



Purging the Environment and Climate Change Funding Gap at Local Government

Presented by

Ministry of Finance, Planning and Economic Development
Climate Finance Unit

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Presentation Outline

- Introduction
- Objectives of the Climate Finance Unit
- Impact of Climate Change
- Uganda's Green and Climate Finance
- Challenges and Opportunities
- Decentralizing Climate Finance



Introduction

- ❑ Climate change and environmental degradation continue to direly impact the economy, livelihoods, water access and energy.
- ❑ This has also increased the financial cost of containing environmental degradation and climate change.
- ❑ Uganda has developed policies, plans, and laws to curb environmental degradation and contain climate change.
- ❑ These include; NDC, National Environmental Act, National Climate Change Act, Uganda Green Growth Development Strategy among others.
- ❑ However, a challenge of finance continues to undermine implementation of these laws and policies.
- ❑ Limited financial flows to Local Governments worsening vulnerability.



Climate Change Impact

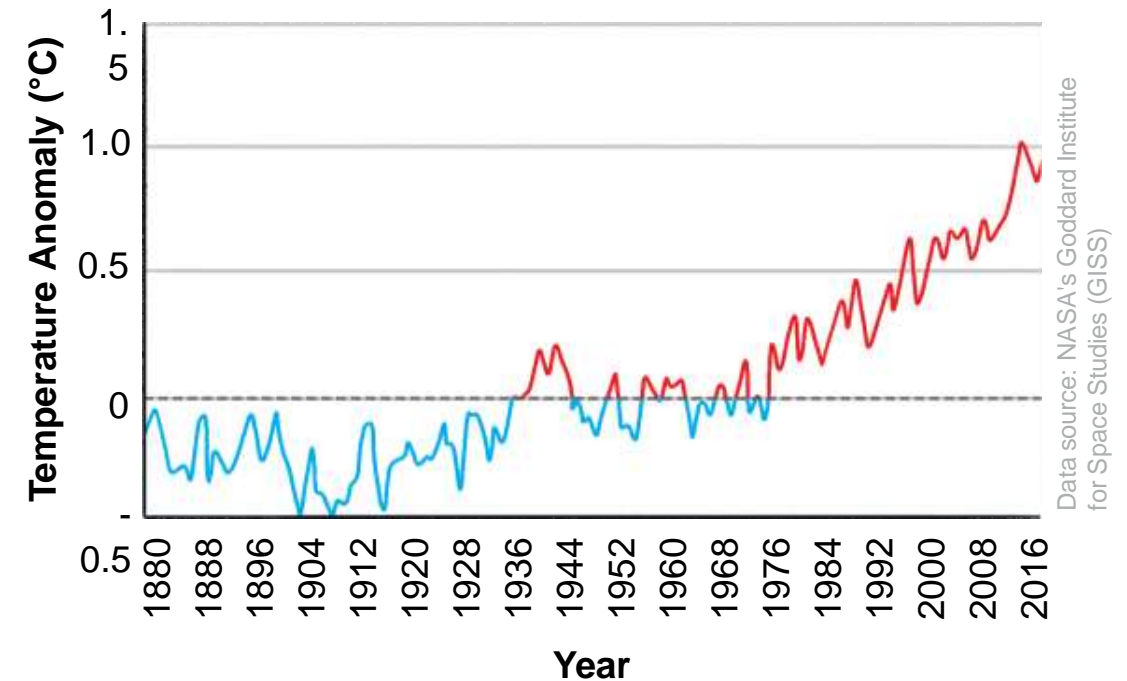
- ❑ Climate change impacts compound existing challenges such as water stress and income poverty with implications on sectors such as agriculture, energy and transport.
- ❑ Specifically, it affects the energy sector at the following levels:
 - Access
 - Reliability
 - Security
 - Dry spells impact operation of dams e.g. Nyagak, Bugoye
 - Flooding and dry spells impacts energy infrastructure.
- ❑ It also presents opportunities such as; solar potential, innovation and decarbonization.





