

Uganda's Green Growth Strategy and its implications for achieving the Middle Income Status



*Building a Self-Sustaining Economy to Weather
Future Shocks*

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31 August 2022

Uganda Green growth strategy and vision 2040

Impact of business as usual

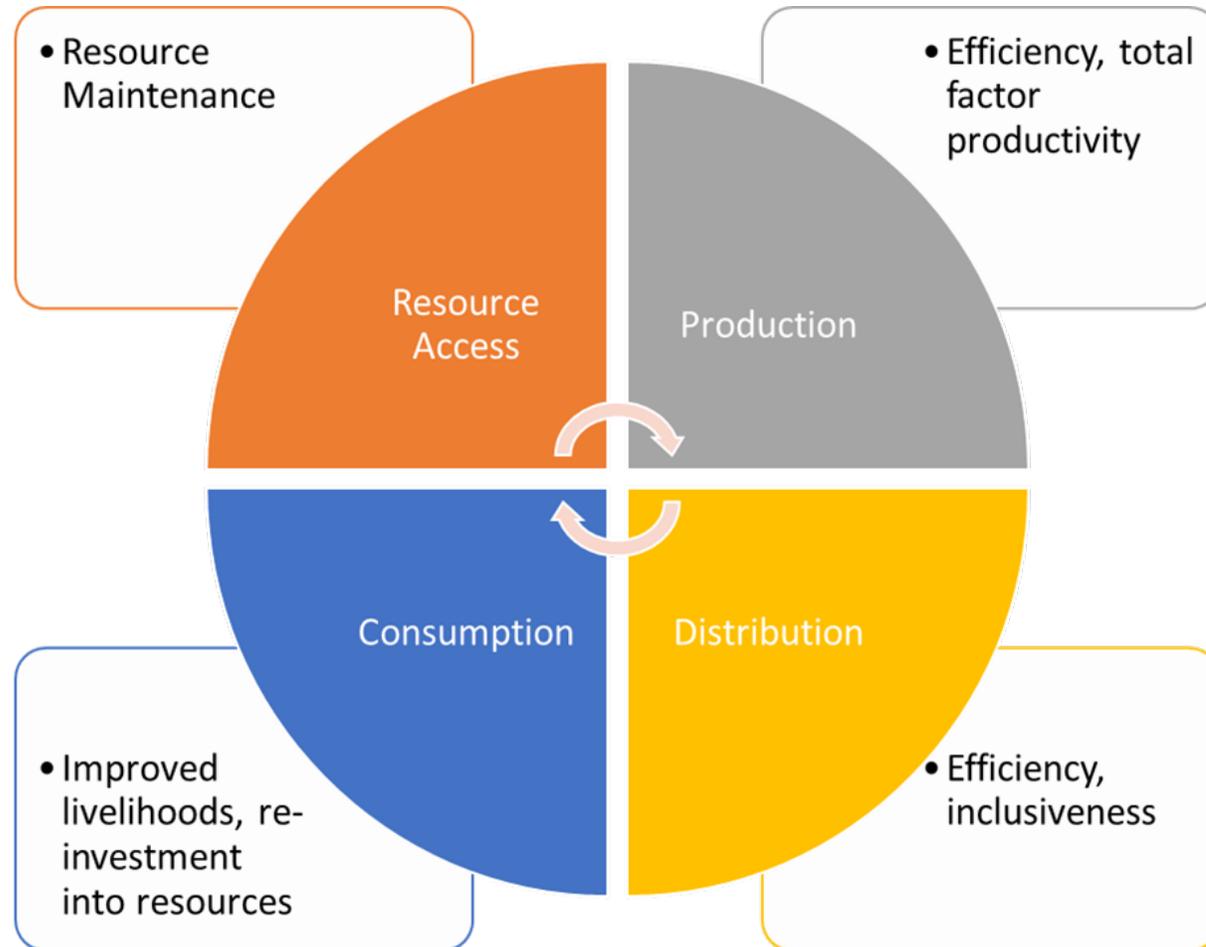
Global climate finance architecture

Uganda climate finance needs

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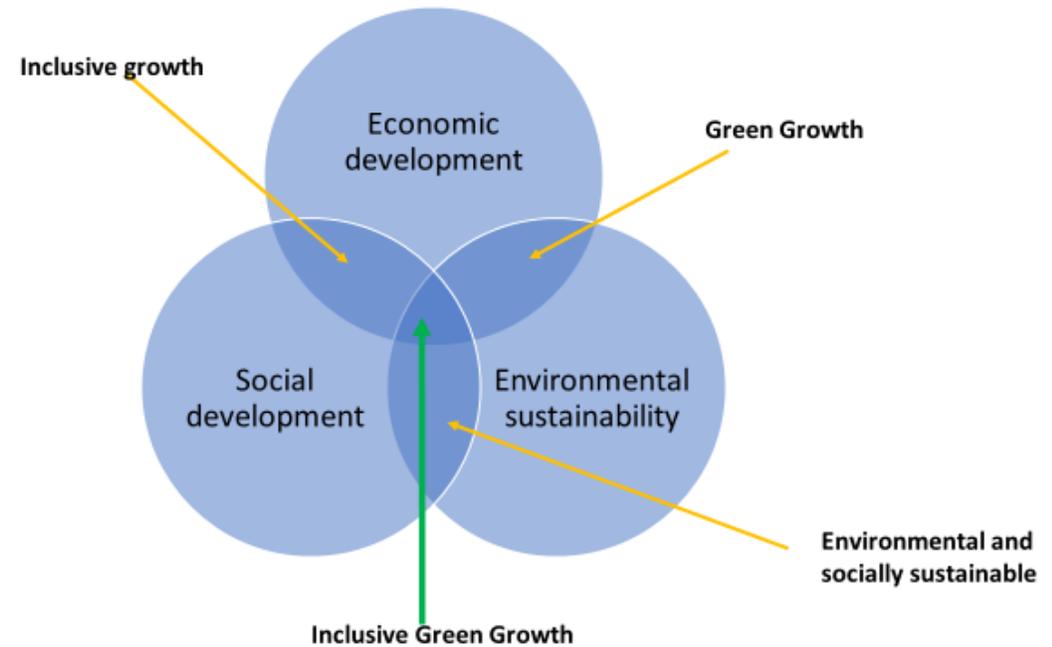
Uganda's Green Growth Strategy: Conceptual framework



- An economic growth that improves human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.
- It aims at sustainable development without degrading the environment.

What all this means

- The green growth model simultaneously generates economic, environment and social development outcomes in a sustainable manner without leaving anyone



Uganda Green Growth Strategy and Vision 2040

The general objective of the UGGDS is to provide guidance on priorities and strategies and governance frameworks for implementing the green growth principles within the existing development frameworks towards the sustainable development of the country.

Vision 2040 states that a green economy will be considered in the context of sustainable development and poverty eradication as one of the important tools available for achieving sustainable utilization of the Environment and Natural Resource sector in Uganda.

