



CLIMATE CHANGE BUDGET COMPLIANCE ASSESSMENT REPORT



ACODE Policy Research Paper Series No.117, 2024

Published by ACODE

P. O. Box 29836, Kampala

Email: library@acode-u.org; acode@acode-u.org

Website: <https://www.acode-u.org>

Citation

ACODE and NPA. (2024). *Climate Change Budget Compliance Assessment Report*, Kampala: ACODE Policy Research Paper Series, No. 117.

© ACODE 2024

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the publisher. ACODE policy work is supported by generous donations and grants from bilateral donors and charitable foundations. Reproduction or use of this publication for academic or charitable purposes or for purposes of informing public policy is excluded from this restriction.

ISBN 978 9970 56 700 3

CONTENTS

ACRONYMS	IV
ACKNOWLEDGEMENTS	VI
EXECUTIVE SUMMARY	VII
1. INTRODUCTION.....	1
1.1 Context and Rationale of the Report	2
1.2 Objectives of the Assessment	3
2. METHODOLOGY	4
2.1 Programme Selection	4
2.2 Data Collection Methods and Analysis	4
2.3 Scoring	5
3 RESULTS OF THE ASSESSMENT	6
4 KEY MESSAGES	8
5 PROGRAMME LEVEL RESULTS	9
5.1 THE PRIVATE SECTOR DEVELOPMENT PROGRAMME	9
5.2 DEVELOPMENT PLAN IMPLEMENTATION PROGRAMME	13
5.3 REGIONAL DEVELOPMENT PROGRAMME CLIMATE CHANGE ASSESSMENT	16
5.4 NATURAL RESOURCE, ENVIRONMENT, CLIMATE CHANGE, LAND AND WATER MANAGEMENT (NRECCLWM) PROGRAMME ASSESSMENT	21
5.5 AGRO-INDUSTRIALISATION	25
5.6 SUSTAINABLE URBANISATION AND HOUSING.....	28
5.7 MANUFACTURING PROGRAMME LEVEL REPORT	33
5.8 HUMAN CAPITAL DEVELOPMENT (HCD) PROGRAMME LEVEL REPORT ON CLIMATE CHANGE	35
5.9 TOURISM PROGRAMME LEVEL REPORT STRUCTURE.....	38
5.10 SUSTAINABLE DEVELOPMENT OF PETROLEUM RESOURCES.....	40
5.11 SUSTAINABLE MINERAL DEVELOPMENT.....	41
5.12 SUSTAINABLE ENERGY DEVELOPMENT.....	42
5.13INTEGRATED TRANSPORT INFRASTRUCTURE AND SERVICES (ITIS) PROGRAMME LEVEL REPORT	44
CONCLUSION	49
ANNEX	50

LIST OF FIGURES

Figure 1: Annual Budget Alignment to NDPIII Climate Change Interventions from 2020/21-2024/25	8
Figure 2: Private Sector Compliance Performance Over NDPIII Period Climate Responsive Budgeting	10
Figure 3: A Tourist Van being towed in Kabale-Lake Bunyonyi Road after a heavy downpour	38
Figure 4: Tourists on Kabale-Lake Bunyonyi Road after a heavy down pour	39
Figure 5: Katonga Bridge at the Time of Wash-Away	46
Figure 6: Katonga Bridge after emergency intervention by UNRA	46
Figure 8: Current Traffic Restriction Section on Ssezibwa Bridge	47

ACRONYMS

AB	Annual Budget
ACODE	Advocates Coalition for Development and Environment
BCC	Budget Call Circular
BFPs	Budget Framework Papers
Coc	Certificate of Compliance
DUCA	District Urban and Community Access
FY	Financial Year
GDP	Gross Domestic Product
GHG	Green House Gases
ICT	Information, Communication, and Technology
ITIS	Integrated Transport Infrastructure and Services
KCCA	Kampala Capital City Authority
MAAIF	Ministry of Agriculture Animal Industry and Fisheries
MDAs	Ministries, Departments, and Agencies
MPS	Ministerial Policy Statement
MWE	Ministry of Water and Environment
NDC	Nationally Determined Contributions
NDP	National Development Plan
NMT	Non-motorized Transport
NPA	National Planning Authority
OPM	Office of the Prime Minister
PDM	Parish Development Modal
PFMA	Public Finance Management Act
PIAPs	Programme Implementation Action Plans
PWG	Programme Working Group
QHSSE	Quality Health, Safety, Security and Environment
SGR	Standard Gauge Railway
SUHP	Sustainable Urbanization and Housing Programme

UN	United Nations
UNESCO	United Nations Educational Scientific and Cultural Organization
USMID	Uganda Support to Municipal Infrastructure Development
UWEP	Uganda Women Empowerment Programme
YLP	Youth Livelihood Programme
ZARDIs	Zonal Agricultural Research and Development Institutes

ACKNOWLEDGEMENTS

ACODE expresses its deep appreciation to all those who supported the production of this report. Special gratitude goes to our partner the National Planning Authority (NPA) for coordinating this process and participation in the production of this report especially in assessing the performance of the different programmes and MDAs for the last 5 consecutive years.

Special thanks go to the team from the Ministry of Water and Environment (Climate Change Department) who have not only been key partners during this assessment but also champions in the advancement of the Climate Change agenda in the country.

ACODE is very grateful to Hewlett Foundation for financing the activities that promote inclusiveness of the national policies culminating into this report.

EXECUTIVE SUMMARY

Uganda is increasingly vulnerable to extreme weather events such as floods, landslides, and prolonged droughts, significantly impacting livelihoods and macroeconomic stability. The country's heavy reliance on agriculture exacerbates this vulnerability, making climate change integration into national development planning critical and a survival strategy. According to the Notre Dame Global Adaptation Initiative 2021, Uganda ranks 13th in climate change vulnerability globally and 160th in preparedness. The NDP III (2020/21-2024/25) addresses climate change as a major development challenge, integrating climate interventions across all its twenty programs. The effective alignment of national budgets with these climate commitments is essential for fostering resilience and sustainable development, particularly for vulnerable groups.

The Climate Change Budget Compliance Assessment Report comprehensively evaluates Uganda's national budget alignment with climate change interventions outlined in the third National Development Plan (NDP III) for the fiscal years 2023/24 and 2024/25. The assessment is mandated by Section 13 (7) of the Public Finance Management Act 2015 and Section 30 of the National Climate Change Act 2021.

This assessment report presents the degree of alignment between national planning and budgeting tools in addressing planned climate change adaptation and mitigation interventions in the NDP III.

Objectives

The primary objective of the assessment is to analyze the extent to which the FY 2023/24 Annual Budget and the FY 2024/25 Budget Framework Paper (BFP) align with NDP III climate change interventions. Specific goals include:

- (i) Evaluating the alignment of national budgeting frameworks with prioritized climate change interventions.
- (ii) Identifying emerging issues, key messages, recommendations, and areas of compliance and non-compliance.
- (iii) Generating evidence-based data to inform advocacy and lobbying for robust climate change-responsive budgeting systems.

Methodology

Thirteen NDPIII programs, selected based on their vulnerability to climate change and greenhouse gas emission intensity, were assessed.

Data sources included national planning documents such as the NDPIII Results Framework, Programme Implementation Action Plans (PIAPs), Corporate Reports, Programme Performance Review Reports, and Strategic Plans. Budgeting documents comprised Budget Framework Papers, Ministerial Policy Statements, and quarterly progress reports.

The assessment focused on climate change adaptation, resilience building, and reduction of greenhouse gas emissions. A scoring system for the programmes categorized the degree of budget alignment as satisfactory (80%-100%), moderately satisfactory (60%-79%), or unsatisfactory (less than 60%).

Key Findings

- (i) **Overall alignment of the FY 2023/24 Annual Budget and the FY 2024/25 BFP.** Overall, the alignment of the 2023/24 Annual Budget to climate change integration, although an improvement from the 46 percent scored in FY 2022/23, is still unsatisfactory at 54 percent compliance, whilst the BFP FY 2024/25 is moderately satisfactory at 62 percent compliance.
- (ii) **Positive trend of the alignment of the Budget to Planning.** Alignment of budgeting to planning is gradually improving due to the various interventions such as budget tagging, mapping of climate change indicators in Programme implementation Action Plans (PIAPs); the growing appreciation of MDAs implications of climate change on the attainment of their outcomes; the creation of the Climate Change Unit in the MFPED and growing advocacy and lobbying by non-state actors.
- (iii) **Budget Allocation Issues:** There was a notable budgetary allocation gap for key climate-smart developments, particularly within programs like Tourism Development and Natural Resource Environment Climate Change Land and Water Management (NRECCLWM) that are particularly more vulnerable to the adverse effects of climate change.
- (iv) **There is a gap in ambition between the annual budgets and BFPs targets and the NDP III and NDC targets.** The aligned climate change interventions, however, still fall short in terms of ambition and targeting with the Annual Budget targets falling below the NDPIII and NDC targets.
- (v) **Diversity in compliance between climate change mitigation and adaptation orientation programmes.** Programmes that have a climate mitigation orientation such as; Sustainable Energy

Development, Petroleum development and Integrated Transport and Infrastructure Services tended to show more budget compliance than those with a climate adaptation orientation such as agroindustrialisation. This could be due to better funding of climate mitigation responses.