The impact of Climate Change

- ❑ Uganda has experienced increased adverse weather patterns such as: prolonged drought in the north, landslides in the east, and devastating flooding.
- ❑ Resulting in destruction of natural habitats.
- ❑ Displacing human and animal populations.





Uganda's Green and Climate Finance Ambitions

- ❑ Uganda has an updated Nationally Determined Contribution (NDC) and a Green Growth Development Strategy.
- ❑ Implementing NDC requires USD 28.1 Bn of which 15% will be sourced from domestic sources and 85% from external sources.
- ❑ The current financial constraints in the budget indicate that we need to explore innovative financing sources to support climate and environmental measures.
- ❑ The MoFPED has created a Climate Finance Unit to lead on coordination of mobilization, access, expenditure and tracking of climate and green finance.



Main objectives of the Climate Finance Unit (CFU)



To mobilize National and International resources for climate and green investments.



To ensure efficient allocation and utilisation of climate and green finance.



To increase institutional coordination and capacity to attract more climate financing nationally and internationally.



Functions of the Climate Finance Unit



- ❑ Mobilization of climate finance, green finance and disaster risk financing.
- ❑ Developing a National Climate Finance Strategy.
- ❑ Facilitating climate and green finance related project preparation and programming
- ❑ Monitoring and evaluation of projects and programs under the climate financing.
- ❑ Undertake stakeholder capacity needs assessment, develop strategies and execute the capacity enhancement.
- ❑ Support the NDA and GEF in the MoFPED
- ❑ Build strategic partnerships with local government, national, regional and global stakeholders

