Enhancing the Climate Finance enabling environment: Policy & Institutional frameworks

11th September 2025

Outline

1. The Blue-print: The National Climate Finance Strategy (NCFS)

2. Other enabling policy frameworks

i. The National Green Taxonomy(NGT)

ii. Guidelines for mainstreaming climate action in the financial sector of Uganda

3. The Fund: The National Climate Finance Vehicle (NCFV)

4. Country Climate and Development Report(CCDR)

National Climate Finance Strategy

The Goal of the NCFS is:

"***To Enhance mobilization, Utilization and Tracking of Climate Finance for Uganda's inclusive sustainable dev't and wealth creation***".

Guiding principles

- ❑Gender Equity and Social Inclusiveness
- ❑Environmental Sustainability
- ❑Partnerships
- ❑Innovation
- ❑Alignment to National Priorities.

National Climate Finance Strategy - Objectives

i. Elaborate on how Gov't will mobilize, spend and track climate finance from diverse sources to match the growing climate change budget.

ii. Stimulate private sector participation in the mobilization and uptake of climate finance.

iii. Clearly sequence climate investments along NDP IV priorities in line with the PIMs process.

iv. Operationalize climate finance components of the Public Investment Financing Strategy – enabling frameworks & regulations.

v. Maximize synergies of ongoing efforts to scale up climate finance mobilization from domestic and global sources.

Context of the National Climate Finance Strategy

Uganda Vision 2040 (page 101)

- Building a climate change resilient economy along a low carbon development pathway.

NDP IV (2025/26-2029/30) Strategic Direction

- Financing strategy partly hinged on unlocking climate finance from domestic and international sources.

Public Investment Financing Strategy (Goal, pages 2 and 28).

- Leveraging innovative sources such as climate finance as a robust and sustainable financing mechanism for NDP implementation.

National Climate Change Act (Section 30)

- Ensure climate change responsive budgeting through domestic & international mobilization of climate finance.

National Green Taxonomy – Goal and Objectives

Primary Goal

The primary goal of the National Green Taxonomy (NGT) is to establish a nationally recognized classification system for activities that support climate change mitigation, adaptation, pollution prevention, resource conservation, and the enhancement of livelihoods within the framework of green finance.

Objectives

- Establishing a unified framework, offering a common language for financiers, issuers, policymakers and regulators
- Translating commitments to the Paris Agreement and Sustainable Development Goals (SDGs) into actionable guidelines for investors

Design process of the National Green Taxonomy

Process One

Review of international best practices - methodologies (EU and CBI) and 5 country-specific documents (Mongolia, South Africa, Sri Lanka, Kenya and Singapore);

Process Two

Analyzing key takeaways and design of the guiding principles of the NGT;

Process Three

3 meetings of the TWG and 2 rounds of consultations with stakeholders;

Process Four

Recommendations from more than 47 organizations incorporated.

Process Five

Final round of the review and validation.

National Green Taxonomy – example user

Actors	Utilisation
Financial market participants and regulators	➢ Identify financial and real economy investment opportunities that align with the taxonomy and criteria; ➢ Facilitate engagement with investees to ensure alignment with the taxonomy; ➢ Assess investment portfolios to determine their alignment and exposure to the taxonomy; ➢ Review and assess new investments for their alignment with the taxonomy criteria; ➢ Assess the alignment of existing financial products and develop new products that meet the taxonomy standards; ➢ Formulate and adjust investment and product policies and strategies to align with the taxonomy; ➢ Enhance data systems and disclosure practices to enable taxonomic evaluations and improve due diligence regarding impact and contribution alignment;

Guidelines for Mainstreaming Climate Change in the Financial Sector - Objectives

1. raise awareness on the importance of addressing climate change in planning and budgeting decisions
2. build capacity and technical know-how on climate change mainstreaming and policy development in the financial sector
3. identify and prioritise initiatives needed by the financial sector to achieve development; investments and sustainability goals and meet fiduciary responsibilities
4. gain insights into the risks and opportunities of climate change and identify entry points for mainstreaming climate action in the financial sector.

Why mainstream climate in the financial sector?

