



Civil Society Budget Advocacy Group

# Policy Brief on **Climate Financing** in Uganda



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## About CSBAG

Civil Society Budget Advocacy Group (CSBAG) is a coalition formed in 2004 to bring together civil society actors at national and Local Government Levels to influence Government decisions on resource allocation, resource mobilization and utilization for equitable, gender responsive and sustainable development. Since 2004, CSOs under the umbrella of CSBAG have engaged Government in influencing the budget process to ensure that both the local and national budgets address the needs and aspirations of the poor and marginalized groups of people in Uganda.



# 1.0

## Introduction

## 1.0 Introduction

*Climate variability and change impacts is one of the major contributing factors leading to growing numbers of people facing hunger and forced displacement, as well as curtailing progress towards most development targets (SDG Report, 2018).*

For the first time in more than a decade, there were approximately 38 million more hungry people in the world, rising from 777 million in 2015 to 815 million in 2016. The World Meteorological Organization (WMO) confirms 2019 (global av\_temp 0.93oc) as the second warmest year on record after 2016 (global av\_temp 0.99oc).

In fact, 2016 is the third year to set a new record for global average surface temperatures since modern recordkeeping began in 1880 according to NASA and NOAA climate data sets. The average temperatures for the five-year (2015-2019) and ten-year (2010-2019) periods were the highest on record.

Since the 1980s each decade has been warmer than the previous one. This trend is expected to continue with the increase in heat-trapping greenhouse gases in the atmosphere.

The world continues to experience rising sea levels and extreme weather conditions all associated with increase in change of temperature regimes.

In Uganda, within the last three decades, the impact of weather and climate variability are on increase and the most commonly experienced extreme weather events being increase and heavy precipitation (rainfall), reduced precipitation for some places, cases of strong winds and temperature raise in most parts of the country.



The above mentioned national-wide climate change experienced conditions have resulted into frequent flooding, dry spells and drought tendencies that are severe and intense, leading to increase in cases of crop failure and animal deaths, mud and landslides, destruction of properties (mostly roads, bridges energy and housing infrastructure) and loss of human lives particularly with regards to severe floods and drought occurrences .

For instance, the most recently frequent experienced floods happened in many parts of the country with districts mainly affected include Kasese, Bundibugyo and most parties of Teso districts. Flash floods also are on the raise in major towns such as Kampala among other places. Drought impacts are commonly pronounced in districts of Karamoja and the central cattle corridor districts.

Between 2017 and 2019, Isingiro district is one of the worst hit districts which was affected by water stress leading to many livestock deaths and crop failure.

In addition, according to Eskom, the company managing power generation in the country, the water levels of Lake Victoria, the biggest water body in Africa and biggest inland fishing body in the world on 07/05/2020, Lake Victoria levels recorded 13.42M surpassing the highest recorded lake level of 13.41M on 12/05/1964. The water spilling is at 2,400 CM/Sec for both Nalubaale and Kiira hydro power stations.

The current intensive and prolonged rainfall in Uganda and in the East African region in the late months of 2019 and early 2020 has caused a rise in water levels of Lake Victoria and all major water bodies and flooding in several areas of the country. The quick rise is further hastened by environmental degradation and urbanization. Other flooded lake showers include Lake Kyoga and Kwana and rivers like Mayanja leaving many settlements submerged including loss of life and property.

Climate change affects are further exacerbated by increasing deforestation, wetland and land degradation encroachment rates. Uganda however, intend to fulfil its international obligations with regard to reduction of national GHG emissions and promoting adaptation to the adverse impacts of climate variability and change by mobilizing necessary financial support to increase resources allocation towards the implementation of the National Climate Change Policy(NCCP) and the NDC partnership plan.

Climate change adaptation mitigation and environment management are critical to the achievement of increased household incomes and improvement of quality of life of the population. Sufficient precipitation occasioned by maintaining and/or increasing forest and wetland cover is vital for hydropower generation, agriculture, fisheries, domestic water supply, industry, navigation, tourism, wildlife and ecosystems.

Proper wetland management is necessary to mitigate flood risks, maintenance of aquatic

***In more than a decade, there were approximately 38 million more hungry people in the world, rising from 777 million in 2015 to 815 million in 2016.***

ecosystem, and access to fresh water.

Environment preservation is also critical for human health and tourism. In addition, climate change orchestrated impact of droughts, floods, heat waves and landslides on the livelihood of vulnerable populations is critical for reducing income inequality.

