



An Inventory of Initiatives/Activities and Legislation Pertaining to Ecosystem Service Payment Schemes (PES) in Uganda.

DRAFT FOR COMMENT

Compiled by

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EXECUTIVE SUMMARY

Over 90% of Uganda's population depends on natural resources for their livelihoods. Furthermore, Environment and natural resources contribute over 50% of Uganda's GDP; therefore, there is a growing interest in market-based approaches such as payments/incentives for ecosystem services (PES) to conserving ecosystem services. The potential that these mechanisms pose for encouraging sustainable land management, biodiversity conservation and rural livelihoods is enormous, yet it has not been adequately exploited.

This study looks at two forms of market-based mechanisms initiatives for rewarding ecosystem services namely:

- A) Direct monetary payments to land managers or resource managers as providers and guarantors of a particular ecosystem service;
- B) Payments/incentives in kind - such as access to protected areas, land use rights, access to markets, access to information and access to training and so on.

Direct monetary payment initiatives identified in this study include

- Payments for carbon sequestration credits such as the West Nile Power project and the ECOTRUST/ICRAF/CARE pilot carbon trading scheme in Bushenyi district;
- The *World Bank/UNEP/GEF Bwindi-Mgahinga National Park Trust Fund* aimed at conserving the Mountain Gorilla and promoting biodiversity conservation around protected areas;
- *The Revenue Sharing scheme* between the Uganda Wildlife Authority and the people surrounding the different national parks, whereby 20% of revenue obtained from park fees is given to the communities to use for their own development purposes and for the conservation and maintenance of the surrounding biodiversity; and
- (d) The Department of Fisheries' *Cost recovery scheme* which requires fish exporters to contribute a certain amount of their revenue towards the cost of managing the fisheries sustainably.

Payments/incentives in kind include the Organic Products Certification and Ecolabelling Initiative which has resulted in access to the lucrative European Union and US markets. The ecosystem services of such products are recognised and compensated through premium prices. Other incentives/payments in kind include access to protected areas, training of farmers in ecologically sound methods that result into preservation of ecosystem services, the carbon market capacity development program, and so on.

The study generally finds that various ecosystem services do exist in Uganda, but there are very few cases where direct payments for them occur. Most ecosystem providers are not aware that the services they provide have a monetary value, and the beneficiaries are not aware of the need to compensate the providers. In the few cases where money is changing hands, it is not very clear if the payments given as incentives (as in the case of revenue sharing), or as actual payments for providing an ecosystem service. However, in all these cases, the potential for scaling these up to PES exists and needs to be tapped. Government can and should play a role as catalyst for such payments – either as a direct buyer or by creating the enabling environment for the private sector to invest in them

The use of economic instruments in environmental management is a new concept therefore more public awareness and training is needed so that it can be mainstreamed in policy and planning. While fines and charges (performance bonds) are frequently used for projects that could potentially damage ecosystems and reduce ecosystem services (for example mining), there is no evidence that funds are used compensate for the ecosystem services



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foregone. The efficiency of market-based mechanisms for managing ecosystem services would be tremendously improved if the users of ecosystem services pay a value commensurate with the service they use or deprive others from using. Valuation studies are underway in Uganda and it is hoped that these will help make the case for rewarding ecosystem service providers.



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ACRONYMS

BMU	Beach Management Units
BR&D	Bioclimatic Research and Development
CDM	Clean Development Mechanism
CSM -BGBD	Conservation and sustainable management of Below Ground Bio-Diversity
ECCM	Edinburgh Center for Carbon Management
DFR	Department of Fisheries Resources
DWD	Directorate of Water Development
ECOTRUST	The Environmental Conservation Trust of Uganda
EPOPA	Export of Organic Products from Africa
ERCs/CERs	Emission Reduction Credits
EU	European Union
FACE	Forest Absorbing Carbon-dioxide Emissions
GDP	Gross Domestic Product
GEF	Global Environment Facility
GOU	Government of Uganda
GTZ	German Society for Technical Cooperation
ICRAF	International Center for Research in Agro-Forestry
IUCN	International Union for Conservation of Nature and Natural Resources
MBIFCT	Mgahinga and Bwindi Impenetrable Forest Conservation Trust
LMO	Lake Management Organisation
LSUF	Landing Site User Fees
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
NEMA	National Environmental Management Agency
NGO	Non Government Organisation
PCF	Prototype Carbon fund
PES	Payment for Ecosystem Services
UgoCert	Uganda Organic Certificate Limited
UNCTAD	United Nations Conference on Trade And Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
USAID	United States Agency for International Development
UNFCCC	United Nations Framework on Climate Change
UWA	Uganda Wildlife Authority
UWEC	Uganda Wildlife Education Center



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UWS

Uganda Wildlife Society

WB

World Bank

1: Ecosystem Service payments, markets, and Mechanisms currently operating in Country

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CARBON								
Carbon Project 1: ECOTRUST – Trees for Global benefits program	Tetra pak Future Forests through BR&D	Individual Smallholder Farmers in Ruhinda and Bunyaruguru counties of Bushenyi District through ECOTRUST Uganda.	Ruhinda and Bunyaruguru counties of Bushenyi District Western Uganda	(A) This is a voluntary private deal from industry in the north. (B). Required conservation management practices is mainly planting of indigenous tree species.	The payments are channelled through a European based carbon broker Bioclimatic Research and development (BR&D) and a Ugandan national conservation trust fund (ECOTRUST) to individual farmers.	ECCM- technical support and carbon accounting ECOTRUST- Administration of carbon funds and field support and monitoring. ICRAF- technical specifications development. BR&D - marketing /brokerage of carbon sales Tetrapak- carbon purchase Future Forests – Carbon purchase	Deal 1 contract signed in 2004. Second deal contract signed in 2005.	The project is in pilot phase with some payments to farmers having been made. Baselines are being concluded and technical specifications being developed.

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Carbon Project 2: West Nile Power Project	The Prototype Carbon Fund (PCF), Contacts: <i>In Washington DC:</i> Sergio Jellinek 202-458-2841 Sjellinek@worldbank.org Kristyn Ebro 202-458-2736 Kebro@worldbank.org Electricity users in Nebbi and Arua Districts of Uganda	The Government of Uganda sells Emission reduction credits to the PCF and cleaner energy to the people of West Nile in Uganda.	The project is located in the West Nile region of Uganda, which is composed of 5 districts Adjumani, Arua, Moyo, Nebbi and Yumbe. The two hydropower dams are found along the river Nile at Nyagak in Nebbi and Olewa in Arua district.	The Project is part of the Uganda's Energy for Rural Transformation Project funded largely by the World Bank. The PCF is a private-public partnership operated by the World Bank. PCF buys the Carbon Emission Reductions that accrue from this project. Two streams of revenue are generated - sale of power to the communities in 5 districts of the West Nile region of Uganda and the ERCs	Sale of CO2 emission reductions credits to the PCF and possibly other buyers. <i>Estimated PCF purchase value: US\$ 3 million.</i> The local communities obtain cleaner, reliable energy,	WB provided funding through the Energy for Rural Transformation Project; PCF manages the trade of CERs. The GoU approved the project, through focal point for UNFCCC – Department of Meteorology . A private sector company manages the power project on behalf of government. It sells electricity to the communities in the west Nile region.	Agreement signed in Project was endorsed by the UNFCCC national focal point in May 200. In March 2004 the project itself started	The project is on going and the power generation and sale is now managed on behalf of the GoU by WENRECO a private company and the PCF manages the CERs.
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<p>Carbon Project 3:</p> <p>UWA/FACE Forest Certification Initiative</p>	<p>The FACE Foundation ((Netherlands) a non-profit organization established by the Dutch Electricity Generating Board</p>	<p>UWA/ GoU paid through reforestation of the damaged parts of the forests in the Mt. Elgon National Park</p>	<p>Kibale National (10,000 ha) and Mt. Elgon (25,000 ha) National parks</p>	<p>FACE Foundation signed an agreement with the Government of Uganda to replant the deforested areas of Mt. Elgon and Kibale National Parks in order to sequester carbon, manage water resources and recreate a habitat for diverse wildlife. In return GoU allows FACE to sell the carbon offsets generated. FACE works on behalf of the Dutch energy group. The deal falls under the CDM of the UNFCCC</p>	<p>The payments are inform the reforestation and the technical cooperation between FACE Foundation and UWA. FACE ensures it established enough forests to offset the emissions from one 600MW power station</p>	<p>Certification was through SGS (Societe Generale de Surveillance) FACE carries out reforestation to create carbon offets on behalf of SEP, Netherlands. UWA is the partner with FACE in the project and it receives technical assistance from FACE. The GoU signed over the rights to FACE</p>	<p>Initiated in 1994.</p>	<p>The project is still ongoing There have been some efforts both by FACE and the GoU/UWA to re-examine the arrangement and increase it's efficiency.</p>

