

# **FUNDING THE ENVIRONMENT AND NATURAL RESOURCES SUB- SECTOR**

**A PRESENTATION AT THE POLICY DIALOGUE INVOLVING KEY  
POLICY AND DECISION MAKERS AT NATIONAL AND LOCAL LEVEL**

**BY**

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**Esella Country Resort**

# OUTLINE

- Background
- Budget trends in funding in the ENR Sub-sector
- Limitations
- Opportunities and response actions
- Interventions by the Ministry of Water and Environment to address inadequate funding in the ENR-SS

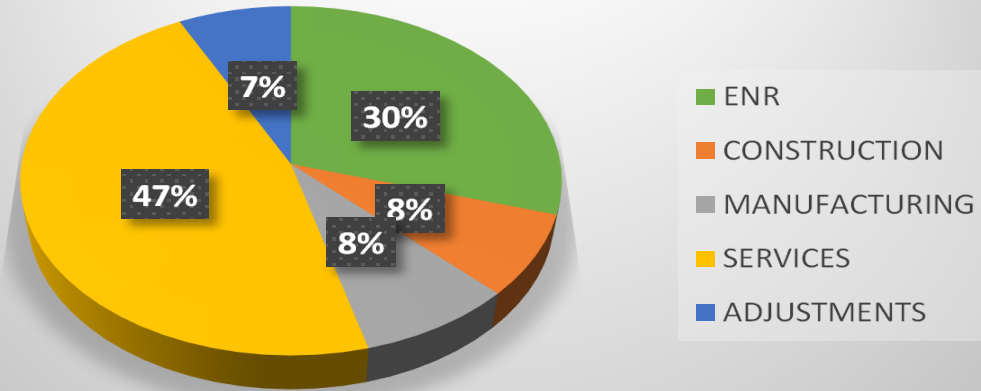
# BACKGROUND

The Environment and Natural Resources (ENR) plays an important role in supporting economic activities. It contributes;

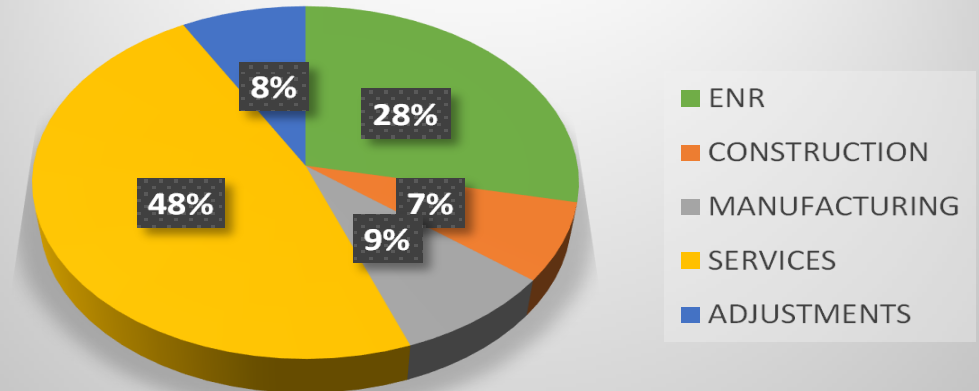
- ❑ **Directly**, by providing resources and raw materials such as water, timber and minerals that are required as inputs for production of goods and services and;
- ❑ **Indirectly**, through services provided by ecosystems including carbon sequestration, water purification, managing flood risks and nutrient cycling.
- ➡ The Environment and Natural Resources (ENR) sub-sector is responsible for ensuring rational and sustainable utilization, development and effective management of environment and natural resources for socio-economic development of our country.
- ➡ The sub-sector comprises of: Forestry, Wetlands, Meteorology, Environment Management and Climate Change.

