

# GREEN GROWTH ECONOMY IN UGANDA: STRATEGIES FOR SUSTAINABLE DEVELOPMENT AND INCLUSIVE GROWTH

72<sup>ND</sup> SESSION OF STATE OF THE NATION PLATFORM



## REPORT OF PROCEEDINGS

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## Abstract

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Green Economies are a path to sustainable development. Green economies respond to the development challenges and imbalances in growth strategies that underlie the global financial and economic crisis by motivating policymakers in nation states to give green investments sufficient space in their counter-cyclical policies and thus reduce the threat of food, water, energy, ecosystem and climate crises; which have disproportionate impacts on the poor (GEI, 2009).

The Green Economy Coalition defines a Green Economy as “*prosperity for all within one planet limits*”. The United Nations Environment Programme (UNEP) defines a green economy as one that “*results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities*” (UNEP, 2011). Uganda is undertaking a process of establishing a policy and institutional framework that is conducive to green growth. Uganda has already developed a draft Uganda Green Growth Development Strategy (UGGDS) which is intended to operationalize the broad green growth principles highlighted in Agenda 2030. In spite of the progress made towards greening her economy, not much is known about the progress so far made and subsequent plans towards greening Uganda’s economy. It is against this background that ACODE organized the 72<sup>nd</sup> State of the Nation (STON) Platform under the theme “*Green Growth Economy in Uganda: Strategies for Sustainable Development and Inclusive Growth*”. The dialogue was organized as part of a series of dialogues convened by the Green Economy Coalition and national partners, notably ACODE. The event was funded by the European Commission, the executive arm of the European Union. A number of recommendations were made, chief among which was the need to certify Uganda’s local production systems to avoid constant dependency. Other recommendations looked at the need to tap into alternative sources of energy like bio-gas whose raw material like cow dung that is readily available, cheap, easy to implement and environmental friendly.

## Introduction:

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The 72<sup>nd</sup> STON dialogue focused on raising awareness about Green Growth as Uganda transitions toward greening its economy. The dialogue also looked at strategies for sustainable development and inclusive growth. The dialogue provided a platform for policy makers and the public to have a conversation and strategize on how to transition Uganda to a green economy. The 72<sup>nd</sup> STON dialogue was organized under ACODE’s Green Economy Project funded by European Union and implemented in partnership with the International Institute for Environment and

Development (IIED). The 72<sup>nd</sup> STON dialogue brought together representatives from key government ministries, agencies and departments; civil society organizations; media; academia; private sector and development partners. The session guest speakers included Mr. Paul Mafabi- Director, Environmental Affairs, Ministry of Water and Environment, Mr. Cedrick Merel- EU Head of Cooperation in Uganda, Mr. Peter Okubal-Uganda Country Representative, Global Green Growth Institute, Mr. Ronald Kaggwa-Manager Production, Trade and Tourism Planning in Uganda's National Planning Authority. Mr. Charles Mwanguhya, moderated the dialogue. The main objective of the 72<sup>nd</sup> STON platform was to raise awareness about green growth as Uganda transitions toward greening its economy. Specifically, the 72<sup>nd</sup> STON platform set out to achieve the following objectives;

- a) To provide opportunities for stakeholders to learn about Green Growth economy.
- b) To share information on Uganda's green growth strategies and progress toward greening its economy.
- c) To discuss strategies for Uganda's potential financing modalities for green growth.

## Presentations:

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- **Mr. Paul Mafabi, Director, Environmental Affairs, Ministry of Water and Environment**

Mr. Mafabi began his presentation by reminding participants of the importance of Uganda's national anthem which he said was a prayer and if carefully analysed, relates to the government's Agenda 2030. He noted that the composers of Uganda's national anthem were visionary people because they envisioned a green economy which was the topic of discussion for the day and was very relevant to contemporary today.