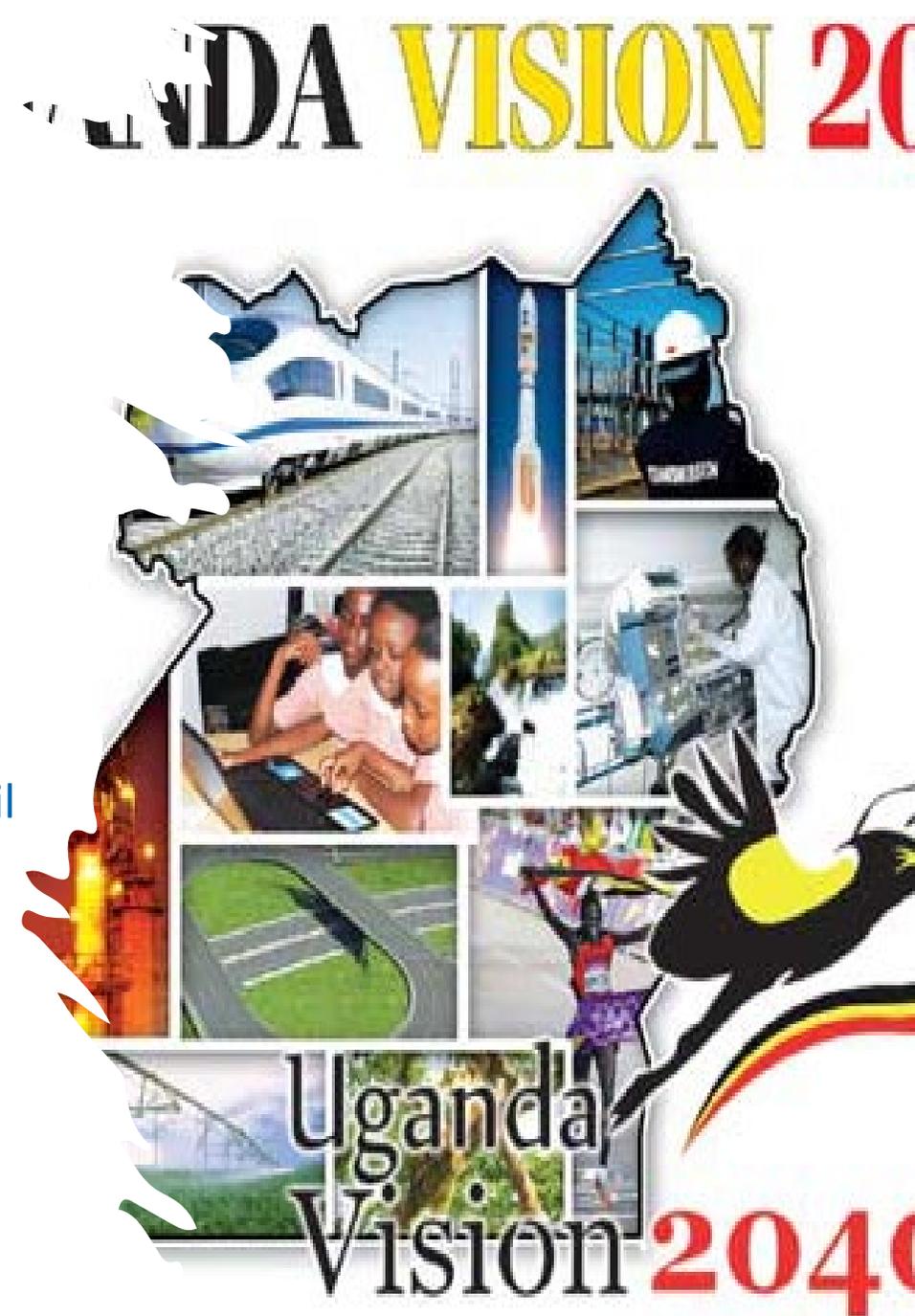
Vision 2040 also states that Government will increase capacity to cope through upsurge of funding to climate change initiatives in a bid to reduce the level of vulnerability. Government will continue to participate in, and benefit from, international arrangements on climate change and variability and in particular focus on how to tap on the available global climate change funding mechanisms.

Can Uganda achieve the vision 2040 with business as usual?

- Uganda is among the most vulnerable countries to the effects of climate change in the world **15th most vulnerable and 49th least prepared** to adapt and recover from impacts of climate change (The Notre Dame Global Adaptation Initiative index (2019))

Report of World Bank-Uganda Economic Updates of 2021

- 41 percent of Uganda's land is now degraded and about 39 percent of the country has unsustainable rate of productive soil loss-
- By 2019, the overall cost of soil erosion and land degradation was estimated at about 17 percent of GDP.
- Forest cover loss between 1990 and 2015 cost Uganda's economy approximately USD 1.2 billion.
- Productivity losses per year for maize from soil erosion have been estimated in some places as high as 190 kg/ha



