for the ENR sector co-ordinated by a sub-committee of the ENR sector working group (SWG). Discussions at the SWG meeting on 6 March 2003 indicated that line ministries do not yet fully understand what a SWAP is, and it apparent that it will take time to influence this process.

## 2.5 Monitoring poverty

- 2.5.1 National level poverty monitoring indicators are set out in the Poverty Monitoring and Evaluation Strategy (PMES) which is co-ordinated by the MoFEPD Poverty Monitoring and Analysis Unit (PMAU). Data collection is carried out through other means such as the Uganda National Household Survey, the National Service Delivery Survey, and Population Census and the Uganda Participatory Poverty Assessment.
- 2.5.2 The results from these surveys are analysed by the Uganda Bureau of Statistics and the Ministry of Finance, Planning and Economic Development Poverty Monitoring and Analysis Unit (PMAU) to form the Poverty Status Report (PSR) every two years.
- 2.5.3 The 2003 revision of the PSR recognises that rural poverty is very significant in Uganda. It stresses that poverty is multidimensional and that access and returns to capital assets (i.e. human, natural, financial, physical and social) are as important to poverty reduction as is increased income. The national surveys identified that access and ownership of land is particularly important to the rural poor as are access to natural resources and the state of the environment.
- 2.5.4 MOFPED accepts that current indicators for Environment and Natural Resources (ENR) do not fully meet their needs to represent the sector in government planning processes. A number of new national and district level, poverty relevant environmental indicators have been suggested (Sgobbi & Muramira, 2002) and some of these may be adopted in future versions of the PSR and PEAP.
- 2.5.5 A number of activities have commenced to improve the value of learning through monitoring and evaluation of poverty reduction. In addition to continuing support to PMAU, there are activities to decentralise the process to districts and to enhance monitoring within sectors and associated line ministries. A monitoring and evaluation framework for the PMA has been developed. This assesses performance in PMA priority areas, institutional arrangements and intermediate and final outcomes to provide input, output outcome and impact indicators (see Figure 1, below) and will address a limited number of components linked to the ENR sector.
- 2.5.6 Environmental outcome monitoring indicators have recently been included in the Uganda Poverty Monitoring and Evaluation Strategy: (a) percentage of land area covered by forests; and (ii) distance travelled to collect fuel wood.
- 2.5.7 The PSR reports against these indicators that forests and woodlands cover 24 percent of the total land area in Uganda. About 70 percent of forest resources are on private land, 15 percent in Central forest reserves and 15 percent in national parks (MWLE, 2002b). Recent evidence shows that the quantity and quality of the forest cover has declined over time. Deforestation has led to increased poverty through increased fuel wood costs, both in terms of money and time spent in collection. More than 30 percent of the tropical high forests are now degraded, with private forests shrinking more rapidly than government-managed forests. As a result, the overall biodiversity of the country is declining (MUIENR, 2000; MWLE, 2002b).
- 2.5.8 Distance travelled particularly by women and children to collect firewood has increased dramatically between 1992 and 2000 from 0.06km to 0.9km, being much further in rural areas and particularly in Northern Uganda (MOFPED, 2002a).

## 2.6 Current Projects in the Environment and Natural Resource Sector

- 2.6.1 The ENR-SWG SWAP sub-committee will be responsible for the compilation of a list of current projects and related actions in the environment and natural resources sectors. This list of projects will be available to identify suitable candidates for the generation and synthesis of knowledge describing the contribution of the ENR sector to poverty reduction.

## 3 The Environment and Natural Resource “Sector” in Uganda

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### 3.1 Background

3.1.1 The Environment and Natural Resource (ENR) sector in Uganda is new and is fragmented involving four<sup>1</sup> line ministries. The poor performance of the constituent sub-sectors in the last revision of the PEAP in terms of resource allocation has been attributed to: fragmentation and poor understanding of the function of the PEAP and associated budget cycle leading to poor negotiating skills with MOFPED. The establishment of the SWG for ENR was recommended by the PMA and is supported financially by DFID and the Royal Netherlands Embassy (RNE) to strengthen the sector and its performance in poverty reduction.

### 3.2 ENR Sector Working Group

3.2.1 The ENR SWG is chaired by the Permanent Secretary of the Ministry of Water Lands and Environment (MWLE) and facilitated by the Uganda office of IUCN. Finances are managed by MOFPED who acts as Secretary to the group. The consultant was present as an observer at the meeting of the SWG on 6 March 2003. It was apparent that people in the sector feel undervalued but wish to deliver results for the sector as a whole. The process being facilitated by IUCN should empower the group to achieve more, especially in relation to the forthcoming PEAP revision.

#### *SWG sub committees and Civil Society Forum*

3.2.2 Two sub-committees will be responsible for implementing the majority of the group’s work programme.

- **SWAP sub-committee:** will act to foster greater co-ordination between the core line ministries, government and parastatal agencies, donors and civil society organisations. DFID is providing financial support for the SWAP sub-committee and overall co-ordination of the SWG.

#### ***ENR SWAP***

The SWAP process represents the largest reform in the way that the ENR sector functions. One of the most significant challenges will be to enhance coordination and cooperation between component sub-sectors and between government, civil society and donors. The private sector is represented by one observer from the private sector foundation.

The SWAP will need to reflect the process of decentralisation in Uganda with appropriate links to local government (e.g. District) and local civil society (i.e. CBOs and local NGOs)

- **PEAP Revision sub-committee:** will be responsible for providing sectoral inputs into the forthcoming PEAP revision that commences in May 2003. These activities are supported by a budget provided by the RNE that includes provision for research to generate information required for this process. USAID have offered additional technical support (staff time, but no financial support) for

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<sup>1</sup> Effectively only three as Energy is a member but is not currently participating. The SWG is working to encourage more effective participation. The challenge will be to develop incentives for the energy sub-sector to engage in the SWAp process.



monitoring and evaluation linked to the PEAP revision and the development of the SWAp process.

***PEAP Revision***

The importance of the PEAP revision sub-committee cannot be underestimated. It represents the most important opportunity for the *sector* (and component *sub-sectors*) to influence government funding allocations to and within the sector<sup>2</sup>.

- 3.2.3 The PEAP revision sub-committee will also need to address the problem of *lack of understanding* of the budget cycle in line ministries and to *develop tactics* to increase the representation of the sector in both the PEAP and MTEF (Budget Framework Paper).

