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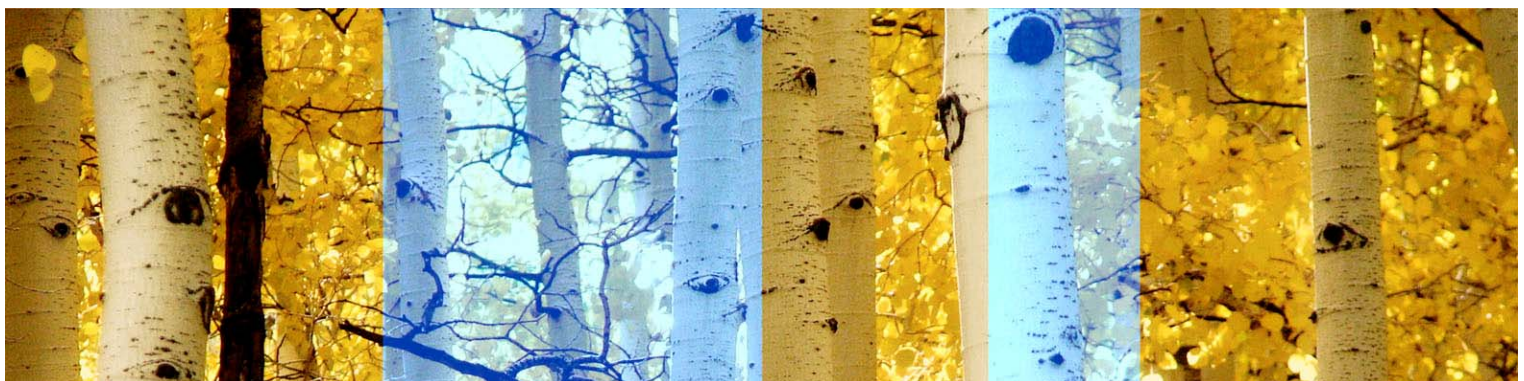
Ministry of Water and Environment, Republic of Uganda

Developing Benefit Sharing Arrangements for Uganda's National REDD+ Strategy

Options Assessment

Helsinki, Finland
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ABBREVIATIONS

3E	Effectiveness, Efficiency, Equity
AGRA	Alliance for a Green Revolution in Africa
AHI	African Highlands Initiative
ALREP	Northern Uganda Agricultural Livelihoods Recovery Program
BMCT	Bwindi Mgahinga Conservation Trust
BMU	Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit: a ministry of the Federal Republic of Germany
BOFCU	Bukonzo Organic Co-operative Union
BSA	Benefit Sharing Arrangement
BTC	Belgian Development Agency
CAO	Chief Administrative Officer
CARP	Conservation Agriculture Regional Program
CBD	Convention on Biological Diversity
CBO	Community based organization
CCA	Community Conservation Associations
CCBA	Climate, Community and Biodiversity Association
CCU	Climate Change Unit
CDCF	Community Development Carbon Fund
CDM	Clean Development Mechanism
CDP	Community Benefits Plan
CECF	Community Environment Conservation Fund
CER	Certified Emission Reductions
CERES	Certification of Environmental Standards GmbH
CF	conservation farming
CFM	Collaborative Forest Management
CFR	Central Forest Reserve
CG	Central Government
CIFOR	Centre for International Forest Research
CIRAD	Centre de coopération internationale en recherche agronomique pour le développement
CLAs	communal land associations
CLUSA	Cooperative League of the United States of America
CO ₂ e	Carbon Dioxide Equivalent
COBWEB	Community Based Wetland Biodiversity
COMESA	Common Market for East and Southern
CSO	Civil Society Organizations
D&D	Deforestation & Forest Degradation
DLG	District Local Government
DWD	Directorate of Water Development
EAC	East African Community
EAFF	East Africa Farmers Federation
ECOTRUST	Environmental Conservation Trust of Uganda
EIA	Environmental Impact Assessment
ENR	Environment and natural resources
EU	European Union
FACE	Forests Absorbing Carbon Dioxide Emission
FAO	Food and Agricultural Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FGD	Focused Group Discussions
FGW	Farming God's Way
FIEFOC	Farm Income Enhancement and Forest Conservation
FMT	Fund Management Team
FONERWA	Environment and Climate Change Fund – Rwanda
FSC	Forest Stewardship Council



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FSSD	Forest Sector Support Department
FTC	Fund Technical Committee
GC	grandis and camaldulensis
GCCA	Global Climate Change Alliance
GEF	Global Environmental Fund
GHG	Greenhouse Gases
GIZ	Die Deutsche Gesellschaft für Internationale Zusammenarbeit
GOU	Government of Uganda
GPA	Component Project Activity
GS/CDM	Golden Standard / Clean Development Mechanism
HIV/AIDS	Human immunodeficiency virus infection and acquired immune deficiency syndrome
HRBA	Human Rights Based Approach
ICI	International Climate Initiative
ICSCEA	Improved Cook Stoves for East Africa
IF	Islamic Farming
IFMIS	Integrated Financial Management Information System
IGAD	Inter-Governmental Authority on Development
ILO	International Labour Organization
IP	Implementing partners
IUCN	International Union for Conservation of Nature
JGI	Jane Goodall Institute
KALIP	Karamoja Livelihoods Programme
KFP	Kachung Forest Project
KWS	Kenya Wildlife Services
LDG	Local Development Grant
LECB	Low Emission Capacity Building
LFR	Local Forest Reserve
LG	Local Government
LGFC	Local Government Finance Commission
LGPACs	Local Governments Public Accounts Committees
LULUCF	Land Use, Land Use Change and Forestry
LVBC	Lake Victoria Basin Commission
MAAIF	Ministry of Agriculture, Animal Industries and Fisheries
MDA	Ministries, Departments and Agencies
MEA	Multilateral Environmental Agreements (MEAs) that have strong links with climate change
MEMD	Ministry of Energy and Mineral Development
MEMR	Ministry of Environment and Mineral Resources
MERECOP	Mt Elgon Regional Ecosystem Conservation Programme
MFPED	Ministry of Finance, Planning and Economic Development
MGLSD	Ministry of Gender Labor and Social Development
MLHUD	Ministry of Lands Housing and Urban Development
MoFPED	Ministry of Finance
MOLG	Ministry of Local Government
MOU	Memorandum of Understanding
MRV	Measuring, Reporting and verification
MSREDD	Murchison-Semliki REDD+
MSWC	Municipal Solid Waste Composting
MTIC	Ministry of Trade Industry and Cooperatives
MTWH	Ministry of Tourism Wildlife and Heritage
MWE	Ministry of Water and Environment
NAADS	National Agriculture Advisory Services
NAFORRI	National Forestry Resources Research Institute
NAPA	National Adaptation Programme of Action



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NAPs	National Adaptation Plans
NARO	National Agriculture Research Organization
NBEST	National Biomass Energy Strategy
NDPs	National Development Plans
NEMA	National Environment Management Authority
NFA	National Forest Authority
NFMS	National Forest Monitoring System
NFP	National Forest Plan
NFTPA	National Forestry and Tree Planting Act
NGO	Non-Governmental Organization
NORAD	The Norwegian Climate and Forest funding to civil society
NP	National Park
NPA	National Planning Authority
NR	Natural Resources
NU	Nature Uganda
OAF	PROFOR Options Assessment Framework
OPM	Office of the Prime Minister
PEM	Public Expenditure Management
PES	Payment for Environment Services
PFM	Participatory Forest Management
POA	Programme of Activities
PPP	Public Private Partnerships
PROFOR	Programme on Forests
PwC	PricewaterhouseCoopers
RECPA	Rwoho Environmental Conservation and Protection Association
REDD+	Reducing Emissions from Deforestation and forest degradation
REDS	Rural Enterprise Development Services
REEEP	Renewable Energy and Energy Efficiency Partnership
RETs	Renewable Energy Technologies
R-PP	Readiness Preparation Proposal
SACCO	Savings and Credit Cooperatives
SEA	Strategic Environment Assessment
SESA	Social and Environmental Safeguards
SIMLESA	Sustainable Intensification of Maize-Legume Cropping Systems for Food Security in Eastern and Southern Africa
SLM	Sustainable Land Management
SNV	Netherlands Development Organization
SPGS	Sawlog Production Grants Scheme
SWG	Sector Working Groups
TB	Trans-Boundary
TFS	taungya farming system
TGB	Trees for Global Benefits
TIST	The International Small Group Tree Planting Program
UAAU	Urban Authorities Association of Uganda
UBOS	Uganda Bureau of Statistics
UFNEA	Uganda Faiths Network on Environmental Action
UGLA	Uganda Local Governments Association
UGX	Ugandan Shilling
ULC	Uganda Land Commission
ULGA	Uganda Local Government Association
UN	United Nations
UNCCD	UN Convention to Combat Desertification
UNCDF	The United Nations Capital Development Fund
UNDP	United Nations Development Program
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples



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UNEP	United Nations environment programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFFE	Uganda National Farmers Federation
URA	Uganda Revenue Authority
USAID	United States Agency for International Development
USD	United States Dollar
USDA	The United States Department of Agriculture
USIF-SLM	Uganda Strategic Investment Framework for Sustainable Land Management
UTGA	Uganda Timber Growers Association
UWA	Uganda Wildlife Authority
UWS	Uganda Wildlife Society
VER	Voluntary Emissions Reductions
WB	The World Bank
WCA	Wildlife Conservation Area
WCS	Wildlife Conservation Society
WMD	Wetlands Management Department
WTP	Willingness to Pay
WWF	World Wide Fund of Nature



EXECUTIVE SUMMARY

Introduction

The main objective of the assignment undertaken by Indufor was to develop Options for Benefit Sharing Arrangements (BSA) for Uganda's REDD+ Strategy based on, i) any existing schemes, ii) options which could be established with low to moderate level changes. The assignment involved reviewing literature, consultations with targeted stakeholders in the assessment of existing benefit sharing arrangements in Uganda and in the formulation of options for benefit sharing arrangements for REDD+ in Uganda.

Planning frameworks

This REDD+ BSA options assessment further builds on the Indufor Baseline study submitted and accepted in August 2016. The institutional design of the REDD+ benefit sharing arrangement depends on the ambitions Uganda's REDD+ Strategy. For defining which BSA options to take forward for further analyses, Uganda's ambitions for increasing its forest cover as stated in its Vision 2040 (from 14% to 21%) as reiterated during in Uganda's submission to COP21 in Paris is leading. For Uganda to become a prosperous and modern country it needs to transform its rural sector as also noted in the options assessment for Uganda's REDD+ Strategy.

REDD+, Climate resilience and climate adaptation all demand for cross sector and multi-dimensional strategies. These could really be linked and it would be an option to integrate them into one big funding and strategic arrangement to foster multi-sector engagement and collaboration for transformational rural green economic development.

Proposed REDD+ BSA options

The options proposed from the BSA Baseline study are:

1. Integrating and mainstreaming REDD+ into sectoral/district plans and budgets into national multi-sectoral rural development programs and the proposed (*Phase 2 investment based*)
2. National Tree Fund Arrangement or REDD+ Fund (*Phase 3 performance based*)
3. Conditional Grant Fiscal Transfer System from Central Government (*Phase 2 and Phase 3 of REDD+ readiness and implementation*).

The last two are further evaluated in the report. Mainstreaming REDD+ requires a high-level policy decision and some, but not much, additional funding. It would support communities and Local Governments preparing for engagement in REDD+ and climate resilience. This could be a trigger for transformational change and change the way how government agencies and development partners work.

Design parameters for national REDD+ BSA

To understand the breadth of initiatives a REDD+ BSA model (or models) need to be able to respond to it is useful to define the typology of REDD+ initiatives for Uganda. This is done in Chapter 4.2.1 where we have proposed some definitions of different typology of initiatives from REDD+ projects to REDD+ initiatives and form initiatives aligned to REDD+ to green development initiatives. This needs to be further looked at by the stakeholders of REDD+ in Uganda. Also, it is necessary to further define the basic institutional design of a REDD+ BSA and we have drafted a possible design skeleton in Chapter 4.2.2. The design is all about relationships between central and local government and other actors and stakeholders.

There is no one-fits-all definition of what is a REDD+ benefit sharing scheme. We suggest that at this stage of REDD+ development of Uganda, an open mind is maintained to approaches of REDD+ benefit sharing. We would consider to adopt a PES approach as a central criterion. This would mean that the main feature underlying any eligible REDD+ activity is a contract that defines the engagement of actors to a (proxy) REDD+ outcome or input. The contract would define the roles of each actor involved, propose the distribution of resources and (future) benefit



creation based on result. Such a contract can be with an individual or private sector, with an association or community, with a Local Government (LG) entity (sub-county or district).

Benefits should be seen in the broadest sense including financial and non-financial benefits. Through our consultations, we have come to a proposed weighting to key stakeholders in the activity chain of creating REDD+ benefits. To create conditions that can achieve impact 60% to 70% of total benefits should be allocated to primary actors (landlords, farmers, indigenous people) and 30% to 40% to be allocated to secondary actors (MDAs, LG, CSO and service providers).

Much can be gained and learnt from reviewing existing BSA models (Chapter 2.1 – a summary from the Baseline study and Chapter 5.2 and Annex 2). Different actors (principally central government, local government (LG), civil society (CSO)) have different capacities and these need all be mobilized in a coordinated way to make them complementary. There is a need to formalize these relationships. Scoring well on the 3Es (Effectiveness, Efficiency and Equity) for any one activity proves difficult and may not always be feasible. There are natural trade-offs between the 3Es. Sharing benefits adequately and equitably may affect efficiency and effectiveness thereby hindering attaining REDD+ BSA objectives. This is one important reason for the need to develop a diverse set of REDD+ labelled initiatives that would each attract different social and economic classes in rural society.

Policy and legal framework for forestry and REDD+ is well developed in Uganda but many provisions still lack legal measures for implementation. There are, however, no legal guidelines for benefit sharing mechanisms and carbon rights of different actors. Land and tree tenure need to be looked at from case to case as there are different tenure arrangements across Uganda. The needs for further clarification of the security of rights with those that manage and invest in forests and REDD+ is widely seen as the first step toward BSA.

Government Ministries of Uganda, like any other country, find it hard to put aside sectoral interests and collaborate openly with other sector ministries. The REDD+ Steering Committee during the period of REDD+ Readiness (cf. Uganda R-PP) includes all relevant technical sectors for REDD+ and is chaired by the Ministry responsible for Forests (MWE). However, for resource mobilization, planning and disbursement the Ministry of Finance, Planning and Economic Development, also responsible for the National Development Plan II (and eventually III), is absent from the present steering committee. Yet, to achieve the transformational change ambition needed to achieve sustainable and green economic development in rural Uganda, it is deemed necessary to put the MFPED at the centre of REDD+, green economic development and climate resilience.

Conditional grant under fiscal transfer *versus* national fund model

A quick strength and weakness (pros and cons) analyses between a conditional grant under fiscal transfer model and a national fund model is made in Chapter 3. The conditional grant model has the big advantage of being embedded centrally in the governments' planning and finance function with well-developed links to all sectors involved and to District Local Governments (DLG) and potentially any service provider or even individual actors. Its down side is that it might be "business as usual" and that non-state actors have no space to participate in decision making on spending. Building confidence with potential donors and opening a window for non-state participation will be essential. The fund model has the potential of having an open and inviting governance structure. However, it is not integrated in the macro-economic framework of the country, it has no operational and proven architecture of planning and fund disbursement and the model doesn't allow for fund reallocation when under-performing.



Options assessment

This options report assesses the conditional grant REDD+ funding model (Chapter 6.1 and Annex 1) using the Options Assessment Framework as developed for PROFOR by PwC (introduced in Chapter 4). In doing so it assesses four building blocks and a total of 42 components. The four building blocks to a benefit sharing mechanism are:

1. Government, civil society, community, and private-sector institutional capacity
2. The national or subnational legal OAF relevant to REDD+
3. Fund management capacity and experience
4. Monitoring capacity and experience.

Through assessing each of the components of a BSA we also determined the necessary enabling actions to overcome identified short comings (gaps).

A national architecture for REDD+ benefit sharing

In Chapter 5 we have presented the potential typology of REDD+ actions and initiatives, how to design a benefit sharing arrangement to fit local contexts, monetary and non-monetary benefits and the need for a PES contract at the heart of a recognized and registered REDD+ action. These considerations make part of the architecture of REDD+ benefit sharing of the National REDD+ Strategy.

Under a public fund approach, benefit payments may be in cash or in kind. Depending on the management approach chosen (e.g., national, project or hybrid, as described in the preceding section), public funds could be provided to governments, landowners or project developers. Under a private market approach, benefits would be in the form of carbon credits from either an international REDD+ oversight agency or some other crediting body.

Although healthy debate on REDD+ funding continues to date, research suggests a mix of both public and private funding may be necessary to ensure the necessary volume of carbon sequestration is purchased for climate change mitigation goals in a future agreement.

It is very important for Uganda REDD+ stakeholders to further develop some of these building blocks.

1. The need for an institutionalized and recognized national framework that enables promoting a diversity of REDD+ benefit-sharing mechanism for local contexts and the need for a REDD+ Register (Chapter 5.1.2. and 5.1.3)
2. An agreed typology of REDD+ actions and initiatives (Chapter 5.1.1)
3. The BSA should facilitate necessary monetary and non-monetary benefits. These will be concretized in the proposed REDD+ Payment for Environment Services contracts
4. At this early stage of REDD+ implementation in Uganda, the need for a broad definition of what is benefit sharing (Chapter 5.4).

The key question for policies and laws in Uganda is that they all face implementation challenges which cannot be solved in this consultancy. REDD+ is long term and for REDD+ to be successful and attain its bold objectives it requires clear guidelines and appropriate policies. We have proposed several options for benefit sharing under existing policy and legal frameworks.

Conditional Grant for REDD+ under fiscal transfer system

The conditional grant under fiscal transfer system firmly puts the BSA under the Ministry of Finance, Planning and Economic Development with support and technical expertise from MWE, and potentially other departments such as MAAIF and MEMD and a supervisory role of Ministry of Local Government (MOLG). Strengthening capacity with DLG is key in this (or any other) model. The Forest Sector Support Department (FSSD) would play a key role in coordinating technically and reaching out to district forestry services and in working with MOLG to reach out to DLGs. Institutionally this model would have a lot of merit, but it needs firm engagement and additional resourcing to key actors in the chain of activity. It may require something similar to a Presidential Investors Round Table to command inclusiveness and attract donors. There are



also challenges of communication and reaching out to local communities across the country. There will be a clear need for building strong linkages with Civil society, churches and cultural institutions and a willingness to communicate in a diversity of languages (this would already be sharing benefits).

There is much capacity with Civil Society (see also Chapter 6.2 and Annex 2) and there is growing practice in Uganda of Government working with CSOs for service delivery, see for instance the NAADS program.

Globally there will be a need to have an investment phase (Phase 2, REDD+ input-based) to jointly build capacity and practice with local governments, CSOs, local communities and private sector. This could be achieved through mainstreaming REDD+, but additional funding is required.

As shown in the **Annex 1** the Uganda Forest Policy (UFP) and the National Forestry and Tree Planting Act (NFTPA) provides an enabling legal framework for a variety of community groups to participate in forestry and forest management, including community forests and ownership of trees on private land. However, to make this effective, there are still several provisions for the ministry to operationalize (see **Annex 1** for details).

Although Collaborative Forest Management (CFM) for centrally management forest and wildlife reserves in Uganda is well embedded it has no provisions for benefit sharing. Community Forests (CF) are not yet authorized by Government, and it should be noted that CF gives management, not ownership. These are important provisions to be developed:

- The need to make the formation of Communal Land Associations and community land documentation possible for communities throughout Uganda by (i) recruiting and installing District Registrars of Title in every district or authorizing a regional Registrar of Title to travel to surrounding districts to certify Communal Land Associations and (ii) supporting communities to begin the process of drafting Communal Land Association constitutions at the lowest level of intra-community governance (the village, or in clan groups)
- The need to amend the Land Act to stipulate that all landowners must approve the Communal Land Association formation and have the members' families' names included on the list of association members
- The need to enforce women's and other vulnerable groups' land rights, as established by the Act and Communal Land Association constitutions.

New forest regulations adopted during the last years in Uganda do promote collaborative arrangements with private sector and communities including carbon sequestration credits.

The fund management capacity (Chapter 6.1.3) of fiscal transfer system is well developed from all points of view. One important aspect that needs to be developed specifically for REDD+ BSA are robust monitoring protocols and formats for PES contracts. It is against contracts between any REDD+ beneficiary and the fund that benefits can be defined and disbursed. Additional resources may need to be mobilized and allocated to enhance financial and administrative capacity and monitoring in DLGs in a fiscal transfer.

Measuring, Reporting and Verification (MRV) capacity for national monitoring and reporting on REDD+ and forest cover change needs strengthening (FSSD and Biomass Unit under NFA). There is need for partnering (which already takes place) with other sector ministries, such as MAAIF, and with research institutions and specialized CSOs to build up broad capacity and practice for MRV.

National fund model

As national fund model, we have briefly assessed the National Tree Fund. As reported in the baseline report, this is a national fund management mechanism that is provided for under the National Forestry and Tree Planting Act 2003. This Fund mechanism provides an opportunity for incorporating a national semi--autonomous REDD+ Unit designed to fit the needs of local



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and poor people by addressing the immense challenges of national based funding channels, thus promoting a more representative, democratic channel that enables equitable sharing at the local level. Considering that this fund is already provided for under the National Forestry and Tree Planting Act, it would take less time to operationalize since there would be no need to build consensus that involves lengthy processes including consulting with stakeholders for approval.

The fund has no track record as it is not yet operational and it should be assessed if it could build on transfer modalities as developed under the fiscal transfer system. The fund can learn and build on the experiences from all the sub-national BSA models reviewed and presented during this study (Chapter 6.2 and Annex 2).

Nevertheless, the National Tree Fund remains for the moment a theoretical option as it has never been operational and does not have the immediate support of MFPED. Besides, it has a limited scope since it is only about tree planting and other drivers of deforestation such as the agriculture and energy sectors are not catered for and yet they are relevant under REDD+. This would therefore call for an amendment of the Act to make the fund more inclusive. In order for the National Tree Fund to be useful for a REDD+ BSA it would be necessary to integrate the fund model into national and district planning frameworks of the MFPED and as operated for the NDP II.



1. INTRODUCTION

1.1 Background

Global climate change threatens the livelihoods of people worldwide. Research has shown that a significant portion of the greenhouse gas emissions result from land-use and land use changes, particularly deforestation and forest degradation in tropical areas. The international community is developing a mechanism to provide positive incentives to help developing countries reduce emissions from deforestation and forest degradation and to support conservation, sustainable forest management, and the enhancement of forest carbon stocks i.e. REDD+. Implementation of REDD+ is envisaged to generate benefits to all stakeholders involved in REDD+ activities. Benefit sharing¹ debate in REDD+ raises several issues, including the definition of benefits, the identification of legitimate beneficiaries, the efficient distribution of costs, the institutional structures needed for financial transfers and the processes for decision making and implementation. Therefore, designing mechanisms for ensuring equitable distribution of the benefits is essential for the success of REDD+ implementation in Uganda.

As it was noted in the Baseline report whilst the UNFCCC framework gives no specific guideline or definitions to benefit sharing arrangements *per se*, there are several decisions that are important to consider.

Decision 2/CP.17 notes the need to develop appropriate market-based approaches to support results-based action as well as non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests as a non-market alternative that supports and strengthens governance.

Decision 2/CP.17 furthermore encourages the operating entities of the financial mechanism of the Convention to provide results-based finance for the actions referred to in decision 1/CP.16, paragraph 73, which decides that the REDD+ activities undertaken by Parties should be implemented in phases, beginning with the development of national strategies or action plans, policies and measures, and capacity building, followed by the implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer and results-based demonstration activities, and evolving into results-based actions that should be fully measured, reported and verified.

There is strong concern for the need to respect 'the knowledge and rights of indigenous peoples and members of local communities,' and 'enhance' the social and environmental benefits of REDD+ activities. Forthcoming benefit sharing arrangements should respond to these needs.

1.2 Objectives of the Study

The main objective of this consultancy is to develop Benefit Sharing Arrangements for Uganda's REDD+ Strategy that provides practical and implementable options for benefit sharing schemes based on, i) any existing schemes, ii) options which could be established with low to moderate level changes.

Specifically, the study will:

- a. Assess the effectiveness, efficiency and equity of the existing benefit sharing mechanisms in Uganda and within East Africa Region and their feasibility to be adapted to Uganda's REDD+ Strategy
- b. Identify policy, legal provisions and regulatory frameworks, and, civil society and political discourses influencing REDD+ benefit sharing
- c. Propose weighted options of benefit sharing mechanisms for REDD+ and their delivery mechanisms

¹ Benefit sharing arrangements are understood in a broad sense, denoting individual and collective benefits, monetary and non-monetary benefits, and dimensions of participatory REDD+ funds management, carbon rights, and REDD+ revenues distribution



- d. Propose weighted options for allocation of rights to actors within the proposed benefit sharing mechanisms
- e. Assess risks associated with the successful application of the proposed benefit sharing options and their delivery mechanisms.

All options shall be described broadly to describe the key features of the specific proposed benefit sharing model including benefits and beneficiaries, conditions under which it could operate, capacity required to implement it, ballpark costs/affordability and any important changes which would be required.

1.3 Ambitions for REDD+ in Uganda

The ambition level requested from REDD+ will be an important factor in designing the BSA model:

✓ From Uganda REDD+ BSA Baseline Study (Indufor)

The Uganda Vision 2040 formulated the ambition to increase forest cover from 14% to 21%, which was reiterated by the Uganda delegation to the COP 21 in Paris in December 2015. Its vision statement “*A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years*”. Based on the National Vision, the government has also developed the National Development Plan II whose strategic goal is to attain middle income status by 2020. This will be realized through strengthening the country’s competitiveness for sustainable wealth creation, employment and inclusive growth. The Plan prioritizes investment in five (5) areas with the greatest multiplier effect on the economy; which are: (i) agriculture; (ii) tourism; (iii) minerals, oil and gas; (iv) infrastructure development; and (v) human capital development.