Climate change increases costs for the financial sector. Assets and investments are exposed to losses from extreme weather events and climate disasters. Investment and lending decisions should be made within the context of climate risks and opportunities.

Mainstreaming climate change presents opportunities for the sector. New products and services that offer climate benefits could be developed to attract new customers and investors.

Applying climate-smart and circularity principles such as, the use of energy saving lights, renewable energy, reduced water usage and consumption, and building resilient business infrastructure; in business operations also provides cost savings opportunities for the business

Trends of climate action within the financial sector

Trends within commercial banks

3 out of 25 commercial banks have dedicated climate finance portfolios. There are 8 with ESG frameworks or standards and 11 with climate related CSR activities, commitment to sustainability or net zero targets.

Banks with climate finance facility, ESG framework, sustainability standards or environmental policies are mostly those with international presence.

Trends within the insurance sub sector

No climate facilities nr policies exist. There are some ESG mentions and engagements at the international level however. In 1 case, there is a mention of ESG framework for business conduct but no polices nor products exist. 2 companies have climate related CSR activities.

Many insurance companies (10 out of 18) however, have products that are climate related such as agriculture and fire and allied perils policies. These offer an entry point for innovating climate products and facilities within sub sector.

Trends within Microfinance Deposit taking institutions

1 out of 3 MDIs have climate finance facility, i.e. a clean energy lending product. 2 have committed to sustainability although only one has specific facility accompanying the commitment.

Trends within credit institutions

1 credit institution has a solar loan product offered as part of the existing of loan products. There is no standalone climate finance facility but there is a plan to do so in the future. 1 other credit institution undertakes climate initiatives under CSR.

Trends within Development Finance Institutions

The Uganda Development Bank leads the way on climate change mainstreaming within the sub sector. It has a climate finance facility and has committed UGX 50 billion towards capitalization of the facility. The bank adopted and Environmental & Social Risk (E&S) Policy. Other Development Finance Institutions (DFIs) do not have climate finance facilities or policies in place.

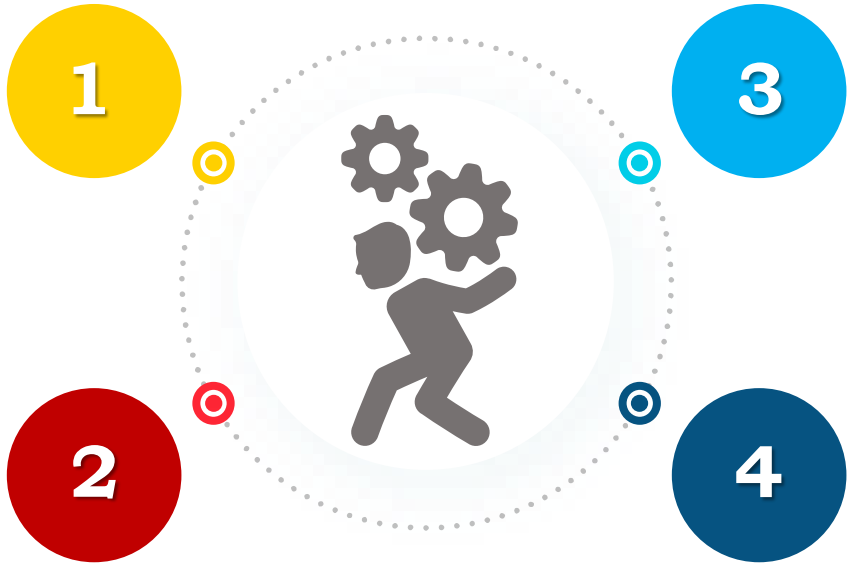
These analyses are based on information available online , data on a green financing survey received from BOU and data received during consultations. SACCOs, MFIs and CMA institutions are not included in the analyses due to lack of available information.

National Climate Finance Vehicle - Rationale

The current climate finance mobilization relies on both solicited and unsolicited approaches, making funding unpredictable and unreliable.