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BIODIVERSITY

Biodiversity Proj 1: Mgahinga Bwindi Impenetrable Forest Conservation Trust (MBIFCT)	GEF/ World Bank/GoU	The communities living in and around Mgahinga National park and Bwindi National park and UWA authority	The project is located in south western Uganda. It includes Mgahinga and Bwindi National Park. In kabala and Kisoro districts.	This is a Government of Uganda/World Bank-GEF deal. The service is conservation of the biodiversity in the two national parks and this is paid for through an endowment fund set aside by the GEF.	The endowment funds are managed by an asset manager Merrill Lynch and the revenues generated are used to pay for the conservation activities. 40% of the revenue goes to the local community associations and 60% to UWA.	The World Bank/GEF contributed the original Fund capital worth US \$4 million. The GoU and WB decided that the Fund be invested offshore. The present managers are Merrill Lynch Investment Managers, UK. MBIFCT manages the resources in the national park on behalf of the endowment partners and the citizens of Uganda.	MBIFCT was set up in 1994 under the Uganda Trust Act	The project is ongoing. Start-up capital and operational capital was obtained from USAID and NORAD
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<p>Biodiversity Project 2:</p> <p>Integrated Co-management of Lakes through Beach Management Units</p>	<p>Fishers, fish transporters pay a landing site user fee and a permit for access to fishery, and a fish transportation permission fee.</p>	<p>The Beach management unit has representatives from local government/ District, but is largely made up of members from the fishing community</p>	<p>Lake George covers 280 square km², covering 3 districts Bushenyi, Kamwenge and Kasese and contains 8 landing sites,</p> <p>Lake Kyoga covers 2,800 square km in 10 districts and has 420 landing sites. District include Lira, Apac, Mbale, Katakwi, Soroti, Mubende, Bugiri, Nakasongola, Luwero, and Kaberamaido.</p>	<p>A lake Management Organisation (LMO) consisting of representatives from Government and fishing communities is created. The LMO decides on the number and membership of the BMUs. The BMUs tenders to operate the fishing activities on different sites of the lake. The BMUs pay for the tender. The LMO supervises the BMUs and coordinate s lake-wide activities. Local government Authorities monitor the LMO, MAAIF provides oversight</p>	<p>The BMUs compete for tenders and pay an agreed monthly fee to the LG for holding the tender. The BMU charges Landing Site User Fees (LSUFs) to fishers and traders. The fees are used for management of the fishery. LG Authorities monitor and ensures sustainable use of the resource</p>	<p>DFR, DWD, NEMA, Wetlands Inspection Division and UWA were involved in setting up Lake Management Organisations; The Lake Management Organisations elect the BMUs The BMUs manage the landing sites and all fishing and non-fishing activity on the lake. The Local Government supervises through Fisheries Officers</p>	<p>The first BMU agreements for Lake George Basin Integrated Management organisation started work in 2003</p>	<p>The project is on-going</p>

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Biodiversity Project 3 Kibale and Mt. Elgon National parks Co-management scheme	Local communities living around the national parks	UWA rights to access certain resources in the national park	Kibaale and Mt Elgon National parks	Agreement between local communities (through their Local Councils) and UWA	Exchange of rights for responsibility to monitor and regulate resources use levels	UWA and Local Council Members (LCs)	Started between 1996 - 1998	The co-management activities are on-going
Biodiversity Project 4 Budongo Forest Eco-tourism Development Project (BFEP)	The tourists both domestic and foreign who come to see the biodiversity in the forest reserve	The people in the local communities are paid over the counter by tourists	The Reserve, a mixture of tropical high forest, a large population of mahoganies and savanna grasslands and woodland, covers 825 km2, making it Uganda's biggest Forest Reserve	The community association has 28 people that operate the eco-tourism activities on behalf of the community, there is technical support from the forest department and UWA	The tourists pay the Eco-tourism Project management who then spend 40% of the revenue on community projects and 60% on maintenance costs and running the project	District forest officer and UWA monitor the reserve to ensure that conservation is practices. BFEP offers technical support and carries out research activities.	The project was initiated in 1993	The project is on-going

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WATER								
Water Project 1: Uganda Breweries Limited/ National wetlands Programme	Uganda Breweries Limited (UBL)	The National wetlands programme	Wetlands surrounding lake Victoria in Luzira	UBL acknowledges that its activities lead to pollution of the wetland and the water in Lake Victoria. It has installed more environmentally sound brewing technology, and it is also funding educational programmes of NWP about wetlands.		Makerere Univeristy, measures quality of water, UBL makes payments; and NWP ensures that resources are used in managing the wetland		UBL has commission the water quality study to judge and see, if its efforts have had an effect

OTHER

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<p>Bufumira Islands Alternative Energy Demonstration Project</p>	<p>The community members managing the power station</p>	<p>Bufumira Islands Development Association</p>	<p>Lake Victoria, Uganda</p>	<p>GEF – Small Grants Programme (UNDP); Non-governmental and community-based organizations in developing countries</p>	<p>The stations serve approximately 100 people who pay to have the batteries of their solar panels recharged there. The cost for charging a battery is approximately \$1.</p>	<p>BIDA has partnered with the East African Energy Technology Development Network (EAETDN), based in Kampala, Uganda. EAETDN-Uganda has provided technical expertise, while BIDA offers local knowledge, through artisans and local technicians, and strong ties within the community.</p>	<p>November 2000 (planning grant); July 2001 (full grant)</p>	<p>The project is ongoing the wind power has not been successful due to the insufficient wind. Solar power generation has been as successful as expected</p>

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Chimpanzee Sanctuary and Wildlife Conservation Project	The Chimpanzee Sanctuary and Wildlife Conservation Trust (CSWCT)	Landlords and local communities, which own Ngamba Islands	On Ngamba Islands in Lake Victoria Area?	The CSWCT runs the sanctuary with the help of local communities and government support	The CSWCT pays the land owners directly for their land	UWECT, JGI, BFF, ECOTRUST, UWS and IFAW	CSWCT formed 12 th October 1998	The project is ongoing and co-management activities with communities that live on the island are being initiated.
Promotion of Bamboo Sector-Prime/West Project	Tea Factories and other Bamboo product users in the community	The communities living in and around protected wetland areas	South-western Uganda in the districts of Kisoro, Kabale, Bushenyi and Kanungu	Prime/West runs a USAID funded project, where it provides direct non-monetary assistance to local communities around Pas, works with local governments and line ministry officials from NEMA, MWLE	Tea factory managers and local people pay the Bamboo product makers directly.	Prime/West the NGO facilitates, improves product and helps with negotiations for market	The project started in 2004	The project is on going and it has began to engage those who harvest trees from forest reserves.

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Market Access for Organic Products	Buyers of organic products in the United States, Japan; EU (Germany, Switzerland, United Kingdom, France, Netherlands and others) market.	The Export of Organic Products from Africa (EPOPA) ,local exporters and their contracted farmers' groups Products include . organic sesame, cocoa, vanilla, shea butter, natural bee honey, sustainable fish, bark cloth, organic pinneaples,	RECO has 230, chillis and papaya, farmers involved in the scheme; ESCO project, cocoa and vanilla, works in 4 parishes of Kasetu subcounty in Bundibugyo Kawacom has 5000 and 6000 Arabica coffee producers in Nebbi and Kapchorwa respectively; Outspan has 1,500 sesame farmers in Ochero county; Other projects have un defined	The project is allocated is an export company, which by the structure of the deal contracts a large number of smallholder farmers as out-growers. These farmers produce according to the stated specifications provided by the exporter. The exporter is then assisted to link up with importers or traders from Europe or the US and Japan. The standards are set by international certification agencies located in the individual countries. Swedish International	The farmers receive a premium price, which is usually 25 % to 50% above the price of conventional produce, in return for using sustainable production practices. The practices ensure sustainable utilisation of the soils, water, and fishery resources. The exporters are enabled to access international markets where	2 collaborating firms GroLink AB (a Swedish NGO) and AgroEco Ltd. (from Holland) link local exporters to European exporters and assist with ensuring product meets the organic certification. The exporters identify farmers and who become outgrowers for the organic export scheme. The project is funded by sida	The project started in 1995 to 2000, the second phase started in 2002 scheduled to go on until 2008	Project is on going and a national organic certification organisation Ugocert has been created.

Inventory Matrix on PES in Uganda-DRAFT

		apple banana, passion fruit, papaya and chilli sauce;	farmers Greenfield for wild fish on Lake Kyoga; Bio-trade for pineapples, apple bananas and fruits; Bark cloth Uganda for back cloth and likewise bee Natural products for Honey. These subsistence farmers have on average 2.5 hectares of land each. On which they grow other crops including the target crop.	Development Agency (Sida) funds this arrangement and it is assisted by two international organisations Grolink (NGO) and Agro-Eco Ltd. and the exporters provide the produce handling and storage, and link up with the European buyers.	they have access and a premium price.			
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Inventory Matrix on PES in Uganda-DRAFT