- (vi) **A mix of Compliance and Non-Compliance.** Several programmes showed a mix of compliance and non-compliance with climate change initiatives. For example, the Agro-Industrialisation programme highlighted both compliances in adopting climate-smart agricultural practices and non-compliance in areas contributing to greenhouse gas emissions such as contributing to deforestation and land use change.
- (vii) **Impact of Economic Recovery on climate change.** Economic recovery necessitated a reprioritization process. This impacted climate change budgetary allocations as the focus was more on immediate economic recovery actions at the expense of long-term climate interventions. Many programmes reprioritized resources away from climate change interventions which is still reflected in their NDP III PIAPs.

Key Messages and Lessons Learnt

- (i) **No quick wins.** Budget compliance to climate change interventions in the planning instruments is a slow process and requires patience and persistent efforts.
- (ii) **Leveraging Legislation:** Utilizing provisions such as the Climate Change Act and the Public Finance Management Act for advocating increased budgetary allocations towards climate-responsive interventions is essential.
- (iii) **The need for Consistent Measurement.** There are very few performance indicators Consistency in performance indicators is vital for accurately measuring progress and comparing year-on-year performance.
- (iv) **Off-budget support is very important.** Significant off-budget support is essential for Uganda's climate response, yet public investment in mobilizing these resources remains limited.

Emerging Issues and Opportunities

- (i) The creation of the Climate Finance Unit (CFU) in the strategic Ministry of Finance, Planning and Economic Development (MFPED) is generating greater appreciation of climate change as

a development challenge. It is also galvanising efforts for resource mobilisation from global financing windows for climate-responsive growth.

- (ii) **Gaps in the way PIAPs were formulated.** Some of the budget compliance issues identified were emanating from the way the Programme Implementation Action Plans (PIAPs) were formulated with some not being consistent with the NDP III in terms of ambition (target) and others dropping some of the planned climate actions that are not considered to be priorities.
- (iii) **Use the opportunity of NDP IV to correct past mistakes.** The ongoing ongoing development of NDP IV offers a great opportunity for climate change issues to be mainstreamed in all eighteen (18) programmes of the NDPIV. It also presents a rare opportunity to correct the mistakes and inconsistencies in climate change mainstreaming and budgeting experienced in NDP III.
- (iv) **Local Level Implementation challenges.** Although the impacts of climate change are felt most at the local level there has been a persistent failure to implement climate change actions at the local levels. An assessment of the regional development programme that caters for level-level activities was a challenge as climate change interventions could hardly be seen.
- (v) **Comparison Difficulties:** Dropping and adding new indicators due to budget constraints such as the COVID-19 impacts has made it challenging to compare performance consistently across years.

Way Forward

- (i) **Tap into the NDP IV development process.** The climate change fraternity and advocates need to position themselves to tap into the opportunity presented by the NDP IV process to put climate change at the top of the national development agenda. It is important to define how climate change affects each of the NDP IV programme outcomes. For example, how does climate change affect the attainment of NDP IV priority areas i.e. Agroindustrialisation, Tourism, Minerals including Oil and Gas? Does value addition create resilience to climate change? Evidence should be generated to make a strong case for climate change prioritisation.
- (ii) **Actual Budget Outturn Assessment.** Future climate change budget compliance assessments to planning should focus on actual budget outturns and outputs rather than just planning

documents to better understand resource allocation and its effectiveness.

- (iii) **Ensure Consistency in Performance Indicators:** For accurate tracking of progress and tracking of progress over time, it is important to maintain consistency in performance indicators.
- (iv) **Prioritize Interventions at the Local Levels:** The effects of climate change are more felt at the local levels where communities are more vulnerable. Climate change interventions need to focus at the local level and tap into government programmes such as the Parish Development Model (PDM) and the Emyooga and other local development plans.
- (v) **Optimise Budget Allocations through leveraging enabling legislative frameworks:** The Climate Change Act and Public Finance Management Act have not been exploited to optimize higher budgetary allocations to towards climate-responsive interventions.

The assessment underscores the need for enhanced budgetary alignment with climate change interventions to meet NDPIII and NDC targets. Despite improvements, more ambitious and targeted interventions are necessary to address the impacts of climate change effectively. The report calls for increased funding for adaptation measures and better integration of climate change indicators in national budgeting processes to ensure Uganda's resilience and sustainable development.

1. INTRODUCTION

Extreme weather events such as floods, landslides, and prolonged droughts are becoming more intensive and frequent in the country, threatening people's livelihoods. Over the past ten years, at least 1,000 people are said to have died in landslides in the Bugishu sub-region, leaving thousands of families destitute and displaced¹. Floods in the Eastern region caused by excessive rains killed at least thirty people, left 400,000 people without access to clean water, and damaged more than 2,000 hectares of crops². In 2022, more than 900 people in Karamoja sub-region of northeastern Uganda, died of hunger resulting from prolonged drought. In the region, eight in every 10 households are food-insecure, putting about 23,000 children at high risk of severe acute malnutrition (Monitor, 2022)³.

Uganda economy's heavy reliance on agriculture, makes it highly vulnerable to the adverse effects of climate change. Indeed, according to the Notre Dame Global Adaptation Initiative, 2021, Uganda is the 13th most climate change vulnerable nation in the world and is ranked 160th out of 192 countries in terms of preparedness to face the threat⁴. In order to meet this challenge, the government of Uganda has committed itself to the United Nations' Framework Convention on Climate Change and the Kyoto Protocol, and has integrated climate change interventions in its Vision 2040 and five-year medium-term National Development Plans⁵.

The third National Development Plan (NDPIII 2020/21-2024/25) flags climate change as one of Uganda's outstanding development challenges with dire implications on food security, energy access, agriculture productivity, macroeconomic stability and income poverty. Accordingly, the NDPIII integrates climate change across all its twenty (20) programmes and devotes a Programme to Natural Resources, Environment, Climate Change, Water and Land Management to elaborate interventions for contain climate change and its effects over

-
- 1 Monitor. (2019). Landslides kill 1000 in Bugisu over the past decade. 24 May, 2024.
 - 2 Guardian. (2022). At least 24 people dead as flash flooding hits eastern Uganda. 27 May, 2024.
 - 3 Monitor. (2022). Hunger kills 900 in Karamoja sub-region. 27 May, 2024.
 - 4 Notre Dame Global Adaptation Initiative (ND-GAIN). (2021). Country index rankings.
 - 5 Ministry of Water and Environment, 2015; Ministry of Finance, Planning and Economic Development, 2018

its tenure. This integration not only trickles down to the NDPIII Results Framework and Programme Implementation Action Plans (PIAPs) but is also supposed to fully cascade down to the national budget.

The compliance of national budgets with climate change commitments is critical for Uganda, a country highly vulnerable to the adverse effects of climate change. Effective budgetary alignment ensures that adequate resources are allocated to climate adaptation and mitigation measures, fostering resilience and sustainable development. Moreover, inclusive budgeting that addresses the needs of vulnerable groups and communities is essential for equitable development. This report evaluates the extent to which Uganda's annual national budgets align with the climate change interventions outlined in the third National Development Plan (NDP III).

This Report, therefore, presents the results of an assessment on the extent of alignment of the FY 2023/24 Annual Budget and FY 2024/25 Budget Framework Paper (BFP) to NDPIII climate change commitments/interventions, with focus on thirteen NDPIII Programmes that are deemed as not only the most vulnerable but also key contributors to climate change. The Report has been developed by the National Planning Authority in partnership with the Advocates Coalition for Development and Environment and the Climate Change Department of the Ministry of Water and Environment (MWE).

1.1 Context and Rationale of the Report

The Assessment is anchored in section 13(7) of the Public Finance Management Act, 2015 which mandates the National Planning Authority to issue a Certificate of Compliance of the National Budget to the National Development Plan. Additionally, the National Climate Change Act 2021 also requires the undertaking of a compliance assessment of the national budget against national planned climate change interventions. This assessment therefore examined the extent to which selected NDPIII Programme Budgets for the FY 2023/24 and FY 24/25 BFP were compliant with the NDPIII climate change interventions. The assessment therefore evaluated the extent of alignment of these budgets to the planned climate change interventions and established the resource gaps.

In terms of rationale, climate change planning in the National Development Plan is the starting point of the integration process which must be backed up with adequate budgetary allocations for the implementation of planned climate change responsive interventions to achieve the desired transformative results. Equally important,

alignment in terms of targets and allocated financial resources between planning and budgeting tools is crucial to ensure coherence and achievement of planned climate change interventions within the set planning deadline and enables evaluation of national progress towards set climate change goals and international commitments. This Assessment therefore presents the degree of alignment between national planning and budgeting tools in addressing planned climate change adaptation and mitigation interventions in the NDP III. This report is cognizant of the fact that Uganda's national budget plays a critical role in addressing climate change issues and ensuring inclusive development. The country's commitment to integrating climate change considerations into its national planning processes is evident in several policy frameworks and strategic documents. This analysis provides an overview of Uganda's efforts, the implications of its budget allocations on climate change, and the resulting impacts on inclusive development.

