



Role of Finance Ministries in Catalyzing Private Finance for Adaptation

Uganda Case Study

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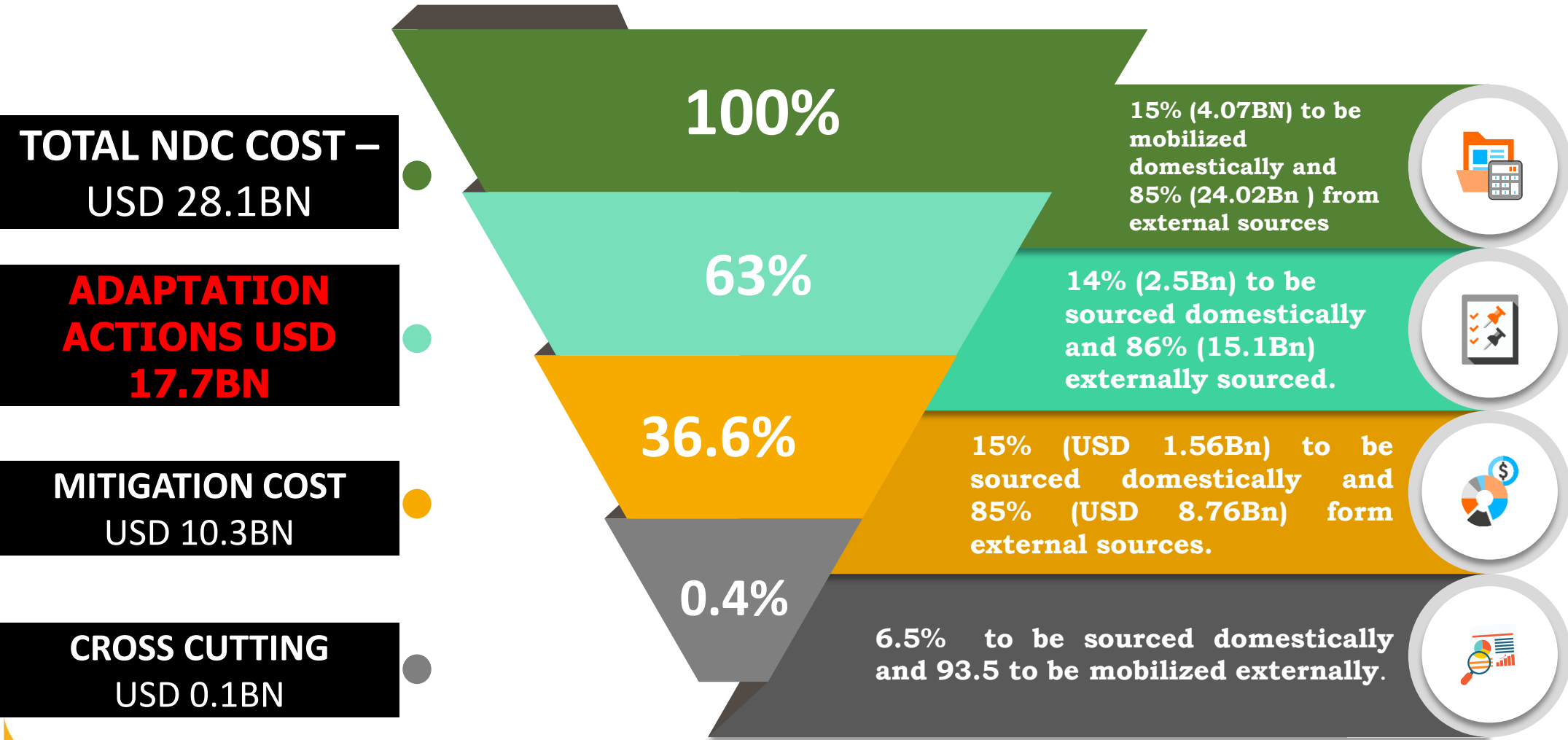


Presentation Outline

- 1. Uganda's Climate Finance Ambition.**
- 2. Rationale for Prioritization of Climate Change Adaptation.**
- 3. How Uganda is unlocking Private Finance for Adaptation.**
- 4. Conclusion.**



Uganda's Climate Finance Ambition – up to 2030





Ongoing Interventions to Unlock Private Finance for Adaptation

- ❑ Leveraging local development financiers such as the Uganda Development Bank that introduced a Climate Finance Facility.
- ❑ Developing a Green Taxonomy to build clarity on what's green and ensure harmonized reporting.
- ❑ Pronounced role of the private Sector in the National Climate Finance Strategy with unprecedented engagement of different clusters of private sector.
- ❑ Instituted fiscal reforms such as tax exemptions on goods and services that build adaptive capacity.
- ❑ Prudently Integrating climate change within the Public Private Partnerships Frameworks.
- ❑ Reviewed National Public Procurement Policy to capture Sustainable Public Procurement to stimulate private finance towards adaptation.
- ❑ Creation of an enabling environment – regulations, increasing access and accuracy of weather information to inform design of appropriate insurance products.



Planned Interventions to Unlock Private Finance for Adaptation

- Targeted Sensitization campaigns on the implication of climate risk on business size, profitability and market share.
- Addressing existing structural challenges that undermine private sector participation in the climate finance space.
- Preparing a pipeline of business cases and investment opportunities presented by climate change.
- Working on more fiscal incentives and regulatory interventions as; carbon markets guidelines and strategy, and a reward mechanism for climate responsive private sector players.



Challenges Faced

- Information asymmetry between financiers and adaptation entrepreneurs.
- Capacity gaps in integrating climate risk in financial risk analysis and investment appraisal.
- High uncertainty of climate change which erodes the accuracy of projected climate risk on various investment areas.
- Reconciling climate risk analysis and social inclusiveness. Heightened climate risk increases premium of various adaptation services locking out most vulnerable users who need them most.
- High level of informality of most local green MSMEs.
- Regulatory gaps such as green bonds framework, green taxonomy etc.
- Low effective demand for some adaptation goods and services such as agriculture insurance.



Conclusion

- ❑ Uganda's adaptation finance ambitions are immense requiring concerted efforts from all actors including the private sector.
- ❑ Whilst there are ongoing and planned interventions to stimulate private sector finance for adaptation, more needs to be done to address structural and systemic barriers to optimize private sector finance.
- ❑ Given the ongoing and planned interventions, the outlook for private sector finance for adaptation remains positive and promising owing to the growing concern about climate change by consumers and investors.