<p><i>(Current Ecosystem Service Payment or Market</i></p> <p><i>List specific in-country ecosystem service projects under each of the categories below.</i></p>	<p><i>Who is the Buyer?</i></p> <p><i>List name(s) of both key contact people and government agencies, companies, etc.</i></p>	<p><i>Who is the Seller?</i></p> <p><i>List both name(s) of people and/or community organizations</i></p>	<p><i>(a) Where is the Project located?</i></p> <p><i>(b) How much area involved in agreed deal (hectares)?</i></p> <p><i>Include name of village and/or province</i></p>	<p><i>(A) How is the deal structured?</i></p> <p><i>Is the deal:</i> <i>(A) A gov't payment?</i> <i>(B) A private deal?</i> <i>(C) Open trading?</i></p> <p><i>(b) What conservation management practices required?</i></p>	<p><i>How do Payments flow from the Buyer to the seller?</i></p> <p><i>Provide a brief explanation.</i></p>	<p><i>What are the roles of the Institutions Engaged in Payment Scheme?</i></p> <p><i>List all institutions involved (including intermediaries) and briefly explain roles.</i></p>	<p><i>Date deal agreed?</i></p> <p><i>List date contract or agreement signed.</i></p>	<p><i>Current Status?</i></p> <p><i>State if in operation, in planning phase, etc., and whether payments made.</i></p>
<p>International Gorilla Conservation Programme (IGCP) Water Gravity Scheme</p>	<p>The International Gorilla Conservation programme. The programme is seeking to reduce community dependence on dwindling forest resources.</p>	<p>The farmers in Buhoma community</p>	<p>Buhoma in Kabale district, and the communities surrounding Bwindi Impenetrable National Park (BINP)</p>	<p>Through its Public Health & Conservation project, the IGCP & Buhoma community to jointly develop a water gravity scheme that will guarantee the availability of clean water.</p> <p>IGCP trains local communities to understand links between disease, waste management and conservation.</p> <p>IGCP has worked with communities around the parks to develop enterprises compatible with conservation and and sustainable ways of earning a living.</p>	<p>IGCP & Buhoma community to jointly develop a water gravity scheme that will guarantee the availability of clean water. The development of enterprises, linked to tourism, is helping to bring in alternative revenue for the community, who are mainly subsistence farmers, and support forest conservation.</p>	<p>The IGCP, UWA, District Local Government Authorities</p>	<p>2001</p>	<p>Project is on-going scheduled to run until 2008</p>

Inventory Matrix on PES in Uganda-DRAFT

<p>(Current Ecosystem Service Payment or Market</p> <p><i>List specific in-country ecosystem service projects under each of the categories below.</i></p>	<p>Who is the Buyer?</p> <p><i>List name(s) of both key contact people and government agencies, companies, etc.</i></p>	<p>Who is the Seller?</p> <p><i>List both name(s) of people and/or community organizations</i></p>	<p>(a) Where is the Project located?</p> <p>(b) How much area involved in agreed deal (hectares)?</p> <p><i>Include name of village and/or province</i></p>	<p>(A) How is the deal structured?</p> <p>Is the deal: (A) A gov't payment? (B) A private deal? (C) Open trading?</p> <p>(b) What conservation management practices required?</p>	<p>How do Payments flow from the Buyer to the seller?</p> <p><i>Provide a brief explanation.</i></p>	<p>What are the roles of the Institutions Engaged in Payment Scheme?</p> <p><i>List all institutions involved (including intermediaries) and briefly explain roles.</i></p>	<p>Date deal agreed?</p> <p><i>List date contract or agreement signed.</i></p>	<p>Current Status?</p> <p><i>State if in operation, in planning phase, etc., and whether payments made.</i></p>
<p>Collaborative forestry management in Kibale and Mt Elgon National Parks</p>	<p>The communities/ Uganda Wildlife Authority</p>	<p>Uganda Wildlife Authority and communities living around Kibale and Mt. Elgon National Parks</p>	<p>Kabirizi, Nyakarongo parishes in Kibale and Nyabweya parishes in Mt. Elgon</p>	<p>The communities have signed formal forest border agreements with UWA. UWA allows the communities to enter the forest and extract non timber forest products. The communities are allowed to plant 5 lines of eucalyptus on the boundary of the park. The communities guard the park border and only extract the agreed items from the forest</p>	<p>UWA provides some assistance towards community income projects . E.g. pig farming, fruit production and beekeeping.</p>	<p>UWA is partnering with IUCN and the neighbouring district authorities to promote sustainable development in parishes neighbouring the parks. Sensitisation of local communities regarding environment and conservation.</p>		<p>The project is on going</p>
<p>Echuya Forest Conservation Project- Nature Uganda</p>	<p>Nature Uganda</p>	<p>Communiites in Echuya forest reserve</p>	<p>Echuya forest reserve in Kabale and Kisoro districts</p>	<p>Communities are granted access to the reserve on condition that they carrying out conservation. Activities include tree planting and forest conservation and protection.</p>	<p>Payments are in form of technical assistance/trainin g and funding community group projects</p>	<p>Nature Uganda and Community Groups services,. practices.</p>		<p>The project is on-going</p>

Inventory Matrix on PES in Uganda-DRAFT

<p><i>(Current Ecosystem Service Payment or Market</i></p> <p><i>List specific in-country ecosystem service projects under each of the categories below.</i></p>	<p><i>Who is the Buyer?</i></p> <p><i>List name(s) of both key contact people and government agencies, companies, etc.</i></p>	<p><i>Who is the Seller?</i></p> <p><i>List both name(s) of people and/or community organizations</i></p>	<p><i>(a) Where is the Project located?</i></p> <p><i>(b) How much area involved in agreed deal (hectares)?</i></p> <p><i>Include name of village and/or province</i></p>	<p><i>(A) How is the deal structured?</i></p> <p><i>Is the deal:</i> <i>(A) A gov't payment?</i> <i>(B) A private deal?</i> <i>(C) Open trading?</i></p> <p><i>(b) What conservation management practices required?</i></p>	<p><i>How do Payments flow from the Buyer to the seller?</i></p> <p><i>Provide a brief explanation.</i></p>	<p><i>What are the roles of the Institutions Engaged in Payment Scheme?</i></p> <p><i>List all institutions involved (including intermediaries) and briefly explain roles.</i></p>	<p><i>Date deal agreed?</i></p> <p><i>List date contract or agreement signed.</i></p>	<p><i>Current Status?</i></p> <p><i>State if in operation, in planning phase, etc., and whether payments made.</i></p>
<p><i>The Mabira Forest Reserve Eco-tourism Project</i></p>	<p>Tourists both national and international and the National Forest Authority</p>	<p>Mabira forest community</p>	<p>Communities in Mabira forest. Approximately 3,000 families had settled in the forest</p>	<p>Although the initial stages of eco-tourism development did not directly involve the community, the Forest Department still believed that this was a good entry point for collaboration.</p>	<p>The communities and NFA share the revenue generated from eco-tourism. Both the communities and the NFA carry out the activities of the eco-tourism.</p>	<p>The NFA maintains Strict Nature Reserves, Buffer and Production zones. Promotes the development of eco-tourism The community is involved in the management of the reserve and revenue sharing.</p>	<p>Between 1996 to 1998</p>	<p>The Eco-tourism project is on-going the number of tourists continues to grow both domestic and international tourists.</p>

Step 2: Review Country-level Legal, Regulatory, & Administrative Context for Ecosystem Service Payments

	ECOSYSTEM SERVICES		
	Carbon	Biodiversity	Water
<p>DO NATIONAL LAWS, REGULATIONS, AND ADMINISTRATIVE RULES SUPPORT / HELP WITH SALES OF THIS ECOSYSTEM SERVICE?</p> <p>(if yes, please specify) <i>The National Forest policy (2001)</i> <i>The National Forestry and Tree Planting Act-NFTPA (2003)</i> <i>The National Forestry Business Plan (2003);</i> <i>The wetland sector strategic plan;</i> <i>The National Environmental Action Plan(1994)</i> <i>The National Environment Act Cap 153 (NEA) 1995;</i> <i>The Water Act, Cap 152 (1995);</i> <i>The National Wildlife Policy</i> <i>The Wild Life Act, Cap 200 (1996);</i> <i>The Energy Policy();</i> <i>The Local Government Act no 1 (1997)</i></p>	<p>The <i>National Forestry and Tree Planting Act-NFTPA (2003)</i> provides for the conservation, sustainable management and development of forest for the benefit of the people of Uganda. The <i>National Forestry policy 2001</i>, advocates for inclusion of the various stakeholders in the wise utilization of the forest resources for economic development, poverty alleviation and environmental sustainability. The <i>National Forestry Business Plan (2003)</i> promotes the use of incentives to encourage private sector involvement in tree planting activities. Some of the incentives suggested include: favourable taxation regulations for overseas developers; long-term land leases for tree planting on Government lands, offering permits to small farmers to grow trees in Forest Reserves and encouraging Non Governmental Organizations (NGOs) to get involved in tree planting and accessing global financing mechanisms for forestry activities such as the World Bank Carbon Funds, and the Carbon trading financing mechanism provided for under the Clean Development Mechanism (CDM) of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC). Uganda Investment Authority has prioritised the forestry sector, transport and energy sectors as core to investments in carbon trade. The Energy policy for Uganda states government’s support and intention to promote alternative sources of</p>	<p>The National Environment Act Cap 153 (1995) brings together all sectoral agencies involved in environmental management with NEMA as the overall body to maintain stable functioning relations of the environment through preserving biological diversity ; reclaiming lost ecosystems where possible reverse the degradation; establish adequate environmental protection standards and monitor changes in environmental quality; publish relevant data on environmental quality and resource use; require prior environmental assessments of the proposed projects; ensure that the true and total costs of environmental pollution are borne by the polluter;</p> <p>The <i>Uganda Wildlife Act Cap 200 (1996)</i> introduced the concept of tradeable wildlife use rights to hunt, farm, ranch, trade in or use wildlife for educational purposes. The Statute provides for their management and transfer. The wildlife use rights are classified as hunting, farming, ranching, trading in wildlife products, educational scientific or medical uses and general extraction; these wildlife use rights are transferable and in some cases, a transfer permit is needed especially for hunting and educational</p>	<p>The <i>Water Act</i>, enacted in 1995, is the fundamental code for the use, protection and management of water resources and water supply; It establishes a Water Policy Committee to co-ordinate rational management and use of water and arbitrate disputes between agencies on water management;</p> <p>Provides for the development, revision, adoption of a National Water Action Plan, and ensure that it is binding on all public authorities and persons when it is adopted.</p> <p>Provide for the revocation or cancellation of water permits</p> <p>Established a system of appeals from administrative decisions on water permits.</p> <p>Established a much more serious penalties for pollution, and enable the Government to recover the costs of major environmental damage from polluters.</p> <p><i>A Sector Planning and Co-ordination Unit</i> has also been established under the DWD to monitor the implementation of the Water Action Plan.</p>