**Recommendations**

- 1 The PEAP revision sub-committee of the ENR SWG is the legitimate channel for actions that support increased representation of the ENR sector in the PEAP revision and BFP (MTEF) in Uganda. Any additional donor or external support in this area should be channelled through the SWG in response to demand from the sub-committee to empower this local process.  
*Donors and external supporters*
- 2 It is essential that any external support of the PEAP revision for ENR in Uganda leads to a sustainable process. This is best achieved by using and strengthening local institutions (including the ENR-SWG) and their ability to inform and influence the PEAP, MTEF and policy.  
*Donors and external supporters*
- 3 Institutional strengthening of the ENR-SWG should be designed to improve the understanding of the government's budget cycle by line ministries and the development of tactics for the SWG to influence the PEAP.  
*ENR-SWG* *When requested*

- 3.2.4 Stakeholders in the ENR sector noted that great progress has been made in arguing the link between environment and natural resources and poverty. This link is now increasingly recognised in official documents including the PEAP, PMA and PSR. There was frustration at the lack of progress in translating these arguments into budgetary allocations. A major factor now identified as limiting progress, is the lack of objective evidence of the *contribution of ENR to poverty reduction*. An example would be increasing fish size in a lake after restocking or firewood being more readily available after the establishment of a woodlot. Nearly all existing data describes outputs such as the number of fish released or number of trees planted rather than positive impacts on poverty reduction.

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<sup>2</sup> Civil Society plays a complementary role engaging in these issues and currently act outside the process currently coordinated by the SWG.

**Recommendation**

- 4 Additional research is required to collect and collate evidence of the outcomes of previous ENR interventions and resulting impact poverty reduction. Civil society and private sector actors should be encouraged to contribute to this process. The main client for this information will be MOFPED and they should be involved in this process. This client-focused approach will ensure that the research is not overly academic.

*ENR PEAP sub-committee*

*When required*

- 3.2.5 Both sub-committees are scheduled to meet for the first time before the end of March 2003. These meetings will be required to set appropriate terms of reference for each group before starting to determine relevant work programmes for implementation.
- 3.2.6 In the medium-term the SWG needs to argue the case for overall increased funding from government. This will require the development of much greater advocacy skills and the building of trust relationships between sub-sectors to create incentives to work together. A common comment from members of the SWG was that getting multilateral involvement with the SWG process, and specifically World Bank support, would greatly strengthen the group and their ability to negotiate with MOFPED.

**Recommendation**

- 5 The World Bank should be approached to provide additional support for institutional strengthening of the SWG and the generation of evidence (additional case studies) to support the PEAP revision. This should be timed to feed into the forthcoming PEAP revision process.

*ENR SWG*

*May 2003*

### 3.3 Sub-sectors represented in the ENR "Sector" and SWG

- 3.3.1 The intended composition of the SWG is shown as Annex 3. The core group involves the Ministry of Water Land and Environment (MWLE), Ministry of Energy and Mineral Development, Ministry of Agriculture, Animal Industries and Fisheries (MAAIF) and the Ministry of Finance, Planning and Economic Development (MOFPED).

#### *Land*

- 3.3.2 The Land sub-sector is a responsibility of the Uganda Land Commission and the Land Directorate of MWLE and regulated by the Land Act of 1998. . Issues of land access and tenure are repeatedly cited as being fundamental to rural poverty, environmental degradation and natural resource depletion. There is a perception that the 1998 Act does not meet all the needs of the ENR sector (e.g. gender equity) and more importantly there has been slow progress in implementation of land titles.

#### *Environment*

- 3.3.3 Environmental issues are co-ordinated by the MWLE and the Department of Economic Affairs (Meteorology, Forestry and Wetlands) and is regulated by the National Environment Statute (1995) under the MWLE and this policy is articulated through the Environmental Action Plan of the same year. An important aspect of the legislation and the action plan is that both predate the first version of the PEAP and do not, therefore have a strong poverty focus.
- 3.3.4 The National Environment Management Authority (NEMA) is a parastatal organisation with responsibility for implementation of the Environmental Action Plan. NEMA is currently highly dependant on donor funding, but is expected to move towards self funding over the next three years. As a member of the ENR SWG,

NEMA is responsible for arguing the case for environmental issues within the SWAP and PEAP. It is apparent that there is a tension between these poverty-focused responsibilities, the intention of the legislation that NEMA applies and the requirement for the agency to become self-funding.

- 3.3.5 NEMA needs to increase the poverty focus of their approach to environmental management if they are to be successful in arguing the case for inclusion of environmental interventions in the PEAP. This is recognised within the PMA which states that some aspects of the Environment Statute may need to be revised to support pro-poor development.
- 3.3.6 NEMA intend to use a set of economic instruments to improve environmental management in Uganda. The consultant attended a presentation from NEMA to MOFPED staff on 6 March 2003. NEMA staff presented a user manual describing a set of instruments being proposed for application in Uganda (NEMA, 2001). MOFPED staff questioned the potential impact of these tools on the poor and poverty. NEMA staff indicated that since there is a strong link between environment and poverty, that the poor had most to gain from good environmental management.
- 3.3.7 The consultant noted that there is increasing evidence of the need to design pro-poor interventions to prevent problems of market barriers to the poor, or environmental interventions that increase inequity before the poor and non-poor (DFID *et al.*, 2002; Landell-Mills & Porras, 2002; Pagiola, Bishop & Landell-Mills, 2002).
- 3.3.8 DFID is supporting the implementation of an Environmental Governance Review across government. This will analyse and recommend a system for the Improved co-ordination of environmental and natural resource management functions of the central and local governments, line ministries and departments NGOs and the private sector in Uganda. It will propose an enabling governance framework for the full and effective participation of all stakeholders in environmental and natural resource management in Uganda.
- 3.3.9 This review is expected to deliver a series of reports by June 2003. Examination of the inception report and terms of reference for this project lead to the observation that there are only weak links to poverty reduction. The Environmental Governance Review may run the risk of perpetuating the “leap of faith” assumption that better environmental governance and management, automatically benefits the poor. The case studies proposed in section 4 would help to provide objective evidence for the sub-sector.
- 3.3.10 NEMA is producing a new State of the Environment (SOE) report to be completed by June 2003 and available for the PEAP revision. The 2003 SOE is intended to have much stronger links with poverty. NEMA staff requested is it would be possible a draft to be reviewed externally to maximise the impact on the PEAP. The consultant notes that this request would best be channelled through the PEAP sub-committee of the ENR-SWG.

