

## CF READY IN UGANDA



*A peasant woman in southwest Uganda at the feet of the Virunga Volcanoes, just a few kilometers from Uganda's gorilla reserves near Kisoro.*



## A country continues its journey

Climate finance readiness in Uganda

A country of savannahs, rainforests and lakes, most of Uganda is situated on a plateau that is 1,000 metres above sea level. The elevation makes the tropical climate noticeably cooler. When people in this high-altitude region become infected with malaria, it is a sign of global warming. In the past, the mosquitos that transmit the disease were not able to survive in those regions. And when small-scale farming families fear for their harvests because previously unknown pests are attacking their plants, this can also be attributed to climate change. The Climate Change Department in Uganda's Ministry for Water and the Environment closely observes harbingers of change like these. The department's mission: to help the Central African country handle the current and future challenges of climate change.

Climate change is not a priority to most Ugandans. After all, which small-scale farmer can say with certainty whether the lack of rain is due to a quirk of the weather or is the expression of a permanent change to the climate? The scenarios say that it will not rain less in the future, but there will be severe shifts in the rain patterns. The temporal shift in precipitation and its poorer predictability both have a negative impact on farming families because they render their experience and knowledge of cultivation useless. "They no longer know when to plant," said Dr. Barbara Siegmund, an expert for adaptation to climate change and a member of the Ugandan Climate Change Department for the past two years. During her work in the field, she became familiar with the life of the farmers. Not being able to determine the best time for planting can lead to lower yields at harvest time. For a country in which four out of five people earn their living in almost exclusively rain-fed agriculture, this may potentially have severe consequences.



## DEPENDENT ON ASSISTANCE

Ugandan decision makers have recognised that their country has to adapt to these changing conditions, and they have initiated steps in this direction. The country is one of the poorest in Africa and would like to receive external support. An initial estimate puts the annual costs of adapting to climate change at approximately USD 258 million, which equals around 1.6% of Uganda's gross domestic product (GDP). Its national budget will not be able to carry costs like these.

In a variety of ways, the international community supports the climate change projects and adaptation measures essential for the sustainable development of individual countries. The Global Environment Facility, the Adaptation Fund and the newly established Green Climate Fund (GCF) all represent opportunities for financially weak countries. Many countries also use their own funds.

"When we started discussing mobilising and managing finance for climate-related activities with Uganda, it was like pushing against an open door," said Marius Kaiser, who is the coordinator for a number of Sub-Saharan countries in the Climate Finance Readiness Programme (CF Ready). On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), it is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and KfW Development Bank. CF Ready is part of Germany's commitment to support partner countries preparations for accessing international climate finance. Whereas GIZ provides assistance with policy and strategy development and institution building, KfW supports the advancement of initial project pipelines.



## IT ALL BEGINS WITH ANALYSIS

At the end of 2013, Mr Kaiser had in-depth meetings with Uganda's key stakeholders in climate finance. He visited the Climate Change Department and discussed and worked with representatives of the Ministry of Finance, Planning and Economic Development and the National Planning Authority, and many others. The Ugandan partners introduced the climate adaptation and financing plans that the country had already initiated and spoke about the difficulties they had encountered thus far. Based on this, the GIZ advisor and the Ugandan partners from governmental and non-governmental institutions discussed what still needed to be done. They outlined the options for support that CF Ready would be able to provide jointly with Uganda for obtaining international climate finance for the required activities. They also discussed what they expected from the programme, learning as much as possible from each other in the process.

The closing meeting with high-ranking representatives from all of the country's relevant institutions was particularly insightful for GIZ. The Ugandan participants expressed a specific need for support for a better understanding of the access rules of the GCF and other funds. For access to funding, one of the things countries must do is to nominate a national designated authority (NDA) to be the GCF's main contact point. In order to gain direct access in addition to international access, a national implementing entity (NIE) also has to pass a rigorous accreditation process, proving its ability to meet environmental and social safeguards and the fiduciary standards of the GCF. The NIE is responsible for managing funds and overseeing the implementation of projects.

They concluded that in addition to other activities, it would be helpful if a financial management expert carried out an analysis to support the process of selecting the Ugandan institutions that match the requirements of the GCF.



**Location:** neighbouring Kenya to the east, South Sudan to the north, Democratic Republic of the Congo to the west, Rwanda to the southwest, and Tanzania to the south.

**Capital:** Kampala  
(Inhabitants: about 1.8 m.)

## Country context of Uganda

- WORLD BANK GDP RANKING: 106/214
- TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTIONS INDEX: 140/177
- Classified as "Least Developed Country" in UNFCCC
- POPULATION: 37.6 m. (2013)
- POPULATION DENSITY: 188 / km<sup>2</sup> (2013)
- CHILD MORTALITY: 45.4 infant deaths per 1,000 births (2012) (World average: 35)
- FERTILITY RATE: 6.0 births per woman (2012) (World average: 2.5)
- BIRTH RATE: 44 births per 1,000 people
- 16.4 % of total population living in cities (2013)
- 24.5 % (2010) of total population is living below the national poverty line
- ACCESS TO (% compared to total population)
  - Electricity: 25 % (2011)
  - Clean Water: 75 % (2012)
  - Sanitation: 34
- ECONOMY (2013, shares in GDP)
  - Agriculture: 26 %; subsistence crops: cassava, sweet potatoes, corn, millet; cash crops: coffee, tea, cotton, tobacco, cut flowers, sugarcane
  - Industry: 29 %; sugar, brewing, tobacco, cotton textiles; minerals: gold, cobalt
  - Services: 45 %
- CO<sub>2</sub> EMISSIONS PER CAPITA (in metric tons): 0.11 (2010), ranking 184/198 countries (World average: 4.88)