1.2 Objectives of the Assessment

Overall, the climate change specific compliance assessment sought to analyze and present the extent of alignment of the FY 2023/24 Annual Budget and FY 2024/25 Budget Framework Paper to the NDP III climate change interventions.

Specifically, the climate change integration compliance assessment sought to:

- i. Ascertain the extent of alignment of national budgeting frameworks to the NDP III prioritized climate change interventions.
- ii. Distil emerging issues, key messages, recommendations, and areas of compliance and non-compliance (gaps) for enhanced integration of climate change issues in national budgeting documents; and
- iii. Generate evidence-based data to inform advocacy and lobbying for building robust national climate change responsive budgeting systems.

2. METHODOLOGY

2.1 Programme Selection

Thirteen (13) NDPIII Programmes were assessed whose selection was based on Uganda National Climate Change priority areas captured in its climate change plan – also referred to as revised Nationally Determined Contributions (2020–2025) and the Uganda Green Growth Development Strategy (UGGDS 2017-2030). The selected programmes are the most vulnerable to climate change and key contributors to climate change through their high greenhouse gas emission intensity. Specifically, the assessed thirteen Programmes are; Agro-industrialization; Tourism Development; Natural Resources, Environment, Climate Change, Land and Water Management; Private Sector Development; Manufacturing; Integrated Transport infrastructure and Services; Sustainable Energy Development; Sustainable Urbanization and Housing; Human Capital Development; Mineral Development, Sustainable Development of Petroleum Resources; Development Plan Implementation and Regional Development.

The assessment of the budgets for the selected thirteen NDPIII Programme Budgets was guided by two strategies that address climate change.

2.2 Data Collection Methods and Analysis

In terms of data sources, the assessment relied on national planning and budgeting documents. The planning documents used included; the NDPIII Results Framework, the Programme Implementation Action Plans (PIAPs) of the aforementioned thirteen selected NDPIII programmes, Corporate Reports, Programme Performance Review Reports and Strategic Plans of Ministries, Departments and Agencies that fall under the selected eight programmes. On the other hand, budgeting documents included; Budget Framework Papers and Ministerial Policy Statements and quarterly progress reports.

The tool used to undertake the main Certificate of Compliance Assessment of the national budget to the NDPIII was downscaled to strictly focus on climate change interventions that contribute to (I) adaptation and resilience building and (II) reduction of greenhouse gas emissions.

- 1) **Adaptation and Resilience Building (Climate Change Adaptation)**. This aimed at building adaptive capacity to cope with

extreme climatic events such as; high temperatures, prolonged dry spells/droughts, and erratic rainfall and all their associated impacts. The NDPIII prescribes climate change adaptation interventions, with corresponding annualised targets that should be implemented over the plan's tenure to foster resilient economic growth.

- 2) **Greenhouse Gas Emissions Reduction (Climate Change Mitigation).** The variable is assessed considering the potentiality of the NDPIII objective intervention to either reduce GHG emissions or increase carbon sinks. The NDPIII targets to reduce the Average Green House Gas (GHG) emissions from 1.39 (MtCO₂e) in 2020 to 1 (MtCO₂e) by 2024/25.

The analysis was further improved through aligning/mapping the NDP III programmes to the country's climate plan i.e. the Nationally Determined Contribution (NDC) and the priority actions. The main components of the tool are indicated in Table1.

Table 1: Climate Change Budget Integration Compliance Assessment Framework

Climate Change Variable	Programme Objectives	Strategic Intervention	Output Indicators	BFP Priority	NDPIII 2023/24 Target	BFP 2024/25 Planned Target	%age Deviation	Score	Comments on BFP target

2.3 Scoring

The Assessment attributed percentage scores to each of the programmes reflecting the degree of alignment of their budgets to the NDPIII climate change interventions. These scores are elaborated in Table 2. The degree of compliance was categorized along satisfactory, moderately satisfactory, and unsatisfactory. The Programme Budget was deemed "satisfactory" if the score is 80%-100%; "moderately satisfactory" if the score is 60% - 79%; and "unsatisfactory" if the score is less than 60%.

Table 2: Categorization of Scoring

Category of Satisfaction	Score Range (%)
Satisfactory	80%-100%
Moderately satisfactory	60% - 79%
Unsatisfactory	Less than 60%

3 RESULTS OF THE ASSESSMENT

Overall, the alignment of the 2023/24 Annual Budget to climate change integration although was an improvement from the 46 percent scored in FY 2022/23 is still unsatisfactory at 54 percent compliance, whilst the BFP FY 2024/25 is moderately satisfactory at 62 percent compliance. This is attributed to increased planning, policy, legal and institutional climate change inclined frameworks and other interventions such as, mapping of climate change actions and indicators in Programme Implementation Action Plans (PIAPs) for government Ministries, Departments and Agencies (MDAs), adoption and integration of Climate Change Budget Tagging in the Programme Budgeting System, increasing appreciation of the impacts of climate change on attainment of programme goals and objectives, and the establishment of the Climate Change Department in the Ministry of Water and Environment (MWE) and the Climate Finance Unit in the Ministry of Finance, Planning and Economic Development (MFPED). There is increased climate change lobbying and Budget Advocacy by several non-state actors including Civil Society Organisations (CSOs) and Development Partners.

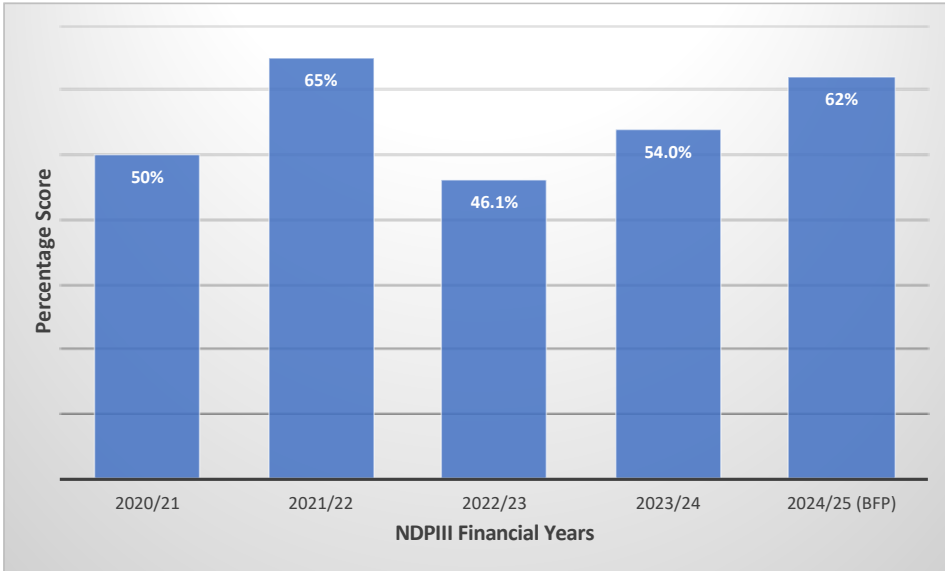
Specifically, the improvement notwithstanding, the aligned climate change interventions still fall short in terms of ambition and targeting with the Annual Budget targets falling below the NDPIII and NDC targets. This trend is likely to undermine the achievement of the NDPIII climate change interventions and targets within the remaining timeframe that ends in June 2025. A summary of the assessment score by programme is presented in Table 3.

Table 3: Summary of Climate Change Assessment Results

S/N	PROGRAMME	FY 2023/24	FY 2024/25 (BFP)
1.	Private Sector Development	60%	35%
2.	Development Plan Implementation	66.7%	80%
3.	Regional Development	69.2%	67.7%
4.	Agro-Industrialization	52.6%	60%
5.	Sustainable Urban Development	34.1%	31.1%
6.	Manufacturing	34%	33.3%
7.	Tourism Development	50%	60%
8.	Sustainable Energy Development	33.3%	80%
9.	Integrated Transport Infrastructure Ser-vices	71.1%	78%
10.	Sustainable Development of Petroleum Resources	93.3%	83.3%
11.	Mineral Development	33.3%	80%
12.	Natural Resources, Environment, Land and Water Management	53.3%	54.7%
13.	Human Capital Development	56.4%	66.7%
	Average Score	54%	62%

A review of the assessment results in Table 3 indicates that programmes such as; Agro-industrialisation, Tourism Development, Sustainable Urban Development and Natural Resources, Environment, Land and Water management that are more vulnerable to the impacts of climate change scored less than satisfactory performance. On the other hand, programmes such as; Sustainable Energy Development, Mineral Development and Integrated Transport Infrastructure (very vulnerable to the effects of climate change effects) that contribute to GHG emissions had satisfactory score. One of the probable causes of the unexpected performance between these two sets of programmes is the differences in resource allocation towards mitigation and adaptation-oriented interventions. Mitigation of the causes of climate change is better funded than adaptation to the impacts of climate change. Most of the funding especially from development partners goes to mitigation interventions although Uganda's priority is on adaptation.