<b>Recommendation</b>	
6	The PEAP sub-committee of the ENR-SWG should consider requesting an external review of the draft 2003 State of the Environment report to ensure that it maximises the potential links to poverty reduction. <i>ENR-SWG</i> <span style="float: right;"><i>May 2003</i></span>

*Water Resources*

- 3.3.11 Water resources are administered by the Water Resource Management Department of MWLE. The sub-sector is governed by the Water Statute of 1995 and Water Resources Regulation on 1998. Water is also identified within the PMA as being

required to support enhanced agricultural production through water harvesting and irrigation schemes.

### *Energy and Minerals*

- 3.3.12 The Energy and Minerals sub-sectors come under the remit of the Ministry of Energy and Mineral Development (MoEMD). Staff from MoEMD are currently not engaged in the SWG process. The SWG secretariat is trying to encourage participation at future meetings of the group.

### *Forestry*

- 3.3.13 The forestry sub-sector is currently (March 2003) administered by the Forestry Department and Forestry Inspectorate Division of MWLE. A new Forestry and Tree Planting Bill is being considered by Parliament and is likely to be enacted in the very near future. DFID's Forest Sector Reform Project has been supporting a process of very significant institutional change in the sub-sector. The driving force for change was initiated through the PMA and expanded further in the draft National Forest Plan (MWLE, 2002b). The implementation of this plan has been identified as a priority action for the next PSRC framework. On 10 March 2003, the first step in implementation was affected with the establishment of the Forest Inspectorate Division (FID). The establishment of the full National Forest Authority will commence once the Forestry Act has been enacted by parliament.
- 3.3.14 The NFP is a visionary document focused on people and poverty. It evolved from an extensive process of consultation with stakeholders. The NFP very clearly argues the case for a range of costed actions by which trees and forests can contribute to poverty reduction. The NFP process has resulted in a substantial shift in perception of the sub-sector by outside stakeholders. There is much wider agreement that trees and forestry are important to poverty reduction.
- 3.3.15 The challenge remaining is to translate this into action through the revision of the PEAP and associated MTEF. It was stated by MLWE staff that the new FID will be in a weak negotiating position with MOFPED and that FID staff will need training in making the budget process work for the sub-sector and negotiation skills or tactics.
- 3.3.16 The case for some forestry interventions is also argued through the PMA and there are moves to include forestry relevant indicators into the evolving monitoring and evaluation framework for the PMA. The new National Agricultural Advisory Service (NAADS) also covers some tree or forest related activities but mainly trees on farms or agroforestry. The implementation of this is being piloted within the forest sector to better enable NAADS to take up the lessons learnt. This process has built but better respect and trust relationships between agriculture and forestry. It does, however, illustrate an area of overlap between the PMA and the evolving SWG-ENR.

#### *Who represents forests?*

Overlap between the PMA and the SWG on ENR in some areas of trees and forest is leading to the question of *who is legitimate champion for trees and forests when negotiating with MOFPED?*

### *Wetlands*

- 3.3.17 Wetlands are administered by the Wetlands Inspection Division of MWLE under the Wetlands Policy 1995. The importance of wetland ecosystems to the environment and rural livelihoods is well recognised and documented as part of the Wetlands Sector Strategic Plan (WSSP). It is notable in the ENR sector by being linked to significant expenditure through the Poverty Action Fund (PAF).

### *Fisheries*

- 3.3.18 Fisheries is a sub-sector in the ENR-SWG represented by the Fisheries Department of the Ministry of Agriculture Animal Industries and Fisheries. It is also represented in the PMA which has a priority action for the construction of fish landing sites. The fisheries sub-sector has similar issues relating to representation as forestry.

#### ***Who represents fisheries?***

The PMA addresses limited aspects of fisheries and its inclusion in the ENR SWG leads to the question of *who is legitimate champion for fisheries when negotiating with MOFPED?*

### *Wildlife*

- 3.3.19 The Wildlife sub-sector is represented by the Uganda Wildlife Authority (UWA) under the Ministry of Tourism, Trade and Industry and administered through the Uganda Wildlife Statute (1996). The link to tourism reflects the importance of wildlife in attracting overseas visitors. This also means that the ability of local communities to generate livelihoods is restricted in many parks. UWA is increasing its focus on poverty by looking for compatible livelihood strategies in parks and ways of enhancing livelihoods outside reserves.

### **3.4 Decentralisation.**

- 3.4.1 The process of decentralisation is administered by the Ministry of Local Government under the Local Government Act 1997. The empowerment of districts and communities is an essential component of the PEAP's strategy to reduce poverty and monitor progress. These activities are captured within Local Government Development Plans (LGDP)
- 3.4.2 The activities suggested for Uganda in this report (section 4) will be implemented through links to appropriate community and district level organisations.

### **3.5 Relationship between ENR sector and Agriculture sector (PMA)**

- 3.5.1 Issues regarding the relationship between the new ENR sector and the agricultural sector (as represented by the PMA) have been referred to previously. External observers, including MOFPED staff commented that there appears to be a parallel process resulting from PMA representing the ENR sector before the SWG was established. The consultant noted that this was apparent in two areas relevant to the current mission, specifically, development of indicators and negotiation with MOFPED over the PEAP revision.
- 3.5.2 The perception that parallel processes exist, has the effect of significantly weakening the position of the SWG and is highly likely to weaken the representation of ENR in the PEAP revision. It is extremely important that any opportunity for confusion relating to the representation of ENR sub-sectors is resolved before the PEAP revision commences.

#### **Recommendation**

- 7 The question of who represents the interests of ENR sub-sectors to MOFPED must be resolved before the PEAP revision commences.  
*MWLE, MAAIF* *May 2003*

## 4 Proposed Country Activity: Impact of ENR on Poverty in Uganda

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### 4.1 Background.