✓ From Uganda REDD+ Strategy options assessment (Oy Arbonaut)²

The Uganda REDD+ Strategy options (cf. Options assessment report) presents a wide diversity of potential REDD+ activities in the, mostly rural, sectors of agriculture, livestock, forestry, energy and wildlife (see table 1.1 *Selected draft strategic options for Uganda* below). In the REDD+ Strategy options assessment report it is concluded that “*Ugandan society cannot anymore count on the traditional ways of doing farming, cut natural forests or wastefully exploit wood for energy. New, more efficient alternatives for each of those traditional livelihood modes must be developed and taken into use.*”

✓ Need for transformation

All of this will require a complete transformation of how the rural agro-silvo-pastoral systems work: what is required for this transformation to happen and how can REDD+ contribute to this? REDD+ in Uganda can never be a stand-alone program and it needs to be sufficiently robust and ambitious as to contribute to, or drive, transformational change in the way the rural sector works. On the one hand REDD+ should clearly place forests and trees at the centre of sustainable and green *economic* development, and on the other hand REDD+ is not just about trees. It is part of a more global ambition of the people of Uganda to transform from a peasant to a modern society. REDD+, sustainability and climate resilience need to be mainstreamed in the implementation of the National Development Plan. This demands a multisector approach.

In the national budget allocations for FY 2016/2017³ rural sectors receive a very small share: Water & Environment gets 3%, Agriculture 2.6%, Tourism & Industry 0.4%, Social development 0.5%. This is clearly insufficient for driving transformational change.

✓ Need for highest level commitment

The BSA option that Uganda chooses needs to have a very high level of government commitment and endorsement mainly because a lot of money from diverse sources is likely to come. MFPED

² Oy Arbonaut Ltd., Finland, 2016; Consultancy Services for preparation of REDD+ Strategy for Uganda’s National REDD+ Programme-MWE/CONS/14-15/00439 - Draft Options Report/D3

³ Source of data: MFPED 2015, in Oy Arbonaut draft options report/D3



will thus be central in leading the national consultative processes especially at policy level involving the Executive, the relevant Sectoral Committees of Parliament and the Development Partners Forum. Actors across sectors and administration levels need to be mobilized and several legal reforms may be necessary for REDD+ Strategy and BSA to produce results and impact. Of particular importance, MWE's REDD+ Secretariat will need to conduct additional awareness workshops on benefit sharing regionally involving Local Governments, Faith-based and Cultural Institutions, the private sector, CSOs/NGOs as well as representatives of forest dependent communities.

1.4 Sources of finance (real and potential)

This study didn't make an exhaustive inventory of potential sources of funding for a REDD+ and/or Climate Resilience strategy for Uganda. Hereunder several available and potential sources are listed.

- Uganda Governments own sources (such as 1 % of oil revenue for National Forest Fund)
- Mainstreaming into existing and planned programmes (see baseline report) – need for additions funding from donors, which could be achieved through high level engagement
- New donor funds – bilateral (UK, Norway, Switzerland, Ireland)
- Climate Investment Fund (CIF) in which Uganda participates and presently develops programs⁴ for the FIP (emphasis on forestry), PPCR (emphasis on agriculture) and SREP (emphasis on energy) which are all key element of the national REDD+ Strategy in the making
- Green Climate Fund (look ahead 2020 on a compliance REDD+ approach under the Paris agreement: The Paris Agreement establishes a facilitative compliance mechanism that is based on expert review and facilitation. The mechanism will function in a manner that is 'transparent, non-adversarial and non-punitive' (Art. 15.2).
- Voluntary carbon markets (incidental project based); compliance markets are yet to develop and not clear how this will function.

1.5 Options for REDD+ activities (from REDD+ strategy options study)

The Draft Strategic REDD+ options report (July 2016) prepared by Oy Arbonaut for the Uganda REDD+ Secretariat presents the following Strategy options for REDD+ action as presented in table 1.1. Further consultations on these are undertaken throughout the country.

The draft strategic options were developed so that they all have negative marginal abatement cost coefficients, which means that the sub-options are cost efficient. Cost efficient means here that these sub-options will be financially viable and the beneficiaries will get surplus money from their investment even without actually adding carbon financing to the investment plans.

A few of the sub-options have low initial investment needs (i.e. below USD 100 for households). A few more need initial investments between USD 100 – USD 1,000, while the most expensive sub-options to establish goes up to USD 1,500. The sub-options with the lowest initial investments could potentially be targeted for all rural households, but in some cases also urban households could benefit from them, as is the case with EES and ICS stoves. One could see these options as a visionary ladder where cheap options are for the poorest households and then gradually as households become wealthier they can afford more expensive investment options and can move up the ladder.

⁴ Forest Investment Programme (FIP), Pilot Programme Climate Resilience (PPCR), Scaling Up Renewable Energy in Low Income Countries Program (SREP)



Table 1.1 Selected draft strategic options for Uganda

Strategic Option	Sub-options
1. Climate smart agriculture	<ul style="list-style-type: none"> • SLM and agroforestry practices • Rainwater harvesting with collection tank and drip irrigation • Greenhouse cultivation of vegetables
2. Livestock management	<ul style="list-style-type: none"> • Fodder trees and stall-feeding • Change to exotic cattle varieties and crossbreeding • Reduction of excess free-grazing traditional livestock
3. Sustainable fuelwood and (commercial) charcoal use	<ul style="list-style-type: none"> • Small-holder and community bioenergy woodlots • Small-holder and community poles and timber plantations • Improved charcoal kilns linked to bioenergy woodlots
4. Large-scale commercial timber plantations	<ul style="list-style-type: none"> • Commercial eucalypt transmission pole and timber plantation • Commercial pine pole and sawlog plantation • Improved charcoal kilns linked to plantation sites
5. Rehabilitation of natural forests in the landscape	<ul style="list-style-type: none"> • Area closures of deforested areas for natural forest regeneration • Protected natural forest management (i.e. national parks and forest reserves) • Devolution of forest management through PFM and similar set-ups • Traditional/customary forest management practices
6. Rural electrification and renewable energy solutions	<ul style="list-style-type: none"> • Small-scale hydropower plant • Wood-fired biogas power plant • Solar Photovoltaic power plant
7. Energy efficient cooking stoves	<ul style="list-style-type: none"> • For fuelwood • For charcoal • For biogas
8. Integrated wildfire management	<ul style="list-style-type: none"> • In timber plantations • On woodlands • On bushlands • On grasslands

The Strategic REDD+ Option report states that *given the multiple challenges the Ugandan society faces, it can no longer count on the traditional ways of doing farming, cut natural forests or wastefully exploit wood for energy. New, more efficient alternatives for each of those traditional livelihood modes must be developed and put into use.*

This will require a complete transformation of how the rural agro-silvo-pastoral systems work: what is required for this transformation to happen and how can REDD+ contribute to this? The benefit sharing arrangement for Uganda REDD+ Strategy needs to be able to mobilize and deliver the resources necessary for this transformational change and as much as possible from diverse sources and/or financing instruments.



2. CONCLUSIONS FROM BSA BASELINE STUDY

The baseline provides a solid body of information that informs the benefit sharing options to be proposed. For the BSA Baseline analyses a broad review of literature took place and lead actors and a variety of stakeholders were consulted. The Baseline:

- Assessed current benefit sharing arrangements and incentive programmes in natural resources management/forest and wildlife conservation broadly and in REDD+ related programmes and initiatives within Uganda and East Africa Region and documents practices and lessons for informing benefit sharing options for REDD+. Benefit sharing schemes in Uganda have been targeted
- Assessed policy, legal, institutional and regulatory frameworks and, civil society and political discourses influencing REDD+ benefit sharing
- Assessed linkages between carbon rights and tenure of land and trees and identify mechanisms for equitable allocation or sharing of carbon rights.

2.1 Reviewing existing BSA models and projects

There are a broad range of government, CSO and private schemes currently operating in Uganda that include mechanisms to share benefits to stakeholders. Schemes assessed in the baseline study includes those with direct relevance to REDD+, such as benefits for avoided forest clearing for agriculture (e.g. Jane Goodall Institute project) as well as examples from other sectors, such as revenue sharing by extractives industries. Benefits also vary widely to include direct cash payments; and non-financial benefits such as training and assistance to secure land titles. There are national and sub-national schemes, of which some provide benefits based on input and others based on performance. Those that are performance-based started as input-based, and it is important to realize that to achieve performance-based incentive schemes, it is necessary to pass through an investments phase (input-based) to build capacity and experience of what works best with all actors.

The variety of schemes in existence reflects the variety of land tenures, ecological diversity and diverse and changing stakeholder needs and preferences. The range of socio-economic condition of stakeholders from wealthy individuals and well-resourced companies to less-empowered sectors of society such as landless indigenous peoples, women and youth mean that a proposed approach will need to provide diverse opportunities targeted to suit the needs of a breadth of affected stakeholders. Weaknesses in current schemes such as complex and highly bureaucratic government processes; and adequately resourcing local governments as key points of implementation and/or monitoring will need to be addressed.

In terms of Effectiveness, Efficiency and Equity (3Es) the BSA models and projects reviewed show that there is valuable experience from projects in the forest and NRM sector regarding benefit sharing. An important lesson drawn is that no project model scored well on all the three and that there can be trade-offs between effectiveness and equity - where it may be effective and efficient to focus on one group, but this may be at the expense of inclusiveness; between effectiveness and efficiency - for instance with forest certification and this is important to realize also with REDD+ transaction costs may be too high; or between equity and efficiency - in that inclusiveness will take resources and time.

At this stage of developing REDD+, the REDD+ Secretariat has not approved or formalized CSO implemented projects as REDD+ pilot projects. MWE is developing Guidelines for establishing REDD+ projects to be ready by 2017. Two formal operational schemes are the BMCT and the UWA revenue sharing scheme, these are not directly REDD+ related, but have all the merits of a functional (sub-)national BSA model.

The baseline study has found that UWA has the institutional and organizational capacity to facilitate BSA schemes (UWA benefit sharing from tourism, BMCT, MERECP) around its national parks; but in all other cases the facilitation of local groups depends heavily on the presence of projects and international CSOs.



Some of the projects implemented by NGOs gain important experience and lessons learnt for REDD+, but they are often short lived and suffer from lack of integration with the Local Government resulting in lack of ownership. This also inhibits integration of these projects into the wider development planning and practice and does not favour scaling-up. There is therefore a great need to strengthen and institutionalize partnering of LG institutions with civil society and other service providers to enhance sustainability.

Between national government and local district level governments there is no functional sub-national (regional) level that can supervise and support implementation. But where formal institutions such as UWA and BMCT are present, the link between national and local is well developed and functional. Thus, organizations such as international NGOs or projects will also strengthen links between national and local, but in the absence of such initiatives operational linkages between national and local are generally weak.

Districts reported weak information flow from central government, lack of information about opportunities, but conceded that they usually access information when there are issues of relevance. DLGs suffer from low staffing and inadequate skills, resulting into weak enforcement, exacerbated by political interference and being conflicted between a mandate to enforce the law and to provide for livelihoods of communities.

One main lesson to draw from this baseline is that Uganda's strategy for REDD+ Benefit Sharing can build upon and take advantage of the different forest tenure systems located on different land tenure systems - lease, Mailo, customary and freehold. The second implication is that the land owners hold the primary role to decide whether their land can be used for forestry. Land in Uganda belongs to the people, including the gazetted areas, which are held in trust for the people. It is also noted that the natural forests on private lands have not had a wide coverage of incentive and benefit scheme associated with them and they are vulnerable to opening up of land to alternative competing uses especially crop production and livestock farming simultaneously with charcoal burning.

In addition, government programmes are popularizing diverse tree crops to broaden opportunities for wealth creation. By way of example, it was gathered from Focused Group Discussion in Luwero that the district in last agricultural season under the Operation Wealth Creation Programme and NAADS received 50,000 seedlings of cocoa, 145,000 seedlings of citrus fruits, 75,000 seedlings of mangoes, and as high as 4,100,000 seedlings of coffee. To note, even Uganda Coffee Development Authority (UCDA) recommends that other shade trees be planted in coffee establishments particularly, *Grevillea robusta*, *Ficus natalensis*, *Albizia* and *Cordia africana*. The second lesson is that many of the planned programmes in agriculture and sustainable land management offer entry points for improving forest cover in the country while at the same time broadening the livelihood opportunities. The implication being that REDD+ BSAs could be mainstreamed into multi-sectoral and integrated programmes. Besides, and as evidenced from the review of the planning frameworks, many participants advocated for the mainstreaming of not only REDD+ but also of environment and natural resources.

As we have seen in the introductory chapter 2 of the BSA Baseline study, there is no one-fits-all definition of what is a REDD+ benefit sharing scheme. We suggest that at this stage of REDD+ development in Uganda, an open mind is maintained to approaches of REDD+ benefit sharing. There is no one-fits-all definition of a REDD+ benefit sharing scheme. We suggest that at this stage of REDD+ development of Uganda, an open mind is maintained to approaches of REDD+ benefit sharing. We would consider to adopt a PES approach as a central criterion. This would mean that the main feature underlying any eligible REDD+ activity is a contract that defines the engagement of actors to a (proxy) REDD+ outcome or input. The contract would define the roles of each actor involved, propose the distribution of resources and (future) benefit creation based on result. Such a contract can be with an individual or private sector, with an association or community, with a Local Government (LG) entity (sub-county or district).



2.1.1 Matching costs and benefits

In looking at benefit sharing arrangements, there is need to understand upfront that REDD+ is not only concerned with benefits but also costs. From practical point of view, any investor in REDD+ investments would wish to achieve a net gain, that is, a situation where the benefits more than offset the costs to leave him/her with the incentives to take on additional investments. Making losses would discourage investments and drive investors to more rewarding alternatives like production of food and cash crops, livestock rearing, trade, etc.

With that in mind, the consultancy team undertook an analysis on how stakeholders perceive that benefits should be shared for the system to be effective and reduce deforestation. The analysis was done by conducting focused group discussions. The aim of the exercise was to identify the groups/actors/stakeholders who incur more cost and generate higher benefits. These groups should receive more benefits than those who incur less and generate less benefits. This without forgetting to recognize the roles of others in a holistic manner. Based on the outcome of the four focused group discussions in Central, Northern and Eastern Uganda as well as findings from the literature review, there was a pattern that should inform the design of BSA. The findings of the analyses on matching costs and benefits are summarized as follows:

- The land owners and farmers bear the highest costs of investment, including forgone benefits from alternative uses of their land and groups felt they should receive a higher benefit
- There are service providers like extension agents, trainers, mobilisers, policy advisors who interface with landlord/farmers and they too need to be well incentivized to continue providing those services and/goods to farmers on a timely basis
- There are communities who are disadvantaged in land access e.g. former forest dependent communities that also should be considered in a BSA so that they do not exert additional pressure on forests for their livelihoods
- There are several different benefits, both financial and non-financial, but that it would be difficult in the context of implementing REDD+ to pursue all of them. A practical approach would be to establish an agreement on a national level on a certain number of flagship benefits. Over time the list of agreed benefits could be enlarged to include more benefits
- Even though non-monetary benefits matter to those needing them, it must be borne in mind that someone else incurs a cost to deliver them.

The weights expressed in percentage suggested in Table 2.1 are based on how stakeholders related costs occurred from undertaking REDD+ supporting activities should be compensated by benefits.



Table 2.1 Matching costs and benefits as basis of weights (expressed in %) for equitable benefit sharing by focused groups.

Category	Luwero (LG officials)	Otuke (farmers)	Otuke (LG officials)	Mt Elgon (grower group representatives)
1. Landlords	10%		10%	
2. Households/Farmers	60%	60%	60%	35%
3. LG Extension staff	7%		5%	2%
4. Service providers	7%		7%	2%
5. Regularly and enforcement agencies	4%		2%	2%
6. LG Councils	5%	8%	3%	
7. MDA	1%	1%	2%	8%
8. International communities/donors	1%		1%	2%
9. NGOs/CBOs		1.5%		22%
10. Market/buyers/traders	5%		2%	
11. Civic leadership		5%	3%	2%
12. Degraders/charcoal burner			0%	
13. Cultural leaders		2.5%	5%	
14. Community (as groups)		10%		20%
15. Religious leaders		4%		2%
16. Parish leaders		8%		3%
	100%	100%	100%	100%

Source: BSA Baseline Report

Furthermore, incentives need to be framed in such a way so it can trigger transformational change. This represents one of the biggest challenges facing performance based REDD+.

It is important to further reflect on effective allocation of weights in percentage of total benefits to key stakeholders, and the range of weights presented below emerged from the different consultations summarize the table above:

- Landlords 10 to 30 %
- Forestry investors / farmers 30 to 45 %
- MDAs 10%
- LG 5 to 10%
- Non-state actors (such as service providers) 5 to 10%
- Indigenous people 5 to 15%.

2.1.2 BSA as option for redressing conflict and grievance

The Indufor consultant team has had opportunity to review the report on Feedback and Grievance Redress Mechanism. It states as the following:

“Given that local governments are already financially constrained, the flow of REDD+ financial benefits into the country is likely to intensify conflicts over the control of these resources between central and local government agencies. To mitigate these conflicts, it is necessary to work out an acceptable formula through which REDD+ financial benefits can be shared equitably between central and local government agencies”



We examined this threat and found that the best approach the BSA should take it to make clarity on the sharing formula right from the beginning. It was gratifying to find many models in Uganda and elsewhere already used to this practice as it can reduce conflict.

Many models have clarified the formulae on benefit sharing among the key parties, a factor that has reduced ambiguity on each party's benefits or entitlements. In some, the formulae are enshrined in the relevant legislation, in others it is administratively determined in advance. Communicating the formulae of sharing in advance has helped forest investors/farmers to weigh their benefits against costs to take decisions whether or not to go in for forestry projects. This was true specifically for SPGS and PES under Trees for Global Benefits. Legally backed BSAs that have provided ratios or percentages were also found to have promoted consistency in information flow to and from beneficiaries. The examples presented in Table 2.2 illustrate that the practice of communicating benefit sharing formulae cuts across sectors.

Table 2.2 Benefit sharing arrangements in different sectors in Uganda

Benefit Sharing Arrangement	Formula
<i>Category 1: Formula in legislation</i>	
1.Bwindi and Mgahinga Conservation Trust	60:20:20 for communities, administration and research
2.Revenue sharing under UWA	20% of park entrance fees goes to park adjacent communities
3.Petroleum royalties	94:6 for central government and local governments, but central government has also to give 1% of its share to a gazetted cultural or traditional institution
4.Mining royalties	80:17:3 for Central government, District Local Governments and lawful landowner
<i>Category 2: Formula administratively determined</i>	
1.SPGS	50% of commercial forestry establishment costs
2.FONERWA,Rwanda	70:20:10 for central government ministries, private sector, LGs
3.Trees for Global Benefits[PES]	50% of performance-based payment amounts are made at planting and after the year 1 survival count.

Source; BSA Baseline Report

2.2 Planning frameworks for REDD+ BSA

Uganda National Development Plan II responds to a very large extent to the REDD+ agenda and can be seen as the Uganda's umbrella planning mechanism.

Both nationally and regionally, the planning frameworks convey governments' commitment for the implementation of REDD+ processes and outline the main principles for BSA. Sustainable environment and natural resource management and adapting to climate change are identified as vital foundations for economic growth and transformation, using value chain, multi-sectoral and integrated approaches. Sub-national governments will be at the frontline of delivering services to their communities as well as creating vibrant local economies that provide economic opportunities and jobs for their people. The planning frameworks for forestry and REDD+ goes beyond curbing deforestation and forest degradation for carbon sequestration, but also to improve the value of forestry ecosystems for provisioning services and regulating services. Agriculture has been and remains central to Uganda's economic growth and poverty reduction.



Tourism, which is predominantly nature based, has demonstrated high potential for generating revenue and employment at a low cost is also prioritized.

A key principle that will set the choice of the BSA is that the frameworks echo government's commitment to a balanced and inclusive development, linked to ensuring that all regions of the country benefit from growth of the national economy by equitably using national resources, to realize higher investments levels required to fight poverty, promote social equity and harmony. The key cross-cutting issues to be mainstreamed into programmes and projects are of gender, HIV/AIDS, environment, climate change, human rights, among others.

Strategies to ensure that Uganda benefits from international discourse on REDD+ include:

- (i) Overcoming barriers to accessing funding from new and innovative mechanisms like carbon funds
- (ii) Mobilize funding from a variety of sources, public and private, bilateral and multilateral, including innovative sources of finance, to support nationally appropriate mitigation actions and adaptation measures
- (iii) Improve forest financing through, conditional grants for forestry, operationalization of the Tree Fund, developing economic instruments (financial, taxes, green levies, low interest loans) and design and operate an incentives mechanism to support production, e.g. cost sharing based on the SPGS model and tapping into existing Payment for Ecosystem Services (PES), NAMAs, CDM, POAs.

2.3 Policy and legal framework for REDD+ BSA

The policy and legal framework of Uganda is well developed for REDD+. Several important policies have been developed over the past five years, but many still need legal measures for implementation, such as guidelines, standards, regulations for the development of private and communal forests. There are no guidelines for revenue sharing from natural resources other than for minerals and oil. This therefore requires incorporating benefit sharing mechanisms in the new policies and laws and those under review such as the National Environment Management Policy, National Environment Act, Water Act and the Land Act. The Uganda Wildlife Act Cap 200 has a recommendable revenue sharing model in which money is transmitted through benefit sharing agreements or MoUs signed between UWA and legally constituted local community groups.

Land tenure and tree tenure are critical for achieving benefit sharing arrangements. About 70% of the forest, mostly woodland, is on private land held under existing the land tenure arrangements. The remaining forest is held in trust by the government for the citizens—15% in Central Forest Reserves and 15% in National Parks and Wildlife Reserves. Only a small area is in Local Forest Reserves. State, communal or private ownership of land and/or forests is based on national legislation.

In Central and Local forest reserves, concession holders have rights over forest resources within the forest reserves as specified in their licenses or permits. Also, Local Communities have access and user rights in forest reserves. However, the relationship with local use rights may be complicated and thus limiting BSAs.

For registered private forests, all produce in the forest belongs to the forest owner and may be used in any manner the owner may determine but harvested in accordance with the management plan and regulations made under the Act. Regarding Community Forests, Communities claim all land, tree and carbon tenure rights. There are however limited BSAs because these forests have not been established. There is similarly no existing vehicle for communication among individuals/communities, local and national levels.

Carbon rights and trees also relate to tenure of land. There are clearly defined resource rights under freehold and leasehold land and as such most private forests owned by individuals and companies fall on freehold land. There are however, high transaction costs for smallholders or the poor and this may lead burdensome responsibilities in BSA and little incentive for leaseholders to invest in forestry. Mailo tenure system preserves forests and woodlands by



restricting, access, through leasing/renting. However, it is associated with claims to land by legitimate occupants or settled squatters overlap with those of the landlord (especially absentee landlords), ownership of carbon rights in forests on such land could be contested. Under customary tenure, individuals mainly only have user rights and the use of forests and woodlands is virtually open access, and there is no incentive for an individual to invest in sustainable practices for REDD+. Establishing community forests would partially overcome this problem transferring management rights (not ownership) with those that manage the Community Forest. By comparison, private Mailo tenure, as well as public land ownership, are less destructive to forests, and woodlands.

Therefore, there is no homogeneity as far as tenure and carbon rights are concerned across the different tenure situation in Uganda. For each case, there is need for further clarification of the security of rights with those that manage and invest in forests and REDD+. This is widely seen as the first step toward benefit sharing arrangements.

2.4 Institutional framework for REDD+ BSA

To effectively implement REDD+, it is key for Uganda to have an institutional arrangement that allows for transparent and effective flow of information, knowledge and financial resources. Thus, the following are recommended:

Considering that Uganda is a unitary state where the central government controls policy, fiscal and administrative issues, and the fact that the LGs still exhibit low levels of skills in financial management coupled with inadequate financial management infrastructure, we recommend the REDD+ intervention to be national based. This is further supported by the fact that decentralization, introduced by Uganda Government since the early 1990s, is now well entrenched into its fiscal, policy, legal, planning and institutional frameworks. Also, the procedures for operations, horizontally and vertically, are well entrenched. Furthermore, with new districts being created, districts have become too small and not all districts have the capacity to fulfil all functions attributed to LG. This has weakened the devolution of competencies to LG and its empowerment.

It is more efficient for the country to build upon existing institutional structures. In this regard, we recommend an inter-ministerial committee which besides making policy recommendations on REDD+, will spearhead mainstreaming REDD+ issues into national policies, ongoing and future programmes as well as the development plans. Additionally, the committee will facilitate sharing of information on REDD+ across the various national and subnational state agencies as well as with the private sector, CSOs and development partners.

To nurture multisector involvement and engagement it may be considered to place REDD+, that could be integrated into a wider Climate Change and Resilience strategy, at a higher level within government, MFPED or Prime Minister's Office, with MWE ensuring the secretariat. We have seen that there is growing experience of ministries and agencies working together to implement programs, particularly MWE and MAAIF. Examples include the Uganda Climate Smart Agriculture Program (2015 – 2025) and Farm Income Enhancement and Forest Conservation (FIEFOC) which are both jointly implemented by MWE and MAAIF. As well, there is evidence that the different government departments are learning to collaborate effectively. Nevertheless, it is still a major challenge to break through the sectoral silos. The REDD+ Steering Committee during the period of REDD+ Readiness (cf. Uganda R-PP) includes all relevant technical sectors for REDD+ and is chaired by the Ministry responsible for Forests (MWE). However, for resource mobilization, planning and disbursement the Ministry of Finance, Planning and Economic Development, also responsible for the National Development Plan II (and eventually III), is absent from the present steering committee.

Yet, to achieve the transformational change ambition needed to achieve sustainable and green economic development in rural Uganda, it is deemed necessary to put the MFPED at the centre of REDD+, green economic development and climate resilience.



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REDD+ is multi-sectoral as well as trans-disciplinary, and the interventions undertaken will generate a lot of data from different actors. This data will need to be further synthesized and managed. Relatedly, REDD+ issues are dynamic with relatively new concepts, and different players (including REDD+ fund secretariat, policy makers, researchers, academia, private sector, civil society, communities etc.) will require lots of information regarding REDD+ interventions. Thus, it is recommended to establish a centralized office at the national level, such as FSSD, to collect, synthesize, sustainably manage and disseminate information related to REDD+ within and outside the country. Within the country, this office will coordinate the District Natural Resources Offices to compile the sub-national data.