17 goals of the SDGs envisage a future that would be rid of poverty and hunger, and safe from the worst effects of climate change. Specifically, goals 6, 7, 11, 12, 13, 14 and 15 set targets for combating the effects of climate change and sustainable management of water resources, terrestrial ecosystems, forests and the environment.

Aspiration 1, Goal 7 of Africa Agenda 2063 calls for putting in place measures to sustainably manage the continent's rich biodiversity, forests, land and waters and using mainly adaptive measures to address climate change risks. The EAC Vision 2050, pillar 3.4 targets sustainable utilisation of natural resources, environment management and conservation with enhanced value addition having, with 92.9% of population having access to safe water.

The Uganda Vision 2040 calls for development of appropriate adaptation and mitigation strategies on Climate Change to ensure that Uganda is sufficiently cushioned from any adverse impacts brought by climate variability and change. In 2018, Uganda became the first country in Africa to sign the Partnership Plan for



Nationally Determined Contributions (NDCs) to achieve national climate goals as part of its obligations to the Paris Agreement. Under the NDCs, the country committed itself to reduce national emissions and adapt to the impacts of climate change.

Nevertheless, poor management of water, environment and natural resources coupled with the worsening effects of climate variability and change have resulted into:

- (i) high exposure to hazards and disasters, within the context of limited capacity for climate change adaptation and mitigation;*
- (ii) low disaster risk planning;*
- (iii) rampant degradation of the environment and natural resources caused by low enforcement capacity, limited environmental education and awareness, limited alternative sources of livelihoods and limited research, innovation and adoption of appropriate technology;*
- (iv) limited access and uptake of meteorological information (inaccuracy in*

*information) due to low technology and equipment for early warning and preparedness and ineffective systems and mechanisms for addressing vulnerabilities*  
*(v) poor coordination and institutional capacity gaps in planning and implementation; and*  
*(vi) absence of appropriate incentives for good environmental management practices.*

**“ The country committed itself to reduce national emissions and adapt to the impacts of climate change. ”**

<sup>1</sup>National Development Plan three (NDP 111)

## 1.1 Global and National Climate financing in Uganda.

*According to the UN Climate Change, Climate finance is defined as local, national or transnational financing, which might be drawn from public, private and alternative sources of financing for climate action.*

Climate funds are resources earmarked at multilateral, bilateral and/or national levels for measures that address climate change concerns.

Several climate change dedicated funds have been created for multilateral financing under UNFCCC include Global Climate Fund (GCF), Least Development Countries Fund (LDCF), Adaptation Fund (AF) and Special Climate Change Fund (SCCF) and funds under the Non-UNFCCC arrangement including but not limited to Climate Investment Funds (CIF), multi-lateral development Banks like World bank and Africa development bank, bilateral climate fiancé include; European union with Global climate change alliance, the Germany, Japan, Nordic countries such as Denmark with Danida, Nordic climate facility, Norad, Sida, Switzzland with Swiss Agency For Development And Cooperation (SDC), United kingdom with DFID and International Climate funds (ICF), United Sates with USAID and non-government al climate finance and faith based donor agencies all have been established to support the poor and vulnerable developing countries.

However, there is still need for large investments to significantly reduce greenhouse gases and to promote adaptation to the adverse effects. Uganda prepared its Intended Nationally Determined Contributions (INDCs) in 2015 and communicated it as its NDC in 2016, as part of its effort during the ratification of the Paris Agreement with both

mitigation (reducing emission by 22% by 2030) and adaptation commitments, as part of the global effort to transition to a low carbon, climate resilient economies.

Climate change related expenditures from Uganda's national budget constitute about 1 percent and is heavily biased towards adaptation activities.

**Uganda is still faced with a challenge of monitoring, tracking and reporting on climate change financials from both public and private sources."**



### 1.1.1 External Climate Finance Sources to Uganda

*The main source of this was in the form of Official Development Assistance (ODA) from European countries as well as USA and European Union (EU) institutions.*