- 4.1.1 The review of current activities in Uganda to link the ENR sector into the PEAP and MTEF had identified demand and opportunities where additional external support could significantly add value and enhance *impact on poverty*.
- 4.1.2 The generation of new knowledge describing and quantifying the impact of actions in the ENR sector on poverty through is being given a high priority by local stakeholders. Recent work by MOFPED to define poverty relevant environmental indicators (Sgobbi & Muramira, 2002) states that “*surprisingly little attention has been given to quantifying the link between investment in natural resource management and improvement in people’s lives ...Key to translating policy into action is filling the current knowledge gap.*” MOFPED staff have expressed demand<sup>3</sup> for new knowledge to support the revision of Uganda’s PEAP commencing in May 2003 and expressed the opinion that monitoring should be carried out over a period of several years to ensure representativeness and sustainability.
- 4.1.3 The Minister of Finance, Planning and Economic Development very clearly stated this need during a speech on 23 January 2001 during a planning workshop for the ENR SWAP. He stated that “*The PEAP has set out two major strategies ... measures to increase the income of the poor and measures to increase the quality of life of the poor*”. He stated that the link between the SWAP, PEAP and MTEF (through the PAF) meant that “*It must be made very plausible that the funds clearly contribute to poverty reduction.*”

### 4.2 Institutional arrangements.

- 4.2.1 MOFPED is considered the main government client in Uganda for new knowledge and evidence of the ability of ENR interventions to support poverty reduction. Secondary clients include the appropriate national line ministries, civil society organisations and the regional learning initiative discussed in section 5 of this report.
- 4.2.2 The SWG sub-committee on PEAP revision represents the appropriate institutional home to co-ordinate case studies on impact of ENR on poverty reduction. The SWAP sub committee will be able to provide information on existing projects relevant to the discussion.
- 4.2.3 It is apparent that there is very limited additional capacity within government agencies to implement case studies. An appropriate solution to this problem would be to adopt a process of community-based action research facilitated by civil society organisations and possibly involving higher education institutions. This work should be done in partnership with local government as poverty monitoring committees are established in several districts to monitor poverty reduction expenditures. MOFPED notes that these are largely focusing on visible indicators that money was spent as intended. Partnership processes to promote civil society involvement in monitoring poverty impact are identified by MFEPD as being essential to deliver representation and accountability to poor people (MFEPD, 2003).

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<sup>3</sup> Expressed during discussions with David Brown (MOFPED, Desk Officer, Lands and Environment) and Diego Angemi (MOFPED, Development Economist, Poverty Monitoring and Analysis Unit).

### 4.3 Monitoring Impact of Poverty Reduction activities

- 4.3.1 Monitoring and evaluation of activities designed to deliver against the Millennium Development Goals (MDG) including poverty reduction is recognised to be a major challenge for development practitioners. The World Bank's PRSP source book includes a chapter and associated case studies on monitoring and evaluation (Prennushi, Rubio & Subbarao, 2001). This document makes the distinction of four types (levels) of indicators that can be used to evaluate the progress towards a goal (Figure 1).
- 4.3.2 Intermediate indicators are easily measured during the implementation of a project by monitoring expenditure (Inputs) and the resulting outputs (e.g. number of trees planted). Final indicators (Outcomes and Impact) cannot normally be measured during the lifetime of a project or intervention. This issue is especially critical when dealing with natural resources such as fisheries, trees and forests, which may require years or even decades to mature. *Very few attempts have been made to collect evidence as final indicators on outcomes and impact for environment and natural resources in any developing country.* Uganda is no exception to this.
- 4.3.3 Some donors have started to redress this deficiency and have published selected case studies (e.g. DFID *et al.*, 2002 for environment) but these are usually considered by ministries of finance to contain insufficient detail to provide the evidence required to justify expenditure through a PRSP. It must be recognised that it is not sufficient to simply provide evidence of ENRs potential contribution to poverty reduction or the contribution of loss of resources to increasing poverty. The ENR sector must provide evidence that is compelling enough to show that priority ENR initiatives will at least deliver as much impact as competing proposals from other sectors. The time-lag on nearly all ENR interventions means that it will always be considerably more difficult to argue the case for ENR compared with interventions supporting infrastructure, health and even agriculture<sup>4</sup>. The challenge is for the ENR sector is to generate credible case studies demonstrating outcomes and impact of priority interventions.

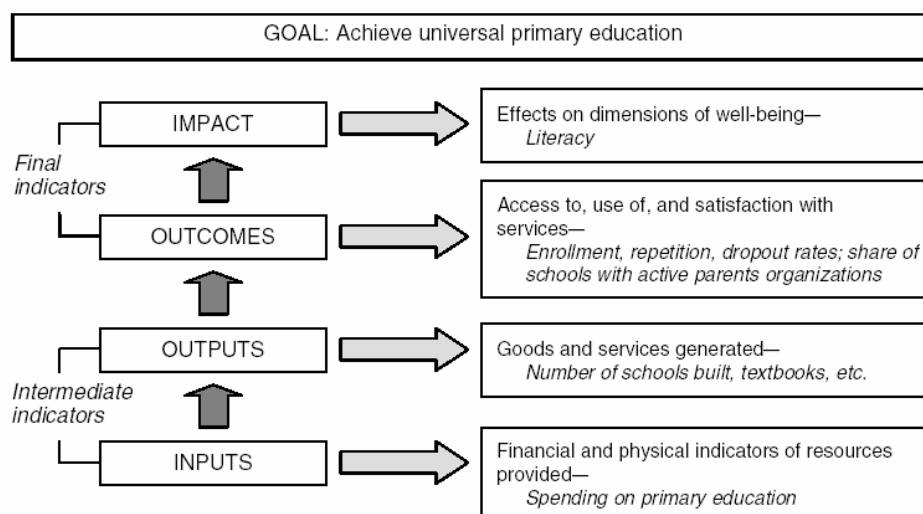


Figure 1 Examples of levels of indicators that can be used to monitor the achievements linked to PRSPs from the World Bank's PRSP sourcebook (Prennushi, Rubio & Subbarao, 2001).

<sup>4</sup> Which is typically based on annual cropping systems.

- 4.3.4 The proposed work programme for the ENR-SWG (MWLE, 2002a) includes activities for monitoring the sector (\$3,500) supporting the development of the SWAP (\$81,095) and the PEAP revision (\$103,900). The monitoring activity mainly focuses on measuring inputs and output. The activities to support the PEAP revision include resources for commissioning research to address information gaps but it must be recognised the amount that can be invested in this will be limited by the existing budget, and the length of the work programme does not meet the requirements stated by MOFPED for monitoring over a period of several years. In addition to financial and technical (staff) support provided by DFID and the Royal Netherlands Embassy, USAID has offered to assist with monitoring and evaluation in the ENR sector, but this will be non-financial and restricted to making USAID staff available.
- 4.3.5 The multidimensional nature of poverty is recognised in the most recent Uganda poverty status report (MOFPED, 2003) with a wide variety of data derived from sources including the Participatory Poverty Assessment and Uganda National Household Survey. The analysis of the perceptions from the rural poor of links between poverty and environment and natural assets show that access to resources (including land), pollution and the declining status of natural resources all add to their poverty. These perceptions articulated in the participatory assessment are supported by data analysis obtained from the household survey (see Figure 2 below).
- 4.3.6 The above discussion shows that there is local-level demand and need for additional activities to generate evidence from outcome and impact level indicators for ENR interventions in Uganda. New funding will be required to support the generation of this knowledge. Staff in the MOFPED suggested that credibility, relevance and impact of such activities to the revision of the PEAP would be enhanced if there were explicit World Bank support for any research.