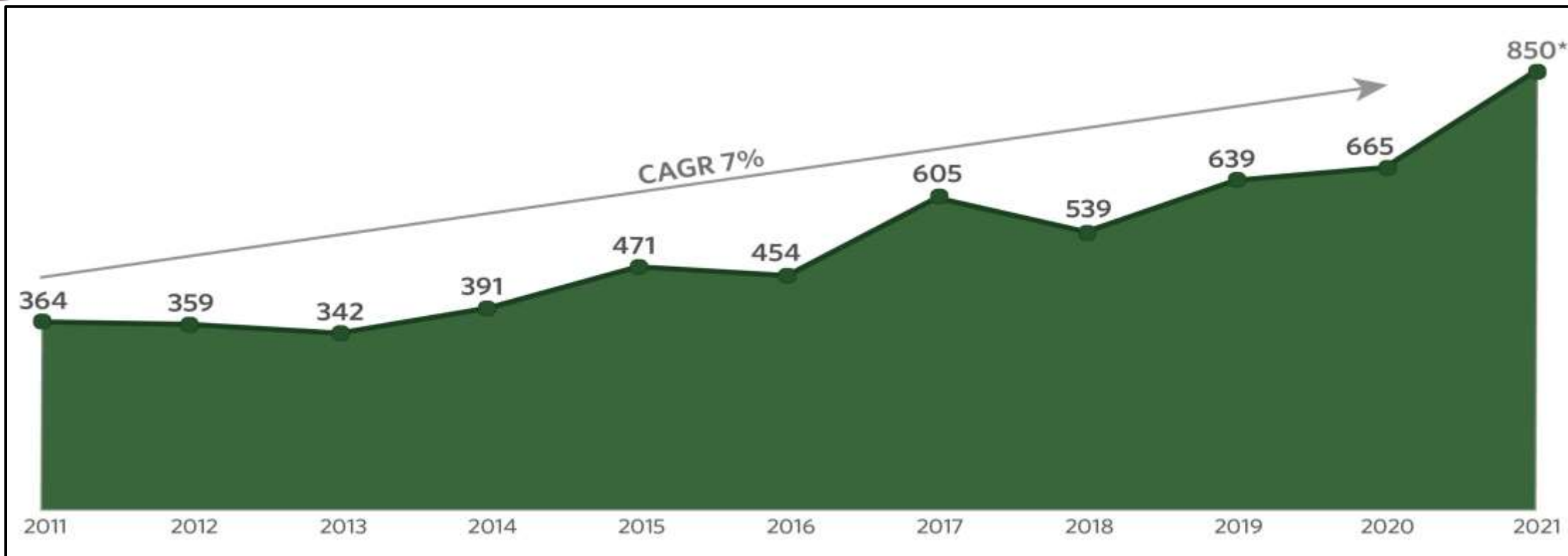


Decentralizing Green and Climate Finance

Ongoing Efforts



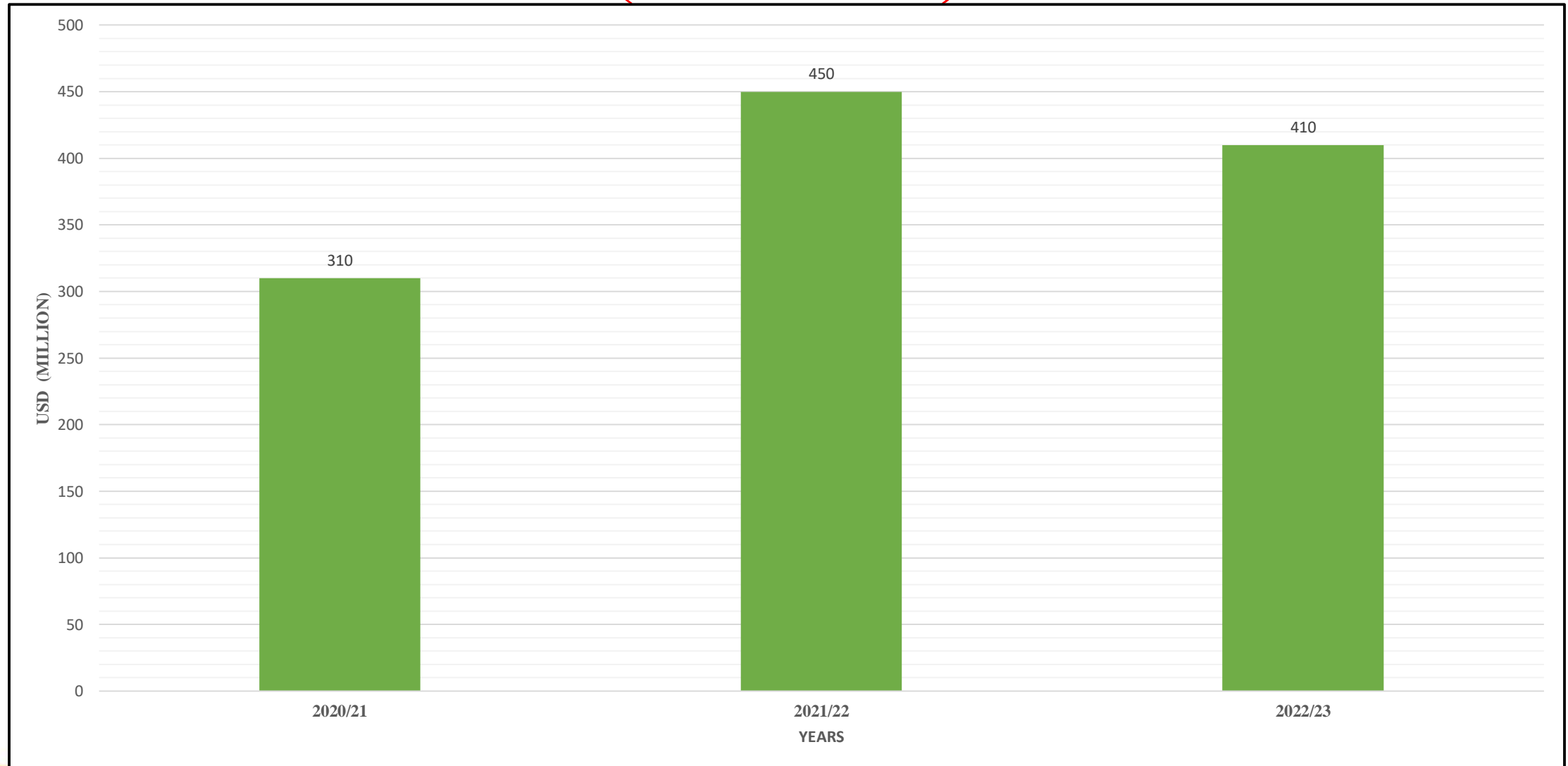
Green and Climate Finance Flows - Trends