Inventory Matrix on PES in Uganda-DRAFT

	<p>energy, and technologies, which are environmentally friendly. It also states government's support for CDM and GEF projects. Government has piloted a credit line through local banks to promote solar PV energy.</p>	<p>scientific or medical uses.</p> <p>The decentralisation system provided for by the Local Government Act 1997 has vested the power of managing environmental and natural resources at Local Government District level. The Wetland Sector Strategic Plan (2001 to 2010) urges for mobilisation of local and international financing mechanisms for wetlands management and conservation in Uganda. The policy promotes new and exciting management approach involving local people in the co-management of fisheries resources.</p>	
<p>DO LAWS, REGULATIONS, AND ADMINISTRATIVE RULES SERVE AS OBSTACLES TO SALES OF THIS ECOSYSTEM SERVICE? (if yes, please specify)</p>	<p>The absence of a land use policy means the other land legislation available is ambiguous on people's rights to use land to participate in carbon trade. The procedures that UIA has set out and the fact that the project has to first be in line with national development goals to be accepted by MFPED may lead to a longer planning period and exclude some projects.</p> <p>The <i>Local Governments Act, no 1 of 1997</i> did not envisage that the capacity needs to handle such programmes at local government level. The carbon programmes are still coordinated from the Ministry of Water Lands and Environment (MWLE).</p>	<p>The lack of a comprehensive land use policy.</p> <p>The <i>Wildlife statute</i> preserves community property rights. The statute recognizes and guarantees the historic rights of individuals and communities, which were recognized, in previous laws such as the National Parks Act, the Forests Act, and the Game (Preservation and Control Act). For highly populated protected areas therefore implementation of PES would involve too many stakeholders making it expensive and time consuming.</p> <p>The <i>Local Governments Act, no 1 of 1997</i> created a policy of decentralization pursued by the government and decentralization policy also of natural resource management to the lowest levels. The local governments now are in charge of protection of wetlands, soil erosion control and forest fires.</p>	<p>The stipulation in the <i>Water statute</i>, which allows use of naturally occurring water for fire fighting or domestic purposes or to irrigate subsistence garden or watering subsistence stock or fish pond is free of charge, may create perverse incentives.</p> <p>The <i>Local Government Act no 1 of 1997</i> vests the power to provide, protect and maintain water resources and supplies with District Councils; Urban Councils and municipalities are in charge of waste management and water supplies. In many cases this has created governance and low capacity problems and inefficient service delivery and may indeed constrain a PES mechanism. Although, buyers and administrators of the service can be easily defined a PES should be quicker to implement.</p>

Inventory Matrix on PES in Uganda-DRAFT

		The fisheries policy does not go far enough in defining rights over lake and river resources. Therefore, the market will always be affected as the service may always be seen as public good, which is non-excludable.	
DO LANDOWNERS HAVE A CLEAR, LEGAL RIGHT TO SELL ECOSYSTEM SERVICES? <i>(PLEASE SPECIFY WHAT LAWS RELATE TO THIS ISSUE)</i>	With no land use policy this right is ambiguous except for individuals that have concessions for public forest reserves and those who trade CERs from renewable energy. However, one would still work with the present legislation and participate in the market.	The environmental policies provide a low coverage for private and community rights instead focus on protected areas.	N/A
DO COMMUNITY ORGANIZATIONS HAVE LEGAL RIGHTS TO: - SELL? - TO APPROVE / REJECT DEALS? <i>(PLEASE SPECIFY LAWS)</i>	At this stage community participation is being initiated. While the current legislation does not bar this type of participation. The procedural stages and the complexities may make it hard for communities to find buyers and satisfy all the other requirements such as validation and certification and capitalisation	The wildlife legislation allows for establishment of commercial wildlife areas within which local communities are empowered to benefit economically from wildlife management and use rights to land owners over wildlife outside protected areas The forestry policy also stresses community and private sector involvement in forestry management.	N/A
ARE THERE GOVERNMENT AGENCIES THAT EXIST TO REGULATE AND MANAGE THE ECOSYSTEM SERVICES (E.G. CARBON OFFICE, EIA OFFICE, ETC.)? <i>(IF SO, PLEASE SPECIFY)</i>	Meteorological Department (MWLE) is the focal point for CDM, UIA sets guidelines for investment for both nationals and foreigners	In the forestry sector there is the National Forest authority, Wildlife, Uganda Wildlife Authority,	Wetlands and water, Wetland Inspection Division, Ministry of Water Lands and environment, National Environmental management Agency, National Water and Sewerage Corporation. <i>A Water Permit Unit has been established within DWD; A Water Policy Committee (WPC), established under the Water Statue, 1995</i>
IS THERE ANY INVOLVEMENT OF GOVERNMENT IN DECREASING RISKS ASSOCIATED WITH PAYMENTS FOR ECOSYSTEM SERVICES (E.G. GOV'T BACKED INSURANCE,	No	No	N/A

Inventory Matrix on PES in Uganda-DRAFT

<p>GUARANTEES, ETC.)?</p> <p><i>(IF YES, PLEASE SPECIFY)</i></p>			
<p>ARE THERE ANY RELEVANT GOVERNMENT STANDARDS / GUIDELINES RELATED TO ECOSYSTEM SERVICES SALES?</p> <p><i>(IF YES, PLEASE SPECIFY)</i></p>	<p>There is a list of criteria mentioned</p> <p>Guidelines were set for investments from the forest sector, investments from the transport sector and the energy sector during the CDM capacity building process carried out between 2002 and 2003</p>	<p>Yes, when it comes to eco-tourism activities there are guiding principles that have been set aside by government: Any development must support conservation; Within a period of five years the project must show signs of sustainability. (Both economic sustainability and sustainability in terms of the conservation of the forest and having local people managing the tourism sites with the Forest Department in an advisory role only); The project must be economically viable (i.e. costs of running the project – wages, maintenance etc. – should be able to be met by the income generated through tourism); There must be active involvement of the local people in development and management; and Involvement of the private sectors will be encouraged. Any monopolistic interests will be discouraged.</p>	<p>The <i>Water Resources Regulations and Waste Water Discharge regulations gazetted in 1998 under the Water Statute</i>: prescribe procedures for applying and considering permits to use water, construct hydraulic works and/ or discharge wastewater.</p>
<p>ARE ANY ADDITIONAL LAWS, REGULATIONS, OR ADMINISTRATIVE RULES NEEDED TO SUPPORT GROWTH OF ECOSYSTEM SERVICE PAYMENTS / MARKETS?</p> <p><i>(IF YES, PLEASE SPECIFY)</i></p>	<p>Yes,</p> <p>There is need for regulations for private sector and community initiated CDM projects.</p> <p>There is a need for regulations on revenue sharing or plough-back for private CDM projects.</p>	<p>Yes,</p> <p>There is a need for regulations to boost payments for biodiversity ecosystem services for wetlands.</p>	<p>Yes, There is a need for regulations to encourage participation of private sector in the water sector.</p> <p>Regulations, which clarify social equity in water sector so that it is a consideration in an ecosystem mechanism that may arise.</p>

STEP 3: Document Existence of and Need for Supporting Institutions

ECOSYSTEM SERVICES			
	Carbon	Biodiversity	Water
<p>ARE THERE ANY INSTITUTIONS THAT SUPPORT / HELP WITH SALES OF THIS ECOSYSTEM SERVICE?</p> <p>if yes, please specify by:</p> <ul style="list-style-type: none"> - Government Agencies? - Private Companies / Consultancies? - NGOs? - QUANGOs? 	<p><i>Government</i> Meteorological Department, focal point on CDM UIA, regulates investments in CDM UWA, provides concessions to private sector to use UWA administered natural resources to manage a CDM project. NFA, has provided a concession to Tree Farms in Bukaleba Forest reserve. It is a key line ministry for CDM</p> <p><i>Private</i> SGS –carries out certification and verification for FACE Foundation carbon projects Tree Farms AS</p> <p><i>NGOs</i> ECOTRUST, fund manager and provides technical support for projects in western Uganda that are trying to integrate CDM for local community groups</p>	<p><i>Government</i> Uganda Tourism Board, Uganda Investment Authority, Uganda Wildlife Authority, Mgahinga Bwindi Impenetrable Forest Conservation Trust,</p> <p><i>Private agencies</i> Uganda Manufacturers Association; PSFU,</p> <p><i>NGOs</i> IUCN AWF WWF CARE SNV</p>	<p>Ministry of Water lands and Environment (MWLE), Department of Water Development (DWD)</p> <p><i>Local government (LG)</i> District tender boards District fisheries officers Sub-county administrative officers</p> <p><i>Community/LG/NGO</i> Lake management organisations (Lake George Basin integrated Management Organisation – LAGBIMO and Lake Kyoga Integrated Management Organisation – LAKIMO). It is from these organisations that BMUs are formed.</p>
<p>IF ANY, WHAT OTHER INSTITUTIONS ARE NEEDED TO SUPPORT / HELP WITH SALES OF THIS ECOSYSTEM SERVICE?</p> <p>if yes, please specify by:</p> <ul style="list-style-type: none"> - Government Agencies? 	<p><i>Government</i> Carbon financing office, to monitor the financial activities of organisations that participate in CDM and to lobby for other potential community groups to get access to funds Carbon standards office to monitor and regulate standards of carbon offsets traders in the country and to ensure that the livelihoods of the local communities are not severely damaged by CDM activities</p>	<p>Marketing, market information and knowledge; financial management and business planning consultancy; organizations offering technical support such as skills training and showing organisations how to invest in the appropriate technology and inputs; seed</p>	<p>Government DFR NEMA</p> <p>Private Fish processors</p>