Climate finance proposals undergo **lengthy review processes, complex requirements, and bureaucratic approvals.**

Once secured, funds are **channeled to requesting /implementing entities**, leaving MoFPED/ CFU with **limited control over allocation and oversight.**



Uganda's participation in global green finance instruments remains minimal, as evidenced by **Africa's low share of just 0.2% of global green bond issuances from 2006-2022** (Africa NDC Hub, 2021).

The NCFV will provide a rationalized pathway for climate finance projects; It entails A change in the Business Processes to make it more effective and efficient to mobilise climate finance for green investments.

Key features of the NCFV

Be Housed Under MoFPED

Work through a Collaborative Approach with key MDAs (MWE, OPM, NPA, Energy)

Employ a programmatic approach to support Green Projects

Function as **a Government & multi-donor trust fund** (GCF, GEF, Carbon Markets, Bilateral Donors etc)

Drive Innovation (Leverages Private sector Expertise - Financial Institutions, Businesses, Investors, Ecosystem Builders…)

The NCFV Will:

Key features of the NCFV - Cont'd

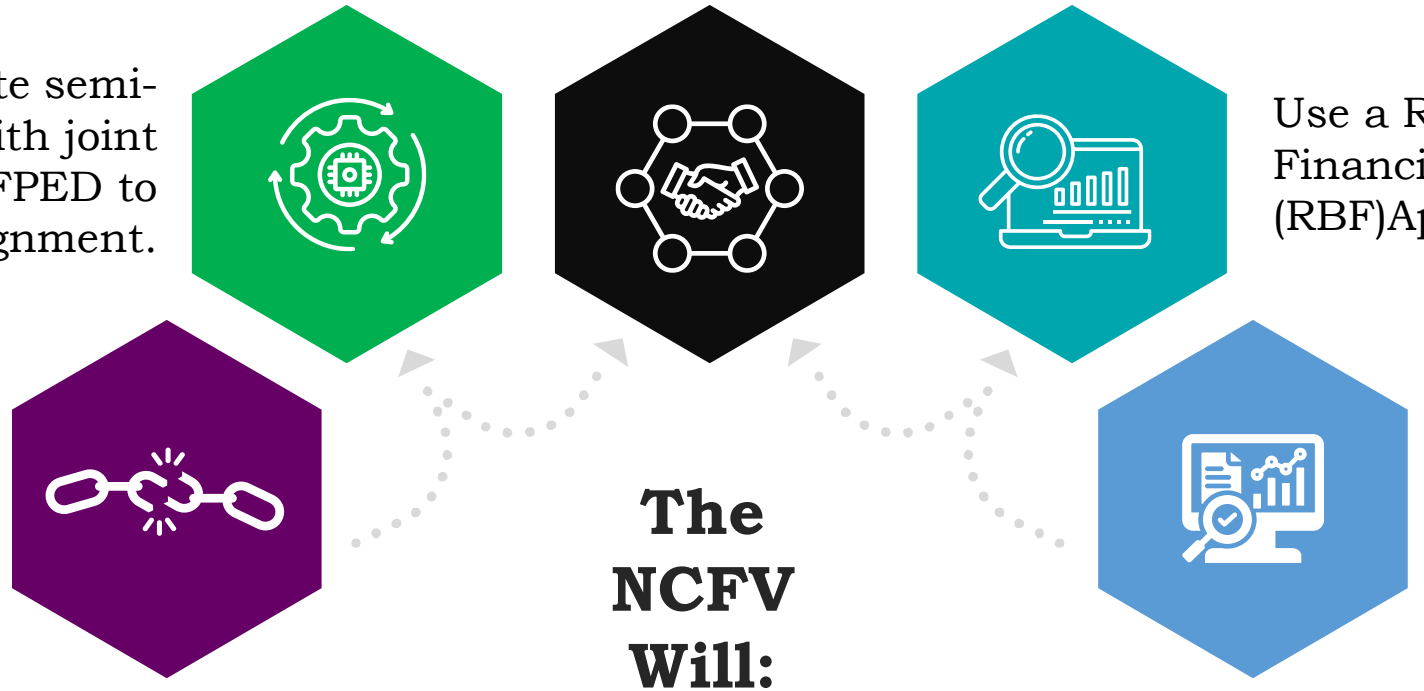
Develop a Stakeholder Engagement Strategy and effectively implement the NCFV

Operate semi-autonomously, with joint oversight from MoFPED to ensure alignment.

