

COSTING AND IDENTIFYING FINANCING GAPS




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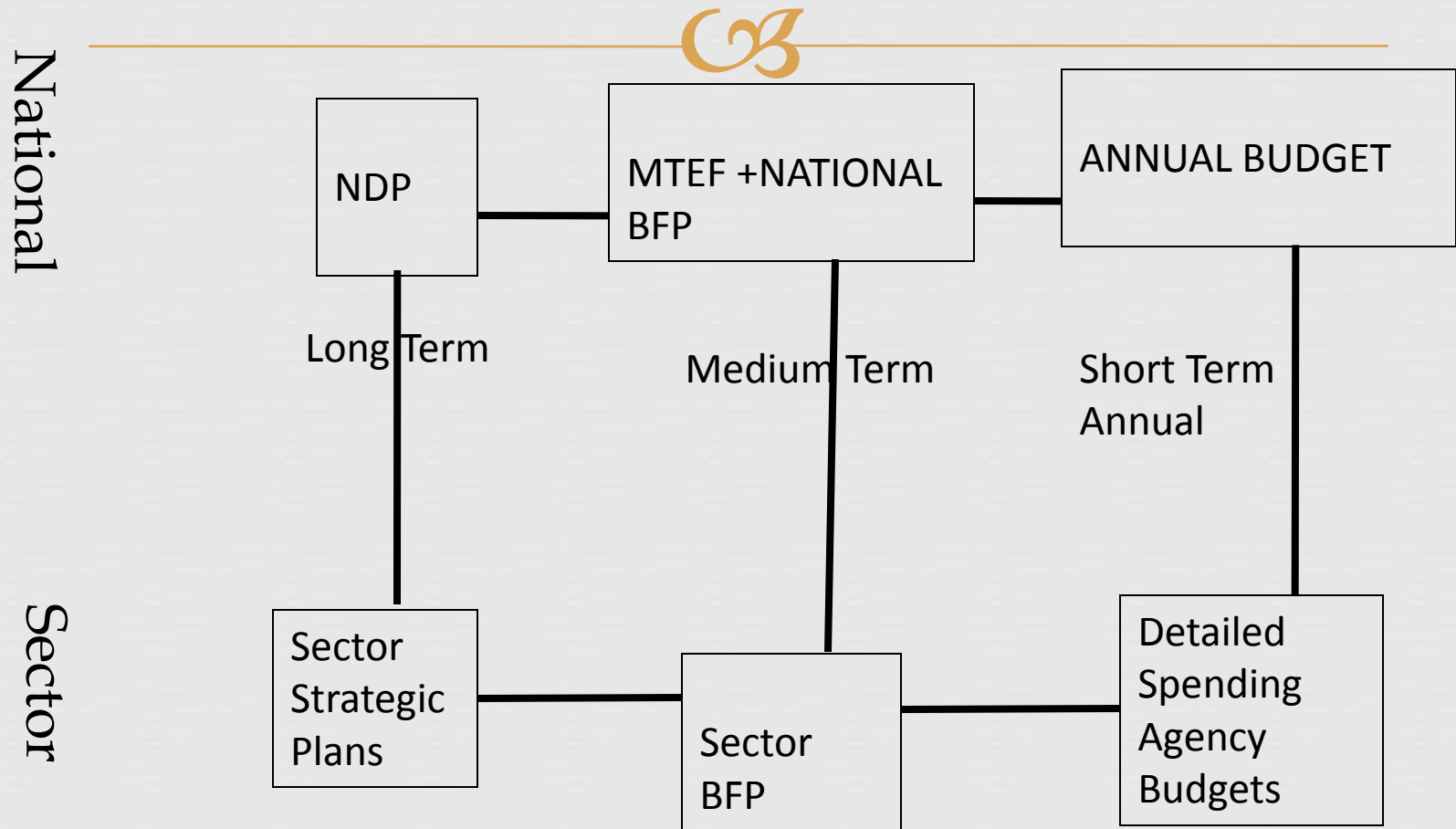


