

Ministries of Finance and Nationally Determined Contributions Raising Ambition and Accelerating Climate Action

Report Summary

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Overview

- Finance Ministries are pivotal in the process of revising and overseeing the implementation of Nationally Determined Contributions (NDCs).
- Finance Ministries should enhance their awareness and build expertise in assessing the macroeconomic and fiscal ramifications of NDCs and LTS. These efforts are critical to develop, update and implement NDCs and LTS.
- The report explores:
 1. MoFs' involvement in developing, enhancing, and implementing NDCs.
 2. MOF's role in Implementation and Mainstreaming of NDCs
 3. The strategic utilization of MoFs' unique expertise in NDC development and implementation, with an emphasis on potential lessons to foster further advancements.
 4. The progress achieved by MoFs in their roles within the NDC process, while also addressing any challenges that may have hindered progress or still require attention.



MoFs: Key to Unlocking Climate Action Through NDCs

Main findings:

Understanding Economic Impacts: Finance Ministries need to understand the economic impacts of climate change and the opportunities of climate-responsible policies.

Engagement in NDCs: Participation in the development and implementation of Nationally Determined Contributions (NDCs) is vital for Finance Ministries.

Enhanced Engagement: Finance Ministries are becoming more involved in NDC formulation and implementation.

Challenges Faced: MoFs encounter challenges like personnel shortages, limited specialized knowledge, and inadequate financial resources in their climate action efforts.

Capacity-Building Needs: MoFs identify the need for capacity-building in various areas, such as sustainable financing, budgeting, and climate finance mobilization.



Leveraging MoF Strengths for NDCs: From Concept, to Means, to Creation- Policy Recommendations

MoFs can help to create robust Nationally Determined Contributions through

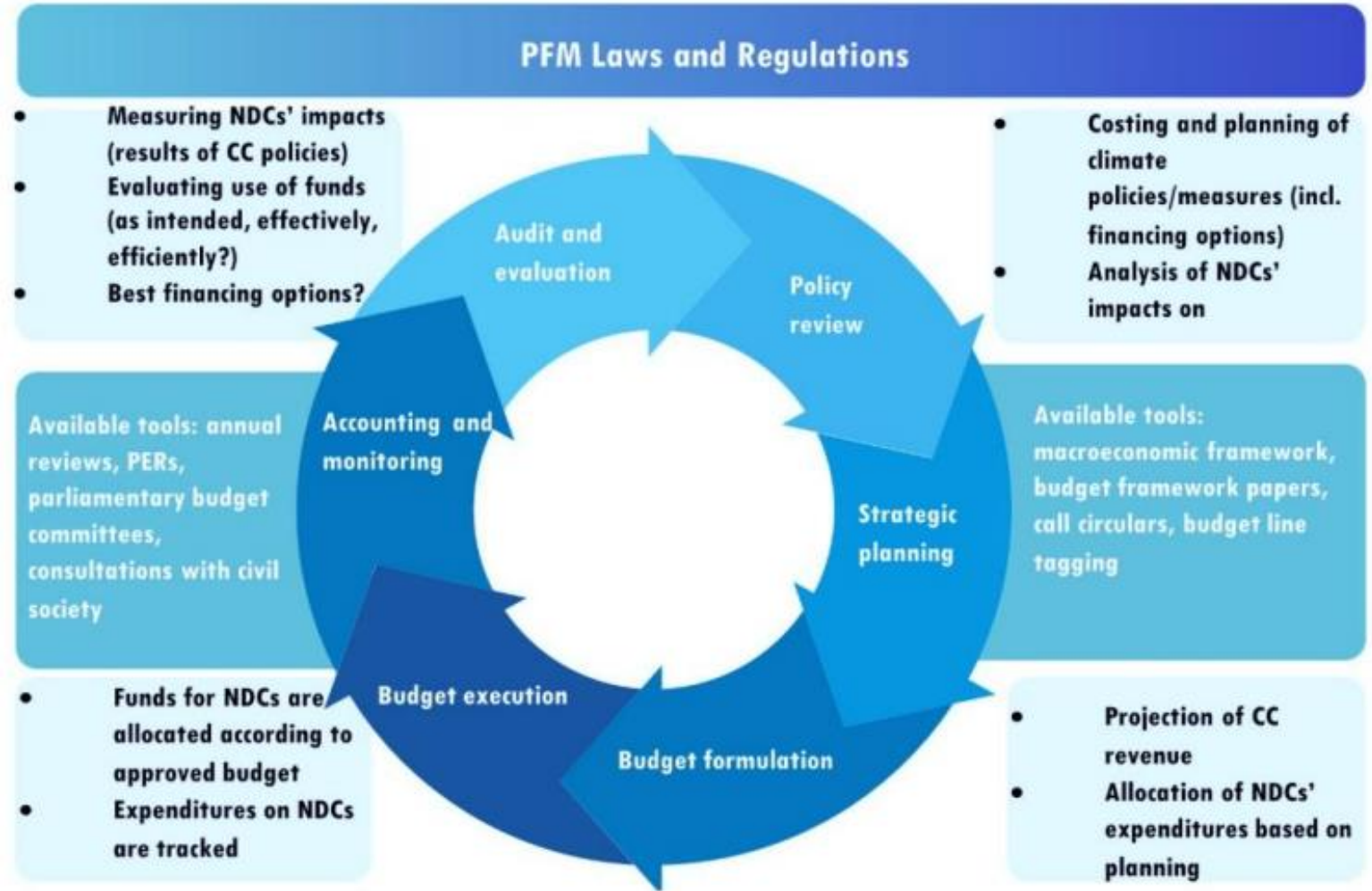
- **Role of MoFs in NDC Development, Update, and Enhancement**
 - Costing NDCs and assessing macro-fiscal impacts of their implementation
 - Assessing the macroeconomic impacts of climate risks and opportunities for NDCs
 - Ensure that NDCs are supported by macroeconomic analysis
 - Assessments of the financial resources required
 - Aligning costings with available budgets and/or partner resources

- **Role of MoFs in NDC Implementation and Mainstreaming**
 - Integrating NDCs into MoF business processes such as PFM or public investment management (PIM) systems, plans, and strategies
 - Improving enabling environments of countries for NDC implementation
 - Implementing an MRV system for effective climate spending
 - Analyzing the impacts of effort-sharing combinations of sectoral carbon budgets and emission ceilings on key macroeconomic and social indicators, such as GDP growth, unemployment, and external debt

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• Example: Mainstreaming NDCs into Public Financial Management



Source: Adapted from World Bank (1998).

Note: CC = climate change; NDCs = Nationally Determined Contributions

Thank you!