Inventory Matrix on PES in Uganda-DRAFT

<ul style="list-style-type: none"> - Private Companies / Consultancies? - NGOs? - QUANGOs? 	<p>Private agencies Private bank should provide financial support, credit and insurance against risk for investments in CDM</p> <p>NGOs Promoting CDM from agro-forestry. The potential for CDM along with agro-forestry in coffee or cocoa plantations could be promoted by NGOs to supplement incomes and poor farms prices eared from coffee.</p>		
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Step 4: Assess Local Involvement in Payments for Ecosystem Services

CURRENT ECOSYSTEM SERVICE PAYMENT OR MARKET	(A) DOES THE PROJECT SITE HAVE LOCAL ORGANIZATIONS AND PARTICIPATORY DEVELOPMENT PROGRAMS IN PLACE? (B) IF YES, HOW LONG HAVE THEY BEEN IN PLACE? (C) IF YES, HOW ARE THESE ORG'S ENGAGED IN PAYMENTS FOR ECOSYSTEM SERVICES?	HAVE COMMUNITY REPRESENTATIVES BEEN SELECTED AND AUTHORIZED TO NEGOTIATE WITH OUTSIDERS?	DO LOCAL PEOPLE DECIDE HOW INCOMING ECOSYSTEM SERVICES FUNDS WILL BE SPENT? (IF SO, WHAT IS THE PROCESS AND WHO IS INVOLVED?)	ARE LOCAL PEOPLE— INCLUDING WOMEN— PARTICIPATING IN THE ENTIRE PROJECT LIFECYCLE? (INCLUDING, DESIGN, IMPLEMENTATION, MONITORING, AND FINANCIAL BENEFIT ACCRUAL)	ARE THERE ANY EXISTING ANALYSES ON LOCAL BENEFITS FROM PROJECT? (SUCH AS: CONTRIBUTIONS TO: HOUSEHOLD INCOME, LOCAL ORGANIZATIONS, ETC.) (IF YES, PLEASE SPECIFY)	(A) HAS A FINANCIAL ANALYSIS OF THE PROGRAM BEEN CONDUCTED? (B) HAVE ASSESSMENTS BEEN MADE OF RISKS AT A LOCAL LEVEL ASSOCIATED WITH PROJECT? (IF YES, PLEASE SPECIFY)
<i>Carbon</i>						
Carbon Project 1: ECOTRUST – Trees for Global benefits program	Yes. ICRAF-Uganda, CARE – Uganda Community Organizations – Bitereko Women’s Group There are also individual farmers who have not yet organized themselves into groups but are working toward that	Not yet	Yes. Each farmer decides on their own. There is no formal mechanism.	Yes. ECOTRUST has developed a system of community technicians to do field monitoring	ECOTRUST is doing on baseline on income and existing institutions. But its too early in the process to assess impact	No. This is a pilot project and ECOTRUST is still developing the administrative systems and procedures
Carbon Project 2: West Nile Power	N/A	N/A	N/A	N/A	N/A	N/A

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Project						
Carbon Project 3: Bufumira Islands Alternative Energy Demonstration Project (BIDA)	Yes, 4 years BIDA formed a community committee, which employees 12 people who help with charging batteries at a fee of US\$1 for local power users. The power is generated from wind powered generators and solar panels. They also sell solar panels on credit and provide technical assistance.	Yes, the BIDA committee represent the people of the islands of Bufumbira, Musoni and Bukasa. They carryout all the activites of deciding a fee, selling equipment, paying technicians who maintain the equipment and charging batteries	Yes, the funds are used to pay technicians (30%), maintainance of equipment (20%) and the rest (50%) is banked for future community projects	There is no explicit gender policy, although women are active stakeholders?	Twelve community members in Musoni now supplement their incomes by recharging batteries. Better access to battery power helps support fishing activities. BIDA's newly-lit lodge is also increasing income to BIDA. Reduced use of firewood and kerosene may bring health improvements and a reduced number of accidents. Bufumira primary school has received power and improved lighting access in homes can also enable children to study in the evenings. Users of batteries said that access to the battery has helped encourage them to settle permanently in the area	N/A
Carbon Project 5: UWA/FACE Forest Certification Initiative	Yes, local communities in both Kibale have participated in the project through being allowed to cultivate in the areas were the trees are still young to maintain their livelihoods and being employed by the projects. They however, do not	No	No	N/A	N/A	N/A

Inventory Matrix on PES in Uganda-DRAFT

	participate in the CDM activity.					
Biodiversity						
Biodiversity Proj. 1: Mgahinga Bwindi Impenetrable Forest Conservation Trust	Yes, 10 years. Communities in the communities surrounding the National park are encouraged to participate in the conservation of the Heritage site	At the community level, partnerships were created by setting up a Local Community Steering Committee (LCSC) made up of democratically elected community representatives, of the former forest people (Batwa), local government representatives and NGOs active in conservation work in and around the two protected areas.	The LCSC links the community with the Trust, pre-selects community projects, and approves small project grants while recommending large ones to the Trust Management Board. Three members of the LCSC, are trustees on a nine-member Board of Trustees. Government and donors to MBIFCT are represented on the Board only in an <i>ex-officio</i> capacity.	Yes, one of the three member of the LCSC is a woman	Community development activities (60% of income): established by the local community groups, projects such as eco-tourism etc. • Research activities (20% of income): ecological and socio-economic research provides data needed for improving park management • Park management activities (20% of income):	N/A
Biodiversity Proj. 2: Integrated Co-management of Lakes	Yes, Lake George Basin Integrated Management Organisation 2 years, and Lake Kyoga Integrated Management Organisation 1 year	Yes, BMUs negotiate with fish vendors and persons intending to acquire fishing licenses	Yes, in addition to issuing licenses, they collect a Landing site user fee as the charge for fish collection. Then profits on tender are retained, 25% of amount collected from issuing of fish movement permit also used in administration of BMU	Yes, 30% of the positions on the BMU executive committee are allocated to women	N/A	N/A
Biodiversity Proj. 3:	Yes, 3 years	Even before the	Yes, the processors	The women are an	N/A	N/A

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Promotion of Bamboo Sector- Prime/West Project	Bamboo Baskets Processors Association and recently a pole wood producers association	Prime/West project the locals traditionally looked for their market, the projects has provided facilitation, training and encouragement to improve production	retain their income. In fact, they are encouraged to increase their income.	integral part of the Bamboo basket processors association		
Biodiversity Proj. 4: Budongo Forest Eco-tourism Development Project	The tourists both domestic and foreign who come to see the biodiversity in the forest reserve	The people in the local communities		Offer tourists tours of the biodiversity in the reserve, offer lodgings and food a		
Biodiversity Proj. 5: Chimpanzee Sanctuary and Wildlife Conservation Project	N/A	N/A	N/A	N/A	N/A	N/A
Water						
Water Project 1:	N/A	N/A	N/A	N/A	N/A	N/A

Step 5: Examine Market Information Flow and Payment for Ecosystem Services expertise

ECOSYSTEM SERVICES			
	Carbon	Biodiversity	Water
<p>HAS A NATIONAL ASSESSMENT OF POTENTIAL, FUTURE SITES FOR ECOSYSTEM SERVICE DEALS BEEN CONDUCTED?</p> <p><i>(IF YES, PLEASE PROVIDE DETAILS.)</i></p>	<p>Yes, the CDM capacity building project for Uganda has identified opportunities in the transport sector: the emphasis has been on cutting down on GHG emissions and reducing traffic congestion in Kampala city (the options include shifting from Kamunyes to larger buses, switching from road to using rail trams, and redesigning roads within cities); the energy sector: solar energy projects; small hydropower projects in Paidha, Olewa and Ishasha and energy efficiency projects through the Ethanol Production Project, Sustainable Eenergy use in households and industry and Kakira sugar works cp-generated energy; and the forestry sector include nation-wide initiatives to maintain a stable tree estate, peri-urban and urban forestry and on-farm tree growing</p>	<p>Yes, There have been assessments in the forestry sector. USAID has carried out an assessment of natural resources activities in southwestern Uganda which would be considered for their potential in payments for ecosystem services. Both for their biodiversity ecosystem services and landscapes.</p> <p>There was a biodiversity survey carried out by MUIENR in 2001 that highlighted different biodiversity spots in Uganda.</p>	<p>Yes, The management of lakes using BMUs has been integrated in the National fisheries policy of 2004. and except for the Lake Victoria, where other modalities and the regional considerations may dictate additional forms of management. BMUs are to be promoted to replace the old tendering system used by local governments</p> <p>Creation of a Ugandan BMU network on Lake Victoria as a follow on to the success of BMUs on Lake George and Lake Kyoga.</p>
<p>HAS A NATIONAL ASSESSMENT OF BUYERS BEEN CONDUCTED?</p> <p><i>(IF YES, PLEASE PROVIDE DETAILS.)</i></p>	<p>Yes, current estimates are based on the World Bank PCF project and the CDM activities that are already in the country. An inventory of carbon projects and organisations dealing in carbon offsets exists at the meteorological department of MWLE. Other assessments by UIA</p>	<p>Yes, for the case of wetlands the Wetland Management Programme and the Wet land Inspection Division, the Uganda Cleaner production Centre have identified polluting companies and seminars have already been held. The current practice uses fines and enforcement of technology standards for industries. NEMA is involved. For NFA</p>	<p>The assessment of water coverage includes; water use information for both domestic users and urban users. The users are classified on the basis of their ability to pay. The DWD also recognises categories of users that are not served by the NWSC as potential buyers of water. The have been future assessment on the commercial (bottle) water industry and how they can participate in PES.</p>

