

THE PAYMENT FOR ECOSYSTEM SERVICES PROJECT

Project duration: 4 years-(June 2010-April 2014)

Project Title: *Developing an Experimental Methodology for Testing the Effectiveness of Payment for Ecosystem Services (PES) to Enhance Biodiversity Conservation in productive landscapes in Uganda.*

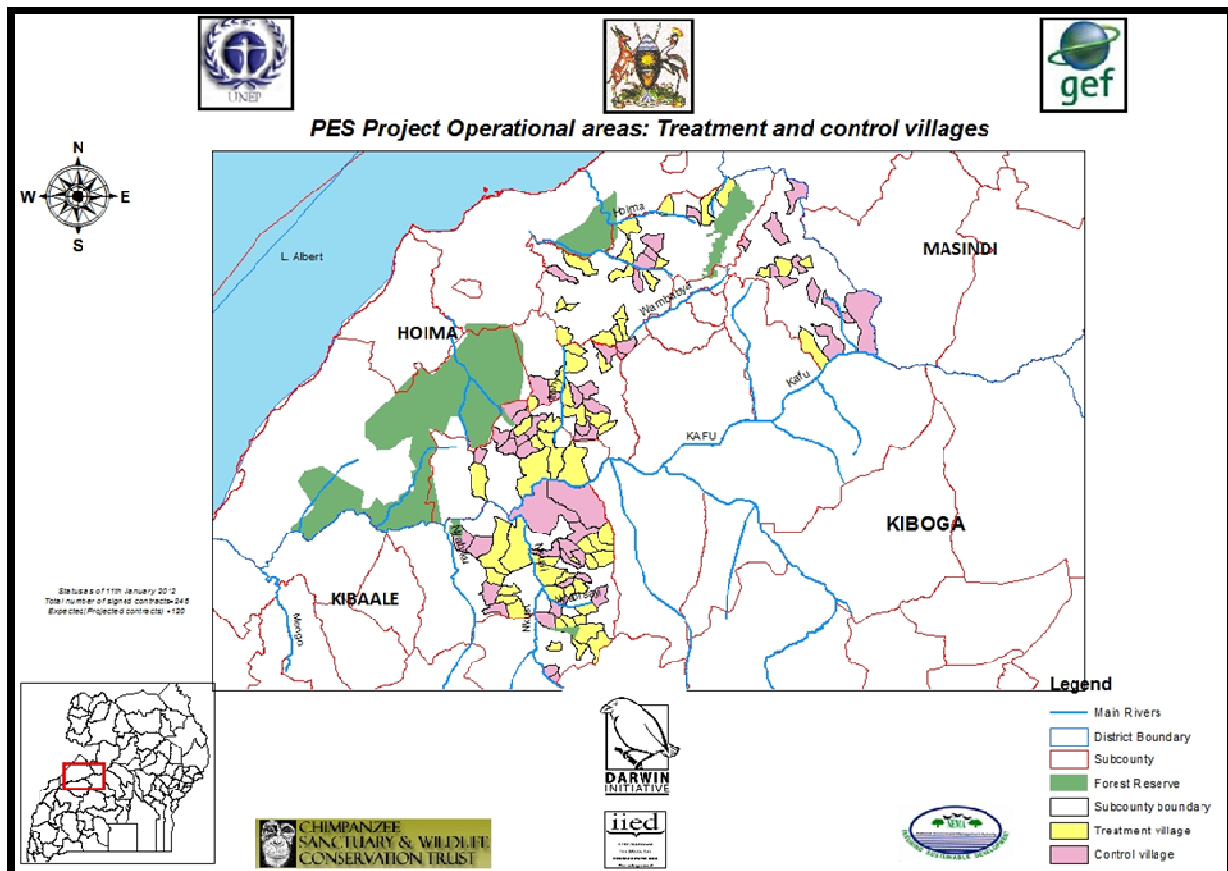
Project Budget; GEF allocation-\$900,000 & Co-financing-\$1,232,400

1.0 Background of the PES project

The Uganda National Development Plan (NDP) implores government, parastatals, institutions and all agencies implementing different programs to pursue national objectives to achieve shared vision and objectives. The plan recognizes the contribution of forestry sector among other primary sectors to spur Uganda's economic and sustainable development.