*A herd of cattle looks for grazing grounds in Uganda's highland.*



## A ROADMAP OF OPPORTUNITIES

The Frankfurt School – UNEP Collaborating Centre for Climate & Sustainable Energy Finance is an internationally renowned institution specialising in this field of work. It was commissioned to carry out this task. An expert from the Frankfurt School – UNEP Centre was in Uganda for several weeks to complete an extensive catalogue of questions: Which Ugandan institutions could assume the tasks of an NDA and an NIE? What are the strengths and weaknesses of the individual candidates? Which capacities and expertise must be enhanced before an accreditation process could begin? And what would the overall process cost?

It quickly became obvious that it would not be easy for a Ugandan institution to be accredited as an NIE. But neither the country nor GIZ lost heart as a result. GIZ understands its support for Climate Finance Readiness as anything but an all-or-nothing proposition. On the contrary, the CF Ready team is prepared to support a series of steps that will help to advance Uganda's efforts and ownership. In the case of Uganda, this does not mean exclusively directing the analysis at the maximum goal – direct access to GCF and other financing sources – but outlining a roadmap as well. "According to a recent study,



*At a market on the street to Mbarara regional products are for sale.*

international climate funds have not delivered the volumes that had been expected," Mr Kaiser explained. This is why the Frankfurt School – UNEP Centre and Uganda jointly drew up a roadmap for successful access to climate finance as well, including the use of national funding, based on the expert's analysis. "The country wanted to see detailed individual milestones," Mr Kaiser added. The result was a breakdown that differentiates between short-, medium- and long-term opportunities and, at the same time, clearly indicates Uganda's existing strengths and which capacities and expertise the Ugandan institutions must develop along the way.





A peasant woman working on her field. Temporal shifts in precipitation especially affect poor farming families.



## FEW HANDS AND LOTS OF WORK

This will not be easy, because the number of skilled experts in the Ugandan institutions responsible is quite small: "Few hands must do lots of work here. They are motivated, often skilled, and they do their best, but there are not enough of them. The manpower and knowledge required for coordination, planning and writing project proposals and developing institutions appears to be lacking," said Mr Kaiser. This is why the CF Ready Programme is considering how it can support its partner country in this respect as well. In response to partner requests, CF Ready will ensure that a national expert will work closely with the Ugandan institutions and support the flow of information and the coordination among them. An additional support measure to help build capacity on the topic of climate finance was a jointly organised 4-day training session held in April 2014. It familiarised representatives of various institutions – including the Ministries of Finance, Planning and Economic Development, the Ministry of Water and Environment, and the National Planning Authority – with the details of the access rules for the Green Climate Fund and other aspects of climate finance, and served as a good basis for discussion.

"One thing to keep in mind is that the country faces many other challenges beside climate change," Mr Kaiser said. Of course

from the Ugandan government's viewpoint, themes such as economic development and the eradication of poverty are equally important, but they also have a direct link to climate change. Uganda has developed a climate change policy that was approved in 2013 but is not yet fully operational. The policy includes an extensive implementation strategy containing over 100 pages of detailed project recommendations and interventions for all ministries and government institutions with a focus on adaptation to climate change. This strategy will provide a basis for the country's future activities, even though Uganda still has to think through some concepts in detail, determine its priorities and calculate costs.



## THE EFFORT WILL PAY OFF

When it comes to climate change activities, Uganda has already achieved a lot but the country is aware that it still needs to take several steps. The effort will certainly pay off – and generate many positive side effects. When institutions improve their knowledge and capacity as part of the programme, they will not only apply this to the GCF and other climate change funds, but will also improve the general processes, methods and approaches of the entire department. An old proverb says: "The journey is the reward" – this fully applies to the country-related work of CF Ready.

## Imprint

Published by the  
Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices  
Bonn and Eschborn, Germany

Climate Finance Readiness Programme  
Godesberger Allee 119  
53111 Bonn  
T +49 228 24934 – 111  
F +49 228 24934 – 215  
cf-ready@giz.de  
<http://www.giz.de/expertise/html/3041.html>

Authors  
MediaCompany GmbH  
Climate Finance Readiness Programme

Design and layout  
MediaCompany GmbH

As at  
November 2014

GIZ is responsible for the content  
of this publication.

On behalf of the  
German Federal Ministry for Economic  
Cooperation and Development (BMZ)  
Division: Special Unit "Climate"

Addresses of the BMZ offices

BMZ Bonn	BMZ Berlin
Dahlmannstraße 4	Stresemannstraße 94
53113 Bonn	10963 Berlin
Germany	Germany
T +49 228 99 535 - 0	T +49 30 18 535 - 0
F +49 228 99 535 - 3500	F +49 30 18 535 - 2501
poststelle@bmz.bund.de	
www.bmz.de	