Mr. Mafabi briefly presented various definitions of the 'Green Economy'. The first was that this was an economy that aims at reducing environmental risks and ecological scarcities' and improves sustainable development without degradation of the environment. He gave a United Nations Environment Programme (UNEP) definition of green economy as being an economy that results in improved human beings and social equity while significantly reducing environmental risks and ecological scarcities, and is low on carbon; resource efficient and socially inclusive. He also gave the South African definition of the concept where, a Green Economy is looked at it in a much broader perspective as sustainable development meant to reduce the interdependence between the economic growth, social protection

and natural ecosystems. From the definitions given, he emphasized the key words that guided his presentation as including resource efficiency, low carbon, and pro-employment. Mr. Mafabi reported that the concept of Green Economy had to a large extent gained attention because it provided a response to the multiple crises the world had faced in the recent years. For example, the issue of climate change, the food and water scarcities, economic crises that the countries of the world, particularly Uganda are facing are all comprehensively addressable by green economies. The concept offers an alternative paradigm that promises growth while protecting the earth's eco-systems and in turn contributing to poverty alleviation. He said that according to goal number one of Sustainable Development Goals (SDGs), nobody should be poor and goal number two says that nobody should be hungry by 2030. These imperatives are well served by green economies.



*Mr Paul Mafabi speaking at the 72nd STON Platform*

According to Mr Mafabi, the transition to a green economy therefore will require change from the systems that allowed these crises to happen. He noted that the way our forests, wetlands and wildlife resources have hitherto been managed has led to the challenges we are facing today. For example, he noted that in Uganda, every time there is a drought, Bank of Uganda and Uganda Bureau of Statistics report an increase in inflation in the economy. He challenged Economists to think critically why this occurrence happens and noted that we have to change the way we do things.

A Green Economy has got a number of environmental benefits which include; addressing global climate change challenges, loss of biodiversity and desertification.

More so, it contributes to efforts focused on the national and regional level, to address issues of pollution, water contamination, and soil degradation among others. Highlighting the key results from the study done by the Ministry of Water and Environment and supported by the World Bank, Mr. Mafabi said that green growth ventures and management practices mitigate risks of floods, thus reducing maintenance costs of infrastructure (on our roads, bridges and houses) as well as manufacturing and trade. In terms of hydro power, the study made an estimate that sound river management would lead to an annual increase in generation of power by over 1000 Gig watts by the year 2030.

Secondly, in terms of fish yields, fish lives in water and depends on a good catchment and environment to thrive. The study indicated that catchment management interventions can reduce pollution and increase fish yields in Uganda's lakes by 60% in the year 2040 due to water quality improvements.

In terms of the eco-system services, wetlands can provide 970 Million to 1.1 Billion US Dollars, annually, after modest investment scenarios. Looking at the use of firewood, the study indicates that keeping away from firewood for cooking should protect the forests and save households, and lead to avoidance of respiratory illnesses which cuts down on health expenditures. The savings are as follows;

- a) Will save the government 8 billion dollars in health care spending over 25 years due to reduction in respiratory diseases.
- b) The green growth transition will deliver, according to National Planning Authority an additional four million (4,000,000) jobs in agriculture, waste management and recycling among others
- c) The study also looks at role of water in agricultural production, milk, beer and other beverages. The GDP per capita is projected to be 9% higher in 2040 under an enhanced investment in rural and urban water supply, sanitation, sustainable wetland management, forest and catchment management, which will be an equivalent of an extra \$111 per capita in the year 2040.

In summary if we avoid doing business as usual and move towards a Green Economy through the intervention identified it will make economic and ecological sense. Sadly at the moment it is not possible to achieve that because the rate of degradation of our natural resources is far much higher than what can be attained what was described above.

Mr Mafabi noted that if this degradation is not addressed it will definitely limit the ability of the environment and natural resources and their services and limit the attainment of sustainable development in the country. He noted that for example, the wetland cover in this country has declined now to 8.4% compared to the 1994 levels yet if we are to achieve a green economy then it will need to rise to 12%. The forest cover has declined to about 9% compared to the 1990 levels

if green economy is to be achieved it should rise to at least 18%. The plant and animal population index has fallen currently to 40% and for a green economy to be achieved it should be raised to the desired level of 60%. As a result of the decline noted above, the country is likely to face serious challenges for instance, the recent drought that almost brought the country to its knees, is a vivid example of what can happen to the environment and natural resources if not managed in a sustainable way. Other challenges include disease prevalence, increased communal conflicts; influx of the refugees and their implications on the environment.

