

## Uganda (Uganda Breweries)

### National Wetland Programme and private business (brewery)

#### SUMMARY

This is a borderline scheme that presents an interesting example of how the private sector recognises wetland services. Uganda Breweries is taking steps to reduce its pollution levels in order to reduce impact on wetlands, and is also supporting the National Wetland Programme.

#### MATURITY OF THE INITIATIVE

Unclear what current status is, although it seems that the scheme is ongoing.

#### DRIVER

Uganda Brewery acknowledges that its activities cause pollution in the wetland and Lake Victoria.

At National level, current price systems do not take into account the linkages with ecosystems Ruhweza and Masinga 2005). Emerton *et al* (1999) estimated the value of wetlands (in Nakivudo channel) for breaking down urban waste. There have been increased efforts to preserve the wetlands during the past 5 years, although a pricing mechanism has not been introduced. There is little awareness on the part of local government authorities and the national business community of land/water/PES.

#### STAKEHOLDERS

##### Supply

The National Wetlands Programme (NWP)- wetlands surrounding Lake Victoria in Luzira

##### Demand

Uganda Breweries Limited (UBL). The brewery has installed more environmentally friendly technology and it is also funding environmental education programmes of the National Wetlands Programme.

This particular project focuses more on the brewery company paying for the Wetlands ability to filter waste from the industrial process involved in making beer. There is however interest in expanding to other areas of watershed ecosystem services at the national level. Potential users identified include: domestic and urban users (depending on the ability to pay). The Directorate of Water Development recognises categories of users that are not serviced by the National systems but are potential buyers of services. Efforts are being made to target bottling companies.

##### Intermediary

No intermediary. The deal is directly managed by the National Wetlands Programme (NWP)

##### Facilitators

Makerere University (monitors water quality).

The Ugandan Investment Authority is the focal point for promoting investment in Uganda and the promotion of foreign and domestic investment. Other sources of information include the Department of Fisheries Resources (DFR), and office of lake managements.

Training and education resources, related to ecosystem services and payments, could be provided by the Ministry of Water and Land, Department of Fisheries Resources (DFR), several NGOs including WaterAid, the Makerere University.

#### MARKET DESIGN

##### Service

Assimilation of wastewater discharges from the brewery company.

##### Commodity

unclear

##### Payment Mechanism

unclear

##### Type of Payment

Cash payments to National Wetlands Programme (NWP) to aid in the management of the wetlands and funding environmental education programmes.

##### Funds Involved

unclear

## ANALYSIS OF COSTS AND BENEFITS

### Economic

No information available

### Environmental

No information available

### Social

No information available

## LEGISLATION ISSUES

The Water Act (1995) is the code for use, protection and management of water resources and water supply. There is a Sector Planning and Coordination Unit to monitor the implementation of the Water Action Plan. Current legislation and sectoral policies provide framework to address polluter pays principle (Ruhweza, 2006).

The Local Government Act No.1 of 1997 allows District Councils, Urban Councils and municipalities to provide, protect and maintain water resources and waste management.

*According to Ruhweza and Masiga (2005), overlapping of legal power over water resources has in many cases "created governance and low capacity problems and inefficient service delivery and may become an obstacle to the development of PES".*

*Required laws for ecosystem services:* There is need for regulations to encourage participation of the private sector. Regulations should clarify social equity in the water sector. At the moment there is nothing specific on Payments for Ecosystem Services. Existing frameworks are generally supportive, but limiting in some cases. For example, the law does not allow for additional fees to be charged above and beyond the utility tariff. This prevents the creation of separate funds instead of user levies going to the national treasury (Ruhweza, 2006).

*Potential for future expansion.* The management of lakes using Beach Management Units has been integrated in the National fisheries policy of 2004. These are promoted to replace the old tendering system used by local governments.

## MONITORING

Uganda Breweries is commissioning water quality studies to see if its pollution reduction efforts have had an effect. No further information available.

Potential expansion of PES initiatives in the country would require investment in monitoring capacity building of district fisheries offices and Beach Management Units.

## MAIN CONSTRAINTS

The stipulation in the Water statute, which allows use of naturally occurring water for fire fighting or domestic purposes or to irrigate subsistence garden or watering subsistence stock or fish pond is free of charge, may create perverse incentives. The Local Government Act no 1 of 1997 vests the power to provide, protect and maintain water resources and supplies with District Councils; Urban Councils and municipalities are in charge of waste management and water supplies. In many cases this has created governance and low capacity problems and inefficient service delivery and may indeed constrain a PES mechanism. Although, buyers and administrators of the service can be easily defined a PES should be quicker to implement (Ruhweza and Masiga, 2005).

Ruhweza (2006) has identified the following gaps with respect to Payments for Ecosystem Services in Uganda:

- o Providers not aware of monetary value of their service/Beneficiaries are not aware of the need to compensate the providers
- o Assessing and capturing value – Price does not always capture value of other services: so are we getting value for money?
- o Defining rights – who will receive payments?
- o Effectiveness –in enhancing environmental benefits
- o Efficiency –compared to other approaches
- o Equity –in the distribution of benefits
- o Limited expertise in project design & implementation
- o Market Information- linking sellers to buyers.
- o Little or no involvement of private sector
- o Limited institutional capacity to set up payment systems



### MAIN POLICY LESSONS

Ruhweza (2006) suggests several steps to begin addressing gaps with respect to PES in Uganda:

- o Show the private sector what's in it for them
- o More public awareness and training
- o Practical projects – sites (learning by doing)
- o Need specific supporting guidelines-ensure fines/charges/user levys are used to sustain the ecosystem
- o Valuation-Develop specific valuation methods that ensure payment is commensurate with the service used/ deprived others from using.
- o Need service providers

### OTHER INFORMATION

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#### REFERENCES

Emerto, L., L. Iyango, P. Luwum and A. Malinga. 1999. The Present Economic Value of Nakivubo Urban Wetland, Uganda. National Wetlands Conservation and Management Programme; IUCN: Biodiversity economics for Eastern Africa.

Ruhweza, A. 2006. An Overview of Payments for Ecosystem Services in Uganda. NEMA, May 2006 (powerpoint presentation)

Ruhweza, A. and Masiga, M. 2005. An inventory of initiatives, activities and legislation pertaining to Ecosystem Service Payment Schemes (PES) in Uganda. Draft for comments. Katoomba Meeting, Uganda September 2005.

#### LINKS

<http://www.katoombagroup.org/africa/documents/inventories/NationalInventoryMatrixforUganda-UpdatedDraft.doc>

<http://www.iucn.org/places/earo/pubs/economic/nakivubo.pdf>