Some of the notable adaptation projects include: (i) The NAPA projects piloted in the districts of Bundibugyo, Nakasongola, Apac and Pallisa; (ii) The \$ 1 million Territorial Approach to Climate Change (TACC) project funded by DANIDA, DFID and UNDP implemented in Mbale, Manafwa and Bududa in 2012 and 2013; and (iii) Two projects in Nakasongola, including (a) the € 14 million Global Climate Change Alliance (GCCA) project which was funded jointly by the EU and the Royal Belgium government and (b) the \$ 4 million Sustainable Land Management (ISLM) project implemented at national level and in five districts (main: \$ 2.2 million; and GEF: \$ 1.8 million), SIDA \$ 8,9 million Climate Resilient Livelihood Opportunities for Women Economic Empowerment (CRWEE) in Karamoja and West Nile Regions of Uganda Project, GCF \$ 24 million Building Resilient Communities, Wetlands Ecosystems and Associated Catchments in Uganda, EU \$ 8,8 Global Climate Change Alliance Plus (GCCA+): Scaling up Agriculture Adaptation to Climate Change in Uganda and Adaptation Fund (AF) \$ 7.7 million for Enhancing the Resilience of Communities to Climate Change through Catchment Based Integrated Management of Water and other related resources in Uganda)

The sources of finance for climate change adaptation and mitigation activities in Uganda include the funds under consideration by the United Nations Framework Convention on Climate Change (UNFCCC), Domestic Revenue, private sector investment, Multi-lateral climate funds, bilateral development assistance in form of grants and concessional loans, guarantees and private equity . A study undertaken by

Oxfam and the Climate Action Network Uganda (CANU) on the adaptation finance accountability initiatives revealed some figures related to how climate change finance earmarked for adaptation is used.

The study reports that between 2010 and 2012, more than US\$ 264 million in adaptation finance reached Uganda. Records from the OECD show that in the period 2013 – 2017, Uganda received climate related donations (in form of grants, food aid, concessional loans , grants, guarantees and private equity) amounting to USD 1,362 million from developed countries and multilateral organizations (see Table 1).

***The developed countries included partners such as; Australia, Germany, Belgium, USA, and the Great Britain among others.***

The Multilateral organizations included among others; the European Union (EU) Institutions, International Monetary Fund (IMF), Regional Development Banks (such as AfDB, Islamic Development Bank, e.t.c), United Nations (such as FAO, UNDP, WFP, etc), and from the World Bank (such as IFC).

Other sources included; The Global Environment Fund (GEF), Adaptation Fund, Climate Investment Funds (CIF), Global Green Growth Institute (GGGI), Green Climate Fund (GCF), and Nordic Development Fund (NDF). The particular sectors that received funding from development partners included forestry, agriculture, humanitarian aid (disaster preparedness and response, food aid, e.t.c), and general environment protection. See details in Table 1;

<sup>2</sup>The Green Economy Barometer 2018 Uganda

**Table 1: 2013-2017 time-series/trends of climate adaptation and mitigation financing from developed countries and multilaterals to Uganda**

Years	Amount in USD-Millions					
	2013	2014	2015	2016	2017	Total
<b>Area of Donor Financing</b>						
Humanitarian Aid (Disaster Preparedness, Food aid, e.t.c)	67.215	111.937	108.966	171.016	325.592	784.726
Forestry	0.758	1.348	0.701	0.903	0.281	3.991
Agriculture	78.943	131.593	116.921	78.822	86.871	493.15
Energy (Renewable energy)	–	–	–	–	–	–
General Environment Protection	27.869	27.869	12.657	9.262	13.681	80.242
<b>Totals</b>	174.785	261.651	239.245	260.003	426.425	1362.109

*Source: Developed from Analysis of the OECD Records on climate related funds to Uganda, 2019*

**Table 1:** reveals that over the period 2013-2017, majority of the climate change adaptation and mitigation related financing from international donors to Uganda went to the humanitarian areas such as disaster preparedness and response, and food aid among others accounting for over USD 784 million. This was followed by Agriculture at over USD 493 million. The General Environment received USD 80million while

- *Forestry received the least amounts of financing amounting to approximately USD 4 million. Records from the OECD further reveal that since 2010; the Energy sector, specifically, renewable energy did*