The institutional review also provides evidence that it is important to consider the wide range of past and present programmes and projects and assess them for potential integration of REDD+. These somewhat traditional integrated sustainable development programmes can be seen as benefits sharing arrangements in that they incentivize a variety of institutions, associations and individuals in the effort to achieve better and more sustainable production systems and generate more income. These programmes invest in strengthening the enabling context, such as strong institutions, improved tenure, strengthened value chains including finance.

The choice for a national approach to REDD+ benefit sharing in Uganda is logical. We are proposing to mainstream REDD+ into the planning and implementation of the NDP cycles. REDD+ implementation should be performance based and voluntarily. REDD+ activities can be sectoral, but should be integrated into the District Development Plans. Preferably under a stand-alone Vote Function to track future expenditure on such investments and evaluate where they are generating the desired impacts.



3. PROPOSED OPTIONS FOR BSA FOR REDD+ STRATEGY OF UGANDA

To recap, the main objective of this consultancy is to develop (*or rather propose*) Benefit Sharing Arrangements for Uganda's REDD+ Strategy that provides practical and implementable options for benefit sharing schemes based on, i) any existing schemes, ii) options which could be established with low to moderate level changes

The Indufor team has analyzed the strengths and weaknesses of several promising existing BSA models and projects through the application of the Options Assessment Framework analyses. This is presented below in Chapters 5 and 6. This analyses will inform the design and development of the REDD+ BSA scheme for Uganda.

The BSA Baseline analyses found that whilst there are valid experiences with benefit sharing in Uganda, there is no one existing scheme in the natural resource, and specifically forest and biodiversity conservation, sector that can be taken as the bases, or foundation, for developing the national REDD+ BSA scheme. In the end, it very much depends on the ambition-to-transform that the Uganda REDD+ Strategy will choose what scheme and what institutional setting will be chosen. We have suggested a much bigger role than is foreseen for the Ministry of Finance, Planning and Economic Development (MFPED) and/or the Office of the Prime Minister (OPM). We are suggesting for Uganda to merge REDD+ with its Climate Change / Climate Resilience strategies for Green Economic Development within the context of the country's National Vision 2040. This without losing sight of REDD+'s principles of measurable and performance based incentives. The REDD+ BSA should be national, it should be voluntary, it should incentivize and it should be based on agreed contractual arrangements. It can be a contract between national and local governments, communities and private sector, national or local government, faith-based organizations and cultural institutions as well as the private sector. A national Payment for Environmental Services (PES) approach could be one of the pillars to build such a strategy.

If Uganda chooses for this level of ambition the Indufor team proposed to build its BSA scheme on the model of Conditional grants within the Fiscal transfer system of the MFPED to mainstream REDD+ within existing national programmes in the rural sector. The conditional grant scheme should have elements of a National REDD+ or Climate Fund. The baseline analyses and consultations have allowed to make a first analyses on strengths and weaknesses of the two potential national BSA options: **Conditional grants under fiscal transfer system versus Autonomous Fund model**. In Table 3.1 a very first analyses of pros and cons of the two BSA options is given. In terms of overall structure, the BSA model for Uganda could be a choice between, or a combination of these two. Both clearly have their merits, as will be seen in the evaluation of both models.

The Box 3.1 *Conditional grants for REDD+/Climate* and Box 3.2 *National (Green) Fund for REDD+/Climate Change and resilience* briefly describes the BSA options (from the BSA Baseline report).

If on the other hand, Uganda chooses to focus REDD+ to the forest sector, principally aiming at mobilizing carbon credits, then it might be an option to look at the (never operationalized) National Tree Fund if it could be modified to a REDD+ Tree Fund.



Table 3.1 Evaluating conditional grants under fiscal transfer system and autonomous fund model

Conditional Grants Under Fiscal Transfer System	Autonomous Fund Model
<p>Pros</p> <ul style="list-style-type: none"> • Allows MFPED to maintain its hold on macro-economic stability because the fund would be managed under the public sector financial and management systems • Allows the accounting officer to directly effect transfers to beneficiaries and/or service providers, thereby minimizing leakages through multiple vertical channels • It has been improved over time to minimize leakages in the vertical flow • It is managed through an integrated financial management system that allows disbursements to very many beneficiaries as budget agencies as well as their service providers who execute their scope of work to satisfaction and therefore eases tracking of disbursements. • Allows all beneficiaries of monetary benefits to tap non-monetary benefits from diverse agents and service providers according to their comparative advantage to deliver them • It can be reconciled on daily/regular basis • It enables government to make quarterly, semi-annual and annual performance reports for accountability • It is integrated with the Comprehensive National Development Planning Framework (CNDPF) linked to the NDP II and Vision 2040 and to both Sector and Local Government Planning cycles • It allows Ministry of Finance, Planning and Economic Planning to shift resources from slow performing budget agencies to the fast movers, there is an established culture of measuring and rewarding performance and penalizing non-performance • It is now backed by Public Finance Management Act, 2015 • It would allow government to quickly start on priority benefit sharing but could be transformed if need over time • It is the only BSA option that is already capable of processing and administering a national scheme at the scale of millions of individuals and thousands of organizations and Local Governments 	<ul style="list-style-type: none"> • It gives the fund its own identity and visibility to its supporters and beneficiaries • Setting up a national fund would be a bold and ambitious statement of engaging Uganda in REDD+ and on a green development pathway • It allows multiple funding opportunities from public, private and philanthropic sources • It provides space for different stakeholders in the decision-making machinery • Funds are ring fenced specific focus (e.g. in the case of BMCT) • Enables linking benefits to performance through an M&E system • Enables accountability, traceability, ownership (the beneficiaries are stakeholders) • Ease of access – inoculating from the bureaucracies associated with government institutions
<p>Cons</p> <ul style="list-style-type: none"> • Because it is anchored in public sector financial management arena, it does not give non-state actors like civil society organizations, private sector, and traditional institutions space to participate in decision making • Doesn't build trust with non-state actors and may be seen as business as usual • It would not favour small, poor beneficiaries who cannot afford the costs of opening up accounts • REDD+ conditional fiscal transfers systems under MFPED: like business as usual and could lead to opportunity costs. REDD+ funds risk being used as an alternative to deny the usual financing for such initiatives • Most communication by MFPED on its budget release is in English which is not easily understood by a sizeable number of the population, some of whom are key in REDD+ implementation 	<ul style="list-style-type: none"> • It reduces the power of Ministry of Finance, Planning and Economic Development to optimize public sector spending in accordance with macro-economic framework • It would require a lot of time, and resources to fully design, seek and get parliamentary approval, develop operational policies and systems • An autonomous REDD+ fund would be seen to be a forest sector driven fund and may not provide the enabling framework inviting other vital sectors, such as community development, agriculture and energy, into the REDD+ development dynamics.



Box 3.1 Conditional Grants from Central Government

Central Government grants to Local Government (LG) are disbursed through a variety of instruments such as sectoral conditional grants, non-conditional grants or equalization grants directly from MFPED. These grants, often referred to as central government transfers, constitute over 90% of all funding for LGs and mainly finance the NDP priorities including NRM activities. The unconditional grant is the minimum grant for financing decentralized services, while conditional grants are given to local authorities to finance central government-agreed programmes; and contribute up to 81.5% of overall income for local governments. These grants are ring-fenced and are all within central government priority programme areas. Equalization grants are paid to local governments based on the degree to which an individual local government lags behind the national average for a particular service. The Local Government Finance Commission (LGFC) advises on all matters concerning the distribution of revenue between central and LG, and the allocation to each LG out of the consolidated fund while the Local Governments Public Accounts Committees (LGPACs) examine reports of Internal Auditors and Commissions of Enquiry¹⁵.

This institutional framework is highly participatory and provides a tremendous opportunity for effective planning and targeting of REDD+ interventions at the lowest level of government. Besides government, other key players including civil society and to some extent the private sector are engaged in the policy development process, as well as advocating for the effective financing of REDD+ activities.

In addition, this arrangement provides an opportunity for channeling public and donor funds to implement local level activities directly to LGs from donors or MFPED, thereby minimizing financial leakage and increasing the potential for impact. Besides, the empowerment of LGs has caused increased political participation, transparent mode of information on grants from Government and Public Expenditure Management (PEM) systems which enable services to be delivered largely as intended. As well, the system strengthens the LGs' autonomy, and widens local participation in decision-making thereby increasing the efficiency and effectiveness of LGs' programmers to achieve set goals within a transparent and accountable framework.

However, this institutional framework does not encourage engagement of civil society and private sector as direct implementing partners. Indeed, the full engagement and contribution of CSOs and other non-governmental actors is severely constrained by limited capacity and inadequate finance, and yet REDD+ focused CSOs have only begun to emerge over the last few years. Thus, few CSOs have developed adequate analytical competencies to ensure input in REDD+ related activities both in terms of independent policy ideas and advocacy although this is expected to improve with time as resources become available. But even for the LGs funds released are usually inadequate and in many cases, there has been delayed releases from MFPED, and this constrains implementation. Besides, money usually comes in form of conditional grants with no regard to performance.

Nevertheless, this framework can be modified through developing indicators to assess performance; and ensuring that receiving the next bunch of funding is based on the performance of previous fund received. But this will also be accompanied by strengthening the technical skills of LG staff to effectively monitor the interventions.



Box 3.2 National REDD+ / Climate Fund

Following the integration of REDD+ into existing and eventually newly developed investment programmers the government could opt for the establishment of a national fund (following the model of FONERWA of Rwanda). This would be oriented to stimulate innovative and result based finance and support to sectoral ministries, to local government, to local associations and cooperatives, civil society and private sector. It takes time and political commitment to set up such a fund before it can be fully operational. Such a fund would grow in size based on positive results that it is able to create and would grow in an incremental way (at least five years of start-up, learning and testing).

The aim of the proposed structure for REDD+ is to facilitate efficient flow of REDD+ funds from funding agencies/donors to intended beneficiaries while avoiding elite capture. The MFPED will act as a link between the donors and government. Funds to support REDD+ interventions will be channeled from MFPED to the beneficiaries through the REDD+ Fund. The proposed REDD+ Fund will be an agency of government established by an act of parliament for the purpose of managing funds to support REDD+ interventions across the country. The proposed structure comprises a secretariat with technical staff to run the day today activities of the fund under the supervision and guidance of the Board of Governors. The board would comprise representatives from key state agencies, UGLA, CSO, private sector, among others.

The specific functions of the national REDD+ Fund would be: (i) To administer and manage REDD+ funds; (ii) Provide procedures for fund disbursement to CSOs and private sector beneficiaries; (iii) Solicit for and screen REDD+ activity proposals from the public (private sector, CBOs and CSOs) for funding; (iv) Disburse funds to befitting recipients; (v) Monitor, evaluate and report on REDD+ related interventions.

To overcome challenges arising from overlapping mandates of various state agencies, there would be an Inter-Ministerial Policy committee comprising permanent Secretaries (PS) from relevant ministries (MWE, MAAIF, MFPED, MOLG, MEMD, MLHUD, MTIC, MTWH, and MGLSD) as well as agencies i.e., NFA, NEMA, UWA and NARO as well as ULGA. Besides the chairperson of the board and executive director of the fund would be former officials on this committee. The functions of the policy committee shall be to: (i) Provide policy guidelines and to formulate and coordinate REDD+ related policies for the fund; (ii) Liaise with the Cabinet on issues affecting REDD+; (iii) Identify obstacles to the implementation of REDD+ related policies and interventions and ensure implementation of those policies and interventions.

Ministries and agencies like MWE, MAAIF, UWA and NFA would receive funds directly from MFPED+ to facilitate them to coordinate, monitor and supervise REDD+ interventions at the national level. Similarly, district LGs will receive funds directly from MFPED to supervise and monitor implementation at the local level. On the other hand, CSOs and private sector would directly implement the activities; and in this case, disbursement of funds would initially use the input-based approach but this will translate with time to performance-based. The Fund will enter performance contracts with the different implementing partners with clear set targets. Recipients will be required to regularly provide report on progress regarding implementation to the secretariat. The secretariat and the direct implementers will be audited by independent external auditors selected by MFPED.

The Inter Ministerial National Steering Committee would cater for enhancing coordination and joint action among the ministries, policy formulation and oversee implementation.



4. APPROACH TO BSA OPTIONS ASSESSMENT OF STRENGTHS AND WEAKNESSES

4.1 The Options Assessment Framework

This report combines several approaches in its assessment and review of the options for Benefit Sharing Arrangement for Uganda REDD+ Strategy.

The BSA Baseline Report and consultations with key stakeholders forms the basis of this assessment. Responses from technical advisors working in REDD+ projects and NGOs were also taken into account.

Options Assessment Framework for Benefit Sharing – the approach was developed and published for PROFOR, using the recommended citation: PwC. 2012. *Assessing Options for Effective Mechanisms to Share Benefits: Insights for REDD+ Initiatives*. Washington, DC: Program on Forests (PROFOR).

The Options Assessment Framework is based on the premise that there are four key building blocks to a benefit sharing mechanism:

1. Government, civil society, community, and private-sector institutional capacity
2. The national or subnational legal OAF relevant to REDD+
3. Fund management capacity and experience
4. Monitoring capacity and experience.

It enables users to assess what components of the selected benefit sharing mechanism are already in place, and identify what needs to be addressed and what possible risks need to be addressed to implement the benefit sharing mechanism model successfully. The proposed enabling actions would improve effectiveness, efficiency and equity of the BSA Options reviewed as well as minimize identified risks.

The Options Assessment Framework can be used in three different ways, depending on the stage that the REDD+ process has reached in the relevant country:

- By decision-makers when there is the need to identify and select the most appropriate benefit sharing mechanism type to be applied in their country. In this case, the options assessment helps to compare and select which benefit sharing mechanism types may be most suited to the institutional capacity, legal framework, fund management, and monitoring capacity of the country
- By decision-makers when there is a clear view of which REDD+ benefit sharing mechanism type should be used in their country. Here the Options Assessment Framework helps identify a set of enabling actions needed for a country to successfully implement the chosen benefit sharing mechanism type
- By development partners who wish to ascertain the viability of delivering the REDD+ benefit sharing mechanism already chosen by a partner country, and to identify areas for supporting the country in successfully delivering this benefit sharing mechanism.

The Options Assessment Framework is designed for use as an integral component of the REDD+ decision-making and political processes in-country. The application of the Options Assessment Framework should be nested in the participatory and consultative processes associated with REDD+ readiness, and it should use input from experts drawn from all different stakeholder groups of relevance to benefit sharing mechanisms both inside and outside of government (e.g., civil society and community groups, donors, the private sector).

Based on the four building blocks, a total of 42 components are then assessed. The four building blocks are:

1. Government, civil society, community, and private-sector institutional capacity: This information includes the level of institutional capacity across the relevant government, civil society, and private-sector organizations that may be involved in the operation of the REDD+ benefit sharing mechanism. Institutional capacity should include the organizations' human resource capacity; the knowledge, experience levels, and



technical skills of personnel within these organizations; the physical presence of these organizations; and the strength of working relationships among these organizations across sectors.

2. The national or subnational legal framework relevant to REDD+: This information includes national legislation and regulations relating to forest land ownership and tenure, the allocation of forest rents, the relationship between forest and carbon ownership, the mandate of forest-relevant government agencies, the national development plans, the ease of public access to information, and law enforcement.
3. Fund management capacity and experience: This information includes the fund management capacity and experience of organizations in the country, anticorruption mechanisms, the strength and extent of fund distribution networks (e.g., bank branch networks), the existence of third parties with the ability to monitor fund management, and the presence of organizations with experience in providing long-term, risk-tolerant loan financing to rural communities.
4. Monitoring capacity and experience: This information includes the presence of organizations with sufficient capacity and experience to monitor national or subnational programs, a demonstrated ability of government to provide frequent and publicly available monitoring reports about environmental spending programs, the ability of government to decentralize monitoring systems to a local level, the use of third-party monitoring agencies in government spending programs, the use of monitoring data to continually improve forest programs, and experience in GIS monitoring and the ground-truthing of GIS data within the intended benefit sharing mechanism management agency.

The Options Assessment Framework is a strengths-weakness, and at the same time, a risk analyses and helps to define a corresponding set of recommended enabling actions for each component. The recommended enabling actions identify tasks needed to address the absence or partial absence of key components. The list of enabling actions will be the basis for prioritization and determining next steps.



5. THE ARCHITECTURE FOR REDD+ STRATEGY AND BENEFIT SHARING IMPLEMENTATION

In this chapter we will present some important elements of a national architecture for REDD+ strategy and benefit sharing implementation. From the work on BSA we consider the elements of architecture as presented below key to understand and decide on options assessed in Chapter 6. In the BSA Options assessment we will propose a number of enabling actions necessary for effective implementation of the schemes.

5.1 A national approach designed for a variety of REDD+ initiatives

As part of the preparations for the implementation of Uganda's REDD+ Strategy and its benefit sharing arrangement(s) it is important to further conceptualize the type of initiatives that can be labelled "REDD+" or "climate resilient". As well as clarify the institutional framework, especially the relationships between national and sub-national and local and between state and non-state actors. In the following we present some ideas that would inspire further dialogue and decision making.

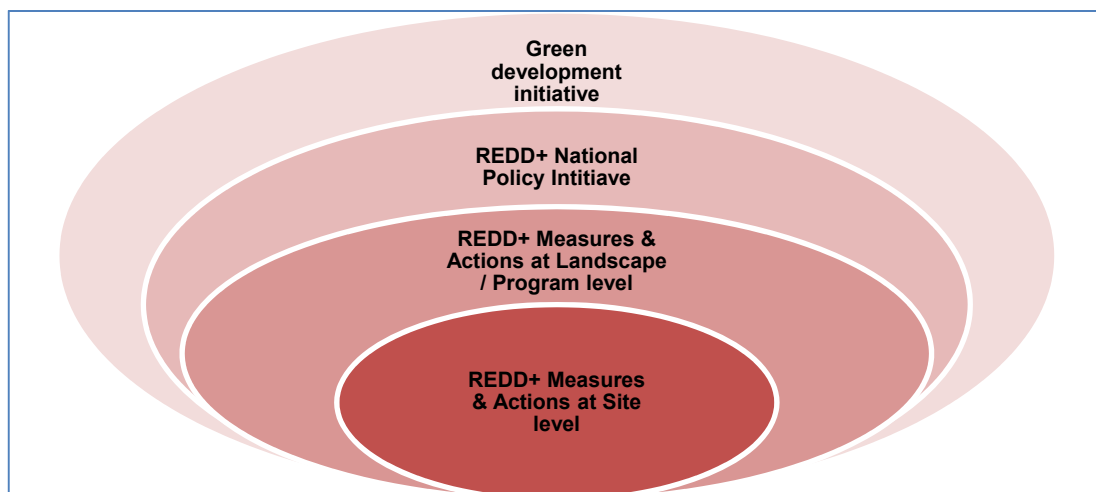
For Uganda REDD+ to respond to the development ambitions as laid down in Uganda's Vision, the NDP II and its Intended Nationally Determined Contributions (INDCs), which need a national approach. The national approach is defined as:

A national framework for reducing emissions from deforestation and forest degradation and MRV system, with nations being rewarded for performance-based emissions reductions relative to an established national reference level, rather than at a sub-national or project level. Reductions may be rewarded through allocation of tradable carbon credits, by financial transfers from a global fund, or by other mechanisms.

5.1.1 Typology of REDD+ initiatives in Uganda

Within a national approach Uganda could choose to develop, and encourage the development of, a variety of REDD+ initiatives with the following typology, as shown in figure below.

Figure 5.1 Proposed Typology of REDD+ in Uganda



Indeed, for REDD+ to be successful in Uganda, the national strategy must mobilize these four types of financing. All funding and actions associated with these four typologies must be recorded in the National REDD+ Register yet to be established. The register will display the documentary procedures and models associated with the approval and validation and implementation of all actions.



A. REDD+ measures & actions at site level

Definition: set of activities designed to change the dynamic of deforestation and/or forest degradation and/or increasing forest carbon stocks, within a geographically defined area, to reduce emissions and/or increase removals of greenhouse gases linked to these dynamics to develop these emission reductions/removals in a result based compensation mechanism (or carbon fund market).

Philosophy: matches funding and actions that demonstrate their contribution to REDD+ objectives and relate directly to the carbon markets. They are subject to requirements set by voluntary or compliance REDD+ schemes; the set of the REDD+ project is usually financed by ODA with the intention that the project after set up phase will be financed through payments for carbon emission reduction. The emission reductions are measured against a baseline established by carbon and emerging socio-environmental standards. REDD+ projects are necessarily subject to a contract. They are clearly delineated geographically, and mutually exclusive in space.

Financing: the financing of REDD+ projects are labeled "REDD +".

B. REDD+ measures & actions at landscape / program level

Definition: REDD+ initiatives are projects, programs or policies undertaken to achieve REDD+ measurable results; subject to all national adaptations of the requirements of the emerging international REDD+ mechanism under the UNFCCC or other compliance regimes; financing may be based on result based emissions reduction (carbon-based or proxy-based) but may also be supporting the set up (Phase 2) of REDD+ such as MRV systems or FPIC consultations, necessary reforms, land use planning, etc.

Philosophy: matches funding and actions that show their contribution to REDD+ objectives without going directly to the carbon markets.

Financing: the financing of REDD+ initiatives are labeled "REDD+".

C. REDD+ National Policy initiative

Definition: REDD+ aligned initiatives are projects, programs or policies undertaken to contribute to REDD+ measurable results; subject to the basic national requirements adapted the emerging international REDD+ mechanism under the UNFCCC or other compliance regimes; both result and non-result based financing, can be mainstreaming of REDD+ into existing programs, but not giving right to the carbon credits generated under REDD+.

Philosophy: matches funding and actions that can justify their contribution to REDD+ objectives without being subject to the same levels of rigor of design and measurement.

Financing: financing of REDD+ aligned initiatives bear the "aligned REDD+" label. They can be enabling policy reforms or sectoral. The national REDD+ strategy will determine under what conditions (including threshold) of REDD+ funding can be used in co-financing on-line actions.

D. Green (climate resilient) development initiatives

Definition: green development initiatives are projects, programs or policies undertaken to contribute to the green development of Uganda and REDD+ measurable results or not; not subject to the requirements associated with the emerging international REDD+ mechanism under the UNFCCC; both result and non-result based financing, and not giving right to the carbon credits generated under REDD+.

Philosophy: matches funding and actions that can reasonably justify their contribution to green (and climate resilient) development goals of Uganda

Financing: financing green (climate resilient) initiatives are the "green" label.



5.1.2 Designing a national REDD+ benefit-sharing mechanism for local contexts

Leading slogan: *Local performance and benefits for national and global impact.*

This is how it could work:

Uganda's Central Government could create a national fund to receive payments from international sources for the national-scale reduction of emissions from deforestation and degradation. It would commit to distribute these payments to District Local Governments and other actors at district level working with LDGs, based on the emission reductions reported and monitored at the District level; cost-effectiveness may also be a criterion to determine which Districts receive funding from the Central government. The benefits distributed by Districts to the local level could be either monetary or non-monetary and would be allocated based on the efforts made to: address the drivers of deforestation and degradation; reduce barriers to sustainable natural resource management; and support sustainable rural development and green, climate resilient, economic growth.

Local stakeholders could develop their own investment plans for reducing deforestation and degradation. In such plans, local stakeholders would also define who the beneficiaries will be and how the benefits will be shared. Multi-stakeholder committees would be formed at the District level to select investment plans based on District REDD+ strategies, guided by the central government. A safeguards system would be put in place at all levels to guide the development and implementation of investment plans, government policies and benefit-sharing.

Designing national programs to accommodate different local contexts

Taking into account the following three elements in the design of decentralized benefit-sharing processes will help ensure the legitimacy of REDD+ and lead to solutions adapted to local situations.

- 1) Recognize the differences and linkages between project-level and national-level approaches. Valuable lessons can be learned from project level experiences to inform national policies on REDD+ benefit-sharing. Project-level approaches cannot always be applied directly at the national level, and some national-level approaches may not be feasible in projects. It is important to know which approaches are applicable at which levels, including the range of benefits that can be leveraged and the issues that need to be addressed.
- 2) Design a framework at the national level to guide the participatory design and implementation of benefit-sharing at the subnational level. It is important to set clear societal goals and priorities to guide national REDD+ programs so they deliver emission reductions and contribute to those societal goals. Guided by national frameworks, the details of REDD+ benefit-sharing can be shaped at subnational levels through participatory processes.
- 3) Ensure transparency and free access to information. National frameworks and subnational action plans for benefit-sharing should be available publicly, and feedback and grievance mechanisms should be put in place to encourage inputs from local stakeholders. Civil-society actors can help in monitoring the implementation of programs and in revising action plans over time in response to new information and changing circumstances.

5.1.3 Building the BSA options for Uganda based on existing models

There may not be an existing off-the-shelf model that has all the building blocks in place for REDD+ benefit sharing. As the Indufor Baseline study has shown, there is capacity and experience in various institutions and organizations and in many government programmes. This experience needs to be mobilized. In Chapter 5.2 below we further present a detailed evaluation of a number of sub-national existing BSA models evaluated.



Uganda may choose to consider allowing a number of BSA schemes fitting different REDD+ initiatives (see 4.2.1 above) to operate. Some of these BSA may be formal government schemes, others may be private schemes replying for instance to voluntary carbon markers. Voluntary carbon markets naturally don't fall under a government management (or delegated) BSA system as this an arrangement between the initiative holder and the one buying the carbon credits. Also, voluntary carbon projects can be included in a formal national level REDD+ scheme. For this a framework that includes a register that recognizes the carbon credit is needed. For a project or initiative to be accepted in the National REDD+ Register it will naturally need to fulfil the conditions as set for the REDD+ Register.

Once a project is registered (and thus formalized) it can arrange for its own BSA arrangement – again see all the models we reviewed in Baseline report and in Chapter 5.2. The government would in this case propose several components, from amongst the 42 we used with the OAF, that such independent / voluntary BSA would need to respond to.

The two national models that have the biggest merits to consider for REDD+ BSA model for Uganda and which we will further evaluate hereunder are:

- The fiscal transfer system model through a conditional grand arrangement specifically for REDD+ and climate resilience possibly and adaptation (Chapter 5.1)
- The REDD+ fund model by integrating REDD+ in the National Tree Fund (NTF) and through operationalizing the NTF (Chapter 5.3).

