The Quest for Green GDP
Natural Capital Accounting_Uganda's experience
20th April 2023

A joint session by GPS

and

Africa Natural Capital Accounting Community of Practice
in partnership with the UN Statistics Division
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Introduction_ Facts about Uganda

Coverage,

- Land , Water, Forests, Wetlands and mountainous vegetation

- Population: Approximately 44 Million. Popn growth rate 3.5%.

- Confluence of 8 ecological zones

- High biodiversity with endemic and threatened species; 364 mammals, 1062 birds

Main economic activity

- Agriculture, heavily reliant on weather

- High potentials for tourism development

- 80% of the population employed in agriculture sector

- Population highly dependant on natural resources for survival

Forestry and wetlands very important in rainfall formation and climatic moderation. Habitat to endangered and threatened species

Economic development

- Agriculture, forestry and tourism major contributors to GDP

- GDP about 45 Billion USD

- GDP growth rate 6.1% (2017/18) mainly dependant on agriculture

Challenges: Forest, wetlands; and other natural resources being depleted

Solution: Policy makers and technocrats to fully appreciate the contribution (direct and indirect) of Natural capital to development

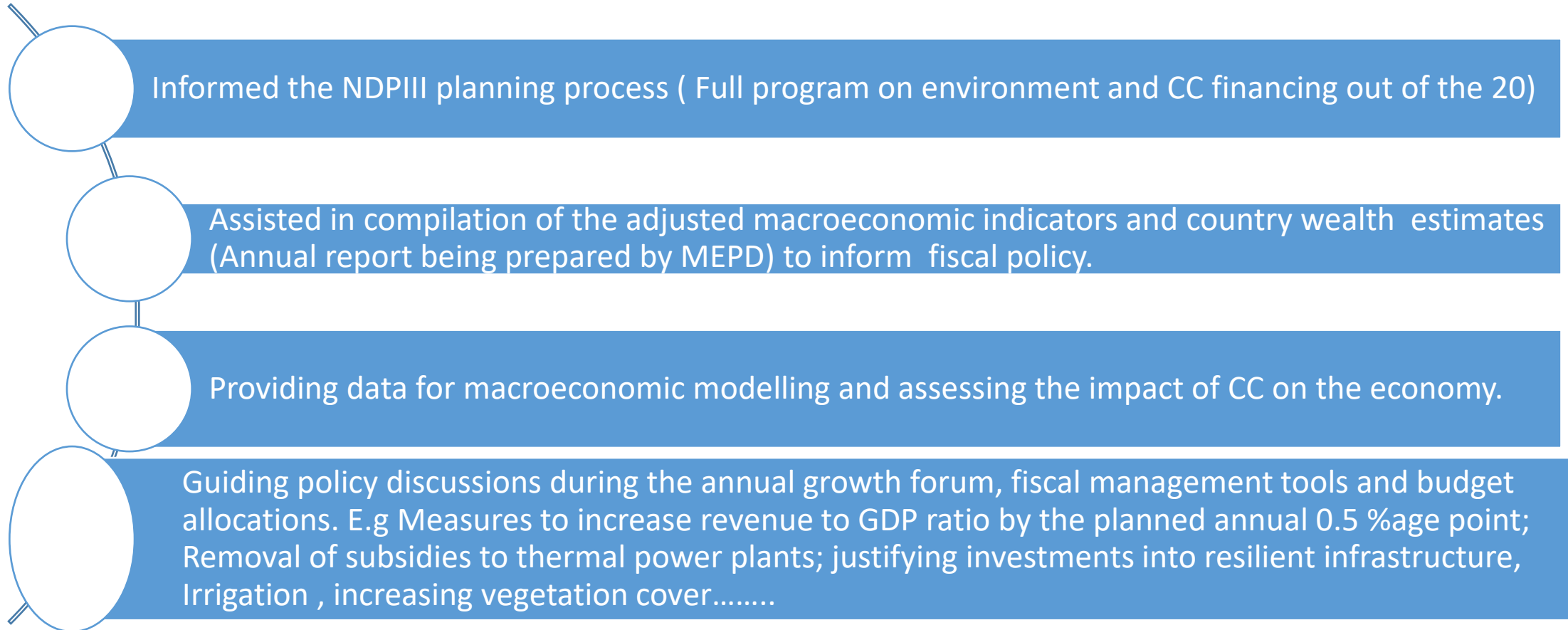# Uganda Natural Capital Accounting (NCA) Program_Objectives

To increase understanding of:

- The real contribution of natural assets and ecosystem services
- How the economy and its sectors affect the natural asset base.
- Is economic development at the expense of natural capital base?
- What are the optimal utilisation levels?
- And appreciate the importance of Natural Capital, especially among the decision makers.