The Government of Uganda through the National Environment Management Authority (NEMA) received financial support from the Global Environment Facility (GEF) through the United Nations Environment Program (UNEP) to implement a project entitled, "***Developing an Experimental Methodology for Testing the Effectiveness of Payment for Ecosystem Services (PES) to Enhance Biodiversity Conservation in productive landscapes in Uganda***". This project contributes to Objective 1 of the forestry sector aimed at restoring national forest cover which in turn stabilize climate and associated ecosystem services. This in turn supports achievement of key national priority areas of livelihood improvement and restoration of degraded ecosystem.

NEMA is implementing the project with the Chimpanzee Sanctuary & Wildlife Conservation Trust (CSWCT) as the Project Management Unit (PMU) and other project partners including (Nature Harness Initiative (NAHI), Hydromax, International Institute for Environment and Development (IIED), Katoomba Group, Innovations for Poverty Action (IPA) and international scientists from Stanford University and the World Bank. NEMA and its partners are providing co-financing to the tune of \$1,232,400. Darwin Initiatives-UK is providing cash co-financing to cover IIED's input for design and part of host institution's costs for monitoring and scheme design.



2.0 Project rationale

The goal of the project is to enhance biodiversity conservation in productive landscapes in Uganda and globally through better understanding of PES. The project is located in Hoima and Kibaale Districts, in Western Uganda (See map). These districts are part of the Albertine Rift.

The Albertine Rift Eco-Region¹ is the most important forest system in Africa for biodiversity, extending across the Great Lakes Region of East and Central Africa (DRC, Uganda, Tanzania, Rwanda, and Burundi). Unfortunately, the forests in the Albertine Rift in Uganda are under threat due to various factors leading to loss of biodiversity. There is increasing threat from growing commercial demands and from rural communities whose high levels of poverty make them dependent on forest resources. With conservation agencies at national and decentralized levels not yet fully equipped to address above threats and local people just beginning to participate in participatory forest management, the project will provide another building block to finding a sustainable financing future.

The project objective is to test the effectiveness of PES as a viable means for financing biodiversity conservation outside protected areas, focusing on the above private and community forests in key wildlife corridors Hoima and Kibaale. This area forms part of the corridor for chimpanzees and is home to Uganda's largest chimpanzee populations living outside protected areas.

Through a pilot PES scheme, the project aims at generating additional and sustainable finance for biodiversity conservation that provides incentives to local communities to conserve

¹WWF description of the Albertine Rift

biodiversity found in remaining forests on private and public lands not gazetted as forest reserves.

3.0 Project outcome and outputs

The expected outcome is a valid statistical field methodology that can be used to demonstrate the effectiveness of payment for ecosystem services & an increased number of national and community stakeholders who can design and implement PES schemes. By the end of the four years, the project will have developed a running PES scheme and increased number of local communities, the private sector and the technical personnel who can design and implement PES.

5.0 Methodology

The project considers a randomized evaluation approach where treatment and comparison communities are identified from a sample of 140 villages in Hoima and Kibaale districts in view of their ecological and social parameters. The participants are separated into treatment and control villages after which a PES scheme is implemented in half of the sample. A mixture of cash and in-kind payment is offered to individual landholders in return for contractually agreed activities such as maintaining forest cover and reforestation with indigenous tree species. The scheme then involves rigorous monitoring and evaluation analysis to determine its performance.

4.0 Project's implemented activities

1. Determination of forest management practices for ecosystem service delivery
2. Baseline data collection from individual land parcels. Both Biophysical and socio-economic
3. Determination of payment level and modalities for willing participants
4. Negotiation and signing of PES contracts/MOUs with private forest owners
5. Estimation of Ecosystem service changes delivered by the project
6. Determination of appropriate institutional framework
7. Promoting the PES scheme to national and international buyers
8. Administration of PES payments
9. Monitoring and evaluation based on Randomized and controlled experiments
10. Data analysis by international scientists with review by national scientists
11. Training of local resource users, private companies and technocrats in PES
12. Dissemination of project results to national and international audiences for lesson sharing and learning

5.0 Project progress

The project was initiated through a cooperation agreement between the National Environment Management Authority-Uganda and UNEP in April 2011. NEMA signed an MOU with Chimpanzee Sanctuary & Wildlife Conservation Trust (CSWCT) as the project management unit (PMU) in May 2010 after which implementation started with a national inception workshop in June 2010.