5.2 Monetary and non-monetary benefits to a range of REDD+ stakeholders

The review, interviews and focus group discussions show that households, investors in sustainable forestry interventions, as well as primary beneficiaries need access to a wide range of benefits, including monetary and non-monetary, and both direct and indirect. This is shown in



Indufor ...forest intelligence

Table 5.1. In no single BSA is only one type of benefits found to be sufficient. Even in cash based models complementary non-financial benefits are essential. The non-financial benefits include timely access to right information, tenure security over land/forest, technical extension service, market access to mention a few. Likewise, in resource access only models like Community Forest Management, the temptation by some beneficiaries to collect over and above prescribed quotas, say of firewood, is high because they want to trade some for cash. It was also revealed by stakeholders and communities that the type of benefits requested by each forestry farmer changes over time of the life-cycle of the forestry enterprise. For example, at establishment stage, the demand for inputs is very high while at maturity, the desire to enter market and obtain rewarding margins dominate.

Any BSA can include both monetary or non-monetary benefits – it is up to what is agreed in the PES agreement. It would be realistic and practical that Uganda's REDD+ BSA combines both monetary and non-monetary benefits. The institutions, systems, capacities and incentives to deliver the monetary and non-monetary benefits are different. What is important to consider is that even if a primary stakeholder/forestry planter is incentivized by non-monetary incentives e.g. access to information, access to justice, tenure security, etc., there is always a financial cost to their provision borne by those providing them (please see chapter 2.1.1. Matching costs and benefits).



Table 5.1 Illustrative examples of benefits derived by stakeholders

Monetary	Non-monetary Direct	Non-monetary Indirect
<ul style="list-style-type: none"> • Cash • Economic flow-on benefits from tourism • Tax incentives • Access to credit on preferential terms • Salaries and allowances 	<ul style="list-style-type: none"> • Capacity building, training, extension (governance, bookkeeping, nursery and plantation management, environmental management plans) • Community infrastructure like schools, clinics • Legal access to fuel wood and non-timber forest products • Rent-free land for commercial plantations • Alternative livelihoods (community nurseries, shea nuts, beekeeping, coffee, timber, fuel wood, fruit, carbon credits) • Support for acquiring communal and freehold land title • Community nurseries • Ecological restoration and monitoring of priority habitat • Land-use plan; improved land/forest-tenure • Improved market access and business networks 	<ul style="list-style-type: none"> • Reforestation of degraded areas, reduced flood, drought and landslide risk • Improved resilience to seasonal variations • Health benefits, cleaner air from more efficient cook stoves • Improved water quality and quantity • Decreased human/wildlife conflict • Increased support for biodiversity conservation • Improved working relationships (including trans-boundary) • Improved working conditions for employees • Travel opportunities to share knowledge and experiences • Pride, prestige social status

5.3 The Payment for Environment Services contract

At the heart of any REDD+ project and initiative lies a Payment for Environment Services (PES) type contract. It is the PES contract that defines the REDD+ activity, type of benefit needed and how this will be generated and delivered. REDD+ performance indicators are defined and agreed on in the PES contract. The type of benefit is identified and agreed on within the PES agreement that needs to be established in any REDD+ arrangement with LGs and local communities and individuals. The contract can be with a LG, with a Cooperative, with a village community. The contract defines activities and BSA-type, monetary or non-monetary. Groups or individuals can receive benefits and the BSA model needs to be able to administer this. It will need specific examples to illustrate all of this.

Many REDD+ implementing countries embrace Payment for Environment Services, and PES can be seen as a public policy tool. PES can provide an instrument for decoupling agricultural development and deforestation, in the sense that they provide a direct incentive to change practices or to engage in conservation.

PES are written contracts, whether individual or collective, that are and conditional (payments are provided if commitments detailed in the contracts are sustained).

The distinction between land use restricting PES (such as providing a payment for restricting access to forest to decrease deforestation and forest degradation) and asset-building PES is well established. Individual PES reward people for a certain type of land use, in other words an environmental service provided. Collective PES reward communities for preserving the ecosystems in their territory in the long term. Combining these two types of PES encourages both individuals and communities to engage in REDD+ and benefit : a) asset-building PES would support small producers in the adoption of agro-ecological practices; and b) collective PES would finance communities to preserve ecosystems in their territory.

These asset-building PES will guide developments in agro-silvo-pastoral practices and will help to increase the resilience of agricultural systems by contributing to the diversification of crops



and activities and supporting the reintroduction of trees into monocultures. Collective PES will create a collective dynamic supporting commitments for a given use of the territory, for the construction of a sustainable territory or for zero deforestation, depending on the case. These asset-building PES will guide developments in agro-silvo-pastoral practices and will help to increase the resilience of agricultural systems by contributing to the diversification of crops and activities and supporting the reintroduction of trees into monocultures. Collective PES will create a collective dynamic supporting commitments for a given use of the territory, for the construction of a sustainable territory or for zero deforestation, depending on the case.

Combining individual asset-building PES and collective land use-restricting PES would create compulsory solidarity (that would also be necessary to achieve efficiency) to guarantee conservation.

Implementing a system of this kind requires substantial public involvement, for example to identify and map the individual plots on which farmers will fulfil their contractual obligations. The approach adopted could be that of the rural land use plans. This means using georeferenced cadastral information, with the identification of plots and right holders, and an indication of the exact nature of individual and collective rights.

5.4 Defining benefit sharing

In the foregoing of this Chapter 4 we have presented the BSA options assessment framework, the potential typology of REDD+ actions and initiatives, how to design a benefit sharing arrangement to fit local contexts, monetary and non-monetary benefits and the need for a PES contract at the heart of a recognized and registered REDD+ action. These considerations make part of the architecture of REDD+ benefit sharing of the National REDD+ Strategy.

At this stage of developing REDD+ in Uganda it is useful to maintain an open vision to defining benefit sharing.

Although REDD+ incentives to national actors are often considered in terms of financial compensation, REDD+ incentives may be distributed to national actors in a variety of forms. The term 'benefit sharing' rather than 'revenue sharing' is used to represent the wider potential stream of incentives currently considered in UNFCCC negotiations as well as potentially available at the national level to project actors.

Under a public fund approach, benefit payments may be in cash or in kind. Depending on the management approach chosen (e.g., national, project or hybrid), public funds could be provided to governments, landowners or project developers. Under a private market approach, benefits would be in the form of carbon credits from either an international REDD+ oversight agency or some other accreditation body.

Although healthy debate on REDD+ funding continues to date, research suggests a mix of both public and private funding may be necessary to ensure the necessary volume of carbon sequestration is purchased for climate change mitigation goals in a future agreement.

In considering legal mechanisms to channel funds to attain the maximum results (i.e., equity, efficiency and effectiveness), it is helpful to consider the main national actors needed for long-term, effective REDD+ governance, as well as their disparate needs.

Nationally, incentives for good forest governance should be divided primarily among governments, private landowners, and local and indigenous communities. In addition to these three main national actor groups, benefit-sharing laws cannot overlook outside (or foreign) investors, as well as a host of supporting participants. Such consideration of actors and their respective needs is especially relevant for the early years of national REDD+ initiatives, when national capacities and legal frameworks for forest governance must be improved quickly.

See Table 5.2 *Categories of stakeholders and the roles they play in benefit sharing arrangements* taken from the Indufor Baseline BSA report for an exhaustive identification of stakeholder categories and the roles each should play. The arrangements for benefit sharing should respond to the needs of each.



Table 5.2 Categories of stakeholders and the roles they play in benefit sharing arrangements

Stakeholder	Role Played
1. Landlords	<ul style="list-style-type: none"> • Provides land for forestry • Keeps safe custody of land • Takes decision as to who, when, how to use land • Resolve conflict over land
2. Household farmers	<ul style="list-style-type: none"> • Plan, plant, manage and market forest produce • Take decisions on what to plant • Conserve natural forests on own land
3. LG Technical extension staff	<ul style="list-style-type: none"> • Train and mobilize farmers • Advise farmers • Provide technical input into policies and bye-laws • Offer technical backstopping to farmers
4. LG Council Leaders	<ul style="list-style-type: none"> • Mobilize and sensitize communities • Monitor and supervise area based projects • Lobby for forestry in plans and budgets
5. MDAs	<ul style="list-style-type: none"> • Policy formulation • Standards setting • Formulate regulations • Provide technical information • Monitor and supervise LGs
6. Religious Leaders	<ul style="list-style-type: none"> • Pass on information to communities and followers
7. Cultural Leaders	<ul style="list-style-type: none"> • Social mobilization from cultural angle • Discipline errant clan members • Promote afforestation • Provide information
8. NGOs/CBOs	<ul style="list-style-type: none"> • Community mobilization • Make demonstrations • Demand services from technical departments • Initiate new project ideas • Provide some input
9. Service Providers (including private sector)	<ul style="list-style-type: none"> • Supply inputs, services • Link farmers to markets • Keep savings and land (banks, Savings and Credit Cooperatives SACCOs)
10. Regulatory and enforcement agencies	<ul style="list-style-type: none"> • Make enabling legislations • Approve sector budgets • Enforce laws
11. International community/donors	<ul style="list-style-type: none"> • Mobilize and allocate resources to forestry • Train and monitor programmes • Advocate for forestry
12. Buyers/Traders	<ul style="list-style-type: none"> • Pay fair price • Buy and sell forest products
13. Communities (as group)	<ul style="list-style-type: none"> • Similar functions as household farmers
14. Degraders/Charcoal burners	<ul style="list-style-type: none"> • Degrade forestry • De-campaign government programmes • (NB: Likely to be losers)

Both as the primary agents of REDD+ national governance and major landowners of forest lands in many tropical forest countries, national and sub-national governments will require special capacity-building and technical support for the development of new laws or regulations, and potentially for the modification and streamlining of existing laws.



Establishing benefit-sharing mechanisms that can simultaneously encourage improved forest management and deliver benefits to the appropriate actor groups, including local communities, is a challenge because of the range of participants, objectives and scales of partnerships and benefit-sharing arrangements.

Benefit-sharing mechanisms can be organized along two main axes: a *vertical axis* of benefit sharing across scales from national to local, and a *horizontal axis* of sharing within scales, including within and across communities, households and other local stakeholder, and within regional and national levels. Both the vertical and horizontal aspects of a REDD+ benefit-sharing mechanism need to be taken into account in order to :

- 1) maximize equity among the actors responsible for the reduction of deforestation and forest degradation
- 2) improve the effectiveness of forest management
- 3) increase the efficiency of national and subnational programmes (largely by minimizing transaction and implementation costs).

5.5 Benefit sharing under existing policy and legal frameworks

REDD+ is long term and for REDD+ to be successful and attain its bold objectives it requires clear guidelines and appropriate policies and laws. As we have seen in the Indufor BSA Baseline report, existing relevant policies and laws in Uganda face implementation challenges. Options for Benefit Sharing under the existing Policy and legal frameworks could include the following:

- The Uganda Forestry Policy 2001
- the National Forestry and Tree Planting Act, 8/2003 (NFTPA)
- the National Forestry and Tree Planting Regulations
- 2016 NFTPA regulations
- The Land Act Cap 227.

These laws and policies provide opportunities that can be explored for benefit sharing arrangements. The opportunities elaborated upon in the sub-chapters below. Even if these existing laws could propose a part to a solution regarding BSA the consultancy team considers existing laws and policies would need additional specific text developed to reflect REDD+.

5.5.1 Strengthening security of tenure for community forest land

The Land Act under section 15 permits establishment of communal land association by any group of persons for purposes of communal ownership and management of land, whether under customary law or otherwise. This opportunity can be explored to establish community forests under section 17 of the NFTPA and Sections 75-78 of the NFTPA Regulations. The following steps should be taken:

- Support the communities to process land titles to secure land tenure as provided under section 15 (2) of the Land Act
- Request the responsible Minister to declare community forest as required under section 17 of the NFTPA
- Support the communities to draft constitutions to establish and register association. The Constitution should define rights and obligations of communal management of forests and sharing of benefits; Section 19 (2) of the NFTPA provides that any revenue derived from the management of a community forest by the responsible body shall belong to and form part of the accountable funds of the responsible body and shall be devoted to the sustainable management of the community forest and the welfare of the local community
- MWE, NFA and Local Governments should provide assistance as required under section 26 of the NFTPA to communal forest owners. The support includes providing information, training and advice on the management of forests; the establishment and maintenance of nurseries and other facilities necessary for seeds and plants; provision of material or financial assistance; the collection and dissemination of information, the provision of



technical guidance and promotion of public awareness about forestry and the conservation and utilization of forestry resources and promotion of seed production, agro-forestry and tree growing, and in particular, the growing of fruit species

- NFA and DFO should support local communities to prepare forest management plans as required under Section 28 of the NFTP
- District Forest Officers should provide professional support for the management of communal forest owners as required under Section 27 of the NFTP
- MWE should support local governments under which the community forest falls to make bye laws applicable to any community forest. This is a requirement under section 19 of the NFTP.

5.5.2 Strengthening private forests management

Sections 21 and 22 of the NFTP provide that a private owner of private natural forests plantation or private forest may register with the District Land Board which will issue a license. The owner is entitled to all forest produce to be harvested in accordance with the management plan. The following steps should be taken:

- Support the private natural forests plantation and private forest plantations owners to register their forests with the relevant Districts Land Boards
- Support the private natural forests plantation and private forest plantations owners to develop forest management plans to guidance on how to benefit from the forest produce of their forests
- MWE, NFA and Local Governments should provide assistance as required under section 26 of the NFTP to private forest owners. The support includes providing information, training and advice on the management of forests; the establishment and maintenance of nurseries and other facilities necessary for seeds and plants; provision of material or financial assistance; the collection and dissemination of information, the provision of technical guidance and promotion of public awareness about forestry and the conservation and utilization of forestry resources and promotion of seed production, agro-forestry and tree growing, and in particular, the growing of fruit species
- District Forest Officers should provide professional support for the management of private forests as required under Section 27 of the NFTP.

5.5.3 Contractual or other arrangements between private forest owner, local communities and investors

Section 23 of the NFTP provides that any person may enter into a contractual or other arrangement with the owner or holder of an interest in a private forest, for the right to harvest, purchase, or sell or arrange for the management, harvesting, purchase, or sale of all or any part of the forest produce in the private forest. To implement this provision the following steps should be taken:

- Support development of contracts between private forest owners with local communities especially women to collect non-monetary benefits from the forests such as firewood and herbal medicine
- Support development of contracts between private forest owners and investors to harvest, purchase, or sale of all or any part of the forest produce. The investors will pay fees to the private forest owners which is an incentive for forest management.

5.5.4 Collaborative management

Policy Statement 5 of the Uganda Forestry Policy 2003 and section 15 of the NFTP and Regulation 20 of the NFTP regulations provide that NFA may enter into a collaborative forest management arrangement with a forest user group for the purpose of managing a central or local forest reserve. The following steps should:



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- Develop MoUs between NFA, communities neighboring forest reserves and Local governments that encourage sharing of benefits such as wood and non-wood forest products from the central forest reserves. The MoUs with different social groups, especially women and poor or vulnerable groups should be promoted.



6. ASSESSMENT OF BSA OPTIONS

6.1 Assessment of conditional grant REDD+ funding arrangement following the fiscal transfer system

The analyses provided hereunder is taken from the National Assessment framework presented in **Annex 1: National Assessment Performance and Input Based – Analyses and suggestions for enabling actions**. This assessment framework evaluates the BSA option on a total 42 performance indicators that are organized in the four building blocks of the OAF (see Chapter 4). Enabling actions have been defined necessary for strengthening the BSA model option.

6.1.1 Institutional capacity Government, civil society, community and private sector

Government capacity

Coordination and mainstreaming: The Fiscal transfer system would support effective coordination among all national agencies with mandate relevant to REDD+ BSA. It is integrated with the Comprehensive National Development Planning Framework (CNDPF) linked to the NDP II and Vision 2040 and to both Sector and Local Government Planning cycles. From this perspective, MFPEd would provide the perfect setting for hosting a multi sector integrated REDD+/Climate initiative.

Technical expertise: For technical expertise this public finance scheme would depend on the MWE and its department of FSSD but working very closely with NFA which has presence in local governments. FSSD has mandate to, among others, support district forestry service, but owing to limited staffing, its cooperation with local governments has been more prevalent where there is a project that links the two e.g. FIEFOC and SPGS or where there are problems like encroachment and illegality requiring urgent attention. NFA coordinates with DLG and district forestry officers where it has CFRs. Collaboration is not always effective and smooth. MAAIF has a number of important national programs such as the NAADS program where it collaborates very closely with DLGs.

Supervision and implementation: Ministry of Local Government (MOLG) would play a supervisory and supporting role in implementation. The central government through the MOLG has a planning unit that plays a key role in coordination of district LGs. At the district LG level, coordination is achieved through the District Technical Planning Committee [for Upper local governments] and Sub-county technical committee for [for lower local governments]. These committees have mandatory structures established under the Local Government Act. The Committees are composed of heads of technical departments like agriculture, forestry, water, environment, production, works, etc. to debate and share information on technical issues and to plan and make sectoral budgets.

The capacity of all these national level governments to reach out to the 115 DLGs is however limited due to staffing constraints. Hence the need to seek support with civil society and other channels of strengthening cooperation vertically, (but also horizontally).

The Fiscal Transfer system is well developed, regularly evaluated and improved upon. It is the only BSA option that is already capable of processing and administering a national scheme at the scale of millions of individuals and thousands of organizations and Local Governments. It can track and reconcile payments by the day.

For planning and monitoring, it would however to a very large extent depend on technical departments, such as FSSD, NFA, UWA, MAAIF and MEMD, as well as DLG Sector Departments such as District natural resource, production and community development sectors. MFPEd relies on previously mentioned actors/institutions for information accurate enough to ensure disbursement.

Non-state actors' participation: Because the Fiscal transfer system is anchored in public sector financial management arena, it does not give non-state actors like civil society



organizations, private sector, and traditional institutions space to participate in decision making and channeling their funding through it.

Communication and information: MFPED is effective at releasing comprehensive information through the press (print, electronic media, as well as on notice boards of MDAs and of LGs) on financial disbursements to MDAs and to LGs on a quarterly basis. In addition, quarterly, bi-annually and annually, it makes budget performance reports which it posts to the web that can be accessed by all [<http://www.budget.go.ug/>]. Each ministry has a website that is used for effective communication including sharing of annual Sector Performance Reports (SPRs), as well as anticipated, on-going, and concluded projects.

Nevertheless, most communication is in English which is not easily understood by a sizeable number of the population, some of whom are key in REDD+ implementation.

Enabling actions:

A conditional grant REDD+ funding arrangement is an option with many strong building blocks, but for it to be functional there are a number of enabling actions that need to be taken.

- Establish and strengthen an inter-ministerial national steering committee to enhance coordination and joint action among the relevant ministries, support policy formulation and oversee implementation of REDD+
- To enhance coordination and leadership it may be necessary to integrate REDD+ as a major strategy into a National Climate Change and Resilience drive in NDP II. Uganda Government at the highest level would declare Green Economic (rural) development as a key pillar in its development policies with the ambition for rural transformation and to mobilizing important additional resources from international green climate funds
- MFPED would need to create a dedicated unit managing the “conditional grant REDD+ funding arrangement”. This unit would work closely with FSSD/MWE and possibly MAAIF to monitor REDD+ / Climate funds
- There is need for recruitment of more staff under FSSD to fill the existing vacant positions; and upgrade the technical skills of the existing staff while targeting REDD+. This requires additional resources allocation for MFPED
- Strengthen the policy framework with clear guidelines of the role of civil society, government agencies and other actors implementing REDD+:

The thought about way is the Presidential Investors’ Round Table which is used as a vehicle for Public Private Dialogue; and is chaired by the president. It acts a business – government coordination mechanism. Here both foreign and local investors advise Government on how to improve the investment climate in the country. One of the thematic area for 2015-2017 is Energy and Petroleum. It is under such a forum that the non state partner participation can influence policy to allow shifts in the way conditional grants can be allocated or disbursed. Otherwise, it is difficult for the non-state partners to influence the resources appropriation process at the parliamentary level.

- A Conditional Grant REDD+ funding arrangement held within the public finance sector would need to allow for effective non-state partner participation for decision making, channeling of funding and monitoring
- There is need for recruitment of more staff under LGs; and upgrade the technical skills of the existing staff while targeting REDD+; build technical capacity of LGs in information and financial management, including provision of accompanying tools and equipment for processing information. Earmarked long-term additional funding to LG would be necessary to facilitate this. Besides filling vacant positions as approved by Public service, REDD+ program could consider hiring project staff on short term e.g. 5 years. In addition, integrating REDD+ in existing upcoming programs would benefit from staff of those programs to advance the REDD interventions
- It would be necessary to strengthen the capacity of MOLG to ensure effective supervision and subsequently functional cooperation between the sub national and



national governments. As a practice however, it has to liaise with lead agencies in the forestry sector

- Diversify communication languages to include key ones such as Luganda, Luo, Runyakitara, Iteso and Lugbara and strengthen linkages with other institutions i.e., the churches and cultural institutions to enhance communication to a wider audience

CSO capacity

There is a range of CSOs working with MWE/FSSD, UWA and other government departments on forest management, biodiversity and community based forest conservation and management. Also the Ministry of Agriculture works closely with CSOs in its NAADS program, especially to support the implementation in the districts it covers. CSO play an important role in communication – vertically and horizontally – and as technical service providers working with LDGs, local communities and farmers.

Enabling actions:

- Ensure involvement at the highest level of both public and CSO organizations (see example of Presidential Investors' Round Table above) and have a regulatory framework that guarantees their involvement in REDD+ activities
- The “conditional grant for REDD+ funding arrangement” would build on a wide range experiences and capacity with national and local civil society organizations working on participative forestry, rural development, gender, agriculture, land management, stakeholder processes and value chain approaches. CSO networks would be approached and mobilized for this drive on REDD+ / Climate Change & Resilience
- CSOs would be contracted to provide services such as training, community mobilization, supply of inputs. NAADS uses similar process
- There will be a need to sensitize and train CSO networks on REDD+ Strategy and benefit sharing arrangements and enhance the knowledge of CSOs in REDD+ issues.

Community capacity to participate in REDD+

In each new situation and with each new initiative this capacity needs to be build. However, as many cases have illustrated, existing experience proves that these capacity with local communities can be developed as long as the incentives are right.

Enabling actions:

- Build organizational and technical capacities of the forest communities to implement and manage REDD+ programs through CSOs and LGs
- Need for a long-term engagement with communities.

Private sector capacity:

In Uganda this capacity is still limited, but three private companies benefiting under SPGS have been certified under FSCS. They include Green Resources, Busoga Forest Company and Nile PLY. However, the knowledge, experience and capacity to generate forest carbon, biodiversity and social economic baseline is still limited to international companies and inadequate among the local private sector players. This exercise is involving in terms of time, funds and technical skills.

In agriculture the Bukonzo Organic Farmers Cooperative Union (BOFCU) has achieved that many farmers established shade trees, mulching and terracing to allow the coffee to ripen gradually, releasing all of its flavour potential and making the coffee plantations more sustainable. The cooperative has achieved faire trade certification for its farmers. This has been possible because the entire value chain has been found to be in conformity with international best practice. Likewise, fair trade as a mechanism for equitable benefit sharing among small farmers of Gumutindo Coffee Cooperative Enterprise, including premium payments and improved crop productivity (see Indufor: Developing Benefit Sharing Arrangements for Uganda's National REDD+ Strategy; Baseline report, August 2016).



Enabling actions:

- Mentor and build capacity of local private sector players in undertaking REDD+ related baselines
- Develop capacity for international certification standards within Uganda.

6.1.2 The National and Subnational legal framework relevant for REDD+

There are clearly defined resource rights under freehold and leasehold land and as such most private forests owned by individuals and companies fall on freehold land. In forest and wildlife reserves there can be user rights, further defined through collaborative agreements with management authorities. There are provisions for Community Forests under customary land, but these are not yet operational.

As has been shown in the Indufor BSA Baseline report as well as shown in the **Annex 1** the Uganda Forest Policy (UFP) and the National Forestry and Tree Planting Act (NFTPA) provides an enabling legal framework for a variety of community groups to participate in forestry and forest management, including community forests and ownership of trees on private land. However, to make this effective, there are still a number of provisions for the ministry to operationalize (see **Annex 1** for details).

There are different forms of forest tenure and rights possible:

Forest and carbon tenure in forest and wildlife reserves

- Concession holders have rights over forest resources within the forest reserves as specified in their licenses or permits
- Local Communities also have access and user rights in forest reserves
- CFM provide for development of 10-year agreements between a NFA or other forest owner and an organized community group
- Under CFM with NFA, the policy and the law are clear that the land and tree tenure of the CFR rests with NFA
- Carbon Tenure belongs to NFA unless the community group negotiates for it and specifies it in the agreement
- CFM communities to acquire a license for 10 % of the plantable area within forest reserves.
- Under the license arrangement, communities own the trees and therefore (presumably) the carbon rights during the licensing period (25 years)
- Under the UWA Community Resource Management agreements, communities have only access and user rights to the specified forest reserve sections and have no claim on land or tree tenure
- The Uganda wildlife Act Cap 200 has a recommendable revenue sharing model in which money is transmitted through benefit sharing agreements or MoUs signed between UWA and legally constituted local community groups.

Forest and carbon tenure in private forests

- Private Forests are under freehold, leasehold, mailo and customary tenure systems
- Provided that a forest is registered, the NFTPA Act states that all produce in that forest belongs to the forest owner and may be used in any manner the owner may determine, but harvested in accordance with the management plan and regulations made under the Act.

Forest and carbon tenure in Community Forests

- These are a type of private forests existing on land under customary tenure that is not claimed by an individual
- These are experiencing the highest threats of deforestation especially in northern and western Uganda



- Communities have applied to gazette these as Community Forests as provided for in Section 17 of Forest Act, the Government has not yet authorized any community forests
- Under Community Forests, Communities claim all land, tree and carbon tenure rights; CF gives management rights, not ownership, to the registered community
- Provided that a forest is registered, the Act states that all produce in that forest belongs to the forest owner and may be used in any manner the owner may determine
- It should be noted that there is no clear provision for sharing of revenue from natural resources such as forests except for minerals (oil)
- However, there is tree-tenure insecurity because the ownership of land or trees does not explicitly give the owner a legal right to benefit from carbon sequestration or reductions in carbon emission

The Forest Regulations (2016)

- Promotes collaborative mechanism for rehabilitation of a degraded forest reserve and for sharing of benefits and financing joint projects
- It further promotes carbon sequestration credits for afforestation or reforestation and for participation and the projected benefits and involvement of the local communities adjacent to the forest reserve.