# BACK GROUND-TREND SHARE OF ENR TO GDP

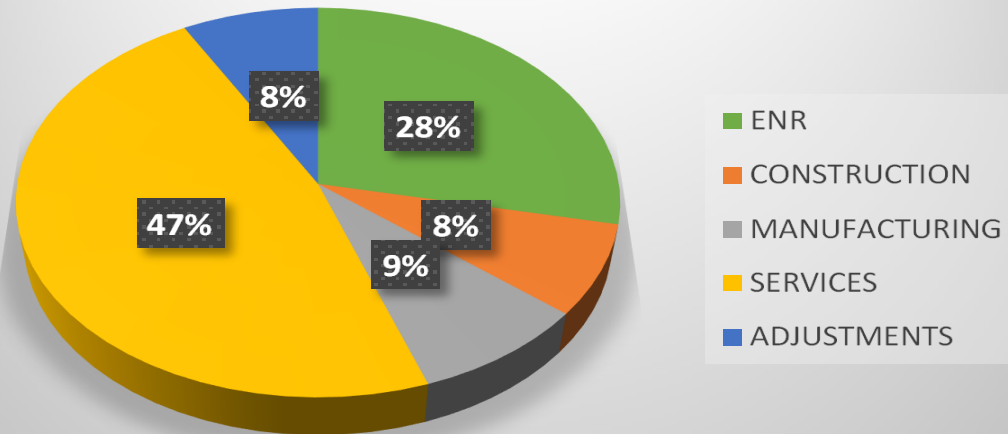
2013



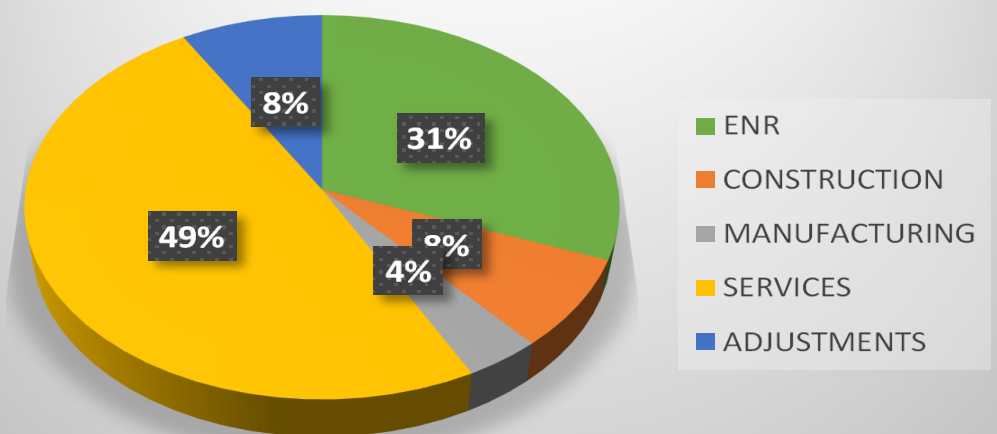
2014



2015

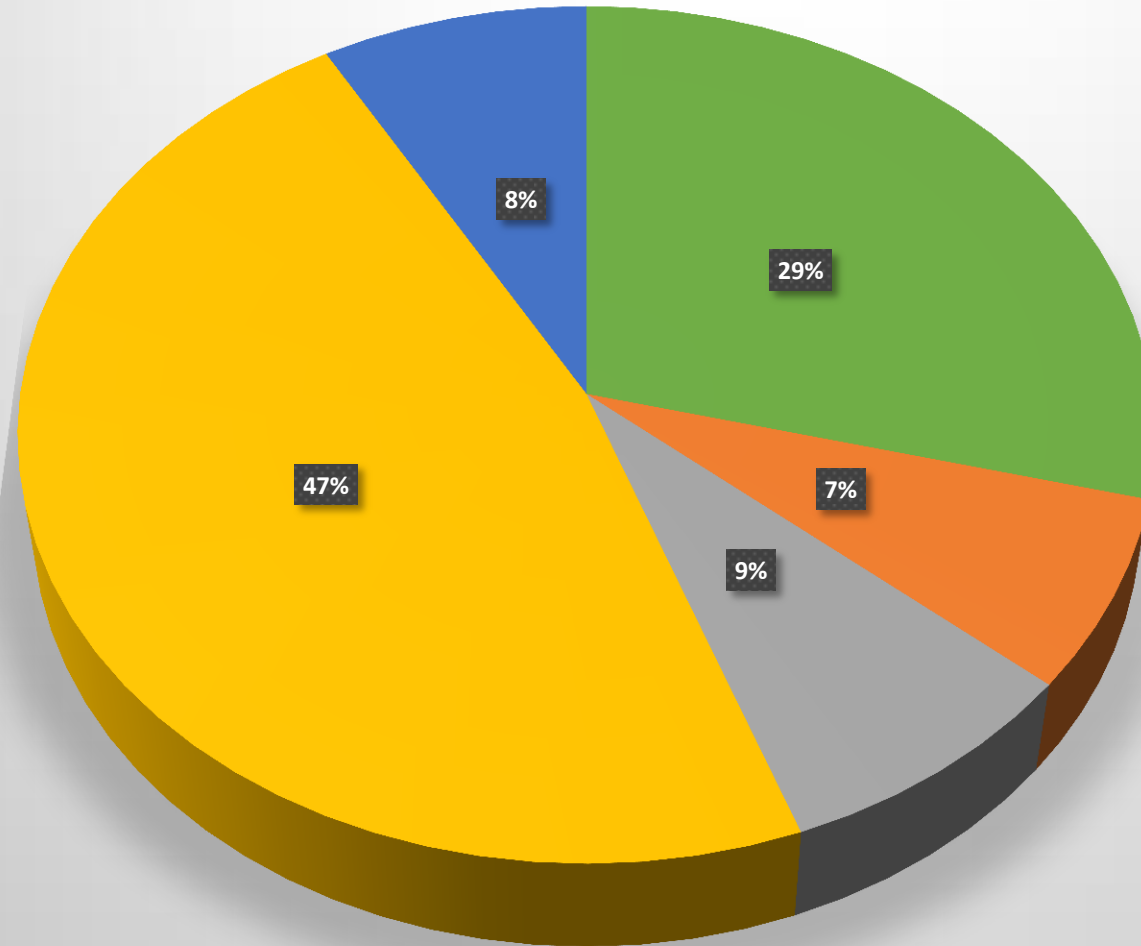


2016



# BACK GROUND-TREND SHARE OF ENR TO GDP CONT'D

2017



■ ENR

■ CONSTRUCTION

■ MANUFACTURING