Figure 1: Annual Budget Alignment to NDPIII Climate Change Interventions from 2020/21-2024/25



Source: Constructed based on Annual Budget and Budget Framework Paper data (various editions)

4 KEY MESSAGES

- i. As indicated in Fig. 1, the Climate change compliance of the annual budget to NDPIII was on an upward trend from 50 percent in 2020/21 to 65 percent in 2021/22, however it declined to the lowest level of 46 percent in FY 2022/23. It started rising and in FY 2023/24 it was 54 percent with the FY 2024/25 BFP registering a higher score of 62 percent. The decline in performance is largely attributed to the PIAP reprioritisation process during the COVID-19 pandemic that resulted into the elimination of a great proportion of climate change interventions from NDPIII PIAPs as they were deemed not to directly contribute to economic recovery. The economic recovery package was biased towards health, restoring macroeconomic stability and rapid economic recovery without recognising their strong linkages to effective climate change response, environmental sustainability and biodiversity protection that also underpinned Uganda’s demonstrated resilience to the COVID-19 pandemic.

- ii. As for the Budget Framework Paper for FY 2024/25, although still moderately satisfactory, the slight improvement in score to 62 percent is attributed to recent strengthened climate change planning, enabling policy, legal and institutional frameworks, the mapping of all climate change indicators in Programme Implementation Action Plans for appreciation by Ministries, Departments and Agencies, adoption and integration of the climate change budget tagging in the Programme Budgeting system and establishment of the climate finance unit in the Ministry of Finance, Planning and Economic Development and the increased advocacy and lobbying by non-state actors as already pointed out. There is a high focus on administration and soft climate change interventions such as awareness creation and coordination relative to hardware climate change responsive infrastructure. This may be attributed to the meagre allocations accompanied by significant budget cuts.
- iii. Climate change-aligned interventions are less ambitious in terms of targets captured by the annual budget compared to the NDPIII targets. This was part of the post-COVID-19 economic recovery programme which will certainly undermine the achievement of key climate change targets within the NDPIII timeframe.
- iv. Off-budget support plays a significant role in Uganda's response to climate change. However, there is very limited public investment in mobilising off-budget support which is set to finance the biggest percentage of Uganda's updated NDC to the tune of US\$ 24.1 billion.

5 PROGRAMME LEVEL RESULTS

This section presents programme level results in terms of performance with regards to the alignment of programme budgets to the third National Development Plan (2020/21-2024/25). It examines the level of integration of climate change issues – including the robustness of set targets and indicators in relation to NDP III results framework.

5.1 THE PRIVATE SECTOR DEVELOPMENT PROGRAMME

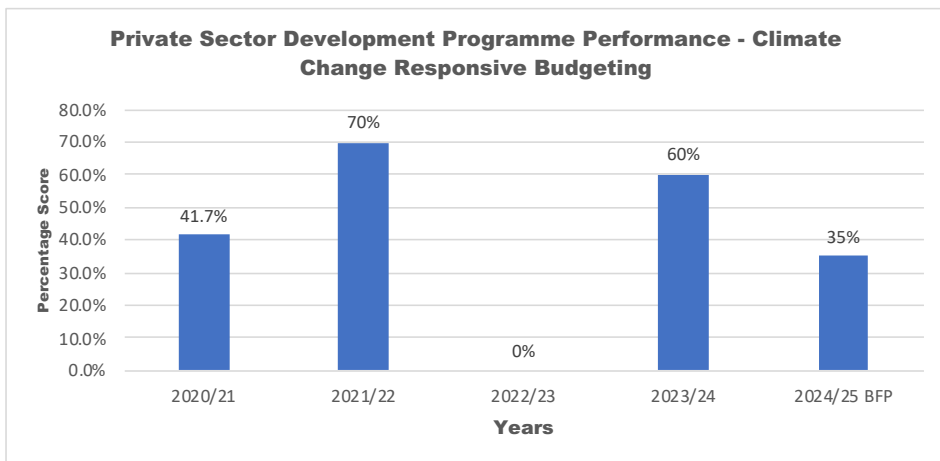
5.1.1 Overview of the Programme

The goal of the Private Sector Development Programme is to increase the competitiveness of the private sector to drive sustainable drive

sustainable inclusive growth. Achieving this goal is envisaged to address prevailing challenges in the private sector such as; the high cost of doing business, limited production and organisation capacity, absence of a strong supporting environment, weak enforcement of standards and proliferation of counterfeits in the market and inadequate strategic and sustainable government investments and partnerships with the private sector in key growth areas. The Programme has two objectives with climate change indicators. These are:

- i. Sustainably lower the costs of doing business. This has interventions such as increasing access to long-term finance, mobilize alternative financing sources to finance private investments; and
- ii. Strengthen the enabling environment and enforcement of standards. It includes interventions such as; creating appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote Low GHG Emissions Development.

Figure 2: Private Sector Compliance Performance Over NDPIII Period Climate Responsive Budgeting



5.1.2 Overall Score

The overall Private Sector Development Programme percentage score on integration of planned Climate Change issues into the budget is moderately satisfactory at 60% for the FY 2023/24 while the BFP 2024/25 was unsatisfactory at 35% for the FY 2024/25 respectively. The unsatisfactory score for FY 2024/25 is attributed to exclusion of a greater proportion of climate change output indicators in the BFP. Of the five climate change indicators of the programme in the NDPIII, four

of them were reflected in the annual work plan and therefore compliant while only one of the five indicators was complaint at BFP assessment levels implying that not all that is reflected in the work plan finds its way into the BFP

Although moderately satisfactory for FY 2023/24 and the BFP for FY 2024/25 miserably unsatisfactory, generally, the performance represents an improvement from last year’s assessment where none of the NDPIII climate change indicators were reflected in the programme’s annual work plan and BFP. The improved performance is attributed to the deepened institutionalization of climate finance in the Private Sector Programme secretariat through the establishment of a Climate Finance Unit in the Ministry of Finance, Planning and Economic Development (MFPED) that coordinated the integration of climate finance in budgeting tools such as work plans and BFPs.

5.1.3 Areas of Compliance

The areas of compliance at the work plan level include; the number of measures undertaken to build private sector capacity to access green financing and green growth response, the number of green growth investments supported across the four (4) priority programme areas, and the value of green finance resources financing NDPIII priorities. On the other hand, the areas of compliance at the BFP level included; increasing insurance coverage and mobilizing green finance to support investments in four priority programmes of the NDPIII – tourism, transport, sustainable energy development and agro-industrialization.

Table 4: Summary of Areas of Compliance

S/N	FY 2023/24	FY 2024/25
1.	Create appropriate incentives and regulatory frameworks to attract private sector to finance green investments.	Increase insurance coverage
2.	Facilitated SMES in Business Development Services and green finance access.	Mobilize green finance to support investments in four priority programmes of the NDPIII – tourism, transport, sustainable energy development and agro-industrialization.
3.	Support green growth investments in four -priority programmes of agro-industrialization, tourism, sustainable energy development and transport.	
4.	Mobilize 5Bn worth of green finance resources to finance NDPIII priorities.	

S/N	FY 2023/24	FY 2024/25
5.	Increase the value of green growth projects of the private sector.	

5.1.4 Areas of Non-Compliance

The areas of non-compliance at the work plan level for FY 2023/24 include: Value of green growth projects of the private sector with a planned target of UGX 822.6M which fell short of the NDPIII target of UGX 4Bn for the Financial Year under review (2023/24). The Budget Framework Paper registered a higher number of areas of non-compliance. The BFP was silent on output indicators such as; number of measures undertaken to build private sector capacity to access green finance, value of green growth projects of the private sector, and value of green finance resources financing priorities in NDPIII.

Table 5: Summary of Non-Compliance

S/N	FY 2023/24	FY 2024/25
1.	Increase insurance coverage.	Undertake measures to build private sector capacity access green financing and green growth response.
2.	Value of green growth projects of the private sector (though captured by the work plan, they were allocated insignificant resources).	Mobilize green finance to fund green investments across the four 4 NDPIII priority programme areas – tourism, agro-industrialization, sustainable energy development, infrastructure and transport.
3.		Value of green finance resources financing NDPIII priorities.
4.		Value of green growth projects of the private sector.

5.1.5 Key Emerging Issues

- i. The Budget Framework Paper (FY2024/25) captures indicators at outcome level which eliminates most of the climate finance indicators that are at output level resulting into non-compliant results.
- ii. Although there has been compliance in some areas, there is a shortfall in terms of ambition. For instance, the NDPIII targets to train 400 SMEs in accessing green finance while the annual work plan targets 141.

- iii. The failure to build the capacity of the private in mobilising green finance creates a big gap in financing green investments that are critical in climate change responsive economic growth.
- iv. On a positive note, the programme is increasingly becoming climate change responsive in terms of integration of climate change indicators in budgeting tools. This can be attributed to the institutionalization of climate finance through the creation of the climate finance unit in the programme secretariat.
- v. The Uganda Agricultural Insurance Scheme (UAIS) provides insurance coverage to roughly 150,000 farmers reaching less than 2% of estimated 8 million people active in the agricultural sector. This creates an opportunity to increase resilience against weather and climate related shocks due to drought and extreme rainfall events. However, these opportunities are not known or accessible to the majority of the people who suffer from the adverse effects of climate change.