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	are based on current operations by ECCM, FACE foundation and ECOTRUST among others.	and UWA have developed business plans that include the possibility of exploiting revenue from PES. This is a provision in both the <i>Wildlife statute 1997</i> and <i>Forestry Statute 2001</i> . The forestry sector the <i>National Forestry Business Plan (2003)</i> , recognizes potential sources of income in the forestry sector.	
<i>Is there a place that buyers and investors can go to / call about ecosystem services deals & prices?</i>	Yes, Uganda Investment Authority (UIA) is the focal point for promoting investment. The UIA compliments the Meteorological Department (MWLE), which is the focal point for developing guidelines for the implementation of the CDM. It has put in place a 2-year project to kick-start the CDM process and encourages actual CDM investments within acceptable national and international frameworks.	The Uganda Investment Authority is the focal point for promoting investment in the country and promotion and facilitation of foreign and domestic investment.	The Uganda Investment Authority is the focal point for promoting investment in the country and promotion and facilitation of foreign and domestic investment. The DFR of MAAIF, offices of lake managements organisations found in the districts where they operate (areas surrounding the lakes)
ARE THERE TRAINING AND EDUCATION RESOURCES RELATED TO ECOSYSTEM SERVICES AND PAYMENTS?	The GEF CDM project in Uganda has been involved in developing capacity for staff from the Ministry of Works Housing and Communication, MWLE/Department of Meteorology, Forestry Research Institute (FORI) and NARO. Makerere University Faculty of Forestry and Nature Conservation, Makerere University Institute of Environment and Natural Resources; and Mbarara University of Science and Technology have training programmes on CDM	IUCN, ECOTRUST, USAID, have been involved in promoting payments mechanisms in Uganda and they have some educational materials especially for the present efforts mentioned above in south-western Uganda. NFA, and UWA (NEMA) have also been involved in co-management efforts	The MWLE – DWD is working with several NGOs including Water AID, and Makerere University to raise the capacity of water officers at local government level. A water permit is now used by DWD for individuals or companies that wish generate hydraulic water and /or waste water treatment plants. DFR (MAAIF) has resources on the progress so far in the co-management of lakes and fisheries and lake management in Uganda

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<p>IS THERE ANY INFORMATION AVAILABLE ON RISKS AND/OR RISK MANAGEMENT ASSOCIATED WITH PAYMENTS FOR ECOSYSTEM SERVICES?</p> <p>(IF SO, WHERE? HOW CAN IT BE OBTAINED?)</p>	<p>The Department of Meteorology has information on the requirements for CDM in Uganda and UIA has information on the level of government and institutional support. So far, there has been limited input from the domestic financial sector.</p>	<p>Yes the Information desk at NFA and UWA provides information on PES activities in the different protected areas controlled by these institutions. NEMA Economic Unit is developing an inventory as well of ecosystem service payments.</p>	<p>Yes, the DWD water permit unit provides such information. There is also information on the feasibility of private investment in National water provision at DWD.</p>
<p>ARE THERE EXPERTS IN ECOSYSTEM SERVICE MONITORING & EVALUATION IN-COUNTRY?</p>	<p>Yes. There are consultants, who can provide expertise in ecosystem service monitoring and evaluation. The meteorological department has some expertise. It is widely recognised that the capacity in needs to be increased.</p>	<p>Monitoring is carried out by local and national NGOs supporting the PES activities. However, NFA, UWA and NEMA have expertise to monitor biodiversity services payments through out the country. Capacity is also available among local and international consultants working with the different initiatives and privately.</p>	<p>The expertise is largely at the DWD and NWSC. Several NGOs have water programmes which are for water deficit areas and may not be PES related. DFR has capacity to monitor the PES activities. However, being a relatively new scheme it is widely recognised that there is need to improve capacity (of district fisheries officers and BMUs) especially in monitoring fish stocks.</p>

STEP 6: List Available Technical Assistance (such as, training, ongoing advising / support, in-service programs, etc.)

	ECOSYSTEM SERVICES		
	Carbon	Biodiversity	Water
IS THERE ANY CURRENT TECHNICAL ASSISTANCE IN IDENTIFYING AND ESTABLISHING ECOSYSTEM SERVICE PAYMENTS AND MARKETS? (e.g., training, ongoing advising / support, etc.)	Yes, the CDCF <i>plus</i> is a technical assistance and project support arm of the Community Development Carbon Fund. CDCF <i>plus</i> is the primary vehicle for creating a deal flow in CDCF priority countries that is LDCs and other poor countries with a population of less than 75 million people. Other sources of technical Assistance are UNEP	USAID Action Program for the Environment has, since the late 1980s, supported conservation work under the biodiversity initiative.	The integrated co-management on Uganda's lakes identified payment mechanisms and co-management through BMUs and how these can be implemented in Uganda's water bodies.
<i>IF YES, SPECIFY:</i> TYPES OF TECHNICAL ASSISTANCE	CDCF <i>plus</i> builds and strengthens the capacity of project developers and other intermediaries and supports first of a kind project preparation including the identification of community development benefits.	The specific activities carried out were inventories of environmental and natural resources, research, training, education and protection in southwestern Uganda. And these types of activities are still being carried out.	The assistance included assistance in developing the institutions at the lakes such as BMUs and in identifying together with the communities mechanisms that they would use to regulate effort and technology on the lakes and number of people allowed access to the fishery.
providers (Contact names & organizations)	Community Development Carbon Fund Carbon Finance Business The World Bank, MC4-414 1818H Street, NW Washington DC 20433, USA 202.473.9189 helpdesk@carbonfinance.org www.carbonfinance.org	USAID Kampala and USAID/Africa Bureau – Office of Sustainable Development Action Program for the Environment	Marine Resources Assessment Group Ltd 18 Queen Street London W1J 5PN Tel: (44) 020 7255 7755 Email: enquiry@mrag.co.uk Website: www.mrag.co.uk ILM website: www.ilm.mrag.co.uk
	CDCF <i>plus</i> will typically involve	The training, inventory and research was	The UK –DFID funded the activities of ILM in Uganda

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who pays (buyers, sellers, government)	the transfer of funds from donors to the technical assistance trust fund, it may also consist of technical assistance rather than financial contributions..	included as part of an aid package and was largely intended to introduce local communities to and promote conservation techniques	and continues to support other integrated co-management of lakes in Uganda
who has access (who uses, where, how often, etc.)	CDCF <i>plus</i> is tailor-made to suit the needs of individual participants: the activities to be undertaken; the countries where these activities are to be undertaken; the technologies the participant wishes to support; the duration of participation and other modalities. Individual work programs will be discussed and agreed. CDCF <i>plus</i> components can be designed around existing or planned capacity-building programs and projects in the area of climate change. Adding a carbon finance component will increase the value and sustainability of such projects and programs.	The local communities, Community Based Organisations and NGOs were considered. These are ongoing activities that fall within the Action Program for the environment.	The Fisheries Department of the MAAIF, Local governments and fishing communities in lake areas. Specifically, lake George and Lake Kyoga

STEP 7: IDENTIFY ALL POTENTIAL SOURCES OF FINANCING (such as, loans, grants, subsidies, in-kind payments, etc.)