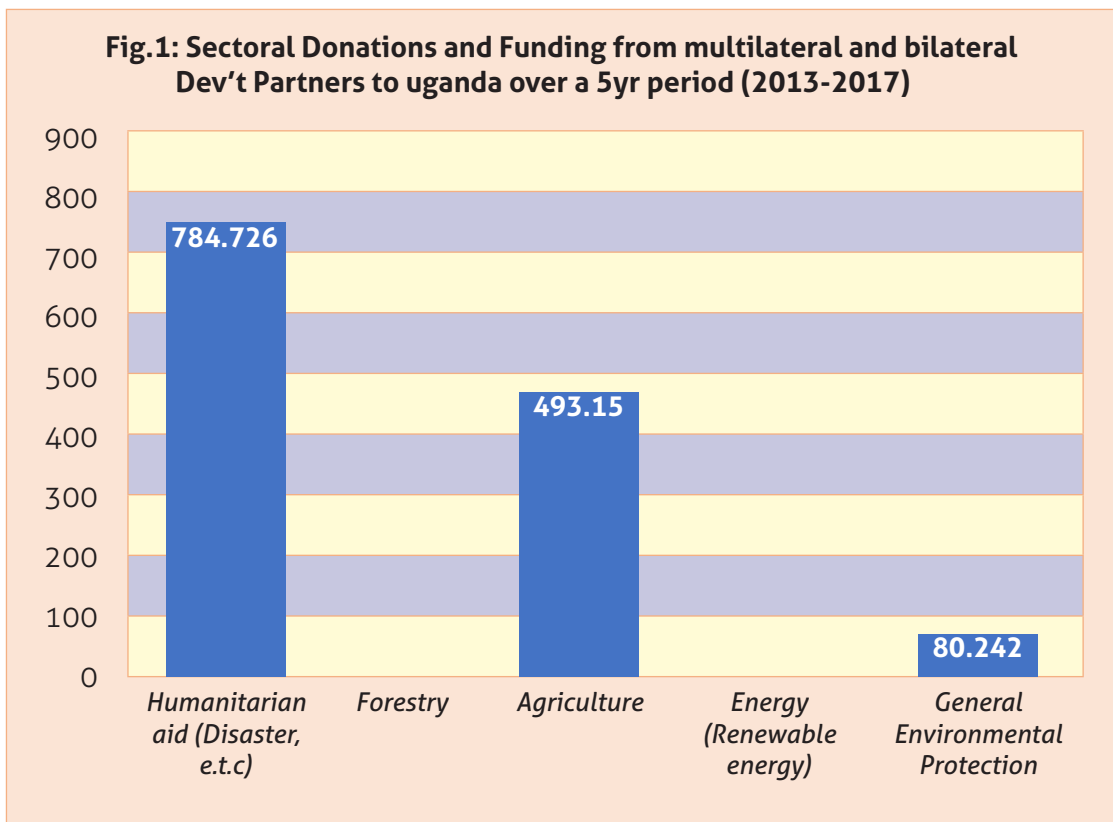
*not receive funding from the OECD donors. See figure 4 for graphic representation of the donor-sector distributions of climate funds to Uganda for the period 2013-2017.*

A deeper scrutiny of the finances and donations received by Uganda from the development partners towards climate change adaptation and mitigation further indicates that there has been a 41% increase (n=USD 251.64 million) from 2013 figures (n=USD 174.785 million) to USD 426.425 million in 2017 with the humanitarian activities such as disaster preparedness and food aid receiving a lion's share of these funds and donations.

<sup>3</sup> Republic of Uganda (2018): Overview of Climate Finance in Uganda. Ministry of Finance, Planning and Economic Development (MoFPED), Presentation by Masaba A., (20th Nov, 2018) at the National Dialogue on Climate Resilience, Kampala

<sup>4</sup> Organisation for Economic Co-operation and Development (OECD) <http://stats.oecd.org> accessed on the 11th April, 2019

<sup>5</sup> The analysis for this report considered only the direct funding categorized by the OECD donors for climate related interventions as (a) humanitarian activities (such as food aid and disaster preparedness); (b) the general environment protection; (c) forestry; (d) Agricultural interventions; and (e) Renewable Energy. See <http://stats.oecd.org> accessed on 11th April, 2019



Source: Developed from Analysis of the OECD Records on climate related funds to Uganda, 2019

### 1.1.2 Domestic sources of climate finance in Uganda

*The major domestic source of climate adaptation and mitigation financing in Uganda is the Government of the Republic of Uganda, supplemented by the private sector investments.*

These are specified in the National Climate Change Policy, 2015 costed implementation plan and they include among others:

- National and Sectoral Development Plans and Budgets, as climate change concerns are mainstreamed and leveraged through various development plans.
- Private Sector investments, particularly

with respect to energy, industrial developments, and technology transfer.