■ SERVICES

■ ADJUSTMENTS

# ENR SUB-SECTOR BUDGET TRENDS FOR THE PAST 5 YEARS

## OVERALL WATER AND ENVIRONMENT SECTOR BUDGET

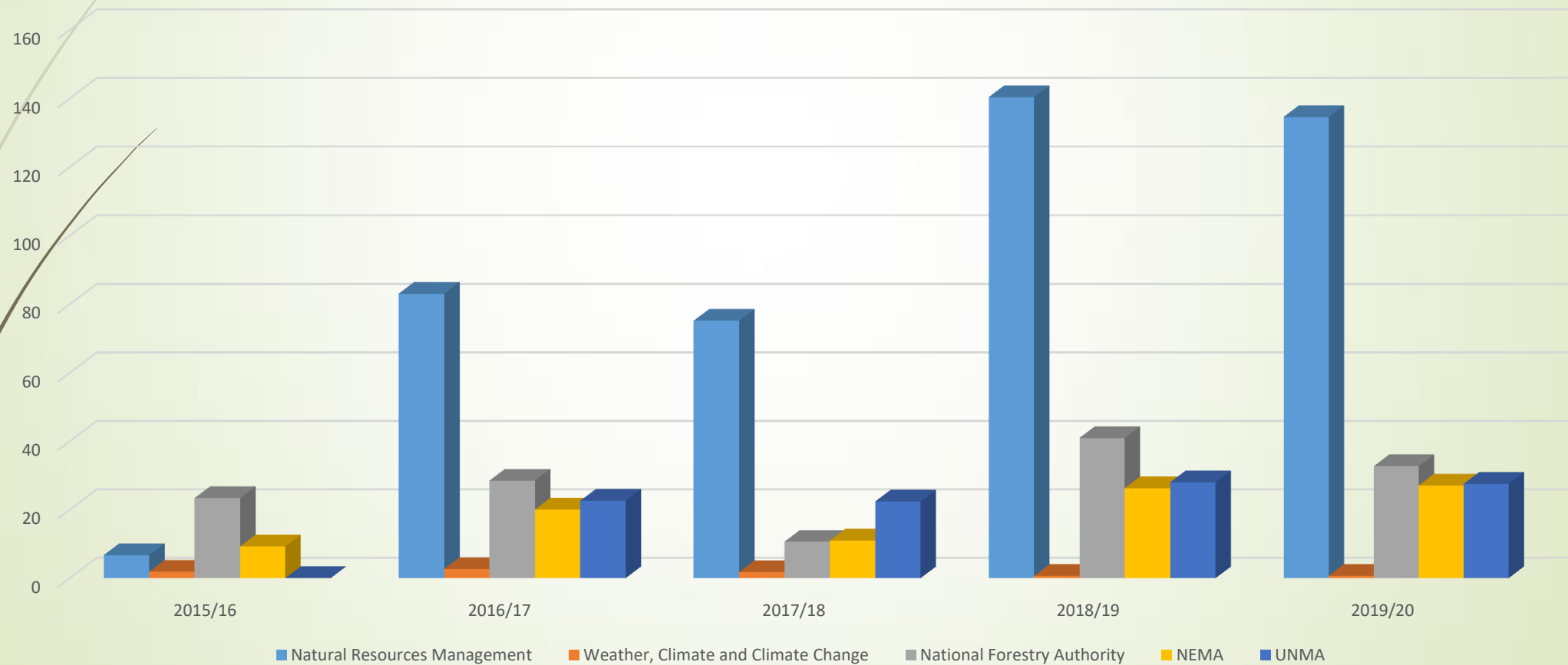
FINANCIAL YEAR	2015/16	2016/17	2017/18	2018/19	2019/20
Total Sector Budget	278.9	736.04	1,485.67	747.817	1,714.4