Do we need to invest in green growth

- Urban cooling: an annual investment of \$100m urban tree planting could create enough shade to cut average temperatures by 1°C for 77m people around the world,
- Water quality regulation: restoring upland forests and watersheds could save water utilities in the world's 534 largest cities an estimated \$890 million each year and is critical for regulating water flows and managing the future's more extreme floods;
- Resilient infrastructure: The World Bank has found that the net benefit on average of investing in more resilient infrastructure in low- and middle-income countries would be \$4.2 trillion, with \$4 in benefit for each \$1 invested.
- The Global Commission on adaptation 2019: overall rate of return on investments in improved resilience is very high, with benefit-cost ratios ranging from 2:1 to 10:1, and in some cases even higher.
- The Global Commission on adaptation estimated more recently that a US\$1.8 trillion investment in the areas of early warning systems, climate resilient infrastructure, improved dryland agriculture and resilient water resources etc. could generate almost USD\$4 of avoided costs and non-monetary social and environmental benefits for every USD\$1 spent resulting in US\$7.1 trillion of avoided costs and non-monetary social and environmental benefits.



Important

- The Third National Development Plan (NDPIII) 2020/21 to 2024/25 recognizes the need to invest in Sustainable Land Management and Climate Smart Agriculture to achieve sustainable industrialization for inclusive growth, employment, and sustainable wealth creation



THIRD NATIONAL DEVELOPMENT PLAN
(NDPIII) 2020/21 – 2024/25

Global climate finance architecture I

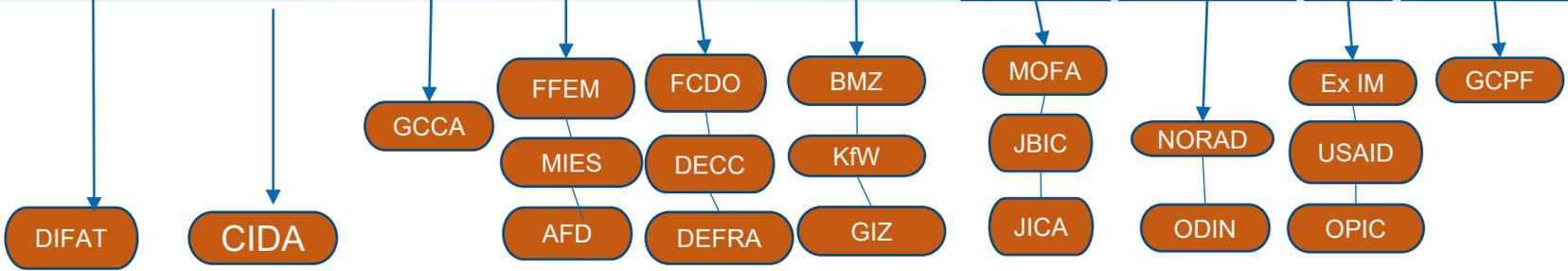
- a) This is above the global target of mobilising **US\$ 100 billion of climate finance a year by 2020** by developed countries for developing countries so that they can meet the full and incremental costs of climate change. This target was missed.
 - b) 61% of global climate finance goes to non-OECD countries, sub-Saharan Africa (SSA) only receives ~5% partly because of low levels of preparedness.
 - What is Uganda's share?
 - c) 56% of climate finance comes from private sector.
 - d) Vast majority of climate finance (esp. private) flows towards mitigation actions (reducing carbon emissions and enhancing sinks of greenhouse gases).
 - Total annual climate flows in Africa for 2020 (both domestic & international) were only **\$30 billion**
 - Mitigation share = 66 %
 - Adaptation share = 24 %
 - Dual Benefit share = 10 %
- a) Multilateral donors (World Bank and AfDB) are the biggest sources of funding for climate finance.