### **Way Forward**

The Ministry of Water and Environment with other partners have set a number of targets to be achieved by 2021, they include;

- i) Massive tree planting campaigns currently ongoing, targeting communities and institutions like schools but also the increased involvement of the population in tree planting through the Greening Uganda Programme by planting at least one hundred million (100,000,000) trees in the next three to four years.
- ii) The Ministry is also looking at the improved weather forecasting and early warning systems which is believed to be very crucial if the population it to live in a stable environment.
- iii) Promotion of catchment management planning to provide a holistic approach to the management of water resources. In terms of forests, a number of interventions are being carried out like the Saw log Production Grant Scheme which provides incentives for the private sector to participate in tree planting. Resurveying and demarcating the boundaries of forest reserves with permanent concrete fillers to effately ensure the integrity of these resources is being done and the same is happening with wetlands.

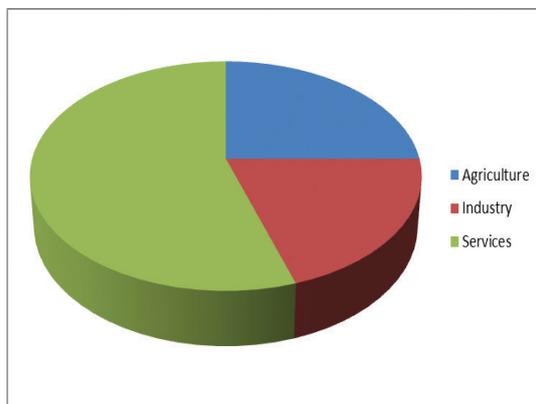
The REDD+ strategy is being finalised. Hopefully, it should be in place by 2018 with the aim of addressing the effects through reducing emissions from deforestation and forest degradations. The Environment Protection Police force has been operationalized to enhance compliance, monitoring and enforcement in the environment and natural resources sector. The review of the National Environment Management Policy and National Environment Act is in its final stages to ensure that they can address the challenges of a weak enforcement but also ensure that there are recurring penalties for people who degrade the environment.

Mr. Mafabi concluded by noting that improper management of natural resources will hinder the attainment of a green economy and will be nothing but a theory. For a green economy to be achieved, there is need to have increased investments in natural infrastructure like trees, quoting the Chinese saying said that the best time to have planted trees was 20 years ago and the next best time to plant trees is now.

## • Discussant; Mr. Cedrick Merel, Head EU Cooperation in Uganda

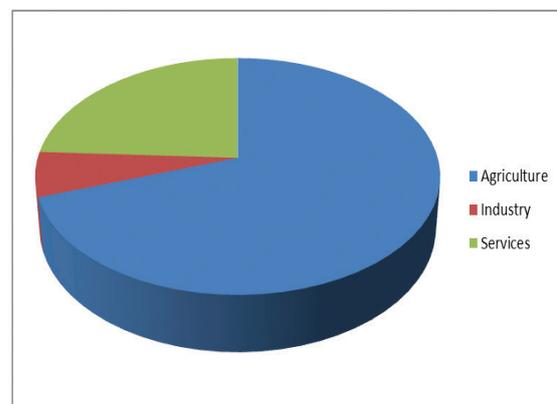
Mr. Cedrick Merel kicked off his presentation by stating that the European Union is willing to support Green Economy in the coming years. There are several definitions of Green Economy; the simplest definition of Green Economy is a pathway to inclusive sustainable development which means that Green Economy is not a name in its self but a means towards sustainable development. Green Economy is at the core of three topics; 1) Inclusive, ii) Green iii) Economic. It is inclusive because of the social aspects; the aspect of employment with the green jobs. It is about growth and the economy that look at development and it is also called green because it has to do with the environment and natural resources.

**Figure 1: Sectors Contribution to GDP**



*Service accounts for 55 % to GDP*

**Figure 2: Sectors Contribution to Job Creation**



*Agriculture accounts for 72 % to job creation*

**Cedrick Merel** observed that the Uganda Green Growth Development Strategy will be launched before end of year 2017 and ending in 2030. The five strategic areas that have been identified include; i) agriculture, ii) natural capital management, iii) green cities, iv) transport and v) renewable energy.

Mr. Merel noted that Green Economy should be looked at as an opportunity not a constraint but one that should be seized in a number of sectors like renewable energy, climate smart agriculture, organic products, clean transport and eco-tourism. He noted that the same sectors are at the core of Uganda's economy are also the same sectors in Uganda's development growth strategy and the most likely to add value to Uganda's exports. Instead of exporting raw commodities which are later refined and sold to Ugandans expensively, the Green Economy is intended to add value to the existing commodities. The overall aim of Green growth strategy is to make the transformation happen in Uganda through industrialization of particular commodities which later lead to creation of more decent and green jobs.