The national inception workshop and the first Project Steering Committee meeting were held in Hoima district, western Uganda in June 2010. The project manager was recruited in August 2010 and commenced his duties in September 2011. The socio-economic and biodiversity baselines were completed in April 2011 whereas satellite images and forestry baselines for impact evaluation monitoring will be completed by mid-2012. The national executing agency has signed MOUs with all implementing partners (CSWCT, Katoomba group, IIED and IPA).

Early 2011, the project focused on development of PES training materials and training workshops for local communities, private sector and government technocrats. These were aimed at providing foundational knowledge for project implementation and subsequent knowledge and capacity building opportunities for potential participants that were to be selected later in the year.

Starting in mid 2011, comparison and treatment (implementation) villages were selected and consultations carried out in 70 villages with over 900 potential participants. IPA had established baselines with about 600 of them. After consultations, 413 landowners expressed interest to join the scheme with 338 ultimately signing PES contracts. CSWCT has established a project database with baseline information and has developed a monitoring framework in partnership with NAHI.

It is upon feedback from monitoring information that complying forest owners will be paid per unit area conserved or reforested. The project payment rate determined with reference to other similar PES scheme is \$35 (Approximately 70,000 Uganda shillings/ha/year). With close to 1,500ha committed to the project scheme, this translates to about \$52,000/year equivalent of cash payments in addition to 44,000 indigenous seedlings worth about \$18,000.

To effectively ensure coordination and sustainability, the project is woven in a regional network of organizations implementing similar conservation organization in the Albertine Rift. The network is called, Northern Albertine Rift Conservation Group. It meets quarterly to share lessons and plan activities together. There is a potential REDD+ pilot scheme that is under design and the PES project is already providing important information even for designing relevant project documents for voluntary carbon markets based on community, climate and biodiversity standards (CCBS) or voluntary carbon standards (VCS). The project technical committee that brings together technical persons from national institutions has met three times to provide feedback to project implementers. The Project steering committee has also met twice to steer project implementation and provide overall oversight.

6.0 MANAGEMENT

The overall oversight of the project is provided by the project steering committee (see list below). Technical review of reports based on progress report prepared by the project management unit (CSWCT) is provided by a stakeholder's panel constituting the Technical Committee (List below). Both of these provide overall guidance to the project management implementation unit that constitutes a project manager.

Table 2: District, Sub-county and Village specific information on PES project progress

District	Subcounty	Participating/benefiting villages	Forest owners signing up to PES contract	Total forest being conserved and reforested (Ha)
Hoima District	Kyabigambire	Rwobunyonyi, Mparangasi, Kihambya, Busanga, Kyakamese, Ruhunga	53	106
	Kitoba	Kyabasengya, Buhamba, Kibanjwa, Kyakakoizi, Kibanjwa, Bukerenge, Kiryangobe	62	181
	Bugambe	Kyabasimba, Kikinda,, Kiyooro, Kyakajaka,, Nyabuhere, Muntooke, Kahoojo, Katanwa	56	105
	Kiziranfumbi	Kigabo, Kicaya, Kamusuni, Kyarwensambya, Kicompyo, Kinywambeho, Kihaguzi, Kiswaza, Nyansororo	43	472
	Kabwoya	Kihooko, Ikoba B, Kitaganya , Kitoole, Kabiira, Rwobuhuka, Kidubi, Kabango, Kituuru	29	306
Kibaale District	Kiryanga	Kiryanga A, Kiryanga B, Kitooro C, Kyabisulita, Murere, Kicucura	24	94
	Kakindo	Kagezi, Kanyamwabura, Kiryabukura, Kyakabangali, Kyarukoka, Rwanjare, Kyakajumbi, Kanani, Kihaguzi, Kisaigi, Kyakamutanga, Kyefumbizi, Katikara, Rwembuba, Kasojo, Busera, Igomba, Kihuna A, Kuhuna B, Majeru, Nkwaki, Kadiki, Betaniya	65	168
	Birembo	Buramagi, Kitogo	6	5
	Totals		338	1,437