Global Climate Finance Architecture II



Contributors: Australia, Canada, EU, France, UK, Germany, Japan, Norway, US, Denmark, Others + subnational

Bilateral institutions



UNFCCC Financial mechanisms

Non-UNFCCC Financial mechanisms

Multi-laterals



Recipients



Can green Growth contribute to the broader development objectives (vision 2040)



Empirical macroeconomic sector modelling indicates that full implementation of the UGGDS interventions (green growth scenario) will:

- Enhance national GDP by 10 percent beyond the business as usual (BAU) target,
- Deliver an additional 4 million green jobs
- Reduce greenhouse gas emissions by 24.7 percent relative to the conventional growth pathway.

These Growth Benefits will largely come from

- **Enhanced productivity** by creating incentives for greater efficiency in the use of natural resources, reducing waste and energy consumption, unlocking opportunities for innovation and value creation, and allocating resources to the highest value use.
 - *E.g. by 2019, the overall cost of soil erosion and land degradation was estimated at 17 percent of GDP (WB, 2021)*
- **Boosting investor confidence** through greater predictability in how governments deal with major environmental issues.
- **Opening new markets** by stimulating demand for green goods, services and technologies.
- **Contributing to fiscal consolidation** by mobilizing revenues through green taxes and through the elimination of environmentally harmful subsidies. These measures can also help to generate or free up resources for anti-poverty programmes in such areas as water supply and sanitation, or other pro-poor investments.
- **Reducing risks of negative shocks to growth** due to resource bottlenecks, as well as damaging and potentially irreversible environmental impacts.

Uganda climate finance needs

Uganda, like many African countries, has revised its Nationally Determined Contribution (NDC), and enhanced its ambition to reduce greenhouse gas (GHG) emission by 24.7%, from 22% in the first generation NDC.

It has also prepared a long-term strategy in achieving net-zero emissions by 2050, and developed a tool for Monitoring, Reporting and Verification (MRV) for enhanced transparency, accountability, and learning.

The NDCs are framed to generate concrete actions tailored to reduce GHG emissions and to enhance adaptation to the impacts of climate change, especially in highly vulnerable countries like Uganda

In the NDC, Uganda has enhanced its adaptation and mitigation targets. Key sectors for climate change adaptation include fisheries, water and sanitization, environment, ecosystem, transport, manufacturing, industry, mining, cities, built environment.

Mitigation targets are inclined to the Agriculture Forestry and Land Use (AFOLU) sector, transport, energy, waste and Industrial Processes and Product Use (IPPU) sectors.

A light gray silhouette of the map of Uganda, serving as a background for the title text.

Uganda climate finance needs

Sector	Estimated Cost (US \$ Million)
Coordination	39.5
Climate change adaptation	4,078.83
Climate change mitigation	18,254
Total Cost	22,372.33

**How best can
Uganda utilize
global climate
financing
options to
achieve its
growth
agenda?**

Capitalize on innovative climate finance instruments including carbon markets, guarantees, result based finance, grants, concessional

Public private sector partnerships to leverage climate finance (risk sharing mechanisms, financial incentives) to support infrastructure projects, innovation, natural resource management

Prioritizing public resources early stage to de-risk private sector investments

Transparency in climate finance tracking through Monitoring Reporting and Verification (MRV) tools

Technical capacity building (financial institutions to provide lending, operation and maintenance of climate investments)



Contributions of development partners to climate finance and Green Growth

- Commitments under the Paris agreement (GCF, GEF etc)
 - The Green Climate Fund (GCF)- the world's largest climate fund towards implementation of NDC in developing countries.
 - Bilateral donors in renewable energy and energy efficiency, climate smart agriculture and e-Mobility
 - Investments in Forestry
 - Private sector investments.
 - Tourism

Key messages

- For Green Growth to contribute to the Uganda's development vision, we need
 - Effective and integrated implementation of government policies and plans (link to NDC, NDP-III, Uganda Green Recovery Plan, etc).
 - Support broader and inclusive growth
 - Promote opportunities to increase incomes of the lowest earners
 - Consider wider determinants of development e.g. access to health, clean water, education, clean and affordable energy etc.
 - Climate for Development Facility – could help with streamlining and coordinating climate finance mobilization and utilization.



Thank You