Introduction: Origin of need, costing, identifying gaps

- Decision x/3 of conference of parties to the CBD (2010):
Indicator 2 
- Country parties that have:
 - (i) Assessed values of biodiversity, in accordance with the convention,
 - (ii) Identified and reported financing needs, gaps and priorities,
 - (iii) Developed national financial plans for biodiversity and,
 - (iv) Been provided with enough funding and capacity building to undertake the actual activity.
- The Uganda NBSAP has highlighted financing gaps since 2000/01

Budget Formulation in Uganda

Framework for linking policies & strategies to budget using sectors



Integrating local government dimension

❧ Districts are the main implementers of basic services in Uganda.

- Local Government replicated Budget Framework Papers.



- National policy priorities are funded at local governments via earmarked conditional grants which appear in sector MTEF

❧ National priorities Vs local discretion-getting the balance right

- About three-quarters of local funding comes in from conditional grants from the centre.
- Local governments have discretion over local revenue – trade licenses, user levies over use of natural resources: fisheries levies, forestry product movement fees, charcoal & firewood production permits etc..

Integrating aid into the financial planning process

- Aid and Donors are integrated into MTEF
- Aid to spending agencies reflected in MTEF since 1997
- Donors part of sector working groups from the start, which has improved information sharing
- Project Aid now included in Integrated Sector Budget Ceilings from 2003.
- Donors shifts towards sector and general budget support
- Increased on-budget funding and attention paid to the budget process
- Poverty Action Fund helped give credibility through protection of budget disbursements to PRS priority areas

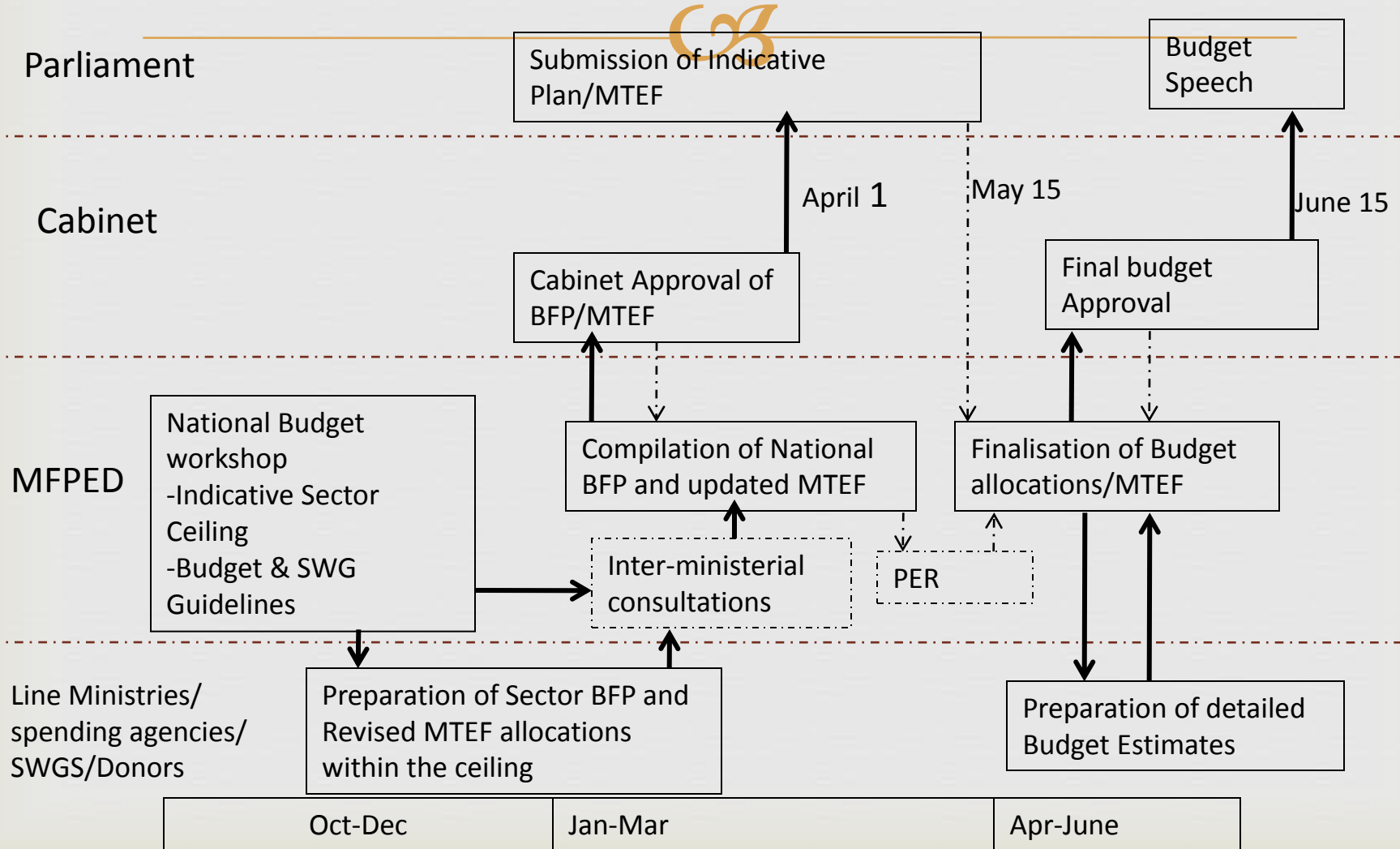
Costing: influence of cash budgeting system