5.1.6 Recommendations

- i. The private Sector Development programme needs to enhance its ambition in budgeting to match with the NDPIII targets.
- ii. The NDPIV should include climate change indicators at outcome and output levels to ensure compliance at BFP assessment levels.
- iii. Deliberate efforts should be made to build capacity of the private sector in mobilizing global green finance with support from the Climate Finance Unit to undertake green investment projects.
- iv. Increase awareness and access to agricultural insurance especially to the small-scale households in order to reduce their vulnerability to the adverse effects of climate change.

5.2 DEVELOPMENT PLAN IMPLEMENTATION PROGRAMME

5.2.1 Overview of the Programme

The overall goal of the Development Plan Implementation programme is to increase efficiency and effectiveness in the implementation of NDPIII. Achieving this goal is envisaged to contain drivers of the slow implementation of national development plans such as: weak implementation planning and budgeting, weak M&E systems for supporting implementation and policy planning, limited financing and fiscal management, weak coordination of implementation, and weak

systems for statistical development. Although the programme has six objectives, the only one that contributes to climate change and contains climate change indicators is “strengthen coordination, monitoring and reporting frameworks”.

5.2.2 Overall Score

The overall score for the Development Plan Implementation Programme on climate change issues is moderately satisfactory at 66.7 percent for FY 2023/24 while the Budget Framework Paper is satisfactory at 80 percent for the FY 2024/25. These results are attributed to; inclusion of majority of the NDPIII Development Plan Implementation Programme climate change indicators in the annual work plan and the Budget Framework Paper for the financial years 2023/24 and 2024/25 respectively and deepened institutionalization of climate finance through the establishment of the Climate Finance Unit within the Ministry of Finance, Planning and Economic Development (MoFPED). For instance, 4 out of the 6 indicators on climate change are considered in the annual work plan (FY 2023/24) while 5 out of the 6 NDPIII climate change indicators have been captured by the BFP for FY2024/25.

5.2.3 Areas of Compliance

The Areas of Compliance for the annual work plan FY 2023/24 are: number of inspection reports on green growth expenditure and accountability, a green growth expenditure review in place, number of non-traditional finance sources mobilized, development cooperation policy developed and number of alternative financing instruments introduced to increase domestic finance. The areas of compliance for the Budget Framework Paper FY 2024/25 are: a green growth expenditure review in place since the requirement is to undertake a follow up review rather than reporting on what was undertaken in 2021.

Table 6: Summary of Areas of Compliance

S/N	FY 2023/24	FY 2024/25
1.	Number of inspection reports on green growth ex-penditure and accountability.	Number of inspection reports on green growth expenditure and accountability.
2.	A green growth expenditure review in place	
3.	Number of non-traditional finance sources mobi-lized.	
4.	Development cooperation policy developed.	

S/N	FY 2023/24	FY 2024/25
5.	Number of alternative financing instruments introduced to increase domestic financing options in place.	

5.2.4 Areas of Non-Compliance

The annual work plan and budget for FY 2023/24 registered a higher number of non-compliant indicators which are: number of alternative financing instruments introduced to increase domestic financing and a strategy on new financing options in place. On the other hand, the BFP for FY2024/25 registered one non-compliant indicator which is; under a green growth public expenditure review. According to the PIAP, a follow up green growth expenditure review must be undertaken in the financial year 2024/25.

Table 7: Summary of Non-Compliance

S/N	FY 2023/24	FY 2024/25
1.	Number of alternative financing instruments introduced to increase domestic financing.	Undertake a green growth public ex-penditure review.
2.	A strategy on new financing options in place.	

5.2.5 Key Emerging Issues

- i. The Programme is increasingly becoming more climate change responsive as indicated by the improved performance from 66.7 percent in FY2023/24 to 80 percent in FY 2024/25.
- ii. Most of the indicators and targets in the budgeting tools BFP and MPS are inclined to policies and strategies for mobilizing climate finance.
- iii. The Climate Finance Unit is still heavily reliant on support of the development partners posing sustainability and institutionalisation challenges.

The green growth paradigm which is a global clean low carbon development pathway which has been embraced by the country has created many opportunities for climate change planning and budgeting.

5.2.6 Recommendations

- i. There is need to include new targets that focus on the actual amount of climate finance mobilized in the financial year. This will go a long way in tracking progress towards mobilizing adequate climate finance from domestic and international sources.

- ii. Institutionalise and strengthen the Climate Finance Unit to mobilise more finances for investment in climate change responsive interventions.
- iii. Introduce innovative non-traditional financing instruments that improve climate change compliance and responsiveness as well as domestic financing.

5.3 REGIONAL DEVELOPMENT PROGRAMME CLIMATE CHANGE ASSESSMENT

5.3.1 Overview of the Programme

According to NDP III, there is imbalances in the development of regional potential due to; regional income poverty, limited and underdeveloped regional value chains, inadequate social and economic infrastructure, poor local leadership and weak public sector management in the different regions of the country.

Against this backdrop, the goal of the Regional Development programme is to accelerate equitable regional economic growth and development. Under the objective of stimulating the growth potential of the sub-regions in the key growth opportunities, the programme set interventions and actions to address heavy reliance on subsistence rain fed agriculture that worsens vulnerability to drought and contributes to the high levels of poverty in the eight (8) targeted regions (Bukedi, Busoga, Bugisu, West Nile, Karamoja, Acholi, Teso, and Bunyoro) and close regional infrastructure gaps to exploit the local economic potential.

The programme interventions and actions are apt to climate change adaptation than mitigation. The actions include construction of valley dams, construction of large and small-scale irrigation schemes, installation of overhead tanks and establishment of connections to the system, construct and rehabilitate regional roads within and across regions, and connect more towns and rural growth centres (RGCs) to the national grid. The programme interventions are also linked to the Nationally Determined Contributions (NDCs) actions on strengthen water harvesting and irrigation farming, and expand post-harvest handling, storage, value addition and marketing.

It should be noted that whereas the programme set climate change interventions and actions in the NDP III, details on planning and budgeting can only be traced in the lead MDAs Ministerial Policy Statements (MPSs) and Budget Framework Papers (BFPs) but not the Regional

Development Programme MPS and BFP. For that reason, the Agro-industrialization, Natural Resources, Environment, Climate Change, Land and Water Resources, Integrated Transport and Infrastructure Services, and Sustainable Energy Development Programme MPSs and BFPs have been used to trace and score the climate change output indicators set under the Regional Development Programme.

5.3.2 Overall Score

Overall, the Regional Development programme climate change budgeting for FY 2023/24 was moderately satisfactory at 69.2% while the BFP 2024/25 was also moderately satisfactory at 67.7%⁶. This level of performance is attributed to the inclusion of output indicators related to strengthening water harvesting and irrigation farming, and expanding post-harvest handling, storage, value addition and marketing. Of the thirteen (13) output indicators assessed under the programme, nine (9) of them were fully compliant at annual budgeting while eight (8) were fully compliant at the BFP. The programme performance could not be compared to the previous year since it was not part of the assessed programmes for climate change compliance.

5.3.3 Areas of Compliance

In the FY 2023/24, nine (9) out of the thirteen (13) output indicators that contribute to climate change actions in the selected regions were fully aligned to the NDPIII PIAP. The nine (9) fully compliant indicators were related to the following actions: Construction of new irrigation schemes; operational solar powered water supply and small-scale irrigation systems; construction of communal valley dams; establishment of post-harvest handling, storage and processing facilities; construction of silos; construction and rehabilitation of regional roads within and across regions; and connection of more towns and rural growth centres (RGCs) to the national grid.

In the FY2024/25 BFP, 8 out of the 13 output indicators were fully aligned. The drop in the number of compliant output indicators from 9 to 8 in FY2024/25 is attributed to reprioritization in budgeting given the budget constraint. The compliant output indicators are related to the following actions: construction of new irrigation schemes, operational solar powered water supply and small-scale irrigation systems; construction of communal valley dams, establishment of post-harvest handling; storage and processing facilities; construction of silos and grain stores; construction and rehabilitation of regional roads within

6 The programme budget is 'satisfactory' if the score is 80%-100%; 'moderately satisfactory' if the score is 60%-79%; and 'unsatisfactory' if the score is less than 60%.

and across regions; and connection of more towns and rural growth centres (RGCs) to the national grid. The areas of compliance to climate change actions in FY 2023/24 and FY 2024/25 are summarised in table 1 below.

Table 8: Summary of Areas of Compliance

S/N	FY 2023/24 MPS Assessment	S/N	FY 2024/25 BFP Assessment
i.	Construction of new irrigation schemes.	i.	Construction of new irrigation schemes.
ii.	Construction of micro- irrigation schemes.	ii.	Operational solar powered water supply and small-scale irrigation systems developed.
iii.	Construction of small-scale irrigation systems/schemes.	iii.	Construction of new valley dams.
iv.	Operational solar powered water supply and small-scale irrigation systems developed.	iv.	Establishment of post-harvest handling storage and processing facilities.
v.	Construction of new valley dams.	v.	Construction of silos.
vi.	Establishment of post-harvest handling storage and processing facilities.	vi.	Establishment of grain stores.
vii.	Construction of silos.	vii.	Rehabilitation of community access roads (Km rehabilitated).
viii.	Rehabilitation of community access roads (Km rehabilitated).	viii.	Electricity connection to more towns and rural growth centres, (km of transmission lines).
ix.	Electricity connection to more towns and rural growth centres, (km of transmission lines).		

