



Strengthening Uganda's Climate Finance Accountability Landscape



Theme: Enhancing Climate Financing and Accountability for inclusive and sustainable Economic Growth

Background:

The ability of Governments to implement climate change responsive adaptation and mitigation strategies relies on sustainable climate financing. This requires cooperation based on the principle of common but differentiated responsibilities and respective capabilities. It is important to note that for climate financing commitments to be effectively honoured at local and international levels, climate finance accountability is very central. This is because when climate financing is properly utilized, well accounted for and manifest value for money, it will generate the much-needed confidence among the donors, development partners and local taxpayers to continue supporting climate change interventions.

Against this background, the Civil Society Budget Advocacy Group (CSBAG) in partnership with International Budget Partnership (IBP) and the International Institute for Environment and Development (IIED) undertook an assessment of Uganda's climate finance landscape that looked at Uganda's climate finance framework, its functionality and effectiveness. The logic of this approach was to understand the existing financing and accountability framework, identify strategies that shall support Government to ensure that climate change finances are utilised in an accountable and transparent mechanism and that actors including Parliament, CSOs, auditors have the information to contribute to improved financing as well as more transparent and accountable use of climate change funds.

CSO RECOMMENDATIONS FOR IMPROVED CLIMATE CHANGE FINANCE AND ACCOUNTABILITY IN UGANDA

Capacity of Climate Change Department (CCD)

The Climate Change Department under Ministry of Water and Environment was set up as one of the national measures to strengthen Uganda's implementation of the United Nations Framework Convention on Climate Change (UNFCCC) and the

Kyoto Protocol (KP). The major role of CCD is to coordinate all MDAs to ensure proper mainstreaming of climate change interventions. They also coordinate with MoFPED in ensuring climate change proposals from various MDAs are supported for funding.

Policy recommendation

- There is urgent need to strengthen the Climate Change Department (CCD). This will include strengthening technical capacity and increasing financial resources for the department to fully coordinate all MDAs to plan, budget and implement climate change interventions across programmes.

Technical capacity across institutions of Government and other stakeholders

In Uganda, one of the main challenges faced by relevant Government agencies 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 undertake the much-needed interventions among communities. 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.

Policy recommendations

The Climate Change Department (CCD) and MoFPED should strengthen the capacity of Government agencies and more specifically Local Governments in climate finance funding proposal development. This capability will reinforce efforts to strengthen public financial management and budget planning in general, and specifically enhances the ability of the MoFPED to allocate and manage resources towards the National Climate Change Policy and Nationally Determined Contributions (NDCs).

Passing of the Climate Change Bill, 2020 into Law

Whereas Uganda signed and ratified both the United Nations Framework Convention

on Climate Change (UNFCCC), the Kyoto Protocol and the Paris Agreement, 2015, the country is yet to pass into law the Climate Change Bill, 2020 that provides legitimacy and compliance to international climate change conventions that Uganda subscribes to.

Policy recommendation

We call on His Excellency the President of Uganda to assent to the Climate Change Bill, 2020 which was passed by Parliament of Uganda in April 2021.

the introduction of the budget tagging system, that MoFPED is yet to roll out in all line Government Ministries, Departments and Agencies (MDAs to enhance tracking and reporting of all climate change allocations and expenditures.

Recommendations

- Despite this however, the Portal still needs to contain additional information which is critical for promoting climate finance accountability. Particularly, MoFPED should improve the climate change portal to provide more information such as performance reports of various projects and clearly show the climate finance flows from various sources.
- MoFPED should expedite climate finance budget tagging process to allow budget coding for climate related financing in the national budget and ease tracking of climate finance resources.

Whereas the focus on climate finance accountability is very critical for governments to provide confidence to global financiers and domestic taxpayers, effort should be put on streamlining Climate Finance Accountability mechanisms to ensure that there is efficient and transparent utilization of available funds

Access to climate Finance information

We commend the Government of Uganda through the Ministry of Finance, Planning and Economic Development in collaboration with the Global Green Growth Institute (GGGI) for developing a climate finance portal at <http://www.climatefinance.go.ug> which contains critical climate finance information for Uganda. It among others includes the projects Uganda is implementing, how much Uganda is investing in climate change mitigation and adaptation among others. It specifies that Climate financing in Uganda is currently estimated at USD 942 million.