	ECOSYSTEM SERVICES		
	Carbon	Biodiversity	Water
<p>WHAT TYPE AND SOURCE OF FINANCING IS AVAILABLE FOR ECOSYSTEM SERVICE PAYMENT / MARKET:</p> <ul style="list-style-type: none"> - PROJECT PLANNING? - TRANSACTIONS? - TECHNICAL ASSISTANCE? - BUSINESS PLANNING? - OPERATIONS? - RISK MANAGEMENT? - OTHER? <p><i>IF YES, SPECIFY FOR EACH AREA OF AVAILABLE FINANCING:</i></p> <p>WHERE / FROM WHOM?</p>	<p>Project planning, Business planning can be funded by World Banks CDCF <i>plus</i> programme</p> <p>Transactional: ECOTRUST is helping a women’s group in Bushenyi get linkages to buyers of CERs</p> <p>The PCF programme brings together buyers and working along with the world Bank they can reduce transaction costs.</p> <p>CDCF <i>plus</i> of the World Bank also funds technical assistance initiatives.</p> <p>There is no risk management component available at the moment. Although UIA provides information which includes how to handle investment risks in Uganda.</p> <p>The GEF serves as the designated financial mechanism for the international conventions on biological diversity, climate change, persistent organic pollutants, and desertification.</p> <p>Japan Trust Funds (JTF)- Capacity Building to Support Carbon Finance Transactions</p>	<p>USAID under its Action Programme for the Environment provided the start up funds required to make the initial capital purchases as well as providing the first two years operational costs amounting to \$890,000.</p> <p>The Royal Netherlands Government (RNG) finances operational activities such as funding given to MBIFCT and financial support for special needs of the indigenous people of the forests, the Abayanda (Batwa).</p> <p>The GEF grant of \$4.3 million to MBIFCT was turned into an endowment Fund that has been placed with an Asset Manager in London for investment. The earnings from the endowment are used to finance MBIFCT activities. If only the income is used, while the capital remains intact, then funds will be available "in perpetuity" thus ensuring financial sustainability for MBIFCT's work far into the future.</p> <p>The capital had reached \$7.4 million but since early last year and especially after September 11th, it has been falling and by end of February 2002, had reached a low of \$ 5.3 million.</p> <p>In the past the UK-DFID and NORAD have financed biological inventory studies in Uganda’s forests. Other sources of fund include WWF, CARE,</p>	<p>Most of the funds used in fisheries are the private capital of the fishing communities. However, since the fishing industry provides steady incomes in Uganda, micro-finance institutions also provide capital for handling business transactions and operations.</p> <p>There are informal credit lines among the fishers themselves.</p> <p>Government supports monitoring activities for these activities through Fisheries officers found at District and sub-county levels</p>
	The project must meet the conditions of	The national level qualifying conditions are	N/A

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<p>What is needed to qualify?</p>	<p>the host country. It must lead to a substantial certifiable reduction in carbon emissions, contribute to efficient use of energy or promote use of renewable energy and contribute to livelihoods of the communities concerned</p> <p>The JTF is meant for Sub-Saharan African countries that have ratified the Kyoto Protocol</p>	<p>determined by UWA and NFA. The project may also have to be vetted by the local government authorities. It must provide an EIA. Biodiversity conservation projects with a PES component, firstly, must contribute to the livelihoods of other members of the community. It must lead to conservation of the natural resource. Defines the buyer and seller in the transaction.</p>	
<p>How much? (upward limit to support)</p>	<p>The initial size of PCF funds for Africa was US\$ 20 million but this amount was surpassed. The total fund is US\$ 145 million.</p> <p>The GEF small grants program has a cap of US\$50,000</p> <p>JTF grant for capacity building to Uganda is US\$982,300</p>	<p>The GEF Trust fund was US\$ 4 million. Today ECOTRUST manages a trust fund that combines funding for carbon projects, renewable energy and biodiversity activities to</p>	
<p>Contact information</p>	<p>Japan Trust Funds Proposal - Special Program UGANDA: Lead Agency: Department of Meteorology, Uganda 10th Floor Postel Building (NRM Secretariat) PO Box 7025 Kampala, Uganda</p> <p>Contact person for PCF/CDC <i>Plus</i> in Uganda: Bwango Apuuli, Commissioner Meteorology, MWLE Mailing Address: Ministry of Water, Lands and Environment P.O. Box 7025</p>		

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	Kampala, Uganda, Uganda Tel: 256-41-25-1798 FAX: 256-41-25-1797 Email: bwango.apuuli@meteo-uganda.net		
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* It has been noted that while this financial assistance is meant to be paid back most environmental projects especially to Multilateral Agencies do not pay back.

STEP 8A: Detail Project-by-Project Support services for market actors

(including, existence of in-country providers and their availability (e.g., country-wide, capital city only, etc.))

CURRENT ECOSYSTEM SERVICE PAYMENT OR MARKET	FINANCING (Provision of necessary capital / operating funds)	MEASUREMENT (Valuation of ecosystem service)	MONITORING (Regular collection & analysis of data to ensure accountability)	VERIFICATION (Process of review to ensure accuracy of information)	BUSINESS ADVISORY SERVICES (Financial advice, legal services, mediation, technical assistance, marketing support, market information, land title services, water right services, etc.)	REGISTRIES (Collection & configuration of information in a database)	CERTIFICATION (Examination of an ecosystem service or product according to a set of guidelines)	RISK MGMT (Addressing financial and other risks associated with engaging in PES)	TRAINING & CAPACITY BUILDING (Increasing the pool of people interested in and able to act on PES)
Carbon									
West Nile power project	Prototype Carbon Fund of the World Bank	NFA	NFA	The project has been validated as a CDM project by SGS (Société Générale de Surveillance)	UIA	Meteorological department Ministry of water lands and environment (MWLE)	SGS Uganda	N/A	Meteorological department focal point, CDM national steering committee
UWA/FACE Foundation	CDM project funded by a consortium of Dutch Power companies (SEP), Climate care a JI is also	UWA	UWA	SGS Uganda	N/A	N/A	SGS Forestry for Climate Care	N/A	UWA

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	a buyer from FACE foundation								
Carbon Project 3: Bufumira Islands Alternative Energy Demonstration Project	The initial funds were secured from GEF small grants programme and operating costs are obtained from the fee for the battery charging services offered	N/A	N/A	N/A	BIDA, EATETDN, UNDP/GEF Uganda	N/A	N/A	N/A	East Africa Energy Technology Development Network (EAETDN-Uganda) and BIDA
Bukaleba Forest reserve carbon sequestration project	Tree farms AS 2 Norwegian companies have a concession or a lease to forest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Biodiversity									
MBIFCT	World Bank, GEF, USAID, and the Royal Netherlands Government		Ecological Monitoring Programme (EMP) is carried out on contract by Institute of Tropical Forest Conservation		Asset managers of the fun in London is managed by Merrill Lynch				
Integrated Co-management of Lakes	Payments generated from fees and permit charges Grant from DFID- Uk								

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Water									
Water Project 1:									
Landscapes:									
Budongo Forest Ecotourism Project	Financing obtained from entry and camping fees charged to tourists and UK-DFID and NORAD		The NFA and UWA	The NFA					

Step 8B: Document NATIONALLY AVAILABLE Support services for market actors

ECOSYSTEM SERVICES				
	Carbon	Biodiversity	Water	Landscapes
WHAT SUPPORT SERVICES ARE CURRENTLY USED IN ECOSYSTEM SERVICE PAYMENTS AND MARKETS? (e.g., brokering, legal advice, 3rd party verification, accounting, computer technology, risk management, measurement, valuation of ecosystem services and indicators, etc.)				
Please list support service providers & areas of expertise.				
WHAT ARE THE MOST USEFUL SUPPORT SERVICES?				
ARE THERE SPECIFIC SUPPORT SERVICE-RELATED PROBLEMS / CONSTRAINSTS?				
WHAT IS NEEDED TO IMPROVE SUPPORT SERVICES?				
ARE ADDITIONAL SUPPORT SERVICES NEEDED? IF YES, SPECIFY.				

Step 9: List Governmental & Non-Governmental Standards & Guidelines

(specifically in relation to eligibility, performance, equity, environmental impact, reporting requirements, community and public input requirements, public comment, labor regulations, etc.)

ECOSYSTEM SERVICES				
	Carbon	Biodiversity	Water	Lakes
<p>DO ANY STANDARDS AND/OR GUIDELINES EXIST THAT GUIDE ECOSYSTEM SERVICE PAYMENTS AND MARKETS?</p> <p>(IF YES, PLEASE SPECIFY)</p>	<p>Requirements for SGS Certification of carbon projects</p> <ul style="list-style-type: none"> • The Forest Act in the country where the CDM activities are being implemented must support sustainability of the proposed activities • The implementing company should provide the environmental management plan for the CDM project • The project must have an Environmental Impact Assessment clearance certificate • The prevailing labour laws governing the implementation of the CDM project must operate within the confines of accepted international conventions regarding terms of employment, working conditions, and reward accruing to workers • The training modalities for the staff and managers who will be involved in project implementation must be adhered to • The CDM project implementers must clearly state the monitoring 	<p>Guiding Principles for Eco-tourism projects in Uganda</p> <ul style="list-style-type: none"> • Any development must support conservation. Within a period of five years the project must show signs of sustainability. (This means both economic sustainability and sustainability in terms of the conservation of the forest and having local people managing the tourism sites with the Forest Department in an advisory role only. The success of the latter two will be decided by monitoring on the part of the guides and independent researchers for environmental impact, and by keeping records of visitor numbers and comments and regular community consultations to evaluate the success of the tourism sites). • The project must be economically viable (i.e. costs of running the project –wages, maintenance etc. – should be able to be met by the income generated through tourism). • There must be active involvement of the local people in development and management. 	<p>N/A</p>	<p>Principles for implementing the ILM Approach</p> <ol style="list-style-type: none"> 1. A harmonious relationship between humans and nature is essential for sustainable use of lakes 2. A lake drainage basin is the logical start point for planning and management actions for sustainable lake use 3. A long-term preventative approach directed to prevented the cause of lakes degradation is essential 4. Policy development and decision making for lake management should be based on sound science and the best available information 5. The management of lakes for their sustainable use requires the resolution of conflicts among competing users of lake resources, taking into account the needs of present and future generations and of nature 6. Citizens and other stakeholders should be encouraged to participate and meaningfully in identifying and resolving critical lake problems 7. Good governance, based on