- Multilateral and bilateral development partners' support as well as support from international climate change funds, particularly with respect to issues of capacity development, technical assistance and awareness raising.
- Market-based mechanisms for climate-related actions, such as Clean Development Mechanisms, benefit-sharing schemes under REDD+, emissions-trading revenues, tax incentive and tariff schemes. Payment for Ecosystem Services (PES) Schemes which is the practice of offering incentives

*The Government of Uganda in its National Climate Change Policy (NCCP 2015) has identified the following priority sectors for adaptation:*

- (i) agriculture and livestock,***
- (ii) forestry,***
- (iii) infrastructure (emphasizing human settlements, social infrastructure, and transport),***
- (iv) water,***
- (v) energy,***
- (vi) health, and***
- (vii) disaster risk management***

*with an estimated total cost required for implementation of adaptation priorities in the sectors identified from 2015 to 2030 to at least US\$2.4 billion. 6A more recent estimate by the GoU placed the number between US\$3-\$6 billion annually to deal with climate change effects.<sup>7</sup>*

### 1.1.3 Tracing climate related budget allocations for selected financial years

As shown in Table 2 below, the budget allocation related to climate change mitigation and resilience is captured in some of the programmes as seen below

**Table 2: Climate change related Budget Allocation trends across sub programs in Water and Environment sectors**

Programme	2018/19	2019/20	2020/21
Water for Production under MoWE	86,443,000	121,704,000	213,609,000
Weather, Climate and Climate Change	639,882	659,882	659,882
Enhancing Resilience of Communities to Climate Change		3,526,026	4,026,026
Coordination of Climate Change Financing under Ministry of Finance	--	--	260,000
<b>Total</b>	<b>87,082,882</b>	<b>125,889,908</b>	<b>218,554,908</b>

Source: Water and Environment sector MPS FY 2020/2021 and Ministry of Finance FY2020/2021

**CSBAG recognizes the strategic alignment of sector priorities through the adoption of a Programme-based budgeting approach with integrated main programmes and sub-programmes. For instance, different programmes have integrated aspects of building climate change resilience.**

<sup>6</sup>Republic of Uganda (2015): "Uganda's Intended Nationally Determined Contribution". United Nations Framework Convention on Climate Change (UNFCCC) <http://www4.unfccc.int/ndcregistry/PublishedDocuments/Uganda%20First/INDC%20Uganda%20final%20%2014%20October%20%202015.pdf>

<sup>7</sup>The Republic of Uganda (2017) "Strategic Program for Climate Resilience Uganda," Prepared for the Pilot Program on Climate Resilience. [http://ccd.go.ug/images/SPCR/Uganda%20Strategic%20Programme%20for%20%20Climate%20Resilience\\_April2017.pdf](http://ccd.go.ug/images/SPCR/Uganda%20Strategic%20Programme%20for%20%20Climate%20Resilience_April2017.pdf)



## 1.2 The Climate Change Budget Tagging (CCBT)

*The Climate Change Budget Tagging (CCBT) is a system to identify and track climate-relevant public expenditures.*

The CCBT process is aimed to enable Government of Uganda planning and budgeting systems to track climate change finance resource allocation and expenditure analysis for the climate actions at all levels (National and sub national level).

The tagging will allow for consistent reporting by spending ministries, departments, agencies and local governments to identify, classify, and track climate change and/or green growth-related public expenditures. The budget tagging code will be used to codenational budget lines/votes pertaining to climate change i.e. adaptation and mitigation.

It helps to track the volume and nature of climate finance and facilitates prioritization of climate relevant development investment in the most vulnerable sectors. This capability will reinforce efforts to strengthen public financial

management and budget planning in general, and specifically enhances the ability of the Ministry of Finance Planning and Economic Development (MoFPED) to allocate and manage resources towards the National Climate Change Policy and Nationally Determined Contributions (NDCs).

Existing international climate finance flows to Uganda are insufficient to meet this goal and will need to be supplemented with budget revenue and private investment.

Successful implementation of Climate Change Responsive Budgeting largely depends on how the various sectoral ministries articulate the climate change considerations in designing and implementation of their programmes / schemes.

In Uganda, Climate Change Budget Tagging (CCBT) is being piloted in four Ministries and four Local Governments for the 2019/20 Budget and will be fully rolled out in all Ministries, Departments and Agencies (MDAs), and Local Governments for the 2020/21 Budget in the next fiscal year.