- ❧ Cash Budgeting systems: means budget limits evolve within the year budget releases primarily based upon the revenue collected rather than using cash flow profile associated with approved estimates.
- ❧ The approved budget becomes a guide rather than an authority.
- ❧ Consequences: Multiple in year budget revisions mean less attention is paid to the annual budget preparation

Costing: Activity budgeting

- Public sector budgeting in Uganda largely activity budgeting where activities and services that incur costs in every functional area are accounted for, analysed and linked to the strategy or strategic mission.
- National – A budgeted National Development Plan
- A Medium Term Expenditure Framework
- Sector – Agricultural sector, Development Strategy and Investment Plan
- Agencies and departments –
 - NEMA – Strategic Plan (2009-2014)
 - NFA – Business Plan (2009-2014)

An inclusive and consultative process



Important considerations in budgeting:

RESOURCE ENVELOPE: Resource envelope = Available Public revenue less expected mandatory payments such as external and domestic debt obligations.

BUDGET CEILING: often do not match earlier MTEF forecast.

- MTEF provides medium term estimates of sectoral expenditure = Current plus projected Wages + non-wage recurrent expenditure + domestic development expenditure + donor funded expenditure.
- Budget SWGs meet every 2 months to discuss the expenditure strategies, objectives and activities within the targets they have been given.

Costing for extra resources in strategic plans & investment plans

- Extra resources:
 - ❧ Own revenue from revenues from trade in ecosystem services and goods - markets;
 - ❧ Fees from violators of regulations, permits etc - EFRs;
 - ❧ Other revenues from research activities, rent of assets or premises, concessions etc..
 - ❧ Institutions/agencies have own planning and budgeting committees;
 - ❧ Where autonomy exists for generating and allocating resources e.g. Uganda Wildlife Authority, National Forestry authority, NEMA,
 - ❧ There is a component of the budget for many of these institutions which often remains unfunded

Discussion: Identifying financing gaps

- Proposals for a natural resource accounting approach
 - A) valuation of ecosystems and ecosystem services
 - B) Showing Use and Non-Use Values
 - C) Identifying sustainable ways of utilising the identified ecosystems & ecosystem services
 - D) Showing the political-economy linkage with the national development priorities & obtaining relevant regulatory support
 - E) Developing instruments for enhancing potential revenue available for conservation as well as equitable sharing of benefits from conservation of the resource – A Natural Capital Approach

THANKS