The Land Act provides that a communal land association may be formed by any group of persons for any purpose connected with communal ownership and management of land, whether under customary law or otherwise.

There is thus a fairly adequate provision for BSA. However, the actual benefits accruing to local communities under the CFM agreement are largely unknown. Whereas there are published guidelines for CFM, there are no guidelines for registration and declaration of Community and Private Forests. The National Agricultural Policy has limited provision for agroforestry and its benefits and it has no legal framework to implement it.

Enabling actions:

- There are quite a number of “simple-to-do” regulations and guidelines that the Minister responsible for forestry should develop and sign to enhance forest ownership with communities or particular groups and that clarify benefits and benefit sharing of forestry, including carbon, revenue with local groups and individuals
- There is need to make the formation of Communal Land Associations and community land documentation possible for communities throughout Uganda by (i) Recruiting and installing District Registrars of Title in every district or authorizing a regional Registrar of Title to travel to surrounding districts to certify Communal Land Associations and (ii) Supporting communities to begin the process of drafting Communal Land Association constitutions at the lowest level of intra-community governance (the village, or in clan groups)
- Enforce women’s and other vulnerable groups’ land rights, as established by the Act and Communal Land Association constitutions
- There is no homogeneity as for as tenure and carbon rights are concerned across the different tenure situation in Uganda. For each case there is need for further clarification of the security of rights with those that manage and invest in forests and REDD+. This is widely seen as the first step toward benefit sharing arrangements.

6.1.3 Fund Management capacity and experience

Fund operationalization: MFPED manages public funds under the national budget using Integrated Financial Management Information System [IFMIS]. It is audited by the Office of the Auditor General. The IFMIS is well developed and updated and improved upon following regular evaluations. Many international bilateral and multilateral partners to Uganda have invested in it and channel their funding support to Uganda through it.



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Transfer system: It transfers entitlements for local governments through the transfer system. Under this system, it can transfer conditional, unconditional and equalization funds. The majority of fund transfers are conditional following national and sector priorities. In the past it has transferred funds to local governments for the management of natural resources generally and reports the use of such funds in the annual budget performance reports which it posts to the web.

Monitoring and tracing: Through its Integrated Financial Management System, MFPED is able to disburse funds to institutions, groups and individuals and reconcile such payments on a daily basis. The main bottleneck here will be the need to develop effective monitoring systems and capacity to inform when payments are due and eligible. The development of simple and robust indicators and REDD+ / Green development (PES) contracts with clear roles and responsibilities will be a pre-condition for participation under this fund arrangement.

The MFPED can directly transfer funds to any payee/service provider, after being certified of completion of work without the need to rely on intermediary institutions. It has done this to minimize vertical leakages. Furthermore, there is much experience with CSOs and projects, see sub-national BSA.

Performance based: MFPED has transferred monetary benefits [bonus] to local governments that meet performance measures against predetermined targets. Thus, the concept of rewarding/incentivizing good performance in Uganda is widely understood. Performance management of LGs is done on an ad-hoc basis by CSO such as ACODE, but not by government itself.

Accountability: The public Accounting Officers are evaluated annually and the Secretary to the Treasury has powers to rescind contracts of those who fail to meet expected standards of reporting and accountability. The Office of Inspector General of Government is open to all on disputes for corruption. In addition, there is the Whistleblowers Protection Act, 2010 that provides for the procedures by which individuals in both the private and public sector may in the public interest disclose information that relates to irregular, illegal or corrupt practices and to provide for the protection against victimisation of persons who make disclosures.

Local Governments have the obligation to alert the public on specific funds received from central government through the fiscal transfer system. There is a growing culture for the need of accountability in Uganda.

Holding accounts for fund receipt by local communities/individuals: Experience with community groups opening bank accounts vary from one region to another and from one BSA project to another, the large majority of rural households has no bank accounts. Some community groups can open bank accounts, it is their preference, but it is expensive and not all rural areas are well serviced by banks. Many more open with micro-finance institutions and savings and credit cooperative organizations, village banks. Mobile money has in many rural areas of Uganda still limited access.

Other experiences managing funds in the environment sector, such as:

- MWE: projects and programmes such as CFM e.g. Mt Elgon, and SPGS itself
- MAAIF: projects and programmes such as the Area Based Agriculture Modernization Program; Community Agriculture Infrastructure Improvement Programme (CAIIP)
- UWA with its revenue sharing scheme (see sub-national BSA)
- BMCT as a conservation fund manager (see sub-national BSA)
- A number of CSO managed projects: Murchison-Semliki Chimpanzee Project (MSCP) and Jane Goodall Institute (JGI) Albertine Rift Project; IUCN Community Environment Conservation Fund (CECF); ECOTRUST Trees for Global Benefit (TFGB) (see sub-national BSA)



Enabling actions:

- Develop effective and robust monitoring protocols and formats for PES contracts against which benefits (monetary and non-monetary) can be defined and disbursed
- Carry out an additional study as to experience of microcredit schemes and organizations in Uganda working with cooperatives, community and village groups. There is a wealth of experience here that can be built on for REDD+ BSA
- The capacity of financial & administrative management within LDGs needs to be reinforced in order to meet the requirement of performance based benefit sharing. This includes implementation of PES contracts and monitoring protocols.

6.1.4 Monitoring capacity and experience

MRV capacity: FSSD under the MWE is already benchmarking Forest Reference Levels under 5 blocks of activities, namely: methodology, data, forest degradation, scale and scope with technical support from FAO. The staff is building upon previous investment of establishment of a Biomass Unit under the then Forest Department, but now operating under NFA, which also falls under MWE. The Biomass Unit has access to data using new technology-radar imagery for the period 2002-2012, on whose basis the government was able to communicate its INDC. The Unit has produced technical reports on forest cover and land use twice. The Unit plans to develop a web portal depicting land use, forest cover and degradation. However, owing to low staffing and poor remuneration, both FSSD and Biomass Unit under NFA are compelled to seek services of independent contractors for non-repetitive activities e.g. inventory assessment. NFA, Makerere Department of Environment and Natural Resources, and Inter Tropical Research Institute have capacity for forestry and ecological monitoring.

A number of monitoring tools have been developed in a variety of government led and CSO led programmes (see also sub-national BSA). These can be capitalized.

FSSD in its supervisory and monitoring role has some capacity, which needs further strengthening. But there is insufficient capacity with ground-truthing, the infrastructure to do so is still lacking. Where it falls short of manpower, it has competent private service providers to rely upon.

Enabling actions:

- A specific study, bringing together MWE, MAAIF including NAFORRI & NARO, and MEMD, UWA, Universities and specialized CSOs on monitoring practice and tools is to be carried out
- Experience and lessons learnt in monitoring effects on forestry, social and ecological indicators from sub-national project initiatives mostly carried out by CSO need to be capitalized.

6.1.5 Main risks

The enabling actions listed above for the conditional grants REDD+ funding identifies the topics that will need to be addressed not to form a risk to the BSA. In addition to these enabling actions the project moreover identifies the following additional risks to the scheme:

Resource mobilization

- Likely to be business as usual involving several layers of government bureaucracies leading to high transaction costs and consequently limiting resources to invest in actual REDD interventions
- Reduced financial inflows due to unwillingness of the donor community to put funds in a conditional grant which is purely managed by government considering the high corruption tendencies by government
- May enhance elite capture and consequently unequitable sharing of benefits since the centre normally determines the funding priorities with limited input from the communities, civil society and the local authorities.



Elite capture

- Currently there are serious forestry governance and institutional challenges such as corruption, understaffing, inadequate equipment, poor enforcement of regulations, etc. The inadequate forestry governance creates a conducive environment for elite capture and thus failure of the vulnerable to equitably benefit from BSA. This may breed conflict resulting into failure to attain the REDD+ targets. Government therefore needs to address these shortfalls to control elite capture and sustainably to attain the REDD+ objectives.

Community conflicts

- Community conflicts are likely to be a risk considering the tenure system particularly in the central and Mid-Western parts of the country where there are prominent overlapping land rights between the landlords and bonafide tenants. Because of this kind of land tenure system, the risk of elite capture and community conflicts are eminent. REDD+ needs to design clear and equitable benefit sharing mechanisms that cater for all actors.

Gaps

- It is probable that economic benefits/incentives from REDD+ may not offset the costs of establishing and maintaining REDD+ activities as well as the opportunity cost of using the land for other activities such as agriculture.

6.2 Building on experiences and capacities with sub-national BSA models and projects

The Indufor team has evaluated the sub-national BSA models and projects in the environment sector of Uganda, as this is where most of the operational and technical experience that is relevant to a future REDD+ scheme is housed. In what follows we present a summary of the main points of the analyses of the existing BSA models. Many of these lessons from the already existing models can inform future REDD+ BSA models even though they aren't REDD+ pilot projects. The government is in the process of developing guidelines for establishing REDD+ pilot projects – including both voluntary and compliance REDD+ projects. The government is also establishing a REDD+ Registry, which leans towards a national approach to REDD+. The analyses of the existing sub-national BSA are presented in full in Annex 2. *Sub-National Assessment– Analyses and Suggestions for Enabling Actions for BSA in Uganda*.

The first three BSA projects reviewed (see hereunder) are CSO implemented projects with government approval, the latter three are more formalized initiatives that are implemented with and through government institutions.

BSA projects reviewed:

- The WCS Murchison-Semliki Chimpanzee Project (MSCP) and Jane Goodall Institute (JGI) Albertine Rift Project
- IUCN Community Environment Conservation Fund (CECF)
- ECOTRUST Trees for Global Benefit (TFGB)
- UWA Revenue Sharing (Bwindi-Mgahinga Conservation Area, as considered the most successful/advanced example of RS in Uganda)
- Collaborative Forest Management (CFM) e.g. Mt Elgon, part of the Mt Elgon Regional Ecosystem Conservation Programme (MERECP)
- Bwindi Mgahinga Conservation Trust (BMCT).

6.2.1 Institutional capacity government, civil society, community and private sector

Government capacity

Forest management / REDD+ experience: Projects implemented by Civil Society did not involve District Governments. The BSA schemes implemented by government agencies are



integrated into government and work closely with relevant Local Government departments. All projects have experience working with local communities on collaborative forest management, community and sustainable development activities. Specific capacity on, or experience with, REDD+ is limited to WCS, JGI. UWA has experience working on Joint Implement for carbon credits, particularly in Mt Elgon and Kibale National Park.

Integration with Local Government (LG): The extent to which local government departments and staff is involved and takes a role in coordination varies from one project to another. The BSA projects are generally not designed to do so with the exception of UWA and BMCT, who even share a percentage of the funds with LGs.

Capacity to engage: It is generally recognized that at LG there are good technical staff, but there is lack of coordinative capacity and these staff are generally spread too thin. Nevertheless, the LGs have the Technical Planning Committee (TPC) that ensures effective planning, budgeting as well as monitoring the implementation of district programs. For example, under the FIEFOC project, the TPC was responsible for coordinating the planned activities. The Technical Planning Committees are composed of technical staff, and are chaired by CAO, who is the accounting officer for the district.

It is recognized that capacity varies from one district to another. In some cases, DLG demonstrated capacity to engage, but some BSA proponents found DLG to have limited capacity to engage.

Data management at LG: At DLG the capacity to store and manage large amounts of data is limited. Much of the data management and storage is managed at national level.

Formalized collaboration with LG: Formalizing relationships between project proponents, whether CSO or government, and local governments is key to ensuring effective collaboration. In cases where this has been achieved there is clearly a win-win situation. However, most BSA projects are generally not designed to do so except for UWA and BMCT, who even share a percentage of the funds with LGs.

Communication: Within UWA and NFA communication between national and local level are functional. In other cases, the Civil Society implementing partners take an active role in ensuring communication between national and local levels. In several cases communication between national or local government and local communities is clearly lacking. Moreover, attempts to communicate is usually in English which is not easily read/understood by a sizeable number of the population, some of whom are key in REDD+ implementation. Good communication and information sharing has been identified as a genuine benefit when shared effectively. Access to information is an important issue and it has been identified as a form of benefit.

Enabling actions:

- Develop and implement a legal framework on how REDD+ initiatives are implemented at the sub-national level and how they will link with the local government. The legal arrangement should enshrine guidelines for capacity building of LGs in relation to REDD
- Institute a focal point office at the DLG, with preference for the District Natural Resources Coordinator, for coordination and reporting REDD+ activities to the technical planning committee that is headed by the CAO and attended by the heads of the various sectors
- As part of REDD+ intervention undertake a deliberate move to build capacities of LGs in key areas particularly bye-laws; but also, increase the staffing levels for effective engagement with community, CSOs and private sector under REDD+
- Build capacity of sub-national governments in collecting, processing, and store financial data needed for REDD, including providing for a vote under the Chart of Accounts. The capacity should also include providing necessary tools and software for financial management



- To enhance communication to a wider audience, strengthen linkages with other institutions i.e., the churches and cultural institutions and translate and disseminate information, education and communication materials on REDD+ such as posters, brochures into local languages, and also taking advantage of *barazas*.

CSO capacity

Engagement with local communities: All of the six BSA models in this assessment have strong and recognized national or international CSO partners that support effective engagement with local communities in forest and land related planning, decision making and implementation. Ugandan CSOs operating only at the local level often lack capacity, thus weakening sustainability after project funds dry up and the national and international CSO can no longer maintain local presence.

Land and forest tenure: All the CSO BSA projects have strong records working on land and forest tenure. The CFM models established with government authorities (UWA and NFA) recognize only user rights as this is over centrally management forest and wildlife reserves. Throughout Uganda there are less than 20 CFRs implementing the CFM model, and yet there are over 500 CFRs in the country. Because, the uptake of CFM is lower than anticipated, NFA working through Advocates Coalition for Development and Environment (ACODE) is documenting lessons with hope of revising guidelines for CFM.

Generating carbon benefits: Only MSCP and TFGB projects specifically work on generating forest carbon benefits and establish baselines to enable to monitor and report on progress regarding forest carbon. The TFGB is based on the Plan Vivo standard, and there are other standards for carbon trade. In a general way, there is not a lot of experience specifically with creating carbon benefits in Uganda.

Monitoring for MRV: The MSCP BSA also completed a strategic environmental and social assessment (SESA) and developed a monitoring, measuring, reporting and verification system (MRV) at the project level. Community monitors are being used and WCS would like to see the project taken over by a local CSO eventually, but currently it is being managed by WCS and JGI, both international NGOs with local offices.

Administering benefit distribution: All of these BSA models and projects have developed experience administering benefit distribution at local level. However, all with a limited scale of operation and relatively high transaction costs. Some examples can be listed:

- MSCP and TFGB projects are specifically working on REDD+ benefits
- The WCS MSCP project has assisted in setting up business savings groups for depositing savings and providing microfinance. It is intended that this mechanism be used for distributing future carbon revenue. It has also set up a MRV system
- ECOTRUST is also developing mechanisms of benefit sharing with primary (farmers and landowners) and secondary stakeholders (DLG, CSO)
- IUCN has developed experience with Community managed revolving credit schemes, as is MERECP.

Enabling actions:

- The REDD+ BSA model should during the first phase of input based support build capacity of local CBOs involved in REDD+ for sustainability purposes of the relevant programs. Thus, the input based phase should have the capacity building strategy for CBOs
- There is a strong demand to scale out the CFM model to include more CFR as well as wildlife conservation areas to benefit a wider community
- In the same light the application of Community Forests should be operationalized (see legal framework before under 5.1.2)
- REDD+ BSA model can support building technical capacity of CSOs in forest management; and distribution of REDD+ benefits directly at community level.



Community capacity to participate in REDD+:

In all of these BSA models forest (adjacent) communities play an active role in forest and biodiversity management and local communities play an important role in monitoring illegal activities. MSCP and CECF projects invest in local communities to take an active role in collecting data and monitoring progress on project related issues.

Nevertheless, in most communities participation is hindered due to inadequate technical knowledge and skills; as well as limited technical know-how of using data collection tools and equipment such as GPS, etc.

Enabling actions:

- REDD+ fund should support building capacities of communities to actively participate in monitoring and reporting on REDD+ programs.

Private sector capacity

Private sector involved only in funding (MSCP and CECF projects). With TFGB private sector is involved with buying verified carbon credits.

UWA in its Joint Implementation project has had an effective partnership with a Dutch private sector developer (energy sector) for over 20 years now.

Uganda Carbon Bureau (UCB) is trying to generate carbon information by organizing the SPGS private beneficiaries to jointly access voluntary carbon markets as a block. However, there is need to ensure equity and transparency for all actors-both UCB and other private sector players.

Enabling actions:

- Have guidelines in place ensuring that all the private sector players abide to the set regulations.

6.2.2 The National/Sub-national legal framework relevant for REDD+

See Chapter 5.1.2 above.

6.2.3 Fund Management capacity and experience

Fund management and disbursement experience: All of the six BSA models and projects reviewed are building up experience managing funds at local level. All of them are independently audited BSA schemes. UWA as an autonomous government authority managing revenue sharing schemes around its national parks, BMCT with its own management board managing a mix of endowment and investment funds for local development around Bwindi and Mgahinga.

The other BSAs managed by strong civil society organizations. These are piloting models where funds are managed by local community associations and credit groups under a variety of local governance structures.

UWA and BMCT have codes of conduct and are audited.

UWA and BMCT have a long track record disbursing funds. ECOTRUST-TFGB project distributes carbon credit revenue to growers annually. In 2015, it distributed USD 720,000 (60%) to around 4,800 growers. It disburses a series of five payments based on performance against contracted milestones and targets.

Role of LG: In these BSA models and projects LG agencies are not directly involved in making benefit transfers, in most case LG involvement it limited to monitoring performance and sometimes it intervenes for conflict resolution.

Only in the case of BMCT are the districts reporting all transfers to communities. With UWA reporting is irregular and transparency may be lacking. With the other BSA projects districts are not involved and so do not report on it.



Guidelines: UWA and local governments are involved in selecting projects, based on them meeting criteria outlined in the Revenue Sharing Guidelines. Stakeholder consultations carried in the field during the BSA baseline study indicated a lack of transparency in selection criteria (parishes who received funds in previous years would not be likely to receive funding) when selecting projects for Mt Elgon, however this detail was not apparent for Bwindi.

See also Chapter 5.1.3 above.

6.2.4 Monitoring capacity and experience

For monitoring performance and impact approaches and experiences are very diverse between the different BSA models and projects reviewed.

Experience monitoring forest change: All of these BSA models and projects have experience in the monitoring of effects on forestry, social and ecological indicators. Examples: (1) ECOTRUST monitors the activities of the growers and equity aspects of their participation in the project. There is currently no ecological conservation component to the project; (2) on Mt Elgon UWA and NFA have some experience of monitoring these elements through involvement in the project. Both parties have documented reviews of performance at various stages of the programme; (3) WCS The MSCP is trialling weekly alerts of changes to forest cover and monthly updates of satellite imagery with assistance from ESRI, NASA and Global Forest Watch, via tablets and training provided by Jane Goodall Institute.

Use of GIS data to monitor forest change:

- a) The WCS/JGI MSCP is trialling weekly alerts of changes to forest cover and monthly updates of satellite imagery with assistance from ESRI, NASA and Global Forest Watch, via tablets and training provided by Jane Goodall Institute. Local Forest Monitors are doing these checks. WCS is creating maps gradually, due to the high cost, and is starting with base maps for each Private Forest Owner, recording land size, forest and crops, the surrounding neighbours and the GPS point of their house.
- b) ICRAF in partnership with IUCN developed a mobile app (Africa tree finder) that identifies tree species within given landscapes in Uganda and beyond. The Mobile app was tested in Mt. Elgon landscape and is currently being scaled up to Upper Aswa catchment as well as Mt. Elgon. There are plans (under the BMU/KNOWFOR project – 2016/2017) to improve the mobile app, so that it can be used to monitor changes in tree cover. The capacity of local governments, Ministry of Water and Environment, and stakeholders in Mt. Elgon and Upper Aswa will be built in using the app in the 2 year BMU/KNOWFOR project that was launched last month. Under the Rwizi project, GIS data was also used to determine the extent of wetlands restored (hectares). The information serves as a baseline and will be used to monitor changes in wetland coverage in the catchment over time.
- c) WCS/JGI are developing community alert systems for ground-truthing information obtained from Global Forest Watch.

6.3 Assessment of the National Tree Fund as model for REDD+ BSA

One of several BSA options could be a National REDD+ Fund. Whether this can be housed in the National Tree Fund needs to be seen. But we would like to briefly assess a NTF as a, for the moment, theoretical option.

As we have seen under the review of Uganda legal framework in **Annex 1** the Government of Uganda legislated for establishment of a National Tree Fund under Section 40 of the NFTP. The fund was meant to provide a financing mechanism for promoting tree planting and growing at national and local levels, and also support tree planting and growing efforts of a non-commercial nature, which are of benefit to the public. In 2008, cabinet approved the operationalization of the fund with some funding. A levy of 0.005 per cent of the market value of resources generated out of hydro-electricity and production of hydrocarbons to be paid into the



fund. The fund was established by parliament in 2003 and has however not been operationalized up to date.

Under Section 40 (3) of the National Forestry and Tree Planting Act, the monies of the Tree Fund shall consist of: monies appropriated by Parliament; loans obtained by Government; grants, gifts and donations; any monies required to be paid into the Fund; and monies from any other source approved by the Minister in consultation with the Minister of Finance. There is apparent resistance especially from the Ministry of Finance, Planning and Economic Development to establish a Tree Fund as required under the NFTP. Besides, the Tree Fund has a limited scope as it only addressed tree planting while other drivers of deforestation such as agriculture, energy are not catered for but which are relevant under REDD+. This would call for an amendment of the Act to make the fund more inclusive or preferably to establish the Fund under an Act of Parliament. In line with the above, a well-documented study by ACODE⁵ established that there are essentially four major identifiable obstacles to operationalize the Tree Fund: (i) restructuring of Government Ministries; (ii) the creation of the National Forestry Authority which is seen as a competitor; (iii) shifting of goal posts by the Ministry of Finance; and (iv) the lack of political leadership and weaknesses in the Ministry of Water and Environment. However, considering that the Tree Fund is already provided for under the Act, it would take less time to operationalize since there would be no need to build consensus that involves lengthy processes including consulting with stakeholders. Thus, this paper makes a case of why the Tree Fund is important to Uganda and proposes a number of steps to operationalize the fund. Such as the need for setting up the fund management structure to consist of different stakeholders to ensure the independence of the fund; "It should have representation of all major stakeholders, including private sector, civil society organizations, development partners and potential beneficiaries. The secretariat of the fund should also be outside government establishment." All of these would clearly be necessary if the Tree Fund were to house a REDD+ BSA.

As the National Tree Fund has to-date no operational structure this study will not be able to assess its potential using the 42 components of the Options Assessment Framework. In Table 3.1 we have evaluated some pros and cons of a National Fund model also in comparison with the Conditional Grant model.

The public financial management act 2016 lists a number of funds the government will accept, but the NTF is not one of them. The Indufor team was furthermore informed by officials at the Local Government Finance Commission that government's position of discouraging extra-budgetary funds. Funds do not give it flexibility to shift resources from less performing to more performing entities, which is, as we have seen, one of the strong points of the Fiscal transfer system.

As we have seen in the Indufor BSA Baseline study, if Uganda chooses for a National Fund Model it could build on experience with Rwanda's National Fund for Environment and Climate Change, known as FONERWA. FONERWA has to-date mobilized over US\$ 88 million internationally and is building a good track-record based on performance to mobilize more.

The main risks of the fund include:

- Failure to take off and or to be sustained considering that MFPED is not supportive of it
- Danger of it being a stand-alone forestry fund.

Elite capture

Currently there are serious forestry governance and institutional challenges such as corruption, understaffing, inadequate equipment, poor enforcement of regulations, etc. The inadequate forestry governance creates a conducive environment for elite capture and thus failure of the vulnerable to equitably benefit from BSA. This may breed conflict resulting into failure to attain

⁵ ACODE 2014: Operationalization of Uganda's National Tree Fund, A Process Audit and Call for Action. ACODE Policy Briefing Paper Series No.29, 2014



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the REDD+ targets. Government therefore needs to address these shortfalls to control elite capture and sustainably to attain the REDD+ objectives.

Community conflicts

Community conflicts are likely to be a risk considering the tenure system particularly in the central and Mid-Western parts of the country where there are prominent overlapping land rights between the landlords and bonafide tenants. Because of this kind of land tenure system, the risk of elite capture and community conflicts are eminent. REDD+ needs to design clear and equitable benefit sharing mechanisms that cater for all actors.

Gaps

It is probable that economic benefits/incentives from REDD+ may not offset the costs of establishing and maintaining REDD+ activities as well as the opportunity cost of using the land for other activities such as agriculture.

6.4 Phase 2 investment and Phase 3 performance based options

Each of the BSA options presented can be placed in either Phase 2 or Phase 3 of REDD+ readiness and implementation:

- The integration and mainstreaming of REDD+ into national programmes and projects: This would be a REDD+ Phase 2 Investment mechanism that allows Local Government, and local community groups to prepare for result-based national level BSA. As we in the Indufor BSA Baseline survey there is an enormous potential to mainstream REDD+ into existing programmes. This would require some additional funding, but not much. In the short-term mainstreaming REDD+ provides Uganda the biggest opportunity to invest in a measurable way in green and climate smart and resilient development
- Conditional Grant from Central Government to Local Government: This would be mostly a Phase 2 (input-based and incentivized on the basis of proxies for results) and Phase 3 (performance-based and incentivized on the basis of MRV or proxies) finance mechanism and BSA
- The National Tree Fund arrangement: This would mostly be a Phase 3 performance based finance mechanism and BSA.



7. IDENTIFICATION OF NEXT STEPS

The Indufor BSA Baseline study and this Options Assessment for Uganda REDD+ BSA contain many issues that are policy and strategy related. Irrespective of the REDD+ BSA model that Uganda will choose there will be a requirement to lift REDD+ to a higher cross-sectoral level. This will give it the necessary political cloud and support at the highest level to effectively integrate REDD+ and climate resilience across key rural development sectors.