#### 4.4 Selection of sites and interventions.

- 4.4.1 The necessity to deliver evidence for the current PEAP revision will mean that the initial monitoring must be against current or completed projects. Existing projects should be reviewed to determine if adequate outcome and impact indicators are already available and if so collated.
- 4.4.2 It will probably be necessary to select a number of new sites and interventions for evaluation. Selection criteria should include the poverty profile of the site, status of natural resources and the type of intervention. Where possible these data should be collected in time to feed into the current PEAP revision.
- 4.4.3 This report suggests that priorities for selection of case studies should include:
- Interventions that have been funded under the PAF (and hence already have a link to the PEAP).
  - To cover a range of sub-sectors.
  - Opportunities to maximise local communities and district government in data collection and analysis.
  - Concentrate on projects designed to promote poverty reduction.
- 4.4.4 There is a possibility that the SWAP sub-committee may not have information on some types of projects relevant to the generation of evidence for the PEAP revision. They should check with relevant multinational organisations including the Future Harvest Centers (Consultative Group on Agricultural Research) and the UN system (e.g. FAO).
- 4.4.5 Longer-term monitoring is desirable in order to assess trends and sustainability. This could be done on existing interventions, but could usefully be applied to new poverty-



focused actions, such as engaging in the emerging environmental markets (Landell-Mills & Porras, 2002) or the promotion of greater private sector involvement in the ENR sector. In each case, it would be desirable to implement some long-term studies as community designed action research programmes (e.g. DFID, 1998).

#### 4.5 Scaling and links to district or national-level indicators.

- 4.5.1 The measurement of indicators of impact on poverty at the level of an individual household or community cannot automatically be scaled to create district or national-level indicators. A number of issues influence the ability and method used to make this linkage. Methods to scale-up information (van Gardingen, Foody & Curran, 1997) will be influenced by the economic, infrastructural, social and ecological characteristics of the intervention.
- 4.5.2 Economic factors include market creation, price elasticity, potential market size and the risk of product substitution. Infrastructural factors include transport infrastructure, the distance to market (or processing site), availability of processing equipment or storage sites and availability of energy and water. Social and human factors include the availability of people (for example at harvest), training in skills required to support the livelihood and potential conflict with other stakeholders over the resource. In addition to these factors influencing the absolute magnitude of impact on livelihoods, it is important to document the risks or resilience associated with any particular livelihood option or strategy (Carney, 1998).
- 4.5.3 It is incorrect to assume that if one household (or community) has an \$1 per day equivalent increase in wellbeing that if this was extended to 1000 households, that the average impact will still be \$1 per day. Products linked to a market with limited size (e.g. a small export market) should be expected to decline in value as more producers adopt this livelihood strategy. In contrast, products that require significant processing infrastructure or establishment of market structure have no value initially (when markets or processing infrastructure don't exist), followed by a very high value when these are established and raw materials are rare. The income derived after this point may either remain static or decline depending on the size and growth of the market.
- 4.5.4 As result of these factors is that the analysis and scaling of each community or district level indicator of poverty reduction should be examined independently. The best approach will often be to measure district or national level indicators concurrently with community-level indicators. It will be almost essential to involve a macro-economist in any final analysis in order to be able to convince staff in the Ministry of Finance and Planning. For this reason it is desirable to have this stakeholder group involved in any research.

#### 4.6 Implementation

- 4.6.1 The report suggests that new knowledge should be generated through a series of case studies. It is desirable that these should be implemented by partnerships involving groups including civil society organisations (CBOs, NGOs), local government and higher education institutions. NGOs have the capacity to support the process, and where new data are required these should be obtained using community-led participatory research.
- 4.6.2 The Government should also be a partner in the research. The ENR-SWG will be a full partner so that they can use the new knowledge to support their core activities. Engagement with MOFPED to design and implement studies would increase the eventual impact of the results on decision making in the Ministry.
- 4.6.3 The first phase of the work should be a desk-based case study to identify, collate and analyse information from existing and completed projects. This study would review

any previous work in the ENR sector in Uganda. Additional information from outside Uganda would become available from the regional learning initiative discussed in section 5. An example of the level of existing data available in Uganda is illustrated in the National Forest Plan (MWLE, 2002b) with a description of changes in the average distance required to collect firewood (Figure 2).

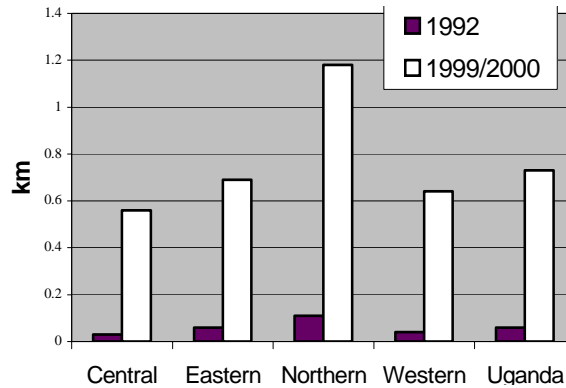


Figure 2 Trends in distance required to collect firewood (MWLE, 2002b, data from UBOS, 2001)

- 4.6.4 A second phase of the work should implement selected case studies in field locations where ENR related activities have been implemented, but where existing monitoring data are inadequate to quantify outcomes or impact on poverty. It is likely that in many of these sites, there will be inadequate base-line information and that it will be necessary to compare with other similar locations. These monitoring activities should be carried out over a period of several years to determine trends and sustainability.
- 4.6.5 The third phase is recommended that would implement new ENR interventions in the field to demonstrate impact on poverty reduction. These would be fully co-ordinated with other (donor) activities through the ENR SWAP under the overview of the ENR-SWG.
- 4.6.6 Analysis and interpretation of new knowledge generated from case studies will need to be cross-referenced back to national level poverty indicators as used in the Poverty Status Report and PEAP. The nature of these national indicators has evolved and the case studies could also be used to suggest further improvements in national indicators or their analysis and interpretation to support policy and practice. The new poverty relevant environmental indicators suggested by MOFPED (Sgobbi & Muramira, 2002) provide a suitable entry point for further analysis. It is important to include these stakeholders in the analysis and reporting (section 4.5.4)

## 4.7 Funding

- 4.7.1 Existing funding provided for the ENR SWG includes provision for commissioning research and it would be appropriate for this to assist appropriate case studies, particularly in the first phase of the work. Additional funding may be required to support new case studies and for longer-term monitoring.
- 4.7.2 The case studies would best be funded through support from several donors co-ordinated through the ENR SWAP. Where case studies are being implemented through enhanced evaluation of existing donor projects it would be appropriate for the SWG to request that donor to strengthen the participatory monitoring component of the project. MOFPED staff stressed the desirability of getting World Bank funding

for the process to increase credibility within MOFPED in relation to the PEAP revision.