5.3.4 Areas of Non-Compliance

In FY 2023/24, four (4) out of thirteen (13) output indicators were non-compliant. The targets for these output indicators were less than 50% of the NDPIII targets. The non-compliant output indicators relate to the following actions: Drilled motorised production wells for water for agriculture production; construction of new community valley tanks/ farm ponds; construction of individual valley tanks; and establishment of grain stores.

In the FY2024/25 BFP, there was non-compliance for five (5) out of the thirteen (13) output indicators. Three (3) output indicators were completely non-compliant and deviated by more than 50% below the NDPIII target. The completely non-compliant output indicators relate to output indicator actions on: Construction of micro- irrigation

schemes; small-scale irrigation systems, and individual valley tanks for livestock watering. The other two (2) non-compliant output indicators actions that deviated by less than 25% from the NDPIII target and they relate to; drilling of motorised production wells for water for agriculture production, and construction of new community valley tanks/farm ponds. The areas of non-compliance to climate change actions in FY 2023/24 and FY 2024/25 are summarised in table 9 below.

Table 9: Summary of Areas of Non-Compliance

S/N	FY 2023/24 MPS Assessment	FY 2024/25 BFP Assessment
i.	Drilled motorised production wells for water for agriculture production.	Construction of micro- irrigation schemes.
ii.	Construction of new community valley tanks/farm ponds.	Construction of small-scale irrigation sys-tems/schemes.
iii.	Construction of individual valley tanks for live-stock watering.	Drilled motorised production wells for water for agriculture production.
iv.	Establishment of grain stores.	Construction of new community valley tanks/farm ponds.
		Construction of individual valley tanks for live-stock watering.

5.3.5 Key Emerging Issues

- a) Whereas the NDPIII PIAP demonstrated climate change interventions and actions for the Regional Development programme, there is poor mapping of these interventions in the programme MPS and BFP. Rather, the same interventions are better mapped and traceable in other NDPIII programme MPSs and BFPs where the lead MDAs in implementing these actions reside such as the Agro-industrialisation and NRECCLWM Programmes. Given that those programmes are also assessed on climate change output indicators, there is a risk of double counting and reporting.
- b) The Regional Development programme does not specify in which of the eight (8) target regions a given climate change intervention and actions are to be implemented. For that reason, it is possible for the actions to be implemented without necessarily addressing the intended constraints in the targeted eight (8) regions under the programme.
- c) There is inconsistency in the same output indicators between the Regional Development programme output indicators and the MPSs and BFP where the lead MDAs reside. Performance. These

are programme design issues that need to be addressed in NDP IV for better assessment of climate change budget performance.

- d) Besides the above, there are also opportunities at household and community levels that can be harnessed to reduce regional income poverty and sustainably improve livelihoods. Under the Parish Development Model (PDM) and the different SACCOs, households can be able to access resources that can be used to improve their capacity to adapt and/or mitigate the effects of climate change in line with the household and community investment projects. For instance, household can be mobilized to establish community water points for irrigation that can enable them produce agriculture products all year round using PDM and SCCO funds.

5.3.6 Recommendations

- a) There is need for consistence and proper mapping of climate change interventions and action between the Regional Development programme and implementing MDAs to avoid possible double counting and reporting. This is a programme design issue that needs to be addressed in NDP IV.
- b) The interventions, actions and output indicators for climate change under the Regional Development programme should point to the specific region of intervention in the programme. This will help ascertain whether the interventions are being directed to the right region and keep track of the progress on the particular output indicators. Again this is a programme design issue that should be addressed.
- c) It is important for the subsequent climate change performance assessment to measure the actual budget outturn and outputs for climate change specific actions rather than only assessing the MPS and BFPs. Assessing the actual budget outturn for climate change specific actions will give indication on actual resource allocation and implementation of the climate change actions as opposed to MPSs and BFPs which focus on planning and budgeting. In addition, one can be able to track resource use efficiency by comparing the budget outturn with the actual outputs for climate actions.
- d) These recommendations point to the gaps and the need to improve the method of climate change planning and budget alignment performance assessment. It ought to be noted that such assessment is just evolving and will improve with time.

5.4 NATURAL RESOURCE, ENVIRONMENT, CLIMATE CHANGE, LAND AND WATER MANAGEMENT (NRECCLWM) PROGRAMME ASSESSMENT

5.4.1 Overview of the Programme

The Goal of the NRECCLWM is to reduce environmental degradation and the adverse effects of climate change as well as improve utilization of natural resources for sustainable economic growth and livelihood security. The programme captures most of the climate change interventions in the NDPIII albeit there being other climate change interventions and actions in the other 19 programmes of the NDPIII.

The NRECCLWM programme interventions and actions are apt to climate change adaptation than mitigation in line with the country's NDC. The actions include: Climate change and disaster risk reduction guidelines in place; train local governments in climate assessment; train Government Ministries, Departments and Agencies (MDAs), and local governments in gender responsive capacity building for climate risk screening in projects; increase the number of automatic meteorological stations; support climate change responsive innovations, plant tree seedlings through district forest support services; demarcate wetland boundaries; establish fuel wood plantations; protect strategic fragile ecosystems; develop and implement catchment management plans; protect and free central forest reserves (CFRs) from illegal encroachment, among others.

The programme interventions are also linked to the Nationally Determined Contribution (NDC) actions on: Incorporate climate and disaster risk reduction in planning, budgeting and reporting; domestic institutional arrangements, public participation and engagement with local communities and indigenous peoples, in a gender-responsive manner; improve solid waste management; expand climate information, and build effective early warning systems; increase availability and promote access to finance for climate-resilience, low-carbon investments and climate impacts recovery; promote use of renewable energy sources and energy efficient technologies; enhance wetlands management and restore peatlands, riverbanks and lake shores; promote afforestation and reforestation to reduce vulnerability of people and ecosystems, among others.

5.4.2 Overall Score

Overall, the Natural Resources, Environment, Climate Change, Water

and Land Management (NRECCLWM) programme is unsatisfactory at 54.7 percent⁷ compliance with the integration of climate change in its budgeting frameworks (BFP) for FY2024/25. At the Ministerial Policy Statement (MPS) assessment, the programme is also unsatisfactory at 53.3 percent for FY 2023/24. Although there has been a slight drop in performance, the unsatisfactory level of performance is consistent with the previous year of assessment where the programme was unsatisfactory at 56.3 percent.

The interventions and output indicators prioritized in this year of assessment relate to the key programme objectives that include: Promote inclusive climate resilient and low emissions development at all levels; build partnerships with stakeholders to formulate instruments such as climate and green bonds; increase forest, tree and wetland coverage and restore and protect hilly and mountainous areas and rangelands; and assure availability of adequate and reliable quality fresh water resources for all uses. Of the fifteen (15) output indicators assessed under the programme, only eight (08) indicators were fully compliant at both the annual budgeting and at BFP levels. The unsatisfactory level of performance is attributable to reprioritization that resulted in dropping some indicators and failure to achieve the NDPIII programme reprioritized targets.

5.4.3 Areas of Compliance

In the FY 2023/24, eight (08) out of the fifteen (15) output indicators were fully aligned to the NDPIII programme reprioritized targets. The areas of compliance entail prioritized interventions that are fully aligned with the NDPIII and they include: Finalisation of climate change and disaster risk reduction guidelines; automatic meteorological stations operational; development and implementation of forest management plans; fuel wood plantations established; regulations reviewed and passed; strategic fragile ecosystems protected; valid forest management plans; and central forest reserves protected and freed from illegal encroachment. Likewise, in FY 2024/5 BFP assessment, the programme was compliant on the same eight (08) output indicators.

5.4.4 Areas of Non-Compliance

In the FY 2023/24 and FY2024/25 BFP assessment, seven (07) out of the fifteen (15) output indicators were non-compliant. The areas of non-compliance entail interventions where misalignment was noted between the NDPIII and the budgeting tools with no financial resources

7 The programme budget is 'satisfactory' if the score is 80%-100%; 'moderately satisfactory' if the score is 60%-79%; and 'unsatisfactory' if the score is less than 60%.

allocated in the budget and low performance targets. The areas of non-compliance include: Number of local governments trained in Natural Capital Accounting (NCA); climate change responsive innovations support; catchment management plans developed and implemented; industries and factories issued with carbon footprint certificates; central forest reserves (CFRs) boundaries resurveyed, marked and maintained; wetland boundaries demarcated; tree seedlings planted through district forest support services and tree seedlings sold to the public in millions.

There were no set targets for the following output indicators in the programme budget tools despite being considered in the NDPIII reprioritized Programme Implementation Action Plan (PIAP). The indicators that had no targets in the programme MPS and BFP include: Municipalities supported in sustainable solid waste management; percentage increase in climate change inflows from global sources; percentage of programmes integrating climate change in development plans; climate specific financial instrument developed; and number of industries and factories issued with carbon footprint certificates. Having not targets does not show the level of commitment and ambition.