As concrete suggestions on how the Government can move forward in creating a national framework we are proposing:

- That the MWE together with the MFPED and the Presidency organizes a high-level conference in which it presents a proposal for Uganda to engage in REDD+/climate resilience and adaptation, linking into the Vision 2040, the NPD II and preparing for NPD III.
- Based on the considerations and proposals provided in Chapter 4 of this Options report design the overall framework for the architecture needed for implementing REDD+ Strategy and related benefit sharing schemes.
- This options assessment provides specific proposals for defining a typology of REDD+ initiatives in Uganda (Chapter 5.2.2) and for designing a national REDD+ benefit-sharing mechanism for local contexts (Chapter 5.2.3). We hope this will inspire debate and decisions which will help clarify specific functionalities for how REDD+ BSA will work in Uganda.
- REDD+ has the potential to channel larger sums of funds and certainly more than any of the existing BSAs reviewed in our study. It is therefore important to build a strong institutional framework that can ensure effective and transparent implementation. Any formal BSA adopted will require a legal text establishing or formalizing it. One cannot make BSAs for the diversity of models that exist without an agreed upon arrangement nationally. It is important to bear in mind that when the central government agreed to share revenue with local grants, it agreed upon conditional transfers, and backed them by law. Likewise, when Bwindi and Mgahinga Trust wanted to set up a BSA with communities, it made it through trust law with agreed formula. When UWA wanted to set up a BSA with communities, it agreed on formula and embedded it in the trust deed.
- For REDD+ to be successful and attain its set objectives it needs clear guidelines and appropriate policies. Conflicts already occur under existing forestry programmes, REDD+ may magnify these conflicts further. There is hence a need to have policy reforms that will avoid some of the current conflicting legal provisions, and overlapping mandates among ministries, departments and agencies.
- Donors will have a strong interest in ensuring that REDD+ targets are met. REDD+ needs to be measurable and transparent. The Indufor consultant team is uncertain if the sub-national government institutions and civil society agents have sufficient skills (e.g. accountability and financial management capacity) to manage a REDD+ BSA without support from the central government. Weak forest institutions/governance means that PES is vulnerable to elite capture; and consequently, increased conflicts among the stakeholders thereby failing to attain the REDD+ objectives.
- Ensure buy-in and build broad support throughout Uganda for the National REDD+ Strategy and BSA models chosen.
- Set in place guidelines and regulations on how to manage and access REDD+ funds, define type of benefits and sharing arrangements that ensure equity, efficiency and effectiveness.
- Mainstreaming within existing and planned programmes would be a first concrete step that can be made, thus building on existing programmes to invest in building capacity for performance based REDD+ and climate resilience.



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- Set up and test for a period of three years the national REDD+ BSA that has been adopted. Uganda should allow itself three to five years to further build and fine-tune its chosen model. The objective is that by year three there should be a minimum of US\$ 100 million additional funding engaged and available. This study provides a good baseline analyses for doing so. Furthermore, we would like to make the point again that a large national BSA doesn't exclude that other sub-national BSAs will co-exist, and we believe Uganda should encourage this.
- For transformation to happen a new momentum needs to be build that has the capacity to mobilize broad sectors of Uganda society. By doing so the process would mobilize international support and recognition. This requires leadership and a bold vision.



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Annex 1

**National Assessment – Analyses and Suggestions for
Enabling Actions for BSA in Uganda**

Annex 1. National Assessment – Analyses and Suggestions for Enabling Actions for BSA in Uganda

The 42 components of assessment of BSA options (left column) are all taken from the PROFOR's methodology called Options Assessment Framework (OAF). The 42 components are divided into four building blocks as per the PROFOR methodology. These four building blocks are:

1. Government, civil society, community, and private-sector institutional capacity.
2. The national or subnational legal OAF relevant to REDD+
3. Fund management capacity and experience
4. Monitoring capacity and experience

The two already existing BSA models reviewed in the table below (the two centre columns) are assessed against the 42 components and four blocks. Where the assessment evaluated that the component is not sufficiently covered and may thus provide a weakness and risk in the BSA, enabling actions to overcome these risks have been proposed (right column).

The two national level BSA that are being analyzed are:

- Sawlog Production Grant Scheme (SPGS)
- Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent

Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
Building Block 1: Government, civil society, community, and private-sector institutional capacity			
Capacity of intended benefit-sharing mechanism implementing agencies			
1. Proposed benefit sharing mechanism implementation agencies (e.g., The Forestry Department and The Ministry of Environment) have sufficient technical forest management, community development, and technical REDD+ capacity to design and implement national-level	SPGS ⁶ is a performance based project formally implemented by MWE; and currently it is being implemented by FAO and supervised by MWE. SPGS started in 2004 when the knowledge and skills for commercial forestry were lacking and the project took a pro-active role to build the capacity of project staff in commercial	One of the BSA options proposed would be a Conditional Grants Scheme under the Fiscal transfer system. For technical expertise this public finance scheme would depend on the MWE and its department of FSSD but working very closely with NFA which has presence in local governments. In 1999, Government of Uganda launched a forest sector reform process, which resulted in the development of the Uganda Forestry Policy (2001), the National Forest Plan (2002) the National Forestry and Tree Planting Act (2003). A new institutional framework was created, with clear roles and responsibilities for the central and local government agencies, the private	There is need for recruitment of more staff under FSSD to fill the existing vacant positions; and upgrade the technical skills of the existing staff while targeting REDD+. This requires additional resources allocation for MFPED

⁶ SPGS – Sawlog Production Grant Scheme



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Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
benefit sharing mechanism programs and associated activities.	forestry and has over time trained private contractors in different aspects of commercial forestry.	sector, civil society and local communities. The new arrangement aims at promoting efficient and effective governance of the sector. As key part of this new institutional framework is the Forest Sector Support Department (FSSD) which sits within the Directorate of Environment Affairs in the Ministry of Water, and Environment (MWE). FSSD's role is set out in the National Forest Plan, and its capacity is being strengthened to oversee forest sector development.	
2. Existing and effective cooperation between national and subnational governments on sustainable forest management and conservation.	Evidence of cooperation with District Forestry Services exist in only those districts where SPGS operates	<p>MOLG would play a supervisory and supporting role in implementation. It would be necessary to strengthen the capacity of MOLG to ensure effective supervision and subsequently functional cooperation between the sub national and national governments. As a practice however, it has to liaise with lead agencies in the forestry sector.</p> <p>Where formal institutions such as UWA and BMCT are present, the link between national and local is well developed and functional. Organizations such as international NGOs or projects will also strengthen links between national and local, but in the absence of such initiatives operational linkages between national and local are generally weak.</p> <p>FSSD has mandate to among others support district forestry service, but it owing to limited staffing, its cooperation with local governments has been more prevalent where there is a project that links the two e.g. FIEFOC and SPGS or where there are problems like encroachment and illegality requiring urgent attention.</p> <p>NFA coordinates with DLG and district forestry officers where it has CFRs. Collaboration is not always effective and smooth.</p> <p>MAAIF has a number of important national programs such as the NAADS program where it collaborates very closely with DLGs</p> <p>The central government through the MOLG has a planning unit that plays a key role in coordination of district LGs. At the district LG level, coordination is achieved through the District Technical Planning Committee [for Upper local governments] and Sub-county technical committee for [for lower local governments]. These committees have mandatory structures established</p>	Strengthen the policy framework with clear guidelines of the role of civil society, government agencies and other actors implementing REDD+



Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
		<p>under the Local Government Act. The Committees are composed of heads of technical departments like agriculture, forestry, water, environment, production, works, etc. to debate and share information on technical issues and to plan and make sectoral budgets.</p> <p>The capacity of all these national level governments to reach out to the 115 DLGs is however limited due to staffing constraints. Hence the need to seek support with civil society and other channels of strengthening cooperation vertically, (but also horizontally).</p>	
<p>3. Existing and effective coordination among all national agencies with mandates relevant to the proposed benefit sharing mechanism (e.g., other sector agencies such as Department of Agriculture).</p>	<p>SPGS has coordinated with NFA, the latter is the one that granted permits to willing farmers to plant trees in Central Forest Reserves but has not been active in engaging Ministry of Agriculture.</p>	<p>The Fiscal Transfer system is integrated with the Comprehensive National Development Planning Framework (CNDPF) linked to the NDP II and Vision 2040 and to both Sector and Local Government Planning cycles. From this perspective MFPED would provide the perfect setting for hosting a multi sector integrated REDD+/Climate initiative.</p> <p>We have seen in the Baseline analyses that Sectors are quite compartmentalized in Uganda. However, we have found that recently there are a number of good experiences with MWE and MAAIF working closely together in national integrated development programmes such as the FIEFOC project; and Uganda Climate Smart Agriculture Program 2015 – 2025 which is jointly implemented with MWE. In addition, MAAIF coordinates projects with involvement of other ministries and agencies such as the Uganda Strategic Investment Framework for Sustainable Land Management 2010 – 2020 which is implemented in partnership with MoLHUD, MEMD, MTIC, MWE and NEMA</p> <p>At national level, FSSD has in the past worked with NFA to help interested tree planters to acquire permits to plant trees in Central Forest Reserves at nominal fee. It has also supported some communities to register their natural forests under Communal Land Association in accordance with the Land Act.</p> <p>At national level, the platforms used by FSSD/MWE include the ENR and Forest Sector Working Groups for agreeing on sector-wide planning and priority setting. The CSOs and to a less extent the private sector are represented and invited to these platforms. Further, MWE/FSSD carries out</p>	<p>Establish and strengthen an Inter-Ministerial National Steering Committee to enhance coordination and joint action among the relevant ministries, support policy formulation and oversee implementation of REDD+.</p> <p>To enhance coordination and leadership it may be necessary to integrate REDD+ as a major strategy into a National Climate Change and Resilience drive in NDP II. Uganda Government at the highest level would declare Green Economic (rural) development as a key pillar in its development policies with the ambition for rural transformation and to mobilizing important</p>



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Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
		semi-annual and annual joint sector reviews in partnership with the development partners.	additional resources from international green climate funds.
<p>4. Proven capacity of government to engage effectively with CSOs and private sector for forest policy development and implementation at a centralized level.</p>	<p>At central level, SPGS has engaged with Uganda Timber Growers Association., Also, most medium and large scale planters under SPGS project are also members of UTGA. UTGA also has members who benefited from FIEFOC and other programmes on tree planting. A few members of UTGA have also formed a Savings and Credit Cooperative Society to address short term financing needs among members. Thus, SPGS has been instrumental in building the capacity of the latter, let alone stimulating the establishment of institutions to serve members' specific interests.</p> <p>The SPGS programme has strengthened capacity of MWE and FSSD to work with private forestry sector operators through providing financial and technical support as well as acquiring of forest equipment</p>	<p>Because the Fiscal transfer system is anchored in public sector financial management arena, it does not give non-state actors like civil society organizations, private sector, and traditional institutions space to participate in decision making and channeling their funding through it. This is an issue that needs to be looked at and that a combination with National Fund model, where the CSO and private sector stakeholders are part of the decision making processes. However, it is managed through an integrated financial management system [IFMS] that allows disbursements to very many beneficiaries – budget agencies as well as their service providers who execute their scope of work to satisfaction and therefore eases tracking of disbursements.</p> <p>At central level, MWE has successfully engaged with the CSO, which are well represented in Environment and Natural Resources Sector Working Group, the Forestry Working Group and the Group for Standards setting. At local government level, the CAOs convene quarterly partners' meetings, where among others, CSOs provide information about their on-going and planned projects in the respective districts.</p>	<p>A <i>Conditional Grant REDD+ funding arrangement</i> held within the public finance sector would need to allow for effective non-state partner participation for decision making, channeling of funding and monitoring.</p> <p><i>Is this possible and how can this be facilitated?</i>⁷</p>

⁷ The thought about way is the Presidential Investors' Round Table which is used as a vehicle for Public Private Dialogue; and is chaired by the president. It acts a business – government coordination mechanism. Here both foreign and local investors advise Government on how to improve the investment climate in the country. One of the thematic area for 2015-2017 is Energy and Petroleum. It is under such a forum that the none state partner participation can influence policy to allow shifts in the way conditional grants can be allocated or disbursed. Otherwise, it is difficult for the non-state partners to influence the resources appropriation process at the parliamentary level.



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Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
<p>5. Physical presence and capacity of government offices with staff to engage and work effectively on forest policy and decision-making with community groups and the private sector.</p>	<p>SPGS has local presence only in Gulu which constrains a wider reach out to the beneficiaries; FSSD / SPGS has limited capacity to reach out directly to community groups and small private sector operators. In doing so it largely depends on District Forest officers (see also under 2).</p>	<p>Decentralization, introduced by Uganda Government since the early 1990s, is now well entrenched into its fiscal, policy, legal, planning and institutional frameworks. Also the procedures for operations, horizontally and vertically, are well entrenched. However, in quite a number of cases districts have become too small and not all districts have the capacity to fulfil all functions attributed to LG. This has weakened the devolution of competencies to LG and its empowerment.</p> <p>The local governments invite representatives of active CSO umbrella groups and private sector to the budget conference where budget ceilings that are managed under fiscal transfer are discussed.</p> <p>FSSD has lean staff, a factor that limits its engagement with communities and the private sector. However, in some situations/locations, the staff of NFA or UWA are closer to communities. At local government level, there are District Forest Officers, forest rangers and forest guards. These offer technical advice on demand to communities, CSOs and the private sector. Nevertheless, some of the newly created districts lack key staff such as District Forest Officers and still rely on the mother districts to implement forestry related interventions.</p>	<p>There is need for recruitment of more staff under LGs; and upgrade the technical skills of the existing staff while targeting REDD+.</p> <p>Earmarked long-term additional funding to LG would be necessary to facilitate this. Besides filling vacant positions as approved by Public service, REDD program could consider hiring project staff on short term e.g. 5 years. In addition, integrating REDD+ in existing upcoming programs would benefit from existing staff of those programs to advance the REDD interventions</p>
<p>6. Intended benefit sharing mechanism implementation agencies have the capability to store and process financial, proprietary and legal information needed to effectively administer a national scheme at a scale of millions of individuals and thousands of organizations. This includes tracking payment disbursements between different actors and beneficiaries in the benefit sharing mechanism.</p>	<p>The Accounting Officer for SPGS is the Permanent Secretary, MWE. Although SPGS has disbursed grants to commercial tree farmers countrywide who have met standards, it wasn't designed to reach millions of people or thousands of organizations. SPGS has developed effective procedures for performance based financial support to private sector operators, based on agreed indicators that were strictly monitored.</p>	<p>The Fiscal Transfer system is well developed, regularly evaluated and improved upon. It is the only BSA option that is already capable of processing and administering a national scheme at the scale of millions of individuals and thousands of organizations and Local Governments. It can track and reconcile payments by the day.</p> <p>For planning and monitoring, it would however to a very large extent depend on technical departments, such as FSSD, NFA, UWA, MAAIF and MEMD, as well as DLG Sector Departments such as District natural resource, - production and - community development sectors.</p> <p>Although MFED has a well-developed Fiscal Transfer system capable of handling huge volumes of funds, it has to rely on the above actors/ institutions for information accurate enough to ensure disbursement. However, some of</p>	<p>Build technical capacity of LGs in information and financial management, including provision of accompanying tools and equipment for processing information.</p> <p>Earmarked long-term additional funding to LG would be necessary to facilitate this; and integration with other programs would enhance synergies.</p>



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		these institutions such as LGs have inadequate capacity in timely acquisition, processing and storage of the necessary technical and financial information.	
7. Strong working relationship between Department of Finance or Treasury and benefit sharing mechanism implementation agencies. Alignment of strategy and mandate among these bodies.	SPGS has good working relationship with Ministry of Finance, Planning and Economic Development by virtue of being one of the public projects. It is the latter that manages the national budget and effects fiscal transfers. It has developed an Integrated Financial Management System [IFMIS] it uses to manage, track, and monitor budget transfers for development and recurrent expenditure.	<p>Ministry of Finance, Planning and Economic Development. It manages the national budget and effects fiscal transfers. It has developed an Integrated Financial Management System [IFMIS] it uses to manage, track, and monitor budget transfers for development and recurrent expenditure</p> <p>FSSD/MWE enjoys good working relationship with MFPED. All MDAs and Local governments operate single accounts. MFPED releases to them their budget quotas every quarter. It has capacity to reconcile payments to many people on daily basis. Further, on confirmation and request from MWE that service providers to the sector, e.g. private sector, CSOs, individuals have successfully completed their contracts to set terms and/or standards, Ministry of Finance and Economic Planning can directly affect payments to the bank accounts of service providers. MFPED came to this arrangement to minimize the leakages in the vertical flow of funds, particularly from the centre to frontline service providers.</p> <p>The technical competence of MFPED is not sufficient enough to enable effective alignment of strategies. There is need for the ministry to acquire basic knowledge in REDD+ and BSAs in particular.</p>	<p>Provide training to MFPED staff who will be tasked administer the REDD+ funds</p> <p>MFPED would need to create a dedicated unit managing the "conditional grant REDD+ funding arrangement". This unit would work closely with FSSD/MWE and possibly MAAIF to monitor REDD+ / Climate funds.</p>
8. Previous experience of intended benefit sharing mechanism implementation agency in communicating the purpose and function of national environmental programs and eligibility criteria to the public in a timely and comprehensive manner.	<p>SPGS reaches out only to a specific, and privileged, group of actors that have the means to engage in commercial forestry.</p> <p>SPGS has communicated using traditional project channels such as the press, workshops, newsletter, annual seminars and farmer to farmer exchange visits.</p>	<p>MFPED is effective at releasing comprehensive information through the press (print, electronic media, as well as on notice boards of MDAs and of LGs) on financial disbursements to MDAs and to LGs on a quarterly basis. In addition, quarterly, bi-annually and annually, it makes budget performance reports which it posts to the web that can be accessed by all [http://www.budget.go.ug/]</p> <p>Each ministry has a website that is used for effective communication including sharing of annual Sector Performance Reports (SPRs), as well as anticipated, on-going, and concluded projects. Also, MWE publishes a number of reports as soft and hard copies. For instance, NEMA- an agency under MWE regularly produces state of environment report. Besides the website, this report is accessed as hard copies from MWE departments as well as public libraries.</p>	<p>Diversify communication languages to include key ones such as Luganda, Luo, Runyakitara, Iteso and Lugbara</p> <p>Strengthen linkages with other institutions i.e., the churches and cultural institutions to enhance communication to a wider audience</p>



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		Nevertheless, most communication is in English which is not easily read by a sizeable number of the population, some of whom are key in REDD+ implementation.	
Capacity of CSOs			
9. Presence and capacity of CSOs to support community groups and indigenous peoples in engaging in local forest-related planning, decision-making, and implementation.	N/A (moved to 15. Private sector)	<p>There are several CSOs MWE/FSSD has worked with according to their areas of interest and expertise. A few examples illustrate that capacity. Environmental Alert chairs the Forestry Working Group and the Group leading standards setting for the forestry sector. IUCN has trained communities around Mt Elgon Ecosystem and Otuke district in afforestation reforestation and biodiversity conservation. CARE International is actively promoting forest governance and curbing of illegal trade in forest products. It has worked closely with World Wildlife Fund[WWF].</p> <p>It has also supported communities around Bwindi and Mgahinga National Parks in development through conservation initiatives. Jane Goodall Institute is supporting communities to make management plans for the conservation and sustainable use of natural forests on private land in the Albertine. Nature Uganda has supported communities in the wise use of wetlands and collaborative forest management especially in Kashoha-Kitomi and Echuya CFRs. ACODE is supporting forestry sector in forest governance.</p> <p>The challenge of the Fiscal transfer / FSSD option will be to create an environment in which CSO and other actors can participate and have a voice in defining policies and strategies and monitor implementation.</p> <p>CSO including CARE International in Uganda, Budongo Conservation and Development Organization (BUCODO, now CODECA) and ACODE supported the formation of the Uganda Network for Collaborative Forest Association (UNETCOFA) with key interest in better governance and sustainable forest resource management in Uganda. In addition, Care International financially supported the development of UNETCOFA strategic plan 2016 – 2020.</p>	<p>Establish a REDD+ fund that will cater for the involvement of both public and CSO organizations</p> <p>The “conditional grant for REDD+ funding arrangement” would build on a wide range experiences and capacity with national and local civil society organizations working on participative forestry, rural development, gender, agriculture, land management, stakeholder processes and value chain approaches. CSO networks would be approached and mobilized for this drive on REDD+ / Climate Change & Resilience.</p> <p>CSOs would be contracted to provide services such as training, community mobilization, supply of inputs. NAADS uses similar process</p>



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10. CSOs have a track record of working together with forest communities and helping those communities without formal land titles to access forest benefits.	N/A	<p>CSOs have facilitated processes that eventually translate into signing of benefit sharing arrangements like the revenue under UWA, collaborative forest management under NFA,</p> <p>Care International has supported communities neighboring central forest reserves to access non-monetary benefits under the CFM arrangement. A good example is the Kifeca community neighboring Matiri CFR. There is much experience with the wider CSO community and networks working on land issues with local communities and groups.</p>	See building block 9 and the need to sensitize and train CSO networks on REDD+ Strategy and benefit sharing arrangements.
11. CSOs have the track record and capacity to assist forest communities with mapping, demonstrating, and registering their land rights.	N/A	<p>CSOs have facilitated a few communities in the processes for land titling under Communal Land Associations.</p> <p>For instance, the Uganda Land Alliance has supported communities in three and five sub counties in Napak and Moroto districts, respectively to map land parcels; and this has been a remedy for disputes related to land, enhanced land use planning for pastoralist development as well as sustainable management of natural resources including forests.</p>	
12. CSOs have sufficient forest management, community development, and technical knowledge and capacity to assist local communities to generate forest carbon, biodiversity, and socioeconomic baselines and to monitor against these baselines.	Not yet	<p>There are some nationally operating CSOs that have proven capacity in the area of establishing baseline (see for instance ECOTRUST below). Generally, however CSO has limited coverage/reach and are unable to cover and support the over 115 districts in planning, establishing and monitoring baseline. This is capacity that needs to be built with the many CSO that operate throughout the country. Besides, there very few CSOs that are knowledgeable about REDD+ concept. However as seen before the wider CSO community and networks working on a variety of issues related to rural and sustainable development has basic experience that can be built on.</p> <p>ECOTRUST has helped communities to access carbon benefits under Trees for Global Benefits, after certification under Plan Vivo standards for voluntary market. Likewise, Uganda Carbon Bureau has assisted communities to make and adapt energy cook stoves for which they are getting benefits for carbon emission reductions.</p>	Enhance the knowledge of CSOs in REDD+ issues; and have a regulatory framework that guarantees their involvement in REDD+ activities
13. CSOs have sufficient technical forest management, community development, and technical benefit sharing	N/A	Several CSO have been active in that regard, especially, Uganda Carbon Bureau, ECOTRUST, Jane Goodall Institute and IUCN.	As in no. 12 and before



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mechanism knowledge and capacity to assist national benefit sharing mechanism administrators distribute REDD+ benefits at the community level.		See also under 12. This existing knowledge and practice needs to be shared with and imparted on locally operating CSOs throughout the country.	
Capacity of forest communities			
14. Forest communities have sufficient technical forest management, conservation, and technical capacity to support, monitor, and report on local-level REDD+ programs and related activities in line with user-friendly guidance.	N/A	<p>In each new situation and with each new initiative this capacity needs to be build. However, as the cases below illustrate, existing experience proves that these capacity with local communities can be developed as long as the incentives are right.</p> <p>Communities already participating under some benefit sharing arrangements have been exposed to the culture of monitoring and reporting. These include communities benefiting under ECOTRUST, Carbon Bureau Foundation, IUCN and Jane Goodall Institute.</p> <p>The Nile Basin Reforestation Project—a subnational-level CBNRM effort with a focus on carbon, works with local communities living around Rwoho Central Forest Reserve with an overall area of 2,000 hectares (the communities are involved in 60 hectares), and has been ongoing since 2007.</p> <p>Kikonda Forest Reserve (KFR) Reforestation Project—a subnational-level community-company partnership with a carbon focus that covers 200 hectares, involves community members relying on the adjacent forest reserve (FR), and has been ongoing since 2006.</p>	Build organizational and technical capacities of the forest communities to implement and manage REDD+ programs through CSOs LGs



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Capacity of private sector			
<p>15. Presence of a community of private-sector REDD+ project developers with sufficient technical knowledge and capacity to generate forest carbon, biodiversity and socioeconomic baselines and monitor against these baselines.</p>	<p>SPGS has closely worked with Uganda Timber Growers Association. UTGA was founded in 2006 and formally registered in 2007 as an association to bring together private tree growers for collective action in terms of lobbying and advocacy. The Association also aims at creating public awareness about the importance of tree growing, sharing experiences amongst members, promoting the profitability of commercial forestry and lobbying for favourable financing and tax exemptions, among other issues. Since its inception, the association has grown from mere pressure group to a strong, autonomous body working towards improvement and development of commercial forestry plantation in the country by the private sector</p> <p>In Uganda 3 private companies benefiting under SPGS have been certified under FSCS. They include Green Resources, Busoga Forest Company and Nile PLY.</p>	<p>In Uganda this capacity is still limited, but 3 private companies benefiting under SPGS have been certified under FSCS. They include Green Resources, Busoga Forest Company and Nile PLY. However, the knowledge, experience and capacity to generate forest carbon, biodiversity and social economic baseline is still limited to international companies and inadequate among the local private sector players. This exercise is involving in terms of time, funds and technical skills.</p>	<p>Mentor and build capacity of local private sector players in undertaking REDD+ related baselines.</p>
Additional considerations			
<p>1. If funding for a proposed national benefit sharing mechanism is linked to forest concession revenue streams</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>