Applications

Informed the NDPIII planning process (Full program on environment and CC financing out of the 20)

Assisted in compilation of the adjusted macroeconomic indicators and country wealth estimates (Annual report being prepared by MEPD) to inform fiscal policy.

Providing data for macroeconomic modelling and assessing the impact of CC on the economy.

Guiding policy discussions during the annual growth forum, fiscal management tools and budget allocations. E.g Measures to increase revenue to GDP ratio by the planned annual 0.5 %age point; Removal of subsidies to thermal power plants; justifying investments into resilient infrastructure, Irrigation , increasing vegetation cover……..

Applications continued…

ADJUSTED MACROECONOMIC INDICATORS REPORT_2021 EDITION UGANDA

"Going Beyond GDP"

December, 2022

Ministry of Finance, Planning and Economic Development
https://mepd.finance.go.ug/reports.html

Specifically, the adjusted macro-economic indicators:

For the last three years, Macroeconomic policy Department of MoFPED has been producing an adjusted macroeconomic indicators report. The analysis and report is within the departmental annual action plans.

The latest report indicates that Uganda had positive ANS using 2020 data, implying that Uganda's current growth does not come at the expense of depleting its capital. However, the trend shows declining numbers.

Uganda's ANS in 2020 as share of GNI was 15.7 percent, down from 17.2 percent of GNI in 2019. This translates to an absolute 1.2 percent decline (from UShs 21,812 billion to UShs 21,540 billion), while nominal GNI growth over the same period was 8.4 percent.

To maintain the positive ANS, there is need to increase the quality of the environment, ensure that there is a net positive gain in vegetation (especially forest cover), reduce pollution, reduce consumption of fixed capital and prioritise investment in human capital through education.

Applications continued…

Total Natural Capital Depletion as a % of GNI
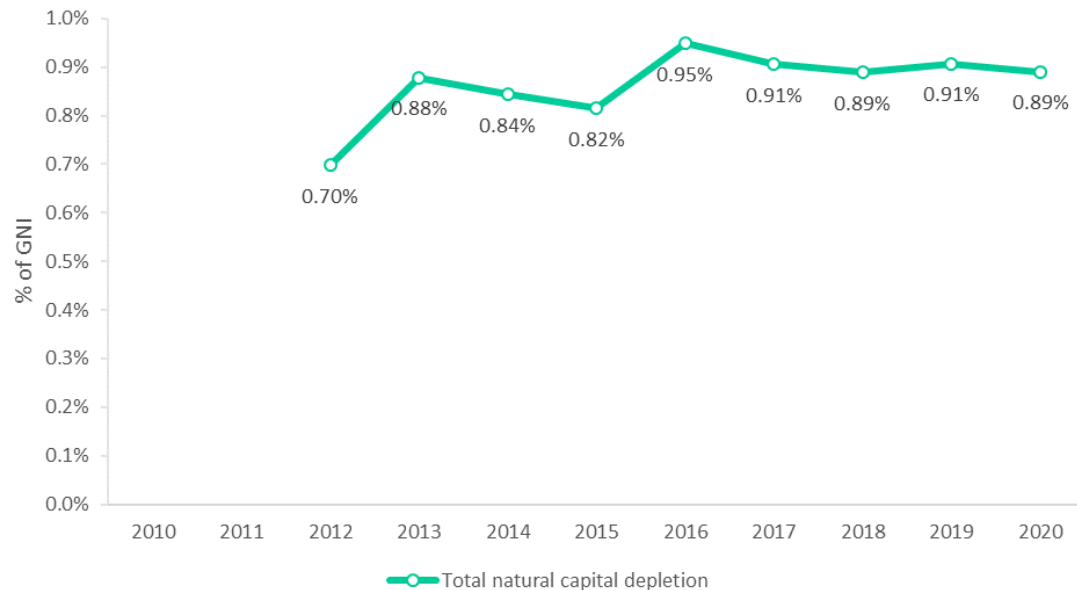
Trend of ANS and GNS as a percentage of GNI