5.4.5 Key Emerging Issues

- (i) Whereas the NRECCLWM programme captures key climate change interventions and actions, the reprioritization process has continued to affect climate change budgetary allocation in the Programme. As such, during the reprioritization process, actions that had a direct and immediate impact on economic recovery were prioritized hence eliminating some key climate change actions that were deemed to have low impact on economic recovery.
- (ii) Priority in the NRECCLWM programme MPS and BFP has been more directed to other areas of the programme such as water resources management and development and environmental sustainability. Emphasis has been on actions like construction of new irrigation schemes, construction of micro and small-scale irrigation schemes including solar power water supply, construction of communal valley dams which are linked to Agro-Industrialization and Regional Development NDPIII programmes that were deemed to have higher multiplier effects and to contribute to economic recovery.
- (iii) The NRECCLWM programme being the lead programme in planning for climate change interventions and actions, the failure to implement the key actions under the programme due to minimal budgetary allocation is likely to impact adversely on

the achievements of other programmes since the climate change interventions and actions are intertwined and reinforce each other.

- (iv) Given that implementation of climate change actions is at the local level, continued failure to consider interventions at local level like municipalities supported in sustainable solid waste management and support to integrate climate change in development plans and monitoring of industries and factories to ensure compliance by issuing carbon footprint certificates can lead to loss of some of the registered gains.
- (v) During the reprioritization, certain output indicators that were assessed in the previous year were dropped since there was no budget for their implementation. In the current assessment, it becomes somehow difficult to compare performance with the previous year since new reprioritized indicators are considered while others are dropped.

5.4.6 Recommendations

The NRECCLWM Programme Working Group (PWG) needs to intentionally prioritize climate change interventions and actions at budgeting. It is through implementation of the NRECCLWM climate change actions that can lead to a bigger impact at the national level and help the Country attain its NDC commitments.

- a) The programme actors need to leverage the Climate Change Act provision of a Certificate of Compliance of climate change responsive budgeting to advocate for an increase in budgetary allocations to climate change responsive interventions. In so doing, more climate change interventions and actions can be realized through integrating climate change interventions and actions at all levels of planning and budget tagging.
- b) It is important for the subsequent climate change performance assessments to measure the actual budget outturn and outputs for climate change specific actions rather than only assessing the MPS and BFPs. Assessing the actual budget outturn for climate change specific actions will give indication on actual resource allocation and implementation of the climate change actions as opposed to MPS and BFP, which focus on planning and budgeting. In addition, one can track resource use efficiency by comparing the budget outturn with the actual outputs for climate actions.
- c) To be able to adequately measure progress made in attaining the climate change output indicators over time, it is important that the programme remains consistent with the performance indicators

being tracked and assessed. Otherwise, comparing performance with previous year becomes difficult since new reprioritised indicators are considered while others are dropped.

5.5 AGRO-INDUSTRIALISATION

5.5.1 Overview of the Programme

The goal of the Agro-industrialisation programme is to increase commercialisation and competitiveness of agricultural production and agro-processing. The programme covers at least 7 million agricultural households. These activities, together with their associated land use change, have the potential to produce Greenhouse Gases (GHG) but also have a high potential to absorb these gases if smart agricultural practices are adopted. For example, there are agricultural practices that promote land degradation, deforestation, and increase emission of greenhouse gases through rearing of many but poor quality livestock breeds while agroforestry reduces GHG emissions. The programme is also the most vulnerable to climate change where prolonged droughts, erratic rains and floods affect agricultural production and livelihood security.

The programme in conformity to the country's NDC, is more inclined to climate change adaptation actions than mitigation actions, yet agriculture has several mitigation actions that can be undertaken. Two of the six programme objectives have direct climate change related interventions. These are; i) Increase agricultural production and productivity; ii) Improve post-harvest handling and storage. The actions in the programme fall under the following NDC adaptation actions; Scaling up climate smart agriculture including agro-ecology, strengthening water harvesting and irrigation farming, promoting highly adaptive and productive livestock breeds, promoting ecosystem approach to aquaculture management, expanding post-harvest handling, storage, value addition and marketing. The programme is however silent on key mitigation actions listed in the NDC which include; rain water harvesting, greenhouse cultivation of vegetables and sustainable commercial charcoal production and establishment of fodder agroforestry plantations for zero grazing and stall-feeding.

5.5.2 Overall Score

Overall, the Agro-industrialization programme climate change budgeting for FY 2023/24 was unsatisfactorily compliant at 52.6% while the BFP 2024/25 was moderately compliant at 60.0%. Although the performance is still low, it is better than the 28% scored in the

previous year in the annual budget. The reason for the improved performance is due to inclusion of more output indicators especially for livestock interventions that were omitted in the previous year. Of the nineteen (19) output indicators under assessment, ten (10) of them were fully compliant with annual budgeting and BFP.

5.5.3 Areas of Compliance

In the FY 2023/24, 10 out of the 19 output indicators were fully aligned to the NDPIII Agro-industrialisation programme PIAP. These were related to the following climate change actions; construction of new irrigation schemes, construction of micro and small-scale irrigation schemes including solar power water supply, construction of communal valley dams, introduction of tropicalised superior breeding stock, supporting district local governments to control pests and disease epidemics, and establishment of post-harvest handling, storage and processing facilities.

While in the FY2024/25 BFP, 10 out of the 19 output indicators are fully aligned to the NDPIII Agro-industrialisation programme PIAP. These are related to the following climate change actions; construction of new irrigation schemes, construction of micro and small-scale irrigation schemes including solar power water supply, construction of communal valley dams, introduction of tropicalised superior breeding stock, supporting district local governments to control pests and disease epidemics, and establishment of post-harvest handling, storage and processing facilities, construction of silos and grain stores.

The compliant and non-compliant actions are equally divided between Ministry of Agriculture, Animal Industry and Fisheries (MWE) and Ministry of Water and Environment (MWE), which are the major MDAs implementing climate change related actions under the programme.

There is improvement in mapping of project outputs to the Agro-industrialisation PIAP indicators, which was a challenge during the previous year's assessment. Project preparation processes mandates them to be climate responsive.

5.5.4 Areas of Non-Compliance

For FY 2023/24, 9 out of 10 output indicators were non-compliant. The targets for these output indicators were less than 50% of the NDPIII targets. The output indicators are mapped onto the following actions; drilling of motorised production wells for water for agriculture production, construction of individual valley tanks for livestock watering, production and distribution of semen to farmers, stocking of one-acre ponds with fish, establishment of grain stores and establishment of

conservation structures through tree planting.

While for the FY2024/25 BFP, there is complete non-compliance for 6 output indicators that have their targets below 50% of the NDP III targets and 4 output indicators that have targets above 50% but below 100% of their respective NDP III targets. The actions for the moderately complying indicators are; drilling of motorised production wells for water for agriculture production, establishment of community valley tanks/farm ponds.

The non-compliant targets were for the following actions; construction of individual valley tanks for livestock watering, production and distribution of semen to farmers, stocking of one-acre ponds with fish, and establishment of conservation structures through tree planting. MDAs are continuously reducing their annual budget targets to fit within the provided and reducing resource envelop.

5.5.5 Key Emerging Issues

- a) The programme is very sound on activities related to climate change adaptation, but very weak on activities related to mitigation measures. For example, only 1 out of 19 indicators being assessed is related to mitigation and its performance has been poor all through the previous assessments. The activity is related to establishing conservation structures. While coffee agro-forestry re-enforces this action, the funds for distribution of coffee seedlings and majority of the funds for replacing old coffee trees were repurposed in the PDM. It is however not clear that the same intended benefits will be realised.
- b) Some outputs in the PIAP are very compliant to climate change but then their indicators are not and yet the interventions are broad. Therefore, by just listing output indicators without outputs, certain indicators may be tagged non climate change responsive. For example, an output on "Emissions from agricultural systems reduced and mitigated through converting waste to energy and other green technologies," the respective indicator is "Number of farmers trained (TOT)". The way the indicator was stated is not climate responsive and this made the output not to be considered in the previous assessments.
- c) Many adaptation and mitigation actions related to the fisheries subsector are not reported upon.
- d) There is an observed fare performance at BFP and annual budget planning compared to the annual performance. The Q4

performance reports for the implementing MDAs show a big deviation between what was planned and what was actualised. For example, for the FY 2022/23, from the UGX 1168.4 billion budget allocation to the Agro-industrialisation programme, only UGX 790.4 billion (67.6%) was the outturn. This affects the prioritisation of climate change related interventions, making them candidates for budget repurposing.

- e) The targets set are less ambitious than the NDP III and NDC targets. Although these targets may be realistic in view of the increasingly constrained resource envelope, they will not enable the attainment of NDP III and NDC targets.

5.5.6 Recommendations

- a) Need to re-map actions in the PIAPs in line with adaptation or mitigation actions. For better mapping one should follow through an intervention, its sub-intervention, output and indicator to determine whether its climate responsive or not, but not using the intervention or indicator alone.
- b) Include a column for assessment of annual performance which shows the actual climate performance than using only BFP and annual budget performance assessment. Budgeting does not necessarily translate into activity implementation.
- c) Since climate change budget tagging was accomplished for the major programmes of NDPIII, a budget performance to climate change that shows the resource allocation to climate change activities (under adaptation and mitigation budget codes) versus the overall annual budget would add more insights into the analysis.