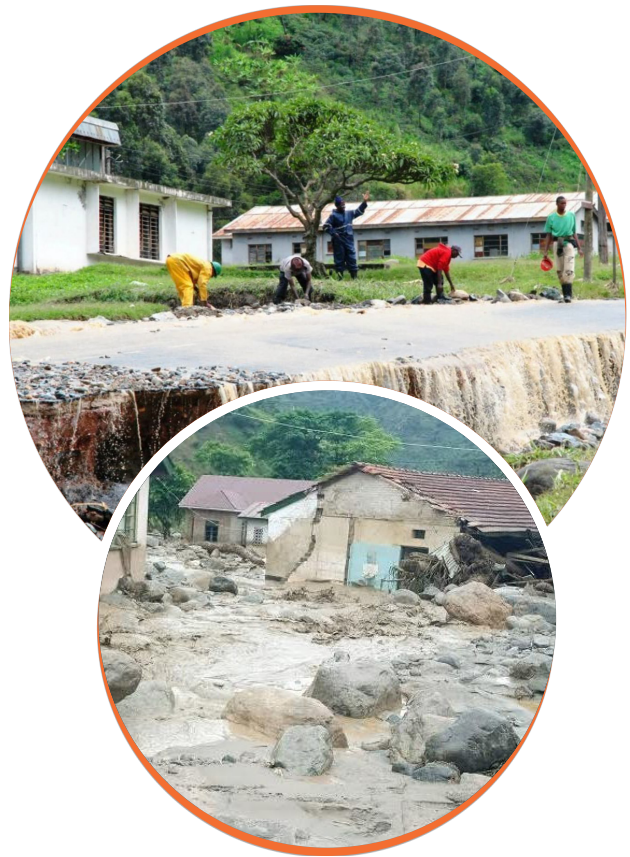
### 1.3 Climate Finance tracking

*Developed countries have committed under the international negotiations (Monitoring, Reporting and Verification (MRV) under Paris Agreement aimed at enhancing transparency of action and support under the UNFCCC) to jointly mobilise finance for climate action.*

Yet, consistent and comprehensive data to track this commitment is inadequate; not able to provide specific and proper picture of financial flows.

In addition, there is limited understanding of the concepts underlying the mapping and tracking of adaptation finance.

Mapping and tracking of adaptation finance help governments and the non-state actors understand how much and what type of adaptation finance is flowing in and enables actors to evaluate progress, assess governance (based on the principles of transparency, accountability, equity, efficiency and effectiveness) inform and influence decisions. Estimates based on available data are highly uncertain and incomplete, highlighting several challenges in establishing a robust tracking system.





2.0

Key climate  
finance concerns and  
recommendations

## 2.1 Inadequate climate change mainstreaming and financing across sectors

CSBAG recognizes the need for integration of climate change across all sector programmes including water resources management, biodiversity, tourism, housing, water development (water for production as well as rural and urban water supply and sanitation). Whereas the MPS recognizes climate change as a constraint in the productive sectors, only two sectors (Roads and agriculture) have direct components that address climate change in their budgets.

The 2020/21 Ministerial Policy Statement recognizes climate change as a major constraint to the productive sectors of the economy such as agriculture, industry, tourism, oil and gas, and water among others.

Studies by the IIED indicate that it will require USD 406 million per year to address climate change in Uganda whereas inaction will cost 20 times more.

Integration and implementation of the National Climate Change Policy 2015 (NCCP) including awareness creation in all sectors and district development, national coordination, monitoring and reporting on the implementation of international standards and commitments is still at a low profile.

This is exacerbated by the lack of an appropriate legal framework for climate change policy implementation and compliance. Currently, climate finance flow through the national budget is too low to meet the national climate change challenge.

Besides, tracking such finance is also blurred and a daunting task since climate change expenditure is not coded in the national budget.

## Recommendation

- The Ministry of Finance and NPA need to adjust the national planning guidelines at sector/program level to include climate change
- Further to this, there is need for government introduce issuance of certificate of compliance to MDAs that have integrated climate change interventions in their plans and budget. These actions will facilitate ease in fundraising, raising awareness and ease in tracking progress on climate action while at the same time allocating enough resources and political support required to pass and enforce the climate change law.

## 2.2 Limited coordination of climate change actions

Actions on climate change undertaken in Uganda have tended to be scattered and unco-ordinated, with inappropriate institutional framework to ensure effective coordination.