## ENR SUB-SECTOR BUDGET

FINANCIAL YEAR	2015/16	2016/17	2017/18	2018/19	2019/20
Natural Resources Management	6.76	83.132	75.219	140.38	134.594
Weather, Climate and Climate Change	1.88	2.7	1.81	0.64	0.66
National Forestry Authority	23.39	28.512	10.664	40.958	32.669
NEMA	9.224	20.053	10.982	26.336	27.044
UNMA	0	22.612	22.422	28.017	27.531
TOTAL	41.254	157.01	121.097	236.331	222.498

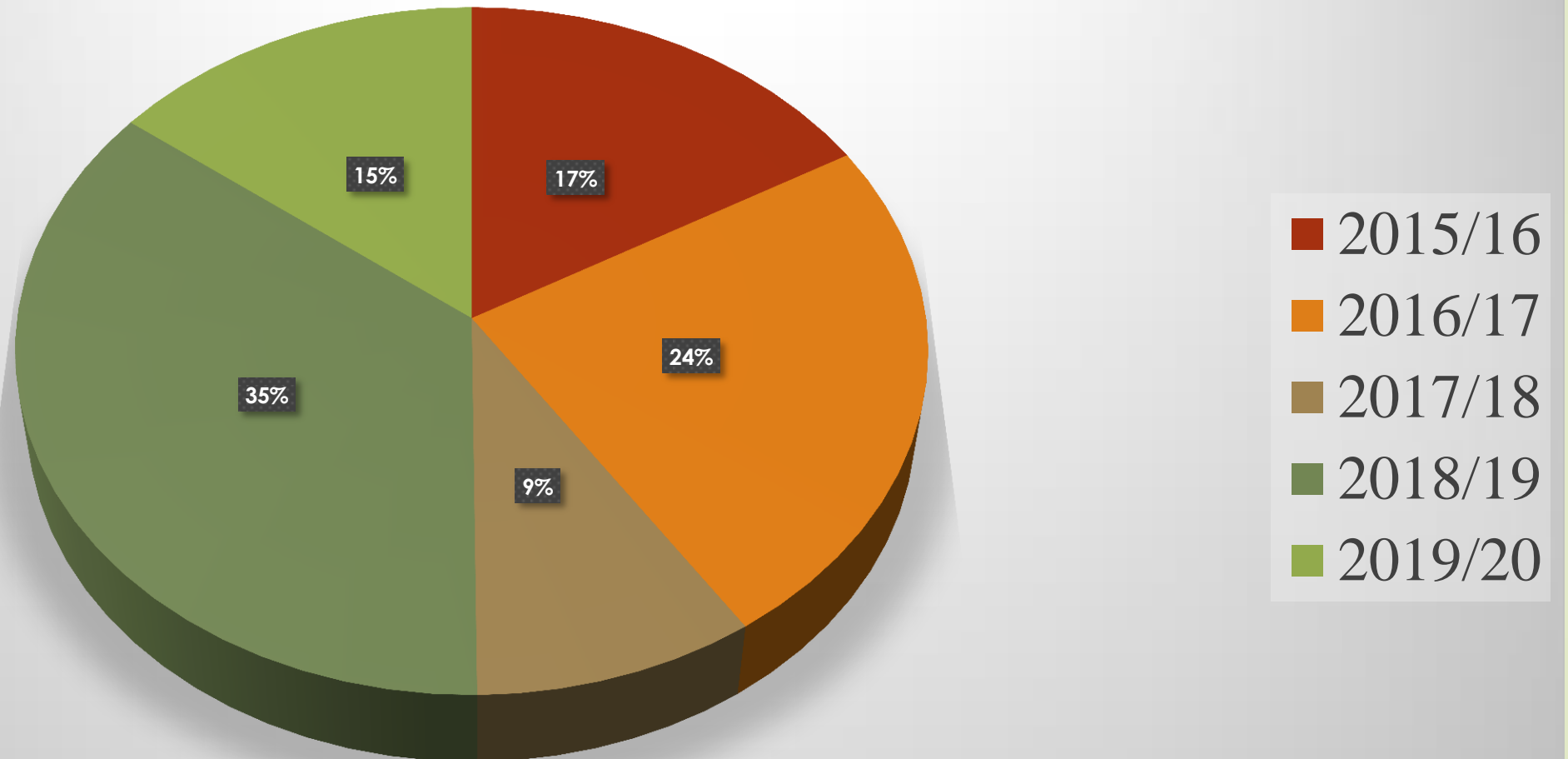
# ENR SUB-SECTOR BUDGET TRENDS FOR THE PAST 5 YEARS CONT'D

ENR SUB-SECTOR BUDGET TRENDS FOR THE PAST 5 YEARS



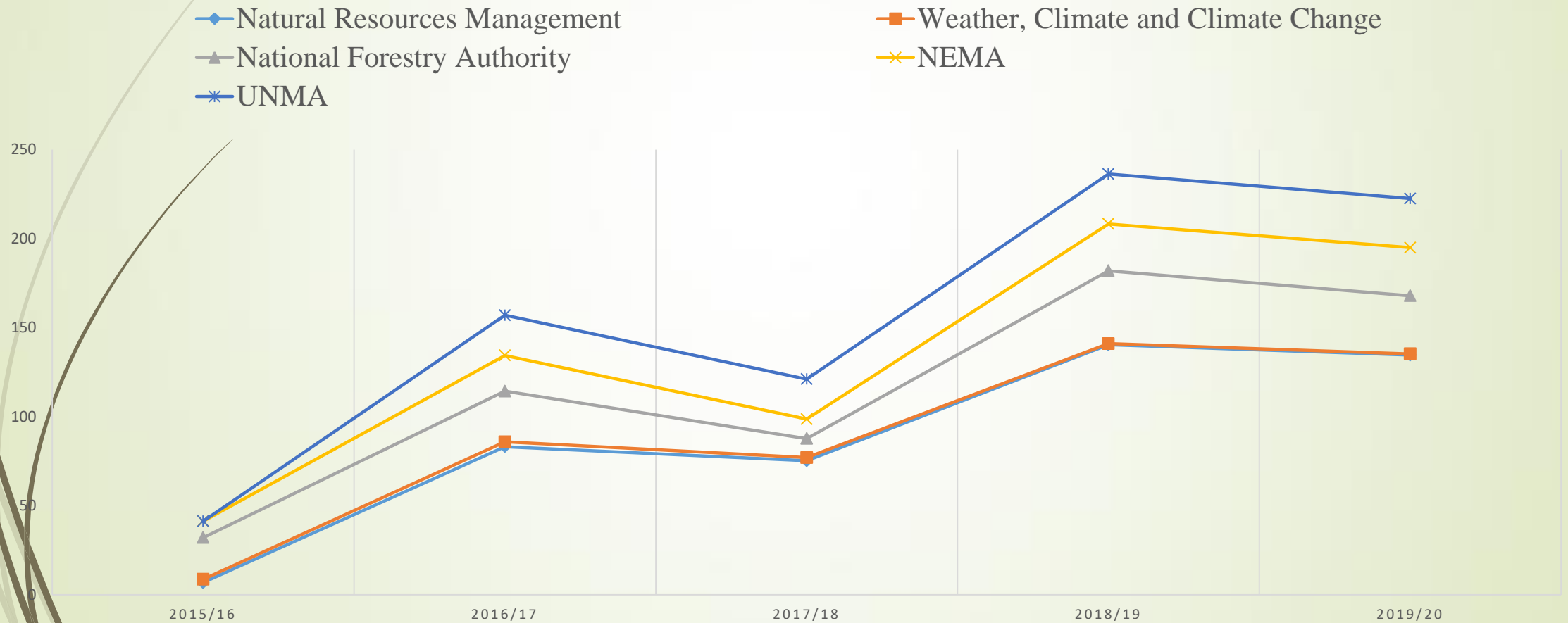
# ENR SUB-SECTOR BUDGET TRENDS FOR THE PAST 5 YEARS CONT'D

% share of the ENR budget against overall Sector budget



# ENR SUB-SECTOR BUDGET TRENDS FOR THE PAST 5 YEARS CONT'D

TREND GRAPH ON ENR BUDGET PERFORMANCE



## ENR SUB-SECTOR BUDGET TRENDS FOR THE PAST 5 YEARS CONT'D

In the past five years on average, the ENR has registered a positive trend in budgetary allocations.

- In FY 2017/18 however, there was a huge reduction in funding to the sub-sector majorly due to; Exiting of major ENR projects from the Public Investment Plan (PIP). These included among others; the National Wetlands Restoration project II, Sawlog Production Grant scheme project and FIEFOC I.
- In FY 2018/19, the ENR budget shoot up due to the coming on board of two major projects- FIEFOC II and the GCF project under wetlands Department.