**Recommendation**

- 8 The ENR-SWG should consider the needs and opportunities for selected case studies to generate evidence of the contribution of the ENR sector to poverty reduction in Uganda. The SWG should identify strategic partners for this work and if necessary approach donors for additional funding.

*ENR-SWG*

*May 2003*

## 5 Proposed Country Activity: Impact of ENR on Poverty in Kenya

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### 5.1 Background

- 5.1.1 The new Government of Kenya was elected in December 2002. The ruling National Rainbow Coalition (NARC) headed by President Mwai Kibaki has made pledges to fight corruption and poverty. In this new political environment, donors are expressing an interest in engagement.
- 5.1.2 The government is now undertaking a process of consultation with stakeholders to develop a strategy to fight poverty and corruption. The first step of this has been to produce a draft strategy for economic recovery for the Ministry of Planning. The objective of this strategy paper is to translate (or merge) the intentions of Kenya's PRSP with the NARC manifesto to produce a roadmap for recovery. It is expected that the final version of the economic recover paper will be produced by the end of April 2003.
- 5.1.3 The political landscape in Kenya is changing rapidly. The previous Ministry of Finance and Planning has been split into two separate ministries. The new Ministry of Planning represents the main client for knowledge supporting the ENR sector in the PRSP and MTEF. There is strong support from within the Ministry for the generation of evidence of the contribution of the ENR sector to poverty reduction.

#### **Recommendation**

- 9 The new Ministry of Planning in Kenya represents the main client for knowledge supporting the ENR sector's presence in the PRSP and MTEF.  
*External supporters*

- 5.1.4 There are now moves involving the Government of Kenya and the donor community to establish a SWAP for environment in Uganda. DFID is providing support for the Poverty Environment Initiative (PEI) for Kenya and Tanzania which is administered through UNDP. This major programme provides a framework that should be used to co-ordinate activities in the ENR sector in these countries. Any new activities should be linked through the PEI in the same way that the ENR-SWG is being used in Uganda. In all three countries the PRSP (or equivalent) should remain as the umbrella document driving the initiatives and resulting outcomes.

#### **Recommendation**

- 10 The Poverty Environment Initiative in Kenya and Tanzania should be used as the framework to co-ordinate any new activities designed to enhance the representation of environment and natural resources into revisions of the PRSP.  
*Donors*

- 5.1.5 The implementation of the PEI should create an opportunity for further dialogue with local stakeholders on methods to increase the impact of the ENR sector on poverty reduction in Kenya (and Tanzania)

## 6 A Regional Learning Network.

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### 6.1 Background

- 6.1.1 Opportunities South-South (or regional) learning processes are recognised as having potential to contribute to poverty reduction in developing countries. The potential for regional learning to share experience, provide evidence and suggest tactics to increase the contribution of trees and forests to poverty reduction strategies was stressed as an outcome of the Tuusula workshop (Oksanen, Pajari & Tuomasjukka, 2003) on *Forests in Poverty Reduction Strategies*. This conclusion is equally valid any component of the natural resource and environment sectors. IUCN has already commenced this process for the East Africa Region through workshops linked to the East Africa Committee (EAC) for Directors of Conservation. The second of these held in February 2002 was on the theme of “Natural resource valuation and accounting in national planning and development in East Africa” (IUCN, 2002).
- 6.1.2 Lesson learning initiatives can be designed to promote a much more rapid uptake of ideas and approaches and as such, can make significant contributions to achieving poverty reduction targets. It can also help in making better and more informed decisions. Learning is a dynamic process that should engage and enrich the experiences of all those who participate and learning can be designed to reinforce success to provide additional motivation to individuals.
- 6.1.3 The promotion of regional learning has the cultural advantage of stressing that local experience is relevant to providing solutions to local challenges. It can help individuals and organisations to place greater value on their own achievements and find solutions to problems by sharing experience with colleagues from similar backgrounds. Where appropriate it can also create opportunities to increase the effectiveness of North-South learning through placing this in the context of a locally-owned, regional initiative.

### 6.2 NEPAD

- 6.2.1 The New Partnership for African Development (NEPAD) was adopted by the African Heads of State and Government as a regional initiative to eradicate poverty and place their countries on the pathway to sustainable development. NEPAD recommends the adoption of an environmental initiative as a coherent action plan and strategies to address the regions environmental challenges while at the same time combating poverty and promoting sustainable development. An environmental action plan has been produced by the African Ministerial Conference on Environment (AMCEN, NEPAD, 2003).
- 6.2.2 The plan’s specific objectives includes to:
- Promote the sustainable use of Africa’s natural resources;
  - Enhance the human and institutional capacities of the African countries to address effectively the environmental challenges facing the continent;
  - *Promote the integration of environmental considerations into poverty reduction strategies;*
  - Foster regional and sub-regional cooperation to address environmental challenges;
  - Provide and framework for the establishment of a solid partnership between the African’s themselves and with their bilateral and multilateral partners.

- 6.2.3 NEPAD's environmental action plan provides a suitable platform to link the proposed PRSP learning activities into a wider range of pan-African development activities and to extend the East African initiative to other regions (e.g. Southern and West Africa).

**Recommendation**

- 11 The NEPAD secretariat should be approached to develop a partnership for mainstreaming environment in (greening) PRSPs.

*IUCN-EARO*

*May 2003*

### 6.3 Sharing knowledge and experience (South-South learning)

- 6.3.1 The requirement for and value of opportunities for South-South learning is a very clear demand coming from partners from developing countries. This is reflected in the actions identified by NEPAD and was articulated by participants at the Tuusula meeting on forests in poverty reduction strategies (Oksanen, Pajari & Tuomasjukka, 2003).
- 6.3.2 Networks for learning create an environment to value and share local knowledge, and empower and strengthen local expertise and institutions. A network can also include opportunities training and information exchange which may be provided by regional or international institutions. Placing inter-regional and North-South learning into the context of a regional network means that regional participants can be encouraged to debate the relevance of experience from outside their region to meet their own needs to improve policies institutions and processes supporting poverty reduction.