Although the Climate Change Policy for Uganda 2015 provides a framework for coordinated action, with attention to capacity requirements and the development of financial mechanisms, there has been limited success arguably due to perpetual limited financing of the Climate Change Department charged with the overall coordination mandate of all national climate change actions.

In the 2019/2020 approved budget estimates for the programme, only UGX 660 million (app. USD 178,000) was allocated to the Climate Change Department (Approved budget estimates 2019/2020). This shows lack of commitment for public financing of Climate Change interventions and makes sectoral coordination to deal with climate change impact unattainable. There is also consistently lack of adequate budget allocation to

programme interventions specifically on climate change resilience/adaptation across sectors in Uganda

### Recommendation

- There is strong need to streamline coordination of climate change interventions across sectors. Climate Change Department under MoWE should be facilitated to coordinate all climate change sectors and actors at both national and sub national level
- Government through MoFPED should allocate adequate budget to programme interventions specifically on climate change resilience/adaptation across sectors in Uganda.

## 2.3 Inadequate technical capacity to enable access to global climate funds

In Uganda, another challenge faced by government relevant agencies and non-state actors in accessing climate funds is inadequate technical capacity to prepare bankable project proposals that meet the eligibility requirements of the various climate change funding windows. This capacity gap is equally very pronounced amongst civil society and private sector actors who cannot easily access adequate climate fund related grants to carry out the much-needed interventions among communities

### Recommendation

- Uganda needs to tap into the GCF readiness programme that supports capacity building in these areas.
- There is need to boost the technical capacity of government officers and

## 2.4 Absence of appropriate national data and information on climate change relevant spending

Some Government Ministries, Agencies and Departments and Private sector still face a challenge of limited information on climate finance which hinders the country's capacity to accurately report on the level of funds received off and on Budget.

The government of Uganda through Ministry of Finance Planning and Economic Development (MoFPED) embarked on the process of piloting the budget tagging system and is expected to be rolled-out in all line ministries and government agencies in the financial year 2020/2021.

Therefore, it is not easy to follow up climate finance resources since climate budget tagging has not been finalized and hence organizations such as CSBAG find it difficult to track climate finance projects and information about them is scanty. This makes budget monitoring and accountability reporting quite challenging.

In addition, MDAs and Local Governments in Uganda are charged with the responsibility of implementing Climate Change Budget Tagging by tagging projects and sub-programs in plans and budgeting processes within their specific areas of control.

However the process is rather slow and not able to cover all sectors of the economy in a short time as required to enhance domestic funding and foster accountability of climate finance funds.

### Recommendation

- There is need to fast track the finalisation of the Climate Change Budget Tagging process to facilitate the monitoring and tracking of climate-related expenditures in

the national budget system thus promote the availability of national data and information on climate finance.

## 2.5 Lack of streamlined mechanism to foster climate finance accountability

Climate Public Expenditure and Institutional Review (CPEIR) is a methodological tool to analyze, how climate change related expenditure is being integrated into national and sub-national budgetary processes. It has three key pillars: Policy Analysis, Institutional Analysis and Climate Public Expenditure Analysis.

It supports to identify and track climate related expenditure in the national budget. However, there is no streamlined mechanism of accounting for climate finance in Uganda.

The auditor general's reports do not have adequate information about the climate finance related expenditures since most of the departments have not streamlined climate related finance in their departmental budgets. In addition, some of the projects are implemented by NGOs and Private sector who are not accountable to the auditor general and accessing such financial records is not easily forthcoming.

### Recommendation

- Ministry of finance should fast track climate budget tagging process so that accountability of climate finance is streamlined.,

## 2.6 Inconsistency in operationalizing the Contingencies Fund.

The PFMA (2015) under section 26, establishes a Contingencies Fund, and instructs that every financial year, this be replenished annually with an amount equivalent to 0.5% of the appropriated annual budget of Government of the previous financial year, and shall not include any supplementary budget of that year.

Subsection (4) as amended, states that the money in the Contingencies Fund, shall be allocated to finance responses to natural disasters most of which are due to climate change related causes.

The law further mandates the minister of Finance Planning and Economic Development with the administration of the fund by warrant addressed to the Accountant-General, to authorize a withdrawal from the Contingencies Fund. As CSOs, we wish to reiterate our regular call for Government of Uganda to effectively operationalize the 'Contingency Fund' as per PFMA, 2015. This allocation should have been UGX 168bn as per the PFMA, 2015, but only UGX 67bn was allocated in the FY 2019/20.