Furthermore, it is still challenging to concretely track climate change allocation and expenditure across MDAs. This was supposed to be addressed through

Streamlining accountability mechanism to foster climate finance accountability

The mandate of Climate Change Desk under MoFPED is to coordinate funding and financial performance of climate change projects. We commend the great work of this Climate Change Desk and call for further streamlining of the mechanism of accounting for climate finance in Uganda. Furthermore, 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 Non-Government Organisations (NGOs) and Private sector who are not accountable to the Auditor General and accessing such financial records is not easily forthcoming.

Policy recommendations

Strengthen Government to develop desirable climate finance accountability mechanisms. The Office of the Auditor General (OAG) should be able to follow up on the climate finance expenditures and provide adequate reporting.

- The climate change standing Committee of Parliament should strengthen oversight of climate finance and monitoring of climate finance projects to ensure value for money.

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Improve Climate financing at Local Government

Local Governments lack the discretionary powers to allocate resources to address climate change related interventions. They receive Environment and Natural Resource (ENR18) conditional grants, which are largely wages and salaries. Some Local Governments often use local revenue to respond to effects of climate change related disasters on top of the support they receive from Development Partners. The limited funding or lack thereof affects the responsiveness of these LGs to adequately integrate climate change adaptation and mitigation measures in their plans and budgets. In Kasese for example, the Natural Resources Department received UGX 1,000,000 in the FY 2020/21. On top of this, LGs have limited staffing and resource mobilisation capacity to attract grants on climate change. For example, there are no Environment Officers at lower Local Governments which limit their ability to enforce environmental protection defaulters, undertake mapping and monitoring in form of Global Information System (GIS) and remote sensing of disaster-prone areas among others.

Policy recommendations

- The MoFPED should consider incorporating a climate change and disaster prevention component in all conditional grants transferred to LGs. The merit of this approach is that a criterion in the grant allocation formulae ensures that districts affected by disasters are the main beneficiaries of such financing considering the limited nature of resources.
- The MoFPED should allocate LGs a specific grant directed towards climate change and disaster.
- The OPM should ensure disaster elements are incorporated into the grant allocation formulae for LGs to make mainstreaming disaster preparedness, management, and prevention into sector budgets more effective

Earmark petroleum revenue to finance climate change

Uganda's oil sector is entering into production phase with environmentalists warning on the negative impacts the fossils pose to the environment including posing serious climate change risks. Despite the likely risks petroleum activities will pose towards climate change, there is no publicly available plan to utilize petroleum revenues to mitigate climate change impacts. The Public Finance Management Act 2015, stresses that Petroleum Revenues shall be used for infrastructure development and not recurrent expenditure. There is thus no indication that some of the oil revenue can be used to scale up climate

change interventions and increase climate financing in Uganda.

Policy recommendation

Government of Uganda should earmark petroleum revenue to finance climate change interventions. This will require amendment of PFMA, 2015, Petroleum management policy 2012 and National Oil and Gas Policy 2008.

Strengthen Gender and inclusion in climate change programmes

Although gender and inclusion are of great interest, various projects have minimum focus on gender and inclusion. Whereas there was no deliberate assessment of various climate change programmes regarding gender integration, information gathered from interviews manifested limited gender focus. For example, various CSOs reported gender inclusion but government run programmes had limited gender focus.

