

## POLICY BRIEF



# Achieving 'no net loss' for people and biodiversity in Uganda

Governments, businesses and financial institutions worldwide are increasingly adopting a 'no net loss' (NNL) approach to address impacts on biodiversity of development projects such as infrastructure development. This means ensuring that such impacts are measured and quantified, and that any biodiversity losses incurred are balanced by gains elsewhere so that there is no net loss of biodiversity overall (even if there may be a loss at the specific site of the project) and, ideally, a net gain. Uganda is taking great strides to address the biodiversity impacts of development projects. This includes updates to key policies to make provisions for NNL, including through use of biodiversity offsets. But now is the time to ensure that people, especially rural communities who depend on natural resources for subsistence, do not suffer as a result of NNL provisions. This policy brief reports on research conducted in Uganda to explore the biodiversity and social impacts of the Bujagali and Isimba hydropower projects and the associated Kalagala Offset, and suggests key steps that the National Environmental Management Authority (NEMA) can take to improve outcomes for both biodiversity and local people from the offset, especially through the Kalagala Offset Sustainable Management Plan.

### Policy pointers

- The Government of Uganda is updating its 1994 National Environment Management Policy (NEMP) and 1995 National Environment Act to address key gaps relating to biodiversity NNL and biodiversity offsetting. It is also producing a new Biodiversity and Social Offset National Strategy. This is an ideal opportunity to establish strong policy foundations that ensure NNL for biodiversity also means NNL for people.
- There are moral, practical, and regulatory arguments for ensuring that activities to achieve the international good practice standard of no net loss of biodiversity are sustainable and equitable such that local people are 'no worse off' (and ideally better) in terms of their perceived wellbeing.
- New international good practice principles have been developed that provide a framework for achieving no net loss of biodiversity, while taking local peoples' needs and views into account better. These can be adapted to a Ugandan context and reflected in Ugandan environmental policy.
- The refinancing of the Kalagala Offset and the near-completion of the Isimba dam present a vital opportunity to improve outcomes for both biodiversity and people from the Kalagala Offset. Research findings that should be incorporated into an updated Kalagala Offset Sustainable Management Plan include: to ensure that the Isimba dam accounts for its impacts on biodiversity and local people's uses of natural areas; to set up a dedicated unit to monitor and report on the gains and losses from implementation of biodiversity offsets (both ecological and social); and to implement biodiversity offsets that also address local people's needs.

### No net loss for people *and* biodiversity?

Achieving no net loss of biodiversity is already considered international good practice in the context of development projects such as mining, construction and infrastructure development. In general, after assessing the potential negative environmental impacts of a project, developers adopt a series of measures (the so-called 'mitigation hierarchy') to achieve an overall position of no net loss of biodiversity (hereon called 'biodiversity NNL'). First they attempt to avoid impacts on biodiversity wherever possible (for example through changing siting decisions or extraction processes); then they

minimise these impacts (for example through making sure that work does not contaminate water sources); then they make good (in technical terms ‘remediate’) temporary impacts (for example through restoring previous features); and finally, for any remaining impacts, they ‘offset’ the loss by investing in improved biodiversity elsewhere (for example through establishing new, or enhancing existing, habitat).

What is often overlooked, however, is that loss of biodiversity is not just an environmental problem. It can have devastating social impacts – particularly for poor, rural people who depend directly on biodiversity for their subsistence and livelihoods. And actions taken to achieve biodiversity NNL can also have unintended consequences for local people. These can be positive – for example, rehabilitating a forest reserve as part of a biodiversity offset can mean enhanced local availability of key natural resources such as firewood and medicinal plants. But they can also be negative – for example if enhancing a nature reserve to achieve biodiversity NNL reduces local peoples’ access and prevents local people from gathering resources that they depend on for subsistence. For all involved with biodiversity NNL activities, there are moral, practical, and regulatory arguments for ensuring that these do not make people any worse off – and ideally that they improve their wellbeing. International good practice principles have just been published that guide developers and funders wishing to ensure that no net loss for biodiversity also means no net loss for people.<sup>1</sup>

## No net loss for people and biodiversity in the Kalagala Offset?

The Kalagala Offset was established to offset the biodiversity loss from the World Bank financed Bujagali Hydropower Project. It includes a number of key actions:

- Setting aside the Kalagala Falls and Itanda Rapids downstream of the Bujagali dam to protect their natural habitat and ecological, social and spiritual values
- Enabling tourism development activities at the Kalagala Falls site
- Not developing power generation in the future that could adversely impact the Kalagala Falls and Itanda Rapids
- Conserving and rehabilitating three of the seven Central Forest Reserves (CFRs) in the catchment (Mabira, Kalagala and Nile Bank). These forests are relied on by local communities for fuelwood, medicinal herbs and, also, as areas to cultivate (albeit illegally)

A second hydropower project - Isimba- is currently under development 40km downstream of Bujagali. It doesn’t have any provisions for a biodiversity offset, and, indeed, is likely to impact the existing Kalagala Offset. Recent research has found that key, amongst the impacts of both dams, is the flooding of sacred sites. A social impact assessment conducted in 2006 as part of the dam constructions specified that sacred sites should be relocated, but many local people felt that the spirits were associated with the river and could not be relocated further inland away from the riverbank. Furthermore, the people around Isimba dam reported that the sacred sites have been destroyed by the construction of this dam, yet no relocation ceremonies have been performed.