### Recommendation

- The ministry of Finance should comply with the law, to fully operationalize the Contingencies Fund as per section 26, of the PFMA 2015 (as amended). The current practice violates the Act, and deprives the country of an appropriate organized mechanism of responding to climate change related disasters. This also distorts the budgeting process when special supplementary budgets are issued to Votes rather than released to the Fund.

## 2.7 Limited climate finance advocacy by CSOs

CSOs also have various challenges that limit their active participation in implementing climate change interventions as well as following up climate finances that government and non-government entities spend.

This is partly blamed on limited coordination and synergy among CSOs, limited Capacity and expertise of CSOs to undertake climate finance tracking, limited funding for CSOs to undertake Climate Finance work among other challenges.

In addition, an assessment report by Civil Society Budget Advocacy Group reports indicate that many CSOs in Uganda have not yet embraced doing climate finance related work and hence advocacy in the area of climate finance is limited. The common complaint is that climate finance tracking and analysis is complex.

In Uganda, the National Climate Change Communication Strategy (2017/2021) identifies CSOs among the influencers of climate change messages, and identifies a number of stakeholders that will be targeted for training and awareness (including media, the academia, etc.) on climate change issues.

However, the strategy does not recognize CSOs and CBOs among the target audiences that require awareness and capacity development on climate change related issues such as financing, budgeting, and tracking.

### Recommendation

- MoWE and MoFPED should consider CSOs as key stakeholders that should be targeted for awareness and capacity development in the field of climate change, climate finance tracking, monitoring and advocacy

in Uganda thus provide support towards CSO capacity development and awareness creation

## 2.8 Climate change projects fall short of allocative efficiency

The allocative efficiency is very poor implying low value for money for most of the projects, yet good practice in adaptation projects requires efficient and effective allocation of scarce resources to create the most value.

It implies therefore that most of the projects are likely to fall short of the sustainability aspect, hence more reliance on external support that is irregular and costly.

Given that donors have not yet adjusted to programmatic funding, majority of the adaptation projects are likely to create more vulnerability instead of resilience after the funding ends under business as usual scenarios.

Therefore, for adaptation funds to work efficiently there is need for donors and governments to develop mechanisms that reduce transaction costs, improve transparency, address the needs of different gender groups and support adequate fiduciary capacity in addition to focusing on long term transformative strategies. The operating principle should be 'less for more'.

### Recommendation

- Proper scrutiny of climate projects should be done to ensure value for money and accountability of climate related projects

## 2.9 Limited direct funding to Local Governments (LGs):

The LGs through the District Disaster Management Committees (DDMCs) are at the forefront of dealing with climate change related disasters, prevention and preparedness, however, they lack funding specific to these functions.

Those that have some available local revenue often allocate this to respond to disasters, however, since these resources are meagre and the LGs often find themselves reaching out to development partners and OPM for assistance.

The limited funding or lack thereof at LG level directed towards disaster management, preparedness and prevention has rendered implementation of the District Contingency Plans highly impracticable.

### Recommendation

- MoFPED should establish a specific funding for climate change and disaster management, preparedness and prevention at Local Government level through allocation of a specific grant to LGs directed towards climate change and disaster level, in order to enable the District Contingency Plans to remain practicable.

Alternatively, OPM should ensure disaster elements are incorporated into the grant allocation formulae for LGs in order to make disaster mainstreaming preparedness, management and prevention into sector budgets more effective.

- The MFPEP should consider incorporating a climate change and disaster prevention component in all conditional grants transferred to LGs. The merit of this approach is that such a criterion in the grant allocation formulae ensures that districts affected by disasters are the main beneficiaries of such financing in light of the limited nature of resources.



# 3.0

## Conclusion

*In conclusion, national climate change expenditure is very low in addition to poor allocative efficiency and this spells doom for overall climate change action response from all stakeholders, including the private sector. Currently the global inflows for climate change actions outweigh the national expenditure, which is unsustainable since it is impossible to plan on foreign aid as its scope and time of receipt is beyond the control of Uganda government.*

# 4.0

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## **CSBAG VISION**

A Uganda with a people centered budget that dignifies humanity

## **CSBAG MISSION**

Working towards ensuring that budgets at local and national level are financed, designed, implemented and monitored to promote prudent and transparent allocation of national resources for the benefit of marginalized groups.



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