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(i.e., forest concession taxes or license fees).			
2. If private-sector actors are identified as having a direct implementation role under a national approach to REDD+.	<p>SPGS is purely private focused and in that case private planters see they have a big role they are already playing</p> <p>The private sector is motivated by profit and need assurance of benefits for their long-term investments</p>	<p>Most of the REDD related projects so far implemented have a short funding cycle that may not necessarily guarantee continuity of support to the private sector yet forestry enterprises are long term investments; and likewise except for environmental benefits other gains are usually realized after a longer time.- which may be the main drivers of the private sector players to invest in forestry.</p>	<p>Establish permanent institutional arrangements to guarantee/assure long term benefits to private sector players such as tree planters</p>
Building Block 2: The national and subnational legal framework relevant to REDD+			
1. Recognition and enforcement of customary or traditional forest rights of indigenous peoples, local communities, and traditional forest users in	N/A	<p>The Uganda Forestry Policy (UFP) section 3.1 provides options for management of central forest reserves which include management of local communities groups through joint management agreements.</p> <p>UFP section 3.2 requires development of institutions such as local governments, traditional institutions user groups to sustainably manage private forests and use of NGOs and CBOs to support private forest management.</p> <p>Section15 NFTP and Regulation 18 of the Forestry and Tree Planting Regulations permits NFA to enter into a collaborative forest management arrangement with a forest user group for rehabilitation of a degraded forest reserve or maintenance of forestry reserve boundaries or accessing to forest produce or joint law enforcement or sharing of benefits or financing joint projects and any other purpose that is consistent with the objectives of the Act and the national forestry policy. in accordance with regulations or guidelines issued by the Minister</p> <p>Section 19 of the NFTP provides that any revenue derived from the management of a community forest by the responsible body shall belong to and form part of the accountable funds of the responsible body and shall be</p>	<p>Develop regulations and guidelines for developing joint agreements with local communities groups.</p> <p>Develop guidelines for traditional institutions, NGOs and CBOs to sustainably manage private forests</p> <p>Review Guidelines for collaborative forest management to address information access on land resources.</p> <p>Draft guidelines for recognition and formalization of historic rights in WCAs to support livelihood of the people and improve governance of forests with their participation</p>



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		<p>devoted to the sustainable management of the community forest and the welfare of the local community.</p> <p>Section 41 of the NFTP A allows traditional or cultural institution or leaders to hold, own or manage a forest, subject to such directions as the Minister may prescribe.</p> <p>Section 41 of the NFTP A permits NFA or other responsible body to grant a license to an interested person for the sustainable utilization and management of the forest reserve or community forest.</p> <p>The Notational environment Act (NEA) under section 45 (5) provides for protection of traditional uses of forests which are indispensable to the local communities. However the NFTP A has no explicit provision for rights of forest communities in CFM/CRM in access to resources which are crucial to their survival as legal entitlements</p>	<p>Local Governments should make Ordinances and bye-laws to regulate local community forests</p> <p>NFA or LGs should issue licenses to local communities to sustainably manage central and community forests.</p> <p>Amend the NFTP A to make explicit provision for rights of forest communities in CFM/CRM in access to resources which are crucial to their survival as legal entitlements</p>
<p>2. Existence and enforcement of community forestry laws that give community groups management rights of forest land.</p>	<p>N/A</p>	<p>The Uganda Forestry Policy (UFP) section 3.1 provides options for management of central forest reserves which include management of local communities groups through joint management agreements.</p> <p>Section 15 of the Land Act allows formation of communal land association for communal ownership and management of land, whether under customary law or otherwise.</p> <p>Section 17 &19 of the NFTP A and Regulations provides for declaration, management and use of Community forests (CFs). Section 19 further empowers LGs to make bye-laws in accordance with the Local Governments Act Cap 243, applicable to any community forest</p>	<p>Develop regulations and guidelines for developing joint agreements with local communities groups.</p> <p>Decentralize registration and declaration of CFs to District LGs to ease the process of registering Communal Land Associations (CLAs) and CF declaration</p> <p>Develop a template for simplifies FMPs to address the current FMP requirements</p>



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			LGs should make by-laws regarding community forest management rights and ensure equitable sharing of benefits
3. National forestry legislation clearly defines allocation of forest rents to a forest rights holder dependent on the underlying land holding category (e.g., private land title, community land title, concessionary land title); this legislation was	N/A	<p>Sections 21 and 22 NFTPAs allow establishment of private natural forests and Private forest plantations on land owned in accordance with the Land Act Cap 227 and all forest produce in a private or natural forest belongs to the owner of the forest and may be used in any manner that the owner may determine, except that forest produce shall be harvested in accordance with the management plan and regulations.</p> <p>Section 23 allows any person to enter into a contractual or other arrangement with the owner or holder of an interest in a private forest, for the right to harvest, purchase, or sell or arrange for the management, harvesting, purchase, or sale of all or any part of the forest produce in the private forest. The contract may be registered against the title of that owner or occupier of the land to which the contract relates in accordance with the Registration of Titles Act, Cap 230 and the Land Act Cap 227.</p>	Develop model contracts to be used by private forest owners.
4. Clear and mutually supportive mandates given for all agencies involved with the proposed benefit sharing mechanism.	N/A	Section 15 NFTPAs and Regulation 18 of the Forestry and Tree Planting Regulations permit NFA to enter into a collaborative forest management arrangement with a forest user group for rehabilitation of a degraded forest reserve or maintenance of forestry reserve boundaries or accessing to forest produce or joint law enforcement or sharing of benefits or financing joint projects and any other purpose that is consistent with the objectives of the Act and the national forestry policy and in accordance with regulations or guidelines issued by the Minister.	The Minister should make Regulations and issue Guidelines for collaborative management.
5. Existence of effective coordination mechanisms to harmonize national development plans with the objectives of the proposed benefit sharing mechanisms.	N/A	<p>The Uganda Forestry Policy (UFP) section 3.1 provides options for management of central forest reserves which include management of local communities groups through joint management agreements.</p> <p>Section 15 of NFTPAs and Regulation 18 of the Forestry and Tree Planting Regulations permit NFA to enter into a collaborative forest management arrangement with a forest user group. Regulation 115 requires responsible authorities to ensure local community participation in fair and equitable sharing of benefits in recreation areas in forests.</p>	The Minister should make issue Guidelines to operationalize benefit sharing mechanisms.



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		However, there no guidelines to operationalize benefit sharing mechanisms.	
6. National legal framework fully supports public access to information, promotes debate relating to forest policies, and imposes sanctions for failure to meet obligations to disclose information.	N/A	Section 91 of NFTAP entitles to every citizen a right of access to any information relating to the implementation of the, submitted to or in the possession of the State, a local council or NFA or a responsible body. A person desiring information has applied to the relevant body under subsection and shall be granted access to the information on the payment of the prescribed fee, if any in a prescribed manner. The application process and payment of a fee may hinder local communities to access the information.	The Minister should develop guidelines for availing relevant information to the local community for benefit sharing purposes.
7. Land rights legislation provides a clear definition of how forest carbon rights are assigned according to land ownership. (xi)	N/A	<p>Sections 21 and 22 NFTP allows establishment of private natural forests and Private forest plantations on land owned in accordance with the Land Act Cap 227 and all forest produce in a private or natural forests belong to the owner of the forest and may be used in any manner that the owner may determine, except that forest produce shall be harvested in accordance with the management plan and regulations</p> <p>Section 23 allows any person to enter into a contractual or other arrangement with the owner or holder of an interest in a private forest, for the right to harvest, purchase, or sell or arrange for the management, harvesting, purchase, or sale of all or any part of the forest produce in the private forest. The contract may be registered against the title of that owner or occupier of the land to which the contract relates in accordance with the Registration of Titles Act, Cap 230 and the Land Act Cap 227.</p> <p>Regulation 107of the Forestry and Tree Planting Regulations allows a buyer of carbon sequestered to enter into an agreement or arrangement with a seller for the afforestation or reforestation and maintenance of forest for purposes of carbon sequestration. However, there is limited awareness about carbon trade agreements</p>	Raise awareness about carbon trade and develop model agreements for carbon trade to be used by sellers and buyers.
8. Existence and enforcement of a legal requirement in forest law to consult with and gain consent from communities for land-use decisions and benefit sharing arrangements that	N/A	<p>Objective 2 of the National Community Development Policy (2015) calls for enhancement community natural resources conservation through mobilizing support with communities to conserve natural resources such as forests, wetlands, land, wildlife and biodiversity.</p> <p>Section 38 of the NFTP requires a person intending to undertake an activity that may have a significant impact on a forest is required to undertake an</p>	The Minister should develop Regulations and Guidelines for community consultation and participation.



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affect the forest land for which they have customary or formal entitlement.		environmental impact assessment. There is limited legal and policy framework for consultation with local communities. Regulation 90 of the Forestry regulations deter grant of licenses in forest reserves by NFA/LGs without provision is made for local community participation and benefit sharing.	
9. National legislation defines benefit sharing arrangements between national, subnational, and local-level government institutions. (xii)	N/A	Regulation 87 of the 2016 forestry regulations provide for revenue collection by forest responsible bodies (NFA/LGs). There are however no adequate legal provisions providing for the role of local governments in the management of Central Forest Reserves and revenue sharing from NFA.	Amend the National Forestry and Tree Planting Act to introduce legal provisions that provide for the role of local governments in the management of forestry resources. Institutionalize mechanisms for the joint management and sharing of benefits from the natural resources between the trustee and beneficiaries.
Additional considerations			
1. If wider sector tax or concession revenues will finance the proposed benefit sharing mechanism	N/A	Regulation 88 of the 2016 forestry regulations requires all responsible bodies to pay VAT on any forest produce in accordance with the VAT Act. The forest policy (2001) provides for promotion of innovative financing mechanisms, such as a Forestry Fund, and fiscal incentives in order to encourage investment and ensure sustainable sources of operational and re-investment funds.	Government should consider levying a small tax of at least 1 per cent of the oil revenues. The major justification for this tax lies in the fact that the oil production and refining activities emit a lot of carbon dioxide in the air, which the trees absorb.
2. If the proposed benefit sharing mechanism is established under a trust fund model	N/A	The Government of Uganda legislated for establishment of a National Tree Fund under Section 40 of the NFTP. The fund was meant to provide a financing mechanism for promoting tree planting and growing at national and local levels, and also support tree planting and growing efforts of a non-commercial nature, which are of benefit to the public. In 2008, cabinet approved the operationalization of the fund with some funding. A levy of 0.005	The Minister should develop a White paper for developing a National Tree Fund that will form a basis for developing Regulations that contain operational



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		<p>per cent of the market value of resources generated out of hydro-electricity and production of hydrocarbons to be paid into the fund. The fund has however, not been operationalized up to date.</p> <p>Under Section 40 (3) of the National Forestry and Tree Planting Act, the monies of the Tree Fund shall consist of: monies appropriated by Parliament; loans obtained by Government; grants, gifts and donations; any monies required to be paid into the Fund; and monies from any other source approved by the Minister in consultation with the Minister of Finance.</p> <p>There is apparent resistance especially from the Ministry of Finance, Planning and Economic Development to establish a Tree Fund as required under the NFTP.</p>	<p>mechanisms for establishing the Fund.</p>
Building Block 3: Fund management capacity and experience			
<p>1. Presence of either national government institutions or NGOs or private with past experience of managing national environmental funds.</p>	<p>The project funds of SPGS are managed under public budget.</p>	<p>MFPED manages public funds under the national budget using Integrated Financial Management Information System [IFMIS]. It transfers entitlements for local governments through the transfer system. Under this system, it can transfer conditional, unconditional and equalization funds. In the past it has transferred funds to local governments for the management of natural resources generally and reports the use of such funds in the annual budget performance reports which it posts to the web.</p> <p>What previous conditional grants in the environmental sector were managed by MFPED?</p> <ul style="list-style-type: none"> - Experience with fund management of MWE: projects and programmes such as CFM e.g. Mt Elgon, and SPGS itself - Experience with fund management of MAAIF and MEMD: projects and programmes such as the Area Based Agriculture Modernization Program; Community Agriculture Infrastructure Improvement Programme (CAIIP) - Experience of UWA with its revenue sharing scheme (see sub-national BSA) - Experience of BMCT as a conservation fund manager (see sub-national BSA) 	<p>N/A</p>



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		<p>- Experience of a number of projects such as Murchison-Semliki Chimpanzee Project (MSCP) and Jane Goodall Institute (JGI) Albertine Rift Project; IUCN Community Environment Conservation Fund (CECF); ECOTRUST Trees for Global Benefit (TFGB) (see sub-national BSA)</p>	
<p>2. Ability of community groups to open local bank accounts without onerous requirements (e.g., allows community groups to open bank accounts without deposits) or other means of fund transfer.</p>	<p>SPGS clients (private forest sector operators) have bank accounts through which they receive their grants on meeting standards.</p>	<p>Experience with community groups opening bank accounts vary from one region to another and from one BSA project to another. Some community groups can open bank accounts, it is their preference, but it is expensive and not all rural areas are well serviced by banks. Many more open with micro-finance institutions and savings and credit cooperative organizations, village banks. Mobile money has in many rural areas of Uganda still limited access. According to the 2014 National Census Report, information on Bank accounts showed that close to 22 percent of the households had functional Bank Accounts, majority of which are in Commercial Banks (18 percent). Analysis by residence showed that 43 percent of the households in urban areas had bank accounts while for female headed households 18 percent had Bank Accounts. Majority in rural areas therefore do not have bank accounts.</p>	<p>Carry out an additional study as to experience of microcredit schemes and organizations in Uganda working with cooperatives, community and village groups. There is a wealth of experience here that can be built on and provide lessons learnt for REDD+ BSA.</p>
<p>3. Presence of suitable fund management agencies with track record of managing forest revenue collection, budgeting, expenditure, accounting, redistribution, and audit.</p>	<p>SPGS projects' account is held in Central Bank. It is audited by the Office of the Auditor General. However there is no forest revenue generation (yet) because planters are yet to harvest their plantations</p>	<p>The Treasury manages the national Funds on behalf of government using public sector financial management and accounting systems. It is audited by the Office of the Auditor General. The IFMIS is well developed and updated and improved upon following regular evaluations. Many international bilateral and multilateral partners to Uganda have invested in it and channel their funding support to Uganda through it.</p>	<p>N/A</p>
<p>4. National codes of conduct and anticorruption measures are in place to safeguard against fund mismanagement.</p>	<p>The projects operates under normal national practice for codes of conduct. See Fiscal transfer system</p>	<p>In addition to relying on the judicial system for arbitration and administration of justice, the government also has the Office of Inspector General of Government that is open to all on disputes for corruption. In addition, there is the Whistleblowers Protection Act, 2010 that provides for the procedures by which individuals in both the private and public sector may in the public interest disclose information that relates to irregular, illegal or corrupt practices and to provide for the protection against victimisation of persons who make disclosures.</p>	<p>N/A</p>
<p>5. Track record of previous or existing environmental programs of disbursing funds to community groups or</p>	<p>SPGS has been able to disburse in timely manner to its 389 commercial planters.</p>	<p>Through its Integrated Financial Management System, MFPED is able to disburse funds to institutions, groups and individuals and reconcile such payments on daily basis.</p>	<p>This needs to come out of the Uganda REDD+ Strategy.</p>



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Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
individuals at a national scale in a timely manner.		The main bottleneck here will be the need to develop effective monitoring systems and capacity to inform when payments are due and eligible. There will be a strong need for developing simple and robust indicators and REDD+ / Green development (PES) contracts with clear roles and responsibilities.	
6. Presence of third-party organizations with experience in providing financial and nonfinancial (e.g., governance) auditing of fund-management processes.	There are several certified accounting and audit firms in the country. SPGS project was audited annually	There are several certified accounting and audit firms in the country. MFPED has experience with regular audits of its conditional grants schemes and partnership with international donor partners.	
7. Existence of effective and adequate standards against which the conduct of civil servants, political appointees, and community representatives can be held accountable, coupled with effective channels for reporting corruption and protecting whistle-blower.	The projects operates under normal national practice regarding accountability standards. See Fiscal transfer system	The public Accounting Officers are evaluated annually and the Secretary to the Treasury has powers to rescind contracts of those who fail to meet expected standards of reporting and accountability (also see 4. Above)	N/A
8. Presence of a national level government agency with experience in transferring monetary or nonmonetary benefits to beneficiaries linked to measurable and verifiable performance against predefined targets.	MWE/FSSD, under the auspices of SPGS project has transferred monetary and non-monetary benefits to commercial forestry tree planters countrywide based on mutually understood performance indicators.	MFPED has transferred monetary benefits [bonus] to local governments that meet the minimum conditions and performance measures against predetermined targets. Thus, the concept of rewarding/incentivising good performance in Uganda is widely understood. Performance management of LGs is done on an ad-hock basis by CSO such as ACODE, but not by government itself. Publication of funds received at LG level have to be published at LG offices.	N/A
9. Existence of a government or a public or private organization with experience in managing environmental revolving funds.	A new mechanism is presently put in place: FOCASA (Forestry for Climate Adaptation & Carbon Storage in Africa) is a carbon finance Programme of Activities (PoA) 'umbrella' for afforestation and reforestation (A/R) projects in Uganda	There is little experience with national environmental revolving funds in Uganda. This may also re-enforce the need for setting up a National REDD+ Fund that is linked to the conditional Fiscal transfer system, this fund would be visible and could function as an environmental revolving fund, but in which the diverse stakeholders have space to participate and take decisions.	N/A



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Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
	<p>that will be registered under the UN's Clean Development Mechanism (CDM). A PoA is a new and efficient way of accessing the carbon markets, and the Uganda Carbon Bureau (UCB) is Africa's leading promoter. FOCASA Ltd is the Coordinating/Managing Entity of the PoA, and is responsible for managing the PoA. The aim of the PoA is to stimulate a rapid expansion of forestry projects as part of Uganda's adaptation response to climate change and for such projects to earn carbon finance from their carbon storage activities. This combination of climate change adaptation and mitigation features is unique to FOCASA. Projects keep 100% of their carbon credits, however FOCASA will support projects with their carbon credit sales through a grouped sales service if this is needed. FOCASA will be based on the highly successful SPGS, whose members are currently being assisted to earn Gold Standard Carbon credits retrospectively for the past 10 years.</p>		
<p>10. Existence of a government or a public or private organization with experience in providing low-interest, long-term horizon, risk-tolerant loans to community groups, members</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>



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Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
of the public, social enterprises, and the private sector.			
Building Block 4: Monitoring capacity and experience			
1. Presence of organizations at a national level with a sufficient combination of experience monitoring forestry, social-orientation, and ecological conservation projects.	The monitoring of SPGS has been done by the project itself and it has not relied on other agencies, although they exist	<p>FSSD under the MWE is already benchmarking Forest Reference Levels under 5 blocks of activities, namely: methodology, data, forest degradation, scale and scope with technical support from FAO. The staff is building upon previous investment of establishment of a Biomass Unit under the then Forest Department, but now operating under NFA, which also falls under MWE. The Biomass Unit has access to data using new technology-Radar Imagery for the period 2002-2012, on whose basis the government was able to communicate its INDC. The Unit has produced technical reports on forest cover and land use twice. The Unit plans to develop a portal web depicting land use, forest cover and degradation. However, owing to low staffing and poor remuneration, both FSSD and Biomass Unit under NFA are compelled to seek services of independent contractors for non-repetitive activities e.g. inventory assessment. NFA, Makerere Department of Environment and Natural Resources, and Inter Tropical Research Institute have capacity for forestry and ecological monitoring.</p> <p>A number of monitoring tools have been developed in a variety of government led and CSO led programmes (see also sub-national BSA). These can be capitalized.</p>	A specific study, bringing together MWE, MAAIF including NAFORRI & NARO, and MEMD, UWA, Universities and specialized CSOs on monitoring practice and tools is to be carried out.
2. Demonstrated ability of government to provide frequent and publicly available monitoring evaluation reports on government environmental spending programs.	SPGS is accounted for by the Permanent Secretary and forms part of annual joint sector reviews	Ministry of Finance, Planning and Economic Development quarterly releases the allocation to all budget agencies to enhance transparency and accountability.	N/A
3. Demonstrated ability to decentralize monitoring systems and transfer them to local or nongovernmental institutions to assist with	N/A	The Ministry of Finance, Planning and Economic Development can directly transfer funds to any payee/service provider, after being certified of completion of work without the need to rely on intermediary institutions. It has done this to minimize vertical leakages.	N/A



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Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
benefit sharing mechanisms and socioeconomic impact monitoring.		There is much experience and capacity with CSOs and projects, e.g. sub-national BSA.	
4. Prior and effective use of third-party monitoring agencies within national government environmental programs.	N/A	The Auditor General has freedom to contract certified private audit firms for auditing	N/A
5. Proposed REDD+ benefit sharing mechanism implementation agencies have experience with incorporating monitoring and evaluation data into forest management planning, and using evaluation results to continually improve program implementation.	The experience SPGS has is dictated by the project design, and because it was a project and therefore time bound, much of the systems were project focused but nonetheless the acreage of SPGS is reported by other agencies like Uganda Bureau of Statistics. In addition, it uses the monitoring data to re-allocate the benefits to better performing planters from those failing to meet standards	FSSD relying on NFA's Biomass and land cover Units to monitor and periodically update. NFA undertakes periodic Biomass monitoring and Land cover mapping in forest areas. As a result, NFA has developed capacity for data capture, processing, analysis and presentation of facts on land cover and biomass within and outside CFRs.	N/A
6. The proposed benefit sharing mechanism implementation agencies have experience with using GIS data to monitor changes in forest cover, or have an existing partnership with a national-level organization with this capacity. (xvii)	It sub-contracts GIS services from the Biomass Unit of NFA	NFA has developed staff capacity in GIS and mapping. Besides, they have tools and equipment and database supporting monitoring of biomass/ forest cover. So far NFA has produced at least 2 reports in the past. The reports depict changes in land cover biomass over time.	N/A
7. The proposed benefit sharing mechanism agency has experience in using GIS data to monitor changes in forest cover and in using these data to calculate and monitor changes in bio-carbon stocks and	As above	FSSD in its supervisory and monitoring role has some capacity, which needs further strengthening.	N/A



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Components of assessment from PROFOR's OAF methodology	Sawlog Production Grant Scheme (SPGS) Performance based	Conditional grants through Fiscal Transfer (FSSD) with Forest Sector Support Department (FSSD) as national monitoring agent (Policy Based i.e. input and performance based)	Suggested Enabling Actions
abatement, or has an existing partnership with a n			
8. The proposed benefit sharing mechanism agency has experience in ground-truthing GIS data on forest-cover change, or has an existing partnership with a national level organization that has this capacity. (xix)	SPGS physically verifies through ground-truthing to certify that standards have been made and this is done for all planters that hold contracts with Permanent Secretary at the commencement of each planting season	There is some experience with ground-truthing, but the infrastructure to do so is still lacking and where it falls short of manpower, it has competent private service providers to rely upon.	N/A



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Annex 2

Sub-National Assessment– Analyses and Suggestions for Enabling Actions for BSA in Uganda



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Annex II. Sub-National Assessment – Analyses and Suggestions for Enabling Actions for BSA in Uganda

The 42 components of assessment of BSA options (left column) are all taken from the PROFOR’s methodology called Options Assessment Framework. The 42 components are divided into four building blocks as per the PROFOR methodology. These four building blocks are:

5. Government, civil society, community, and private-sector institutional capacity.
6. The national or subnational legal OAF relevant to REDD+
7. Fund management capacity and experience
8. Monitoring capacity and experience

The six already existing BSA models that are reviewed in the table below (the column in the middle of the table) are assessed against the 42 components and four blocks. Where the assessment evaluated that the component is not sufficiently covered and may thus provide a weakness and risk in the BSA, enabling actions to overcome these risks have been proposed (right column).

The six BSA projects reviewed:

- Murchison-Semliki Chimpanzee Project (MSCP) and Jane Goodall Institute (JGI) Albertine Rift Project
- IUCN Community Environment Conservation Fund (CECF)
- ECOTRUST Trees for Global Benefit (TFGB)
- UWA Revenue Sharing (Bwindi-Mgahinga Conservation Area, as considered the most successful/advanced example of RS in Uganda).
- Collaborative Forest Management (CFM) e.g. Mt Elgon, part of the Mt Elgon Regional Ecosystem Conservation Programme (MERECP)
- Bwindi Mgahinga Conservation Trust (BMCT)

Components of assessment from PROFOR’s OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
Building block 1: Government, civil society, community, and private sector institutional capacity		
Capacity of proposed benefit sharing mechanism implementing agencies		
1. Proposed benefit sharing mechanism implementation agencies (e.g., the state or provincial environmental department) have sufficient forest-management, community development, and technical REDD+ capacity, or can collaborate with civil-society or private-sector organizations to oversee implementation of a subnational-level REDD+ benefit sharing mechanism program.	<p>Projects implemented by Civil Society (projects A, B and C) did not involve District governments. These projects have capacity to manage and implement to BSA, but they haven’t found a way to work with LG. Also the Civil Society projects will be able to draw on expert advice, but they work on short term funding cycles that provide no security for long term availability of provision of expert services.</p> <p>The BSA schemes implemented by government agencies (D, E and F) are integrated into government and work closely with relevant Local Government departments. They have experience working with local communities on collaborative forest management, community and sustainable development activities. No specific capacity on or experience with REDD+.</p>	Develop and implement a legal framework on how the BSAs are implemented at the Sub national level and how they will link with the local government. The legal arrangement should enshrine guidelines for capacity building of LGs in relation to REDD.