*Mr Cedric Merel; EU Head of Cooperation making his presentation at 73<sup>rd</sup> STON.*

The European Union is willing to work with Ugandan partners to actualize the response to the Green Growth strategy and is looking forward to be associated with it. The strategy looks at creating green jobs, create specific value chains for products like cocoa, coffee beans, beef, aquaculture and forestry. Secondly the strategy aims at supporting businesses and eco-entrepreneurship; focusing on medium and large companies, start-ups, micro and small enterprises, formal and informal companies to provide access to finances and employing more people.

More focus is to help women to be part of economic growth since they have strong potential to develop but in most cases are not supported. The youth are also vulnerable mainly due to the rampant unemployment and mismatch in skills vis-à-vis the jobs available. Incidentally, their potential to contribute to the national development is they can be engaged economically is unequalled. Lastly the strategy will review the investment climate in Uganda because the country has the highest cost of doing business in the region which needs to be addressed. There is need to evaluate the regulatory frameworks and analysis of the public private partnerships. It is necessary to have dialogues with the actors especially between the government and the private sector to foster administration to the ones who will deliver the future jobs.

Mr. Merel concluded his presentation by giving brief highlights concerning EU work in Uganda. For the three period 2018-2020, the EU was reported to be willing to invest Five Hundred Billion Uganda Shilling (UGX. 500 billion) into the green economy sector, as an indication of commitment to the cause of greening Uganda's economy.

With regard to addressing the objectives mentioned, he noted that the EU intends to provide easy access to finances to the private sector. The EU is also guaranteeing through Green Economy investment fund to provide equity and soft loans. The goal was to help smaller enterprise business to grow through putting in place certain services like incubators, business development services, and skills development and mentoring. In terms of investment climate, the EU was looking at ensuring easy access to land information and access to market information for the agricultural sector. Mr. Merel further said that they wish to create dialogues in order to understand where the bottlenecks are and how to address them, in particular the specific value chains that need to be supported.

- **Mr. Peter Okubal and Mr. Chanho Park, Uganda Country Representative, and Director and Head of Programs-Global Green Growth Institute**

Mr. Park started off his presentation by posing a question on why Uganda should adopt Green Growth. He gave three reasons why;

- 1) Economic growth is needed for rapid and effective poverty reduction
- 2) Poverty reduction reduces the risk of overuse of natural resources and degradation of the environment.
- 3) Sustained economic growth can only be based on sustainable use of natural resources.

Mr Park spoke about the work of Global Green Growth Institute (GGGI). The major objective of the Institute is to maximize impact through mainstreaming green growth into national strategies and plans. Currently there are 25 member countries and 34 projects in 25 countries. The major thematic focus is on Energy, Water, Land use and Green City Development.



GGGI's delivery model is based on in-country projects with service offerings along the value chain and global products and services integrated in a reinforcing and virtuous circle. Currently, Green Growth Strategies have been strengthened in 21 countries. This has been done by Development of Green Growth Strategies and

Plans and Mainstreaming of Green Growth into existing policies and strategies. This has taken place at the national, sub national, sectoral and sub sectoral levels.

At the global level, there has been replication of successful models at national, provincial, and local level (e.g. district, municipalities)

- Philippines: replication of an Eco-town in 300 municipalities and schilling this up to 4 additional provinces
- Indonesia: replication of success models in East Kalimantan to Central Kalimantan in supporting prioritization and implementation of green growth strategy
- UAE-Jordan-Morocco: replication of successful methodologies developed in UAE into Jordan and Morocco programs
- Rwanda-Senegal-Uganda-Cambodia: replication of secondary cities development model



*Mr Park Chanho at the 73<sup>rd</sup> STON*

Ethiopia has established Climate Resilient Green Economy (CRGE). This is a financial strategy mechanism set up by the government in 2012 to support implementation of CRGE. Mr Chanho noted that preliminary estimates indicate that building the green economy alone require total expenditure of around US\$ 150 billion over 20 years. The objectives are 1) To help mobilize, access, and combine finances required for implementing the CRGE. 2) To help improve environmental management for a climate resilient green development through provision of grants, guarantees for loans, co-financing, payment for verified results and loans.