Use a Results-Based Financing (RBF)Approach

Separate fiduciary and technical management; The REAP programme to provide fiduciary assurance support.

Robust monitoring, audits, for transparency and accountability.



The NCFV Will:

Country Climate Development Report (CCDR)

Examines interplay between climate and development

The CCDR captures the interplay between Uganda's development goals (Vision 2040) and climate change, in the context of its commitments to address climate change as per its Nationally Determined Contribution.

In-Depth Analysis

CCDR is based on robust models for assessing climate impacts out to 2050 on human, natural and physical assets jointly agreed economy and climate futures; institutional, sectoral and macrostructural and distributional analyses, estimation of investment need and climate financing options.

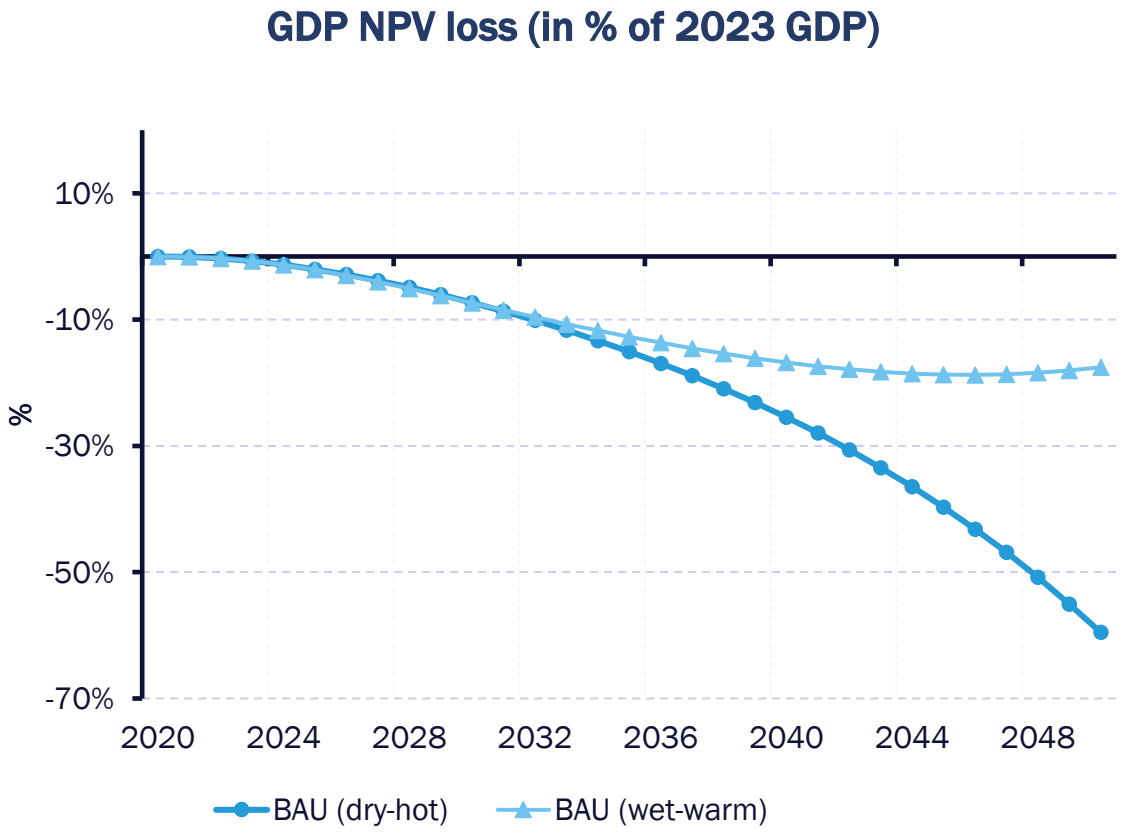
Engages Stakeholders

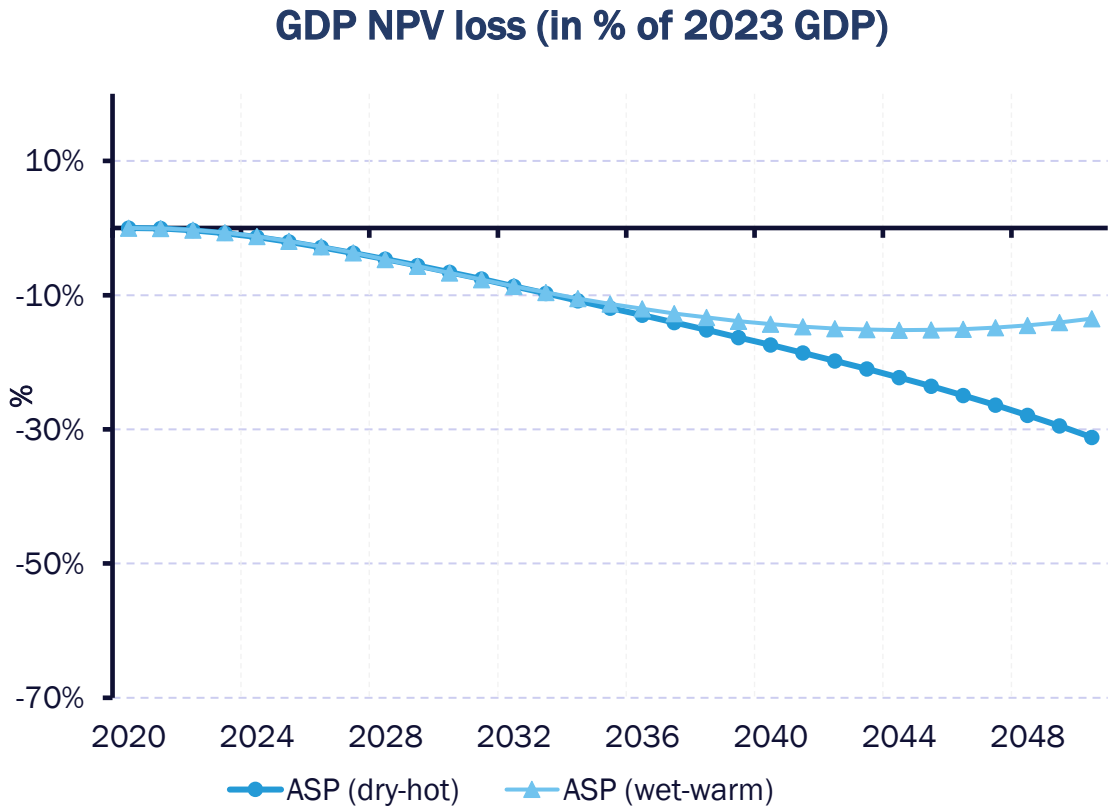
CCDR brings together expertise, analyses and resources from the Government, academic, development partners and World Bank Group. Developed jointly with a GoU CCDR working group with representation from 26 MDAs. 3 consultations with all working group members and several bilateral consultations.

What's Inside

1. Climate and development context
2. Institutional context in which climate commitments are being delivered
3. Multisectoral intervention packages
4. Consequences of climate and commitments on economy and people
5. Prioritization and investment needs
6. Conclusion and recommendations

The cumulative effects on GDP grow over time under a scenario of no-additional climate action





Country Climate Development Report (CCDR)

To address climate impacts on economy, sectors, and people, Uganda would benefit from four interlinked multisectoral intervention packages:

- Intervention Package A: Boost resilience through jobs for youth and services for the poor
- Intervention Package B: Promote resilient and productive agriculture and natural resources with lower GHG emissions
- Intervention Package C: Develop climate-responsive energy, transport, and digital infrastructure
- Intervention Package D: Foster planned and climate-positive urbanization

CCDR - Whole of Economy measures

- Strong coordination for climate action across stakeholders
- Enhance disaster risk management and strengthening legal frameworks for crisis management
- Adapt trade policies to support market access and leverage green trade opportunities
- Expand real-time climate data collection, early warning systems, and tailored meteorological services for key sectors
- Make services and data user-friendly so that inform household, community, and business disaster preparedness and response

Thank you