### 6.4 Learning within sectors or sub-sectors (between actors).

- 6.4.1 A learning network would create opportunities for different stakeholders within a sector or sub-sector to learn from each other, and build trust relationships. This would occur between government and NGO/CBO) within countries and also between countries. The establishment of trust and understanding between actors builds a platform for collaborative and collective action, where previously there may have been hidden or explicit conflict.

### 6.5 Learning between sectors (sub-sectors).

- 6.5.1 There are very important linkages between sectors or sub-sectors of direct relevance to enhancing the contribution of ENR to poverty reduction. This report builds on previous international experience from the potential of the forestry (sub)sector to contribute to poverty reduction. Experience from single sectors such as forestry is seen as an entry point into discussions on the potential of the wider environment and natural resource sector.
- 6.5.2 It is well recognised that initiatives in one sector can have very significant impact on other sectors. An example, would the promotion of expansion of the commercial agricultural sector at the expense of trees and woodlots that provide fuel for rural communities. Another important example is that improved road access can increase opportunities for illegal logging, in the absence of suitable resource governance and enforcement regimes.
- 6.5.3 Lesson learning between sectors helps to identify options for poverty reduction that maximise cross-sectoral benefits (win-win situations) or at least overcome significant potential problems.

## 6.6 A Regional Learning Network

- 6.6.1 Discussions with stakeholders have helped to provide an outline design for a regional; learning process. It was agreed that themes for learning should reflect local demand and adopt a cross-sectoral approach for environmental and natural resources and related sectors (e.g. agriculture, water, and infrastructure). The learning network should emphasise the experience gained from local examples. Some opportunities to learn from the process of mainstreaming ENR in Uganda are identified in Annex 4.
- 6.6.2 Participants need to be selected to represent a range of relevant stakeholders (i.e. government, private sector and CSOs). Individuals should only be involved if they are actively (or have the potential to be) involved in poverty reduction from ENR or related sectors. Participants should be encouraged to attend the series of events.
- 6.6.3 A series of meetings for lesson learning should be held over a period of several years to allow reflection and to feed new experience and knowledge into a progressive process. The number of meetings must be limited to ensure that this supports existing activities rather than becomes an additional burden.
- 6.6.4 A regional learning network should create opportunities to include relevant supporting material derived from outside the region, e.g. other African regions or international synthesis.
- 6.6.5 The network will initially facilitate learning in the East African Community area involving Uganda, Kenya and Tanzania. This grouping could expand within the region and if successful be replicated in other regions of Sub-Saharan Africa, probably in conjunction with NEPAD.

## 6.7 Tactics to increase the impact of lesson learning.

- 6.7.1 A number of tactics are suggested to increase the impact of lesson learning to support the contribution of environment and natural resources to poverty reduction in East Africa.
- Active participation from the ministries of finance and planning **should be required** from each country involved in the learning process. These groups represent a major client group for knowledge generated by learning and are the actors most likely to influence the PRSP and MTEF processes.
  - It is desirable for the World Bank to take the lead in supporting the learning initiative. This would send an important message to national ministries of finance that the learning is directly relevant to the PRSP process. Other multilateral and bilateral donors may wish to engage with this process at regional or country level either through direct support, or else the provision of new knowledge (e.g. case studies) to support learning.
  - Each workshop will produce a set of timebound action points for participants that will be monitored and reviewed at subsequent meetings.

## 6.8 Outline Proposal

- 6.8.1 A learning initiative will be designed with the following features and submitted to the World Bank. It is suggested that the IUCN EARO should facilitate discussions between local stakeholders and external supporters of poverty reduction (donors and external organisations)
- A series of regional learning meetings should be supported by additional paper and electronic learning materials over a period of 3-5 years.

- Each meeting will be focused on delivering pro-poor change in Processes, Institutions and Policies. Participants will be required to agree an action plan at each meeting indicating how they will use the skills and knowledge to affect change. Action points will be timebound and identify the organisation responsible for implementation and documented as part of the record of the meeting. Progress will be reviewed at subsequent meetings<sup>5</sup>.
- The first meeting should be held in 2003 with the theme of "Tactics to mainstream environment and natural resources in PRSPs". A subsequent meeting will consider "Designing pro-poor economic instruments for the ENR sector"<sup>6</sup>. July 2003 is suggested to fit in with existing programmes of work.
- Active participation from the Ministries of Finance and Planning will be a prerequisite for a country's involvement in the network.
- Countries and donors should be requested to provide case studies to feed into the learning process.
- The IUCN East African Regional Office (IUCN-EARO) is best placed with a regional mandate to facilitate the process.
- Local stakeholders and the regional facilitator should define their need for external (international) support for this process and identify possible international partners.
- World Bank funding should be sought to start the process and other bilateral and multilateral donors and agencies approached for supporting actions. Within the forestry sub-sector, this would include PROFOR and FAO's National Forestry Programme Facility (NFPF)<sup>7</sup>.

#### **Recommendations**

- 12 IUCN-EARO should facilitate discussions between local stakeholders in the East Africa Region relating to the development of a learning initiative on mainstreaming Environment and Natural Resources in PRSPs. The World Bank should be approached as potential funder for this process.  
*IUCN-EARO* *May 2003*

<sup>5</sup> This approach has previously applied by IUCN and the DFID Forestry Research Programme and found to increase the effectiveness of learning workshops.

<sup>6</sup> NEMA staff in Uganda expressed strong demand for a meeting providing training on pro-poor economic instruments.

<sup>7</sup> It is noteworthy that other (sub-) sectors do not yet have equivalent international or multilateral proponents for pro-poor governance and development. There is an opportunity to use the extensive experience from governance the forestry sector for poverty reduction as an entry point into discussions for wider ENR issues.