Green Growth Strategy is an effective framework for development and implementation of Nationally Determined Contributions (NDC). Under the Paris Agreement, countries are expected to submit NDCs which outlines through commitments to reduce greenhouse gas emissions and strengthen resilience to climate change.

Mr Okubal reiterated that Green Growth is about achieving triple objectives, namely; economic dividends as well as growth, environmental sustainability and addressing poverty to ensure that no one is left behind. He noted that most governments pursue economic growth like infrastructure projects, expansion of real estate sectors and then pursue cleaning up later. It has been proven overtime that development first and clean up later is much more expensive. Therefore the Green growth strategy should pursue the objectives the above at the same time.



*Mr. Okubal making his presentation*

Mr Okubal posed a question; to what extent is Uganda adhering to the principles of Green Growth? He noted that research was done on the Uganda Vision 2040, NDP II and it was ascertained that there was a deliberate effort to pursue a green growth path. However, there were a number of gaps that need to be addressed. A detailed analysis had projected that if Uganda transitioned from “business as usual model” to a growth first model with clean up after, the dividends will be greater. He added that for each dividend, there was a tradeoff and over 165 government priorities were scrutinized using green growth lenses. It was necessary to concentrate in broad areas like supporting access to energy with specific bias on renewable energy and increasing access levels that were at 15% for 39 million people in

Uganda. Uganda Government aims was to reach 30% which was projected to stimulate the industrial and agriculture sectors, hence improving productivity to attain middle income status. Secondly, Uganda was noted to be urbanizing at a very rapid rate which was unplanned. Towns were noted to be sprouting from all parts of the country. A systematic urbanization process in Uganda that follows connected, compact and coordinated cities will reap dividends from urbanization. Thirdly, investment of resources in the Agriculture sector, Forestry and other related sectors would improve the net impact in the next 5 years.

Uganda has a draft Green Growth Strategy for Uganda set to be launched by the end of 2017. The strategy points out key investment priorities which are clean, inclusive and propel economic growth. If sufficient resources are invested in the green growth strategy, three outcomes will be seen namely;

1. Economic growth will improve from 5-9.8% by 2020
2. NDC reduction of greenhouse emissions from 22% to 28%

He concluded his remarks by noting that in order to achieve green growth economy, the following are needed;

1. Finance and resources to have an implementation roadmap. 11 billion US dollars over 15 years period to prioritize the interventions above.
2. Centrality of the private sector in the greening process.
3. Renewable energy for production of clean energy for use of solar, wind and geo thermal. This is required to propel our development to achieve vision 2040.

- **Mr. Ronald Kaggwa: Head Production, Trade and Tourism Planning, National Planning Authority (NPA). Key issues, questions and concerns on localizing green growth**

Mr. Kaggwa's presentation looked at what Green Growth was in Uganda's context, why there was need to localize it, how it had been localized, the experiences and key lessons learned and the key policy actions required to drive the green growth development agenda in Uganda.

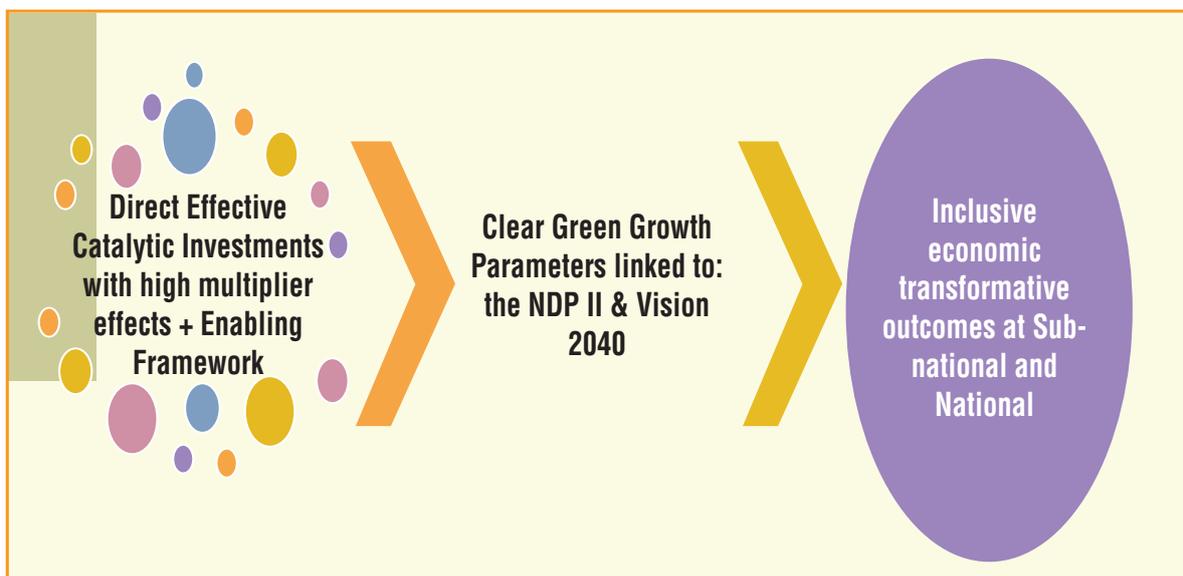
He pointed out that localizing Green Growth can be done by integrating it in our development frameworks, which are already in the national constitution, the Vision 2040, NDPII, and among many other central policies. The projects in NDPII, sectoral policies and plans include the national budget and, and the Uganda green growth development strategy.



