Uganda: Creation of a Climate Finance Unit at the Ministry of Finance, Planning and Economic Development (MoFPED)

Background

(GGGI) as advisors have been tasked with facilitating the successful establishment of a Climate Finance Unit (CFU) within MoFPED. The CFU will lead in Uganda’s transformational change in access to climate finance, with a new, programmatic approach at the country level, based on Uganda’s national climate action plans and priorities, and supported by coherent, programmatic finance from multilateral and bilateral partners as is also the aim of the COP 26 “Taskforce on Access to Climate Finance” (TACF or Taskforce) in which Uganda is one of the pioneer country trials. The CFU in Uganda will lead the TACF and will report on its progress to the relevant stakeholders. The advisory services are funded by the UK Foreign, Commonwealth, and Development Office (FCDO) in Uganda and the Taskforce.

Outcomes

The main goal of the project is to establish a CFU, through a step change to extant plans, that upholds the principles and recommendations of the TACF.

The objectives are set out as specific outcomes:

1. CFU is established in the MoFPED
2. National Climate Finance Strategy (NCFS) is launched
3. Stakeholder Capacity enhanced
4. As a Taskforce pioneer trial country, Uganda has tested the practical viability of the new approach to financing national climate priorities

Activities

- Identify and mobilize financing for an Upstream Pipeline Development Facility (UPDF). The UPDF will be used to develop project proposals, ideally 1 or 2, before the COP27. We shall report these “quick wins” ahead or during the COP27.
- Establish the preferred elements or sectors of national climate action planning as well as possible modalities for coordinated financial support as part of the ‘new approach’, based on the TACF Principles and Recommendations.
- Capacity building to attract and retain more climate finance including providing initial training sessions, in respect of the above-noted materials, for the staff of the CFU and other relevant MoFPED and government stakeholders.

Illustrative Results

- Establishment of CFU which will transition into a Climate Finance Department
- The CFU will increase institutional coordination and capacity to design funding programs in an efficient fashion, with the overall aim to accelerate the flow of climate finance to Uganda.
- The CFU will also develop systems, capabilities, and innovations, including the competency to develop innovative fundable and bankable initiatives.
- CFU will build on efforts by MoFPED through the Department of Development Assistance and Regional Cooperation (DARC) to build the capacity of line ministries, agencies, CSOs, and the private sector to attract, plan and implement climate finance.
- The CFU is a deliberate part of the measures to reform, create and continuously enhance the capacity of the MoFPED to perform the duties of climate finance mobilization as a National Designated Authority (NDA) and ensure multi-stakeholder participation in mobilizing finance for climate actions in Uganda.

Potential Impact

The potential impact of the Taskforce is to deliver a transformational step change in access to climate finance, with a new, programmatic approach at the country level, based on partners’ own national climate action plans and priorities. Supported by coherent, programmatic finance from multilateral and bilateral partners, with partner countries ensuring a coordinated approach mainstreamed into their wider national planning, alongside broader changes in the ways the wider international climate finance architecture enables access.