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## Annex 2: Terms of Reference

### Programme Preparation including Scoping Visit

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The consultants from ECTF and IUCN will undertake a scoping study to prepare a programme to support Strengthening the Contribution of Environment and Natural Resources to the Reduction of Poverty in Sub-Saharan Africa. This will be conducted by:

1. Undertake a scoping mission to focus mainly on Uganda, but will also include Kenya to be held in March 2003 to discuss the development of monitoring system for the implementation of PRSPs in relation to the environment.
2. Undertake discussions with local stakeholders and external donors supporting pro-poor environment and natural resources (ENR) activities to identify existing activities in each country. In Uganda this will be co-ordinated through the ENR Sector Working group.
3. Assess the demand and institutional capacity for new activities (case studies) that monitor impact of actions identified within PRSPs and associated supporting documents (e.g. NFP, NSSD, Environmental Action Plans).
4. Recommend tactics and strategies that will use new knowledge from case studies to increase the presence of the ENR sector in PRSPs in East Africa.
5. Discuss demand and describe opportunities for a regional learning initiative supporting the ENR sector in PRSPs with local and donor stakeholders.
6. Recommend an integrated programme of work required to mainstream ENR in PRSPs in the East Africa Region, identifying the required institutional actors and a group of donors that should be approached to fund country and regional initiatives.

**Duty Station:**

Uganda, Kenya and UK. March 2003.

**Deliverables:**

Back to office report on TOR to include outline proposals for implementation.

### Annex 3: Composition of the Sector Working Group (Uganda)

Institution	Department	Sub Sector	Membership Statuses
MWLE	Directorate of Land Uganda Land Commission	Land	Core
MWLE	Wetlands Inspection Division	Wetlands	Core
MWLE	Forestry Department Forestry Inspection Division	Forests	Core
MAAIF	Fisheries Dept.	Fisheries	Core
MTTI	Uganda Wildlife Authority Wildlife Division	Wildlife	Core
MoEMD	Energy Department Petroleum Department	Energy	Core
MoEMD	Geological Survey and Mines Dept.	Minerals	Core
MWLE	Water Resource Management Department	Water	Core
MWLE	NEMA Environment Inspection Division	Environment Management	Core
MWLE	Meteorology	Climate	Core
MWLE	Planning and Quality Assurance Dept		Facilitating
MoFPED	Desk Officer for Environment (Secretary to ENR-SWG)  Desk Officer for Agriculture Desk Officer for Energy Desk officer for Tourism		Facilitating
Donor Group on Environment	2 representatives		Facilitating
CSO	IUCN, ACODE, Uganda land Alliance	Environment	Observer
MoH	Environmental Health Department	Environmental health	Observer
MoLG	Planning Department		Observer
MoPS	Nominate 1 representative		Observer
MAIFF	PMA Secretariat		Observer
Local Authority Association	Nominate 1 representative		Observer
Private Sector Foundation	Nominate 1 representative		Observer

## Annex 4. Lessons from Uganda

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Discussions with Ugandan colleagues during this consultancy demonstrated that they considered that Uganda had little yet to offer the region in terms of experience in linking the ENR sector to poverty reduction and PRSPs. Their comments were often linked to the perception that there had been minimal actual progress that influenced poverty to date. They also tended to focus on issues that were impeding progress, rather than recognising the important steps that had already been achieved nationally. Discussion of examples such as the ongoing PEAP process, National Household Survey, Participatory Poverty Assessment, National Forest Plan and the very significant associated institutional change led to genuine surprise that this was considered progress. The consultant noted that all other countries in the region had made significantly less progress. These comments and perceptions illustrate the human nature to focus on problems rather than progress or achievements.

Some of the opportunities to learn from Uganda are indicated here:

### Policies, Institutions and Processes

- **The PEAP.**  
Uganda's PEAP (PRSP) has undergone a series of revisions since the first version was completed in 1997. It was originally produced as a comprehensive development framework and has been used to promote pro-poor actions in all areas of government activity. The ENR sector is working to increase its presence in the PEAP and associated MTEF (Medium term expenditure framework).
- **PMA.**  
The plan for the modernisation of agriculture (MAAIF & MFPED, 2000) presents a strategy and operational framework for poverty reduction that includes the contribution of the ENR sector to achieving the targets contained in Pillar 3 of the PEAP.
- **Sub-sector Plans**  
The National Forest Plan produced for Uganda is notable for the very strong emphasis on the opportunities to use trees and forests to reduce poverty. Other sub-sectors including wetlands, lands and local-government have similar supporting documents to assist the sector negotiate with MOFPED.
- **SWAps**  
Government policy has favoured the establishment of sector wide approaches to poverty reduction and development for sectors including ENR. This has increased co-ordination within government, and between government and civil society and donors. The ENR Sector Working Group (SWG) is providing the impetus to increase the contribution of ENR to poverty reduction, through sub-committees supporting the PEAP revision and the development of the ENR SWAp.
- **Legislation, Institutional and governance reform.**  
Uganda is in the process of implementing an ambitious set of policies and actions for legislation, institutional and governance reform that are considered essential to be able to deliver against the targets set in the PEAP.

### Challenges

Colleagues in Uganda were readily able to identify the challenges that they consider impede progress on achieving the true potential of the ENR sector. In most cases actions are in place to overcome these, but there is an obvious degree of frustration at the rate of progress and hence an openness to ideas that could assist. These mirror those suggested for the rest of Sub-

Saharan Africa at the Tuusula meeting (Oksanen, Pajari & Tuomasjukka, 2003). Specific areas suggested include:

- **Tactics to negotiate with the Ministry of Finance, Planning and Economic Development.**  
MOFPED prepares that PEAP and associated MTEF. For this reason any attempts to implement initiatives for ENR to reduce poverty must be argued through the MOFPED. It is considered that environment line ministries such as the MWLE do not yet fully understand the budget process or how to make the case for allocation of resources.
- **Building evidence of links between ENR and poverty reduction.**  
The lack of evidence (knowledge, information) that can demonstrate a link between priority ENR interventions and poverty reduction is often cited as one of the main reasons why the ENR sector tends to be poorly represented in PRSPs and MTEFs. This is accentuated by a lack of appropriate environmental indicators in both the PEAP and national Poverty Status Report (PSR) (Sgobbi & Muramira, 2002)
- **Institutional Capacity.**  
The restricted capacity of government (national and district) organisations to implement activities related to poverty reduction is suggested as a significant constraint. One example is that the Household Survey collects data on environmentally relevant indicators including the distances required to collect firewood and clean water but that the Uganda Bureau of Statistics (UBOS) has not yet included these in the routine analysis provided for the PSR.
- **Engaging with Civil Society CBOs and the Private Sector**  
Engagement with Civil Society Organisations (CSOs) Community Based Organisations (CBOs) and the private sector have been identified as being crucial to delivery against poverty targets. This one indeed one of the major messages that came out of the World Summit on Sustainable Development (WSSD) held in 2002. The challenge is how governments can have effective means of engagement in partnership with these groups linked to participation in PRSP process.