*Mr. Ronald Kaggwa making his presentation at the dialogue*

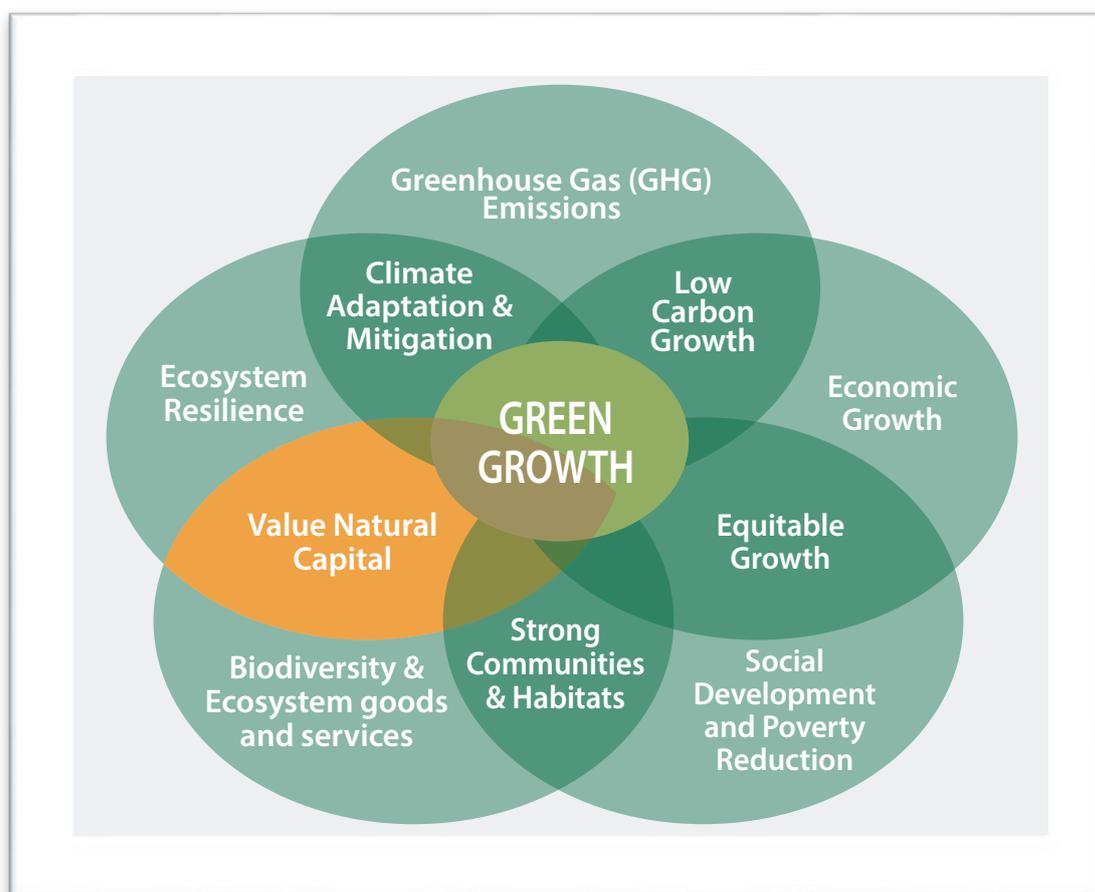
Mr Kaggwa highlighted some Key Vision 2040 Green Flagship Projects for example; A Hi-tech ICT city and associated ICT infrastructure, Large irrigation schemes in different parts of the country, Phosphate industry in Tororo, Iron ore industry in Muko, Five regional cities and five strategic cities, A standard gauge railway network with high speed trains, Multi-lane paved national road network linking major towns, cities and other strategic locations, One nuclear power station, hydro power stations and Science and Technology parks in each regional city.