- Although there is a somehow positive trend, the sub-sector is still largely underfunded; especially at Local Government level. On the average, each district receives about 5 million Uganda shillings per annum, as conditional grant for wetland related activities, while the other environment components remain unfunded.

# LIMITATIONS

- The rigid Mid-Term Expenditure Framework (MTEF) ceilings and budget cuts leave very little for the ENR Sub-sector to fulfill its mandate.
- Insufficient release of funds against planned budget expenditures leads to poor implementation of annual planned targets.
- The indicative figures (IPFs) given to Local Governments by MoFPED, do not cover ENR as a separate sector, compared to other sectors like Health, Works Water and sanitation, etc. This gives Local governments the impression that ENR is not a Government priority.
- The ENR contribution to Economic growth in Uganda has not been recognized partly because much of the economic values it generates are not recorded in the official statistics. Many services offered by the ENR sector go unrecorded and are missing in the National Accounts.
- Creation of new districts from formally existing ones has significantly reduced Local revenue of the latter and yet Natural Resources Departments rely heavily on Locally-generated revenue for their funding.

# OPPORTUNITIES AND RESPONSE ACTIONS FOR IMPROVING FUNDING IN THE ENR


- Accreditation of the Ministry of Water and Environment to the Green Climate Fund and Adaptation Fund. These are great funding opportunities that the ENR can tap into through developing fundable proposals.