Climate finance increased at 7% (CAGR) on an annual basis reaching USD665Bn in 2020. This was driven primarily by growth in the renewable energy and transport sectors. Data on climate finance also improved over the years. Despite the increase, current investment levels are significantly short of the estimated needs.



Climate Finance - inflows in Uganda (MoFPED)





Local Climate Adaptive Living Facility (LoCAL)

- ❑ LoCAL finances locally led Adaptation actions.
- ❑ It is a performance based climate resilience grant being implemented by GoU in partnership with UNCDF.
- ❑ It will leverage the Inter-governmental fiscal transfer programme to disburse money to LGs.
- ❑ FY 2023/24 – will be piloted in four districts – Zombo, Kasese, Nebbi and Nwoya.
- ❑ There are plans to scale up the facility to other districts through partnerships.

Locally Proposed Investments

Nebbi – UGX 485.9M

- Construction of Got-tar dam with animal trough, chlorine dosing unit & safe water points in Porombo sub-county – water stressed.
- Plant trees along feeder roads (142KM)
- Establish on-farm demos for soil & water structures.
- Raise tree seedlings for planting along road reserves and boundaries.



LoCAL Prioritized Investments

Zombo District – UGX 417,801,506

- Reconstruction of a bridge damaged by floods on Namthin River.
- Installation of lightning arresters in lightning prone primary schools.
- Afforestation of local forest reserves.
- Assessment and collection of data on climate related disaster occurrence.

Nwoya District – UGX 438,706,725

- Construction of institutional renewable energy cook stoves for four secondary schools.
- Growing trees to establish.
- Woodlots in 5 public institutions for ecotourism, windbreaks, & biomass energy supply.
- Construction of a remedy on Anaka to Agung road.



LDC Initiative for Effective Adaptation and Resilience (LIFE-AR)

- It's an initiative seeking to deepen decentralization climate finance to local government.
- Ensure that at least 70% of mobilized climate finance flows to local governments.
- Undertaking a design of the Decentralized Climate Finance Mechanism to guide the flow of resources.
- Will be piloted in 12 districts for the start as it transitions from the planning phase to investment phase.
- Pilot districts include- Pakwach, Ngora, Yumbe, Kaabong, Karenga, Pader, Kibaale, Kalungu, Ntungamo, Kalaki, Rakai and Lwango.



Other ongoing Efforts to purge the LG Financing Gap

- Exploring the GCF recently opened Local Government Financing Window.
- Creation of a green and climate finance facility in MoFPED to ensure predictable allocations.
- Undertaking climate change budget tagging to quantify and track climate finance at national and sub-national levels.
- NEA – 2019 speaks about the Natural Resources and Environment Conditional Grants which will be more inclined to Env't.
- Also consider widening the Water and Env't sector grant to integrate earmarked resources for ENR.



Support

- Project preparation
- Guidance on criteria for accessing funds
- Tailored capacity building
- Back stopping for proposal development
- Facilitate access to climate finance and relevant guidelines.



Opportunities for support

Financial support GEF 8 programming:

- \$7m from 3 thematic areas –
 - Biodiversity
 - Climate Change
 - Land Degradation

Carbon Markets

- Support for development of project preparation documentations
- Commercialisation of carbon potential
- Support for Certification

Resilience and sustainability facility - IMF

- In discussions with IMF to access \$1bn concessional financing for climate action

Green bonds:

- Support to issue bonds to finance transmission capacity for Uganda



Thank you