Components of assessment from PROFOR's OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
	<p>UWA has experience working on Joint Implement for carbon credits, particularly in Mt Elgon and Kibale National Park.</p>	
<p>2. Political will of the national government to support the establishment of subnational institutions to manage forest benefit sharing mechanisms.</p>	<p>Central government has given informal support to project A but not formal support of the project as a pilot in the national REDD+ program. It also supports the other two B and C, but these never requested to be a REDD+ pilot.</p> <p>The government is in the process of developing guidelines for establishing REDD+ Pilot Projects. And it leans towards a national approach to REDD+.</p> <p>It is noteworthy that in establishing the BMCT, government agreed to support the trust fund's establishment as an autonomous body formed under trust law, rather than Act of Parliament. The latter would necessarily call for parliamentary debate and approval.</p> <p>UWA's benefit sharing scheme is embedded on wildlife law, with a fixed amount of 20% of park entry fees going to local communities. The stipulation of the formula and beneficiaries eased the <i>modus operandi</i> of this legal provision.</p> <p>Except for UWA, the other BSA projects are more of best practices and not statutory. For instance, NFA apart from some few BSA elements under the CFM arrangement, the agency is under no obligation to share benefits with the community, yet the latter plays a role in protection and conservation of forests. Secondly, each of these BSA projects have defined benefits differently.</p>	
<p>3. Existing and effective coordination among the subnational offices of government agencies mandates relevant to the proposed benefit sharing mechanisms (e.g., Department of Agriculture, Department of Planning).</p>	<p>The extent to which local government departments and staff is involved and takes a role in coordination varies from one project to another. The BSA projects are generally not designed to do so with the exception of UWA and BMCT, who even share a percentage of the funds with LGs.</p> <p>It is generally recognized that at LG there are good technical staff, but there is lack of coordinative capacity and these staff are generally spread too thin. Nevertheless, the LGs have Technical Planning Committee (TPC) that ensures effective planning, budgeting as well as monitoring the implementation of district programs. For example under the FIEFOC project, the TPC was responsible for coordinating the planned activities. Technical Planning Committees are composed of technical staff, and it is chaired by CAO, who is the accounting officer for the district.</p>	<p>Institute a focal point office at the DLG, with preference for the District Natural Resources Coordinator, for coordination and reporting REDD activities to the technical planning committee that is headed by the CAO and attended by the heads of the various sectors</p>



Components of assessment from PROFOR's OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
<p>4. Proven capacity of subnational government to engage effectively with CSOs and private sector for forest policy development and implementation at a subnational level.</p>	<p>In some cases DLG demonstrated capacity to engage, such as with IUCN (B) in (forest) management plan development and monitoring. JGI (A) successfully involved LG in administering land titles. In others (D, E) DLG is involved in project selection and fund disbursement and monitoring. But it is recognized that capacity varies from one district to another and some BSA proponents (A, C) found DLG to have limited capacity to engage.</p> <p>Private sector is not involved in any of these BSAs.</p>	<p>N/A</p>
<p>5. Physical presence and capacity of government offices with staff to engage and work effectively on forest policy and decision-making with community groups and the private sector in forested subnational administrative areas.</p>	<p>See previous component.</p> <p>It should be noted that BSA projects B, D, E and F make a great effort to engage with, train and enhance capacities of DLG to play an active role and take responsibility.</p> <p>Policy formulation was reserved for the centre both under the constitution and local government act. At best local governments can make bye-laws for area specific issues on condition that those bye-laws are in harmony with national laws, and there is no contradiction whatsoever.</p>	<p>As part of REDD intervention undertake a deliberate move to build capacities of LGs in key areas particularly bye-laws; but also increase the staffing levels for effective engagement with community, CSOs and private sector under REDD</p>
<p>6. Intended subnational benefit sharing mechanism implementation agencies have the capability to store and process financial, proprietary, legal, and monitoring information needed to effectively administer a subnational scheme at a scale of tens to hundreds of thousands of individuals or hundreds of organizations. This includes tracking payment disbursements between different actors and beneficiaries in the benefit sharing mechanism.</p>	<p>At DLG the capacity to store and manage large amounts of data is limited. Much of the data management and storage is managed at national level.</p> <p>In the cases of UWA, MERECP and BMCT (D, E and F) funds are channelled through government institutions, but generally managed and monitored from a central government level.</p>	<p>Build capacity of sub national governments in collecting, processing, and store financial data needed for REDD, including providing for a Vote under the Chart of Accounts. The capacity should also include providing necessary tools and software for financial management.</p>
<p>7. Existence of a formalized, collaborative relationship among different levels of national and subnational government to co-implement forest-conservation programs.</p>	<p>For implementation of forest and conservation programmes there are generally well established forms of collaboration between national and local government agencies in Uganda. This also includes the whole network from central government to sub national coordinated by MOLG e.g. the FSSD supervises the District Forest Services (DFSs) that in charge of forest extension and management of forests on local reserves and private lands.</p> <p>Within UWA and NFA relationships between national and local level are functional. In other cases the Civil Society implementing partners take an active role in ensuring communication between national and local levels.</p>	<p>Reduce the layers of fund disbursement mechanism between national and sub national programs for instance disbursement of funds directly from MFPED to sub national governments</p> <p>This is already being done under IFMS, because MFPED, can</p>



Components of assessment from PROFOR's OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
	<p>The MERECP project also demonstrated a formalized relationship among different national and sub national government. MFPED was responsible for fund disbursement; MWE facilitated work plans, fund requests and disbursement, and monitoring and reporting; UWA provided technical support; and negotiated and signed a memorandum of understanding (MOU) with District; NFA provided technical support including mapping and zoning the area and supplied tree seedlings. At sub national level, districts and CBOs undertook community mobilization and ensured that residents implement planned interventions to conserve the ecosystem.</p> <p>This project was characterized by highly bureaucratic system of fund transfer i.e., from Lake Victoria Basin Commission through MFPED to MWE then to agencies-UWA and NFA as well as to districts. A similar procedure was used in reporting project progress. This caused delays in fund disbursement and increased administrative costs</p>	<p>transfer funds directly to the frontline service provider, as long as the activity being paid for was and budgeted for. This was developed to reduce the leakages in the vertical chain.</p>
<p>8. Previous experience of proposed subnational benefit sharing mechanism implementation agencies in communicating the purpose and function of subnational environmental programs and eligibility criteria to the public in a timely and comprehensive manner.</p>	<p>Within UWA and NFA communication between national and local level are functional. In other cases the Civil Society implementing partners take an active role in ensuring communication between national and local levels.</p> <p>It was found that in a number of cases communication between national and local government and with local communities is clearly lacking. Moreover, in a few cases where there has been attempts to communicate between sub national and local communities, communication is usually in English which is not easily read/understood by a sizeable number of the population, some of whom are key in REDD+ implementation. To the contrary, good communication and information sharing has been identified as a genuine benefit when shared effectively. Access to information is an important issue.</p>	<p>Strengthen linkages with other institutions i.e., the churches and cultural institutions to enhance communication to a wider audience</p> <p>Relatedly, translate and disseminate Information, Education and Communication Materials on REDD such as posters, brochures into local languages, and also taking advantage of <i>barazas</i></p>
Capacity of CSOs		
<p>9. Presence and capacity of CSOs to support community groups and indigenous peoples in engaging in forest-related planning, decision-making, and implementation in targeted subnational areas.</p>	<p>All of the 6 BSA models in this assessment have strong and recognized national or international CSO partners that support effective engagement with local communities in forest related planning, decision making and implementation.</p> <p>It is also noted that Ugandan CSOs operating only at the local level often lack capacity, thus weakening sustainability after project funds dry up and the national and international CSO can no longer maintain presence.</p>	<p>The REDD fund under the first phase of input based should build capacity of local CBOs involved in REDD for sustainability purposes of the relevant programs. Thus the input based phase should have the capacity building strategy for CBOs.</p>
<p>10. CSOs have a track record of working with forest communities and helping those</p>	<p>All of the CSO BSA projects (A, B and C) have strong records working on land and forest tenure.</p>	<p>Scale out the CFM model to include more CFR as well as</p>



Components of assessment from PROFOR's OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
forest communities without a formal land title to access forest benefits. (xx)	The CFM models established with government authorities (UWA and NFA) recognize only user rights as this is over centrally management forest and wildlife reserves. There are less than 20 CFRs implementing the CFM model, and yet there are over 500 CFRs in the country. Because, the uptake of CFM is lower than anticipated, NFA working through ACODE is documenting lessons with hope of revising guidelines for CFM.	wildlife conservation areas to benefit a wider community
11. CSOs have track record and capacity to assist forest communities with mapping, demonstrating, and registering their land rights. (xxii)	<p>All BSA models have experience mapping land and forest use, however these may not necessarily reach the high standards expected under REDD+. Mapping and registration of land titles are only supported by few (such as C – ECOTRUST).</p> <p>Elsewhere, the Uganda Land Alliance has also supported communities in three and five sub counties in Napak and Moroto districts, respectively to map land parcels; and this has been a remedy for disputes related to land, enhanced land use planning for pastoralist development as well as sustainable management of natural resources including forests.</p>	N/A
12. CSOs have sufficient forest management, community development, and technical knowledge and capacity to assist local communities to generate forest carbon, biodiversity, and socioeconomic baselines and monitoring against these baselines. (xxiii)	<p>Only BSA projects MSCP and TFGB specifically work on generating forest carbon benefits and establish baselines to enable to monitor and report on progress regarding forest carbon. The TFGB is based on the Plan ViVo standard, and there are other standards for carbon trade. In a general way, there is not a lot of experience specifically with creating carbon benefits in Uganda.</p> <p>The MSCP BSA project has completed a strategic environmental and social assessment (SESA) and developed a monitoring, measuring, reporting and verification system (MRV) at the project level. Community monitors are being used and WCS would like to see the project taken over by a local CSO eventually, but currently it is being managed by WCS and JGI, both international NGOs with local offices.</p> <p>It should be noted that UWA has a Joint Implementation scheme with Face the Future and sells carbon credits from carbon sequestrations projects established in the 1990s in Mt Elgon and Kibale National Parks.</p>	REDD fund can support building capacity of CSOs in generating baseline data related to REDD interventions as will be defined by the National REDD+ Strategy
13. CSOs have sufficient technical forest management, community development and technical benefit sharing mechanism knowledge and capacity to assist subnational benefit sharing mechanism administrators distribute REDD+ benefits at the community level.	<p>All of these BSA models and projects have developed experience administering benefit distribution at local level. However all with a limited scale of operation. Only BSA projects MSCP and TFGB are specifically working on REDD+ benefits.</p> <p>The WCS project has assisted in setting up business savings groups for depositing savings and providing microfinance. It is intended that this mechanism be used for distributing future carbon revenue. It has also set up a MRV system.</p>	REDD fund can support building technical capacity of CSOs in forest management; and distribution of REDD benefits at community level



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Components of assessment from PROFOR's OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
	<p>ECOTRUST is also developing mechanisms of benefit sharing with primary (farmers and landowners) and secondary stakeholders (DLG, CSO).</p> <p>IUCN has developed experience with Community managed revolving credit schemes, as is MERECP.</p>	
Capacity of forest communities		
<p>14. Forest communities have sufficient technical forest management, conservation, and technical capacity to support, monitor, and report on local-level REDD+ programs and related activities in line with user-friendly guidance. (xxiv)</p>	<p>In all of these BSA models forest (adjacent) communities play an active role in forest and biodiversity management and local communities play an important role in monitoring illegal activities.</p> <p>BSA project MSCP and CECF invest in local communities to take an active role in collecting data and monitoring progress on project related issues.</p> <p>Nevertheless, in most communities participation is hindered due to inadequate technical knowledge and skills; as well as limited technical know-how of using data collection tools and equipment such as GPS, etc.</p>	<p>REDD fund should support building capacities of communities to actively participate in monitoring and reporting on REDD programs</p>
Capacity of private sector		
<p>15. Presence of a community of private-sector REDD+ project developers with sufficient technical knowledge and capacity to generate forest carbon, biodiversity, and socioeconomic baselines and monitor against these baselines. (xxv)</p>	<p>Private sector involved only in funding (MSCP and CECF). With BSA model TFGB private sector is involved with buying verified carbon credits.</p> <p>UWA in its Joint Implementation project has had an effective partnership with a Dutch private sector developer (energy sector) for over 20 years now.</p>	<p>N/A</p>
Additional considerations		
<p>1. If funding for a proposed subnational benefit sharing mechanism is linked to centralized public funds.</p>	<p>Only for UWA revenue sharing mechanism.</p>	<p>N/A</p>
<p>2. If funding for the proposed subnational benefit sharing mechanism is linked to forest concession revenue streams (i.e., forest concession taxes or license fees).</p>	<p>N/A</p>	<p>N/A</p>



Components of assessment from PROFOR's OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
<p>3. If private-sector actors are identified as having a direct implementation role under a subnational or nested approach to REDD+.</p>	<p>Uganda Carbon Bureau (UCB) is trying to generate carbon information by organizing the SPGS private beneficiaries to jointly access voluntary carbon markets as a block. However, there is need to ensure equity and transparency for all actors-both UCB and other private sector players.</p>	<p>Have guidelines in place ensuring that all the private sector players abide to the set regulations</p>
<p>1. Recognition and enforcement of the customary and traditional forest rights of indigenous peoples, local communities, and traditional forest users in subnational or national legislation.</p>	<p>There are clearly defined resource rights under freehold and leasehold land and as such most private forests owned by individuals and companies fall on freehold land. In forest and wildlife reserves there can be user rights, further defined through collaborative agreements with management authorities. There are provisions for Community Forests under customary land, but these are not yet operational.</p>	<ul style="list-style-type: none"> • There is need to Make the formation of Communal Land Associations and community land documentation possible for communities throughout Uganda by (i) Recruiting and installing District Registrars of Title in every district or authorizing a regional Registrar of Title to travel to surrounding districts to certify Communal Land Associations and (ii) Supporting communities to begin the process of drafting Communal Land Association constitutions at the lowest level of intra-community governance (the village, or in clan groups) • The Land Act should be amended to stipulate that all landowners must approve the Communal Land Association formation and have their families' names included on the list of association members • Enforce women's and other vulnerable groups' land rights, as established by the Act and
<p>2. Existence and enforcement of community forestry laws at a subnational level that give community groups management rights of forest lands</p>	<p>There are different forms of forest tenure and rights possible: <u>Forest and carbon tenure in forest and wildlife reserves</u></p>	
<p>3. Existing forestry legislation applied at a subnational level that clearly defines allocation of forest rents to forest right holders dependent on their underlying land holding category (e.g., private land title, community land title, concessionary land title); this legislation was formulated through a participatory approach</p>	<ul style="list-style-type: none"> • Concession holders have rights over forest resources within the forest reserves as specified in their licenses or permits • Local Communities also have access and user rights in forest reserves • CFM provide for development of 10-year agreements between a NFA or other forest owner and an organized community group • Under CFM with NFA, the policy and the law are clear that the land and tree tenure of the CFR rests with NFA • Carbon Tenure belongs to NFA unless the community group negotiates for it and specifies it in the agreement • CFM communities to acquire a license for 10 % of the plantable area within forest reserves. • Under the license arrangement, communities own the trees and therefore (presumably) the carbon rights during the licensing period (25 years) • Under the UWA Community Resource Management agreements, communities have only access and user rights to the specified forest reserve sections and have no claim on land or tree tenure • The Uganda wildlife Act Cap 200 has a recommendable revenue sharing model in which money is transmitted through benefit sharing agreements or MoUs signed between UWA and legally constituted local community groups. <p><u>Forest and carbon tenure in private forests</u></p> <ul style="list-style-type: none"> • Private Forests are under freehold, leasehold, mailo and customary tenure systems • Provided that a forest is registered, the Act states that all produce in that forest belongs to the forest owner and may be used in any manner the owner may determine 	



Components of assessment from PROFOR's OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
	<p><u>Forest and carbon tenure in Community Forests</u></p> <ul style="list-style-type: none"> • These are a type of private forests existing on land under customary tenure that is not claimed by an individual • These are experiencing the highest threats of deforestation especially in northern and western Uganda • Communities have applied to gazette these as Community Forests as provided for in Section 17 of Forest Act, the Government has not yet authorized any community forests • Under Community Forests, Communities claim all land, tree and carbon tenure rights; CF gives management rights, not ownership, to the registered community <p><u>The recently (2016) developed Forest Regulations (to be gazetted)</u></p> <ul style="list-style-type: none"> • Promotes collaborative mechanism for rehabilitation of a degraded forest reserve and for sharing of benefits and financing joint projects • Promotes carbon sequestration credits for afforestation or reforestation and for participation and the projected benefits and involvement of the local communities adjacent to the forest reserve. <p>The Land Act provides that a communal land association may be formed by any group of persons for any purpose connected with communal ownership and management of land, whether under customary law or otherwise.</p> <p>There is a fairly adequate provision for BSA. However, the actual benefits accruing to local communities under the CFM agreement are largely unknown. Whereas there are published guidelines for CFM, there are no guidelines for registration and declaration of Community and Private Forests.</p> <p>The National Agricultural Policy has limited provision for agroforestry and its benefits and there is no legal framework.</p>	<p>Communal Land Association constitutions</p>
<p>4. Existence of an effective coordination mechanism to harmonize subnational development plans with the objectives of the proposed benefit sharing mechanisms.</p>	<p>Decentralization, introduced by Uganda Government since the early 1990s, is now well entrenched into its fiscal, policy, legal, planning and institutional frameworks. Also the procedures for operations, horizontally and vertically, are well entrenched.</p> <p>Uganda has functional planning cycles that integrate the Comprehensive National Development Planning Framework (CNDPF) linked to the NDP II and Vision 2040 and to both Sector and Local Government Planning cycles. The, often conditional, national fiscal transfer system</p>	<p>N/A</p>



Components of assessment from PROFOR's OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
	to Local Government is integrated with these planning cycles and rewards performance and penalizes non-performance of districts.	
5. A subnational legal framework fully supports public access to information, promotes debate relating to forest policies, and imposes sanctions for failure to meet obligations to disclose information.		N/A
6. Land rights legislation provides a clear definition of how forest carbon rights are assigned according to land ownership, which is accepted and applied at a provincial level. (xxvii)	<ul style="list-style-type: none"> • From 1-3 above: Provided that a forest is registered, the Act states that all produce in that forest belongs to the forest owner and may be used in any manner the owner may determine. • There is no clear provision for sharing of revenue from natural resources such as forests except for minerals (oil) • However, there is tree-tenure insecurity because the ownership of land or trees does not explicitly give the owner a legal right to benefit from carbon sequestration or reductions in carbon emission 	There is no homogeneity as for as tenure and carbon rights are concerned across the different tenure situation in Uganda. For each case there is need for further clarification of the security of rights with those that manage and invest in forests and REDD+. This is widely seen as the first step toward benefit sharing arrangements.
7. Existence and enforcement of a legal requirement in forest law to consult with and gain consent from communities for land-use decisions and benefit sharing arrangements that affect the forest land for which they have customary or formal entitlement.	FPIC	N/A
8. National or subnational legislation defines carbon revenue sharing arrangements between national, subnational, and government institutions and REDD+ project developers. (xxviii)	See 6. The procedures of homologation and registration of REDD+ projects and initiatives are yet to be established, this is part of the REDD+ Readiness process that the MWE REDD+ Secretariat has engaged in.	N/A
Additional considerations		
1. If wider sector tax or concession revenues will finance the proposed benefit sharing mechanism.		N/A



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2. If the proposed benefit sharing mechanism is established under a trust fund model.		N/A
1. Presence of either subnational government institutions or private or nongovernmental organizations with past experience managing subnational environmental funds.	<p>All of the six BSA models and projects reviewed here are building up experience managing funds at subnational levels. All of them are independently audited BSA schemes. UWA as an autonomous government authority managing revenue sharing schemes around its national parks, BMCT with its own management board managing a mix of endowment and investment funds for local development around Bwindi and Mgahinga.</p> <p>The other BSAs managed by strong civil society organizations. These are piloting models where fund are managed by local community associations and credit groups under a variety of local governance structures.</p>	N/A
2. Ability of community groups to open local bank accounts without onerous requirements (e.g., allows community groups to open bank accounts without deposits) or other means of fund transfer.	Experience with community groups opening bank accounts vary from one region to another and from one BSA project to another. For some groups opening bank accounts has not been a problem (at Mt Elgon and ECOTRUST) but other are in areas where no bank are available and for some groups opening accounts is simply too expensive. There are also good experiences with village banks and village savings and loan associations. Mobile money has in many rural areas of Uganda still limited access.	N/A
3. Presence of suitable subnational fund management agencies with track record of managing forest revenue collection, budgeting, expenditure, accounting, redistribution and audit.	UWA has some experience with (tourist) revenue collection, management and expenditure. Other BSA models and projects don't.	N/A
4. National or subnational codes of conduct and anticorruption measures are in place to safeguard against fund mismanagement.	<p>UWA and BMCT have codes of conduct and are audited. ECOTRUST too is annually audited.</p> <p>WCS/JGI BSA project intends to channel the future payments through the bank account of the Private Forest Owners Associations after which the payments are transferred to the Business Saving Groups. The PFOAs and BSGs have committees who handle the banks accounts. The project would like to ideally have a text message service alerting all members when money is received and withdrawn from the bank accounts, however network coverage is an issue in certain areas.</p> <p>Local Governments have the obligation to alert the public on specific funds received from central government through the fiscal transfer system. There is a growing culture for the need of accountability in Uganda.</p>	N/A



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5. Track record of previous or existing subnational environmental programs disbursing funds to community groups or individuals in a timely manner.	<p>All of these BSA models and projects are building up this track record, with UWA and BMCT being the oldest.</p> <p>As example: ECOTRUST-TFGB project distributes carbon credit revenue to growers annually. In 2015, it distributed USD 720,000 (60%) to around 4,800 growers. It disburses a series of 5 payments based on performance against contracted milestones and targets.</p>	N/A
6. Presence of third-party organizations with experience in providing financial and nonfinancial (e.g., governance) auditing of fund management processes.	<p>ECOTRUST and BMCT have experience and practice with third party auditing.</p> <p>ECOTRUST: The Rainforest Alliance has audited the project twice, against the Plan Vivo standard. The most recent audit report (2013) raised a non-compliance that there was no checking by ECOTRUST that growers had received payment without issues. The non-compliance has been addressed.</p>	N/A
7. Existence of effective and adequate standards against which the conduct of civil servants, political appointees, and community representatives can be held accountable, coupled with effective channels for reporting corruption and protecting whistle-blowers.	<p>Of these BSA models and projects, only BMCT has these standards in place.</p> <p>With Uganda Local Governments there is a growing practice with upholding civil servants against set standards</p>	N/A
8. Presence of a subnational level government agency, with experience in transferring monetary or nonmonetary benefits to beneficiaries linked to measurable and verifiable performance against predefined targets.	<p>In these BSA models and projects LG agencies are not directly involved in making benefit transfers, in most case LG involvement it limited to monitoring performance and sometimes it intervenes for conflict resolution.</p> <p>Example: UWA and local governments are involved in selecting projects, based on them meeting criteria outlined in the Revenue Sharing Guidelines: (1) Contribution to reduction of human-wildlife conflict and (2) Contribution to improvement of livelihoods of households in frontline LCIs (p17). Stakeholder consultations carried in the field during the BSA baseline study indicated a lack of transparency in selection criteria (parishes who received funds in previous years would not be likely to receive funding) when selecting projects for Mt Elgon, however this detail was not apparent for Bwindi.</p>	N/A
9. Existence of a subnational government or a public or private organization with experience in managing environmental revolving funds.	BSA projects A, B and E are piloting implementing revolving funds with CBOs, local associations and business savings groups.	N/A



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10. Existence of a subnational government or a public or private organization with experience providing low-interest, long-term, risk-tolerant loans to community groups, members of the public, social enterprises, and the private sector.	N/A to these BSA models and projects.	N/A
1. Presence of organizations at the subnational level with a sufficient combination of experience of monitoring the effects of forestry, social orientation, and ecological conservation projects.	<p>All of these BSA models and projects, except for BMCT, have experience in the monitoring of effects on forestry, social and ecological indicators.</p> <p>Ex. (1) ECOTRUST monitors the activities of the growers and equity aspects of their participation in the project. There is currently no ecological conservation component to the project; (2) on Mt Elgon UWA and NFA have some experience of monitoring these elements through involvement in the project. Both parties have documented reviews of performance at various stages of the programme; (3) WCS The MSCP is trialling weekly alerts of changes to forest cover and monthly updates of satellite imagery with assistance from ESRI, NASA and Global Forest Watch, via tablets and training provided by Jane Goodall Institute.</p>	N/A
2. Demonstrated ability of subnational government agencies to publicly report all benefit sharing transfers to the proposed benefit sharing mechanism recipients on a regular basis.	<p>Only in the case of BMCT are the districts reporting all transfers to communities. With UWA reporting is irregular and transparency may be lacking.</p> <p>With the other BSA projects districts are not involved and so do not report on it.</p> <p>As noted earlier, in a general manner there is a requirement for LGs to publish all funds they receive through fiscal transfers from central government.</p>	N/A
3. Prior and effective use of third-party monitoring agencies within subnational government environmental programs.	<p>All projects are being evaluated by independent evaluators, but not all do publish. However, prior and effective use of third-party agencies to monitor is not an established practice in any BSA model reviewed.</p>	N/A
4. Proposed subnational REDD+ benefit sharing mechanism implementation agencies has experience incorporating monitoring and evaluation data into forest management planning and using evaluation results to continually improve program implementation.	<p>Only in the case of BSA A of WCS/JGI is has the design of the project been such as to systematically include assessment into the project cycle. And this is the only BSA model that was designed for REDD+.</p>	N/A



Components of assessment from PROFOR's OAF methodology	Summary notes of the analyses of the six BSA models and projects	Suggested Enabling Actions
<p>5. The proposed subnational benefit sharing mechanism implementation agencies has experience using GIS data to monitor changes in forest cover, or has an existing partnership with an organization that has this capacity.</p>	<p>1). The WCS/JGI MSCP is trialling weekly alerts of changes to forest cover and monthly updates of satellite imagery with assistance from ESRI, NASA and Global Forest Watch, via tablets and training provided by Jane Goodall Institute. Local Forest Monitors are doing these checks. WCS is creating maps gradually, due to the high cost, and is starting with base maps for each Private Forest Owner, recording land size, forest and crops, the surrounding neighbours and the GPS point of their house.</p> <p>2). ICRAF in partnership with IUCN developed a mobile app (Africa tree finder) that identifies tree species within given landscapes in Uganda and beyond. The Mobile app was tested in Mt. Elgon landscape and is currently being scaled up to Upper Aswa catchment as well as Mt. Elgon. There are plans (under the BMU/KNOWFOR project – 2016/2017) to improve the mobile app, so that it can be used to monitor changes in tree cover. The capacity of local governments, Ministry of Water and Environment, and stakeholders in Mt. Elgon and Upper Aswa will be built in using the app in the 2 year BMU/KNOWFOR project that was launched last month. Under the Rwizi project, GIS data was also used to determine the extent of wetlands restored (hectares). The information serves as a baseline and will be used to monitor changes in wetland coverage in the catchment over time</p>	<p>N/A</p>
<p>6. The proposed subnational benefit sharing mechanism implementation agency has experience using GIS data to monitor changes in forest cover and in using these data to calculate and monitor changes in bio-carbon stocks and abatement, or has an existing partnership with an organization that has this capacity.</p>	<p>Only BSA project A and B (WCS/JGI and IUCN/CECF) are developing experience using GIS for monitoring. However IUCN/CECF not designed for carbon sequestration monitoring.</p>	<p>N/A</p>
<p>7. The proposed subnational benefit sharing mechanism implementation agencies have experience ground-truthing GIS data on forest cover change, or has an existing partnership with a national level organization that has this capacity.</p>	<p>WCS/JGI are developing community alert systems for ground-truthing information obtained from Global Forest Watch.</p>	<p>N/A</p>



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