- Creation of the Environment Fund as stipulated by the Environment Act 2019 (Amended).
- The existing political will at all levels. Right from the President, Cabinet, Parliament, Regional and Local Leaders to protect Environment and Natural Resources.
- Private Sector engagement through promotion of the Public-Private partnerships and social – corporate responsibilities undertaken by a number of companies.

# **INTERVENTIONS BY THE MINISTRY OF WATER AND ENVIRONMENT TO ADDRESS INADEQUATE FINDING IN THE ENR-SS**

- The Ministry is continuing to lobby the relevant institutions, e.g MoFPED, Parliamentary committee on Natural Resources, the Presidential Advisory Committee on Budget for increasing the ENR MTEF.
- The Ministry is currently integrating ENR activities, being of cross cutting nature into Water and Sanitation activities.
- The Ministry has operationalized the 3% budget allocation to funding ENR activities from the Water and Sanitation budget.



# CONCLUSION

- The ENR significantly contributes to Economic growth. The declining agricultural yields over the years is partly due to Environment degradation.
  - Despite the fact that the Sector is of great importance, it ranks low in terms of budgetary allocations at only 2% of the annual total government expenditure.
  - There is need therefore, to step up the level of funding to the Sector for the sustainability of Uganda's economic growth and well being of Ugandans.
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**THANK YOU**