The socio-economic research conducted at Kalagala found that local people would be open to a number of mechanisms to compensate for the negative social impacts they incurred. The most popular was a mechanism for tourism revenue-sharing. Local people would like to see some revenue from the white-water rafting activities to be paid into a fund and earmarked for community development. Failing this they would like to see the money earmarked for the restoration and management of the CFRs (provided that they still had some access to these reserves). The research found that local people were amenable to planting native trees in the CFRs, but they were opposed to removing alien trees since they depend on these for firewood. A solution could be leaving sufficient stands of alien trees in a buffer zone around the CFR for a transitional period, while working with local people to develop woodlots near

<sup>1</sup> <https://osf.io/preprints/socarxiv/4ygh7/>

their homes to reduce their dependence on fuelwood from the reserves. Energy-saving cook-stove technologies could also help further reduce the demand for fuelwood.

The World Bank is now finalising plans to refinance the Kalagala Offset. With the Isimba Dam also approaching completion, now is a critical moment to update the Kalagala Offset Sustainable Management Plan to reflect both biodiversity and social considerations. Effective implementation of the Plan will not only ensure the Kalagala Offset is compliant with international good practice, but will also demonstrate Uganda's leadership in achieving no net loss not just for biodiversity but also for people.

## What can NEMA do to improve and implement the Kalagala Offset Sustainable Management Plan?

### 1. Establish a dedicated monitoring unit

As recommended by international good practice (such as the IFC and the Business and Biodiversity Offsets Programme), NEMA should establish a dedicated unit for monitoring biodiversity offsets within their existing monitoring division. This unit will be responsible for monitoring both the implementation and the outcomes (biodiversity and social) of NNL activities of all development projects, and specifically the Kalagala Offset. The unit should be properly funded by NEMA, as part of the EIA monitoring unit, with support from the Ministry of Water and Environment. Staff should receive on-going training and to ensure they have the skills and expertise required. The unit should also be given appropriate powers to hold developers to account and enforce any necessary rectification measures.

### 2. Ensure Isimba dam achieves no net loss of biodiversity in ways that ensure local people's wellbeing are at least as good as before the dam

NEMA should attach conditions for the Isimba dam to achieve biodiversity NNL (especially with regards to the Kalagala Offset) in ways that ensure local people's perceived wellbeing is at least as good as before the dam construction. This includes fully addressing its impacts on biodiversity and local people, for example, by ensuring that any increase in area of the Kalagala Offset benefits both people and biodiversity.

### 3. Encourage ecological and social consultants to collaborate

NEMA should specify that ecological and social consultants work together when evaluating how a development project affects biodiversity, and how these biodiversity impacts affect people. NEMA should also specify that ecological and social specialists should, together, evaluate and measure the social impacts that arise from biodiversity NNL activities, especially offsetting. Such evaluations should be undertaken as early as possible, and then as part of the ESIA process.

### 4. Provide a mechanism to account for negative social impacts of the Kalagala Offset

The updated Kalagala Offset Sustainable Management Plan should specify a desired outcome that local people's wellbeing is at least as good, and ideally better, than before the dams and offset. Ways to do this that are preferred by local people include:

- Tourism revenue sharing earmarked for community development or the restoration and maintenance of the CFRs;
- Planting native trees in the CFR;
- Development of a sustainable livelihood scheme;
- Employment to monitor and evaluate the status of the CFR; and
- Payment to the community by visitors and tourists to access sacred sites.

## 5. Ensure the refinancing process includes stakeholder consultation

NEMA should specify that detailed stakeholder consultation is carried out on the NNL activities included within the Kalagala Offset Sustainable Management Plan. Consulting local people in the affected area before designing a biodiversity offset is vital to ensure local buy-in and avoid any negative impacts of the offset on local people. This engagement must target communities across the whole area, and include marginalised and vulnerable people, to make sure that the selected compensatory activities are seen as appropriate by different groups of people (e.g. men and women will have different views on appropriate compensatory activities, and people in different villages may have different priorities).

## 6. Include replanting of native species amongst the offset activities

The updated Sustainable Management Plan should include replanting of native species in the CFRs so as to compensate both biodiversity and ecosystem services lost by the removal of the original biodiversity cover. The river banks should also be planted with native vegetation so as to protect the river bank from erosion and revive the aquatic life that has suffered the effects of silting.

## 7. Include wellbeing impact assessments in ESIA processes

NEMA should advocate for the mainstreaming of wellbeing impact assessments in the ESIA process. This will require training for all stakeholders involved with the ESIA process, especially NEMA and ESIA consultants, as well as the development of guidelines on good practice for undertaking wellbeing assessments.

## 8. Address the impacts of rock-blasting

NEMA should employ a rock blasting specialist to study the impacts of rock blasting activities and identify measures to address such impacts, as part of the ESIA process. Through in-depth stakeholder engagement our study highlighted that local communities attribute many impacts on their livelihoods to rock blasting activities, notably, cracked houses, spread of diseases (e.g. high blood pressure, heart attacks), miscarriages in women and livestock, and disruption of spirits at sacred sites.

## Next Steps

UPCLG strongly encourages NEMA to incorporate these recommendations into an updated version of the Kalagala Offset Sustainable Management Plan. UPCLG also strongly suggests that NEMA should specify that Isimba dam compensates for any impacts to the Kalagala Offset. In addition, NEMA should provide these recommendations to the consultants appointed to prepare the National Biodiversity and Social Offset Strategy (in collaboration with WCS Uganda). This will ensure that the new Strategy addresses not only biodiversity NNL, but also the social impacts that could arise. This will go a long way to help Uganda develop no net loss policies and biodiversity offsets that are fair, socially acceptable and sustainable.



This policy brief is based on research funded by the UK Government's Darwin Initiative. The views expressed do not necessarily reflect those of the UK Government. For more information on achieving no net loss for biodiversity and people please visit the project website at: <https://www.iccs.org.uk/project/achieving-no-net-loss-communities-and-biodiversity-uganda>

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