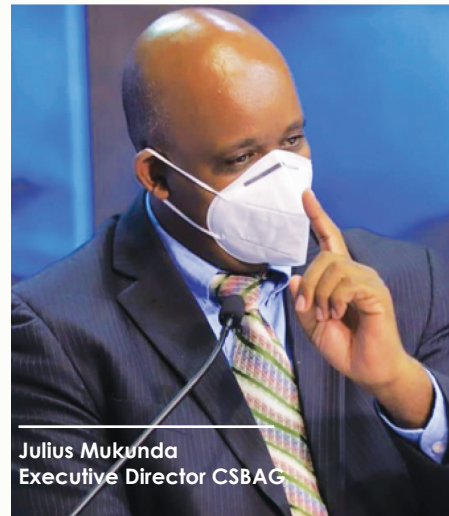
Policy recommendations

- MDAs should strengthen gender mainstreaming in all climate change programmes either funded nationally or by bilateral, multilateral, and international non-governmental organizations.
- In addition, Central Government transfers through the budget should also emphasize gender and inclusion across various interventions relevant to climate change.

4.0 CONCLUSION

In conclusion, Climate Finance Accountability is not independently streamlined but rather incorporated in the existing accountability mechanisms of public funds. Whereas the focus on climate finance accountability is very critical for governments to provide confidence to global financiers and domestic taxpayers, effort should be put on streamlining Climate Finance Accountability mechanisms to ensure that there is efficient and transparent utilization of available funds. Additionally, the 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 Government of Uganda.

Q&A Session on Climate Financing and Accountability in Uganda with Julius Mukunda Executive Director CSBAG



QN 1: Does climate change pose a threat to Uganda's growth and development efforts?

A: Definitely yes, climate change poses a big threat to the country's development efforts. We have seen various public investments worth millions of shillings destroyed by extreme elements of climate change. Breakdown of public infrastructure due to climate change shocks such as floods cause break down of roads and bridges which affect productive factor mobility while collapse of schools and health facilities may reverse service delivery gains made by Government.

Our economy is largely dependent on climate change sensitive sectors like Agriculture, Fisheries, Tourism, Energy among others. Agriculture remains a significant employer in the country employing up to 70 percent of the labour force in addition to ensuring that we are food secure. Uganda's exports are largely dominated by Agricultural products which earned USD 894.784 million as export earnings in the fiscal year 2019/20. With these, it shows that climate change is not just an environment issue but rather an economic growth and development phenomenon. The Uganda National Climate Action Report (2016) estimated that Climate change damage in the agriculture, water, infrastructure and energy sectors collectively amount to 2-4 percent of the GDP between 2010 and 2050.

QN 2: What can Government do to curb the extreme negative effects of climate change on the economy and livelihoods?

A: Like all other Government

interventions that are implemented through policy, legal and institutional frameworks, it is necessary that climate change concerns are tackled in the same dimension. I acknowledge the fact that government has in place financing mechanisms to operationalise its public policies and plans. It also has accountability frameworks to monitor utilization of public investment related funds. The challenge comes in with weak climate change implementation frameworks with absence of climate specific accountability mechanisms. These may undermine the effective implementation of climate change policies in Uganda.

QN 3: What are some of the climate financing and performance gaps?

A: Apparently, our climate financing is largely funded externally; up to an estimated 70 percent of the climate change interventions budget. The FY 2019/20 Auditor General's report noted that out of UGX 1.683 billion availed as Investment Plan Preparation Grant for the Strategic Plan for Climate Resilience, only UGX 619.962 million (37 percent) was absorbed leaving 63 percent of the grant unutilized. This affects effective implementation of the intended activities.

QN 4: What can be done to improve the country's climate financing and accountability landscape?

A: I think there is need to increase domestic financing towards climate change initiatives. Relying on over 70 percent as external funding to mitigate climate change is not sustainable in the long run. Relatedly, the climate change department remains underfunded with the department getting a minimal allocation of UGX 660 million in the FY 2020/21. Deliberate efforts should be made to strengthen the institutional capacity of climate change state actors. The Climate Change Department under the Ministry of Water and Environment should be well facilitated with the right and adequate human capital, financial support and appropriate authority to cajole other government and private agencies to be cautious and considerate when making their plans and budgets to ensure they are climate change sensitive.