**Figure 3: Catalytic investment in sectors with high GG multiplier effects**



Mr. Kaggwa informed participants that the NDP II is 75% green growth led and that implementation of NDP II which will lead us to green growth economy. He noted that vision 2040 has projects which the government wants to implement by 2040. If vision 2040 is implemented with its largely green projects like the standard gauge railway, it will improve transportation in the city and reduce emissions. This will replace the boda bodas and taxis well known for pollution, the rapid bus transport system, the good road network, the nuclear and hydro power, science and technology; all of which are green initiatives.

**Figure 4: Composition of Green Growth**



With regard to green growth experience in the country, he emphasized that green growth is driven by public and private investments. We need catalytic investments in sectors that have got high green growth multiplier effects which is Agriculture, Energy, planned cities-where we need to harness the opportunities of urbanization, the transformative aspect of urbanization need to be harnessed through the strategy of green growth. Natural capital is the engine of our growth and livelihoods. Sustainable transformation, these are the indicators that are looked at in the strategy that should move Uganda's transition to green growth, ofcourse

without forgetting the enabling policy and frameworks.

Mr. Kaggwa also noted that there was need for partnerships; with EU, GGGI, at local level, with civil society, at community levels and local government. Localization of green growth involves national sector specific interventions for instance, what does energy, agriculture and works do to go green, we need to develop green growth bankable projects for us to be able to access the EU funds given to Uganda government.

He further noted that green growth transition involves projects which come with cost of adjustment in the short and medium term. For instance many people will lose jobs and livelihoods with the implementation of a number of green growth projects like the boda boda and taxi operators, there is therefore need to see how such group of people will be accommodated. The achievement of green growth outcome is subject to managing population growth as a resource but also as a development challenge, this needs to be managed. We need targeted public expenditure policy reforms, green regulatory reforms, fundamental policy shifts, we need catalytic investments, we need to harness oil revenue, and we need to invest revenue in green sectors, use the money to go green.

We need green fiscal policy which has incentives; we need taxes, industrial parks and access to finance, green funds, and concessional funds. We need to internalize pollution by putting the cost of pollution to the cost of establishment. We need to green our laws, compliance enforcements and behavioral change.

## **Policy Recommendations:**

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1. Certification of Local Production Systems: Participants called upon the government to certify the production system for local consumption before going for the external markets. This argument was based on the need to avoid over dependency on the laws that have created dependence and never materialised.
2. Need for transparency and accountability: That a number of times such well-intentioned programmes come in but end up cheating the public. One participant alluded to some of the projects in Karamoja that had to be stopped due to accountability issues. Money should be channelled directly to the sub-counties to avoid going through many processes.

3. Alternative sources of energy: The government was also urged to consider available and cheaper alternatives for raw material for bio-gas, the cow dung. Uganda being a country with lots of cows means that cow dung is available everywhere yet simple to implement and is environment friendly.
4. Skills Development Initiatives for Youth and Women: Under the inclusive growth for poverty reduction project, the Ministry of Water and Environment with support from UNDP and working closely with the Ministry of Gender, Labour and Social Development have set up an incubation centre where youth and women will get hands on skills on green initiatives. It is located in Kampilinigsa at the rehabilitation centre set up by the government on 100 acres of land. More so, under the same initiative, the government is developing a green jobs strategy plan for Uganda and an innovation fund has also been set up where people with great/smart initiatives will be supported by government.
5. Emphasized improved partnerships, peace and stability: Government institutions were called upon to improve their working relationship with the private sector. More so, it is true that the foundation of private sector development is peace, stability and certainty. One cannot invest if not sure of their life and businesses tomorrow and this can only be guaranteed by the government.
6. Population growth vis-a-viz sustainable energy: It is estimated that in the next 30 years, our population will have doubled, meaning that our demand for energy and housing will also have doubled. The question of sustainable energy has a lot to do with affordability. Green growth strategy should devise population control strategies to ensure affordable housing and energy to the growing demand.



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