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	<p>procedure for sustainability of anticipated environmental services accruing from the project</p> <ul style="list-style-type: none"> • The key staff implementing the CDM project must have certain minimum qualifications. 	<ul style="list-style-type: none"> • Involvement of the private sectors will be encouraged. Any monopolistic interests will be discouraged. 		<p>fairness, transparency and empowerment of all stakeholders, is essential for sustainable lake use.</p>
<p>ARE STANDARDS AND/OR GUIDELINES NEEDED FOR ECOSYSTEM SERVICE PAYMENTS / MARKETS?</p> <p>(IF YES, PLEASE SPECIFY)</p>	<p>Yes,</p>	<p>Yes,</p>	<p>N/A</p>	<p>Yes,</p>
<p>Has the country set specific standards for carbon projects under the CDM?</p> <p>(IF YES, PLEASE SPECIFY AND STATE WHO WAS INVOLVED)</p>				

Step 10: Assess Awareness of Ecosystem Service Values, Payments, and Markets

	ECOSYSTEM SERVICES			
	Carbon	Biodiversity	Water	Lakes
<p>WHAT IS THE LEVEL OF AWARENESS OF PES OPPORTUNITIES AMONG</p> <ul style="list-style-type: none"> - NATIONAL BUSINESS COMMUNITY? - GOVERNMENT AGENCIES? - COMMUNITY ORGANIZATIONS? - NATIONAL NGOS? - INTERNATIONAL NGOS? 	<p>At a national level there has been persistent effort from UNEP under CDM, GEF and PCF to create increased awareness of PES. There is awareness among stakeholders from private sector foundation (PSFU), UMA and leading traders who have participated in several training activities. For small-scale traders the knowledge is limited. Government has been accused of naivety on the slow progress of adopting CDM projects countrywide. A case in point was the concession given to Tree farms in Bukaleba forest reserve for timber extraction, while carbon trade was to generate revenue for the company, which government was not going to partake. The communities living in Forest reserves are generally ignorant of CDM. There are efforts by ECOTRUST Uganda, an indigenous trust fund NGO, to promote CDM projects in western Uganda. The GEF has promoted CDM projects in Bufumira islands through the use of renewable energy sources and this has increased knowledge and participation by local NGOs in CDM</p>	<p>The level of awareness is highest as the tourism industry in Uganda has existed for a longtime and is the third largest export after coffee and fish. The Forest Department (NFA) and UWA have conserved wildlife and forests reserves so as to attract tourists and to ensure that the biodiversity is kept for the next generation. In the early 1990s both the forest department and UWA (the Uganda National Parks) embarked on co-management schemes which include eco-tourism in Budongo forest reserve, co-management in Kibale and Mt. Elgon national parks and the creation of MBIFCT. Therefore payment for biodiversity ecosystem services has existed for a longer period in Uganda. The communities living in the vicinity of forest reserves and national parks are aware of market mechanisms for management of biodiversity. The education system in Uganda also introduces the concept of wildlife and forest reserves at an early primary school level and while this is conservation, there is immediate recognition that the national parks with a higher biodiversity rank are more attractive to both local and foreign tourists.</p>	<p>The pricing system for urban water uses a price discriminating approach, which subsidizes the poor urban water users by charging rich users more. The ecosystem e.g. forest ecosystem linkage to water is largely ignored. IUCN (1999) acknowledged the value of wetlands specifically Nakivubo channel of breaking down urban waste. During the last 5 years there has been increased effort to preserve the wetlands, by NEMA and WID (MWLE), although a pricing mechanism has not been introduced. There is little awareness on the part of local government authorities and the national business community on PES in the water sector.</p>	<p>The Lakes and Livelihoods project generated greater understanding of PES by local fishing communities on Lake George, Lake Kyoga and now Lake Victoria. However, the value of the current payment may not be enough to encourage conservation. There would be need for external funding. The fisheries department has suggested a charge on larger fish traders and exporters to pay for monitoring costs, which will lead to greater sustainability.</p>

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WHAT, IF ANY, ARE THE SOURCES OF CURRENT, AVAILABLE INFORMATION ON ECOSYSTEM SERVICE PAYMENTS / MARKETS?	Yes,	Yes,	N/A	Yes,
<p>IF AVAILABLE INFORMATION, HOW ACCESSIBLE IS IT TO VARIOUS ACTORS?</p> <p>IN WHAT FORMAT DOES IT APPEAR?</p> <p>WHERE IS IT KEPT?</p>	<p>The information is available and it can be accessed on the following ways</p> <p>Through capacity building workshops</p> <p>Through active participation in pilot projects such as the UWA/FACE forest certification initiative and the World Bank – PCF initiative with the West Nile Power Company</p> <p>Several reports and manuals have been produced and the resources are available with line ministry libraries and lead agencies. These publications and guidelines come from the World Bank, CDM centre, UNEP, UNDP/GEF, UNCTAD and international NGOs that have a CDM component.</p> <p>By piloting some of these activities in Uganda a pool of knowledgeable and skilled individuals has been created that will further promote CDM</p>	<p>Yes,</p> <p>The information has been accessed through training workshops and activities by UWA staff and forest department staff. Some of the information has been passed through active participation in the PES schemes in forest reserves and national parks.</p> <p>The international recognition of endangered species and the need for preserving and conserving such species has created a spotlight together with increased initiative from international biodiversity conservation and donor institutions./ organizations WWF, IUCN, USIAD, NORAD and NRGN</p>	N/A	<p>Yes,</p> <p>Visiting MAAIF/ DFR library</p> <p>LAGBIMO, LAKIMO have local offices in the districts where the two organisations operate. Online visiting MAAIF website</p>
WHO IS CREATING AND DISSEMINATING THIS INFORMATION?	The focal point for CDM in Uganda is the Meteorological department, but UNDP/GEF has a local office,	UWA, NFA, USAID, WWF, ECOTRUST, MBIFCT, UWEC, JGI, UIA, MAAIF, MWLE,	N/A	The integrated lake management organisations and DFR create information

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	<p>IUCN, ECOTRUST, NEMA, UIA, NFA, UWA, Makerere University (Forest department MUIENR), NARO-FORI</p> <p>A national steering committee for CDM was created and it is a repository for information on CDM activities and report for Uganda.</p>			<p>on the management of the lakes. LVEMP, NBI are also interested and create and publish some information.</p> <p>One of the innovations of lake management was the creation of a data management system in where the members of the BMU participate in collecting and using the data they collect.</p>
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4 CONCLUSIONS AND RECOMMENDATIONS

Ecosystem services do exist in Uganda, but there are very few cases where direct payments for them occur. Most ecosystem providers are not aware that the services they provide have a monetary value, and the beneficiaries are not aware of the need to compensate the providers. In the few cases where money is changing hands, it is not very clear if the payments given as incentives (as in the case of revenue sharing), or as actual payments for providing an ecosystem service. However, in all these cases, the potential for scaling these up to PES exists and needs to be tapped.

Government can and should play a role as catalyst for such payments – either as a direct buyer or by creating the enabling environment for the private sector to invest in them

The use of economic instruments in environmental management is a new concept therefore more public awareness and training is needed so that it can be mainstreamed in policy and planning.

While fines and charges (performance bonds) are frequently used for projects that could potentially damage ecosystems and reduce ecosystem services (for example mining), there is no evidence that funds are used compensate for the ecosystem services foregone.

The efficiency of market-based mechanisms for managing ecosystem services would be tremendously improved if the users of ecosystem services pay a value commensurate with the service they use or deprive others from using. Valuation studies are underway in Uganda and it is hoped that these will help make the case for rewarding ecosystem service providers.

Ecosystem services that can provide cheap and clean energy in Uganda are clearly under exploited. Access to energy is strongly connected to the achievement of the Millennium Development Goals (MDGs), which set targets for poverty reduction, improved health, and gender equality as well as improved environmental sustainability. Therefore, the BEFP Solar Energy project needs to be scaled up and replicated in other areas of the country. The evolution of carbon emissions reductions trading provides a great opportunity to PES. Feasibility studies on what projects can be exploited as in the case of the West Nile power project need to be carried out.

There is tremendous potential for organic farming and the efforts of organic farmers associations, and NGOs must be supported with the development of a sectoral policy on organic farming.

There are opportunities for replication of the MBIFCT model by developing funds for managing other natural resources that provide ecosystem services. For example, The National Forest Business Plan (2002), which stresses collaborative forest management, provides such an opportunity for conservation of key forest and wildlife areas that are vulnerable to degradation on both private and government land. A study analysing the seven years of MBIFCT experience should be prepared and the lessons used in the development of other projects.

It may be necessary to analyse the complex gender and tenure relationships surrounding ownership, management and access to natural resources (both within and outside protected areas), as well as the motives underlying resource utilisation. Project interventions should take account of these factors and respond to these complex challenges. In particular, the linkages between development outputs (such as planting trees around protected areas) and the associated conservation benefits (a reduction in demand for park resources and an associated positive ecological impact) need to be analysed and continuously monitored.

Legislative development in Uganda has been rapid. However, it has developed faster than the management and enforcement capacity. The current enforcement methods are still limited and weak. More powerful instruments, preferably with incentives, are needed to monitor and control compliance with the existing laws and regulations.

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