5.6 SUSTAINABLE URBANISATION AND HOUSING

5.6.1 Overview of the Programme

The Sustainable Urbanization and Housing Programme (SUHP) is one of the 20 Programmes of the third National Development Plan (NDP III). The Programme offers considerable opportunities for accelerating socio-economic transformation in line with the Uganda Vision 2040 that seeks to invest in better urban systems to enhance productivity, livability and sustainability, the global Agenda 2030 for Sustainable Development (SDG11) as well as the African Agenda 2063 which advocate for a well-planned and managed urbanization as a force for sustainable development.

Uganda's urbanization is currently unsustainable partly due to vulnerability to climate change; generally, cities account for over 70% of global CO₂ emissions and most of these emanate from industrial activities, motorised transport that use huge quantities of fossil fuels, reliance on widespread infrastructure constructed with carbon-intensive materials, such as concrete, and the lack of green cover and open spaces that could help to mitigate the effects of climate change through providing natural cooling of air, supporting water management and capturing GHG emissions.

Other climate-related challenges faced by Uganda's cities include: poor waste management, inadequacies in physical planning leading to a sprawl of unplanned settlements including disaster prone areas, inefficient mobility, inadequate social services and housing; and weak institutional and adaptive capacity to climate change. Planned and efficient urbanization and housing enhances the achievement of the Nationally Determined Contribution (NDC) through interventions on green industrial development, proper waste management, urban construction, urban greening and physical planning in order to boost resilience.

The lead Ministry for the proper implementation of the Sustainable Urbanization and Housing Programme is the Ministry of Lands, Housing and Urban Development (MLHUD), and the Programme comprises other Ministries, Departments and Agencies (MDAs)⁸, NGOs/CSOs and Development Partners. The Sustainable Urbanisation and Housing programme aims to attain inclusive, productive and liveable urban areas for socio-economic development. The Programme is one of the contributors to climate change since urban activities are major sources of greenhouse gas emissions, but it is also one of the NDP III Programmes with the highest climate change multiplier effects if the NDC interventions/actions are implemented, due to the large number of people living in the cities, currently estimated at 27 percent and

8 Ministry of Local Government (MoLG), Ministry of Finance Planning and Economic Development (MoFPED), Ministry of Works and Transport (MoWT), Ministry of Water and Environment (MoWE), Ministry of Energy and Mineral Development (MEMD), Ministry of Gender, Labour and Social Development (MoGLSD), Ministry of Trade Industry and Cooperatives (MoTIC), Uganda Investment Authority (UIA), Uganda Free Zones Authority (UFZA), Ministry of Kampala Capital City and Metropolitan Affairs (MoKCC&MA), Kampala Capital City Authority (KCCA), National Housing and Construction Company (NHCC), National Environmental Management Authority (NEMA), National Water and Sewerage Cooperation (NWSC), Uganda Police Force.

growing at a rate (5.5%) that is high by international standards (UBOS, 2021)).

The SUH programme has prioritised climate change adaptation actions in alignment with the NDC. In particular, three out of the five Programme objectives have climate change related interventions. These are; i) Promote green and inclusive cities and urban areas; ii) Increase economic opportunities in cities and urban areas, and; iii) Enable balanced, efficient and productive national urban systems. The actions in the programme fall under the following NDC adaptation actions, i) Promote sustainable urbanization and housing; ii) Expand and maintain cities with greenbelts; Promote efficient mobility in cities, and; Improve solid waste management.

5.6.2 Overall Score

Overall, the Sustainable Urbanisation and Housing programme to climate change planning and budgeting for FY 2023/24 was unsatisfactory compliant at 34.1%, similarly the BFP 2024/25 was unsatisfactory at 31.1%, affecting the achievement of NDC and NDP III targets. This is attributed to lack of prioritisation of climate change actions for all the 15 votes under the programme. The few prioritised climate change actions are for few votes, usually the lead institution for the programme. Out of the 20 output indicators under assessment, nine (9) were compliant to NDC and NDP III at annual budgeting and BFP.

5.6.3 Areas of Compliance

In the FY 2023/24, 10 out of the 20 output indicators were fully aligned to the NDC. These were related to the following priority actions/interventions; Expand and maintain cities with greenbelts; Improve solid waste management; Promote efficient mobility in cities, and; Promote sustainable urbanization and housing.

Similarly, in the assessment year FY2024/25 BFP, 10 out of the 20 output indicators were fully aligned to the NDC. These were related to the priority NDC actions to expand and maintain cities with greenbelts; improve solid waste management; promote efficient mobility in cities, and; promote sustainable urbanization and housing.

Significant improvement was noted in mapping of program output indicators to the NDC compared to the previous year's assessment and this is attributed to the dedicated effort towards understanding and strengthening environment/climate change indicators during the FY2024/25 planning process.

5.6.4 Areas of Non-Compliance

For FY 2023/24, ten (10) out of the twenty (20) output indicators were non-compliant. The targets for these output indicators in the planning and budgeting instruments were less than 50% of the NDPIII targets. The indicators are: Area of open spaces protected (Acreage); Proportion of urban roads with green road islands developed; Hectare of green belts protected; Number . of regions with functional early warning system structures in place; (Flooding, earthquake and Landslides) systems in seven (7) regions as per NPDP developed; Number of cities with mass rapid transport master plan; Percentage compliance to building code/standards; Type of housing material; Percentage of houses with codes; Amount of GHG emissions, and; Reduce the amount of energy produced by houses (%). However, the output indicators are aligned to the respective NDC strategic actions/ interventions of Expand and maintain cities with greenbelts; Improve solid waste management; Promote efficient mobility in cities, and; Promote sustainable urbanization and housing.

In the FY2024/25 BFP, there was noncompliance for 10 output indicators that had their targets below 50% of the NDPIII targets. These output indicators include: establish and develop public open spaces; Proportion of urban roads with green road islands developed; Hectare of green belts protected; Number of cities with mass rapid transport master plan; Number of urban areas recycling waste; Type of housing material; Percentage of houses with codes; Reduce the amount of energy produced by houses, %; Amount of GHG emissions, and; Type of new products (resources) generated from waste. The indicators align with the respective NDC action areas/ interventions, namely: Expand and maintain cities with greenbelts; Improve solid waste management; Promote efficient mobility in cities, and; Promote sustainable urbanization and housing.

5.6.5 Key Emerging Issues

- i) While the climate change output indicators and targets for the Sustainable Urbanisation and Housing Programme are clearly articulated in the NDPIII and NDC, the BFP for the Programme is quite amorphous and lumps-up the climate actions into broad interventions, for example 'environmental assessment'. This makes it difficult to assess the contribution of each individual MDA action.
- ii) During the assessment, it was noted that there was a significant deviation between what was planned in the BFP and what was actualised as per quarterly reports. In terms of resources, during the period of assessment, budget cuts affected workplan

implementation. For example, the Ministry of Lands, Housing and Urban Development (MLHUD) which is responsible for most of the climate change actions under the SUH Programme has had its BFP affected by budget cuts up to 60% for FY2024/25. This affects prioritisation of climate change-related interventions, compromising workplan implementation and achievement of the targets set out in the NDPIII and NDC.

- iii) There is missing alignment between the Programme BFP and the Vote BFP in terms of climate change actions, for example interventions for climate change at Vote level are not reflected at Programme BFP with the justification of inadequate resources, as such the climate change actions remain at the Vote BFP as unfunded priorities. An example is Uganda Free Zones Authority whose climate change actions are not reflected at Program BFP.
- iv) While the NDC and NDPIII Program Implementation Action Plan (PIAP) for Sustainable Urbanization and Housing highlights climate change interventions and targets in the practical areas of: proper waste management, public transport, urban greening, physical planning, building code/standards implementation, among others, the interventions in the BFP are too low-level which may compromise the achievement of the overall goal for the Programme and the NDC.
- v) The budget for climate-related actions is lumped-up with the budget for other interventions, making it difficult to quantify the resources spent on climate change, for example, under the USMID-AF Programme a number of climate-related interventions have been implemented, such as: construction of climate-resilient infrastructure, urban greening, and solar lighting, among others. The budget for these climate-responsive actions cannot be individually quantified. In addition, there is a risk of under-reporting of these climate responsive actions due to lumping-up of climate-related actions under broad interventions in the various projects and programs.

5.6.6 Recommendations

- i) Disaggregate the budget performance to show the resource allocation to climate change actions under a separate code versus the overall budget or the Environment and Social (E&S) code which is also a lumpsum of various aspects.

- ii) In order to address issues of under-reporting, it is important to disaggregate actions for climate change at vote level and under the various projects and programs.
- iii) Need for off-budget support for climate related actions as contained in NDC and NDP III.
- iv) Scale-up capacity building of stakeholders to strengthen understanding of climate change actions to enhance planning and budgeting.

5.7 MANUFACTURING PROGRAMME LEVEL REPORT

5.7.1 Overview of the Programme

The goal of the manufacturing programme is to increase the range and scale of locally manufactured products for import substitution and increased exports. The programme aims to achieve four (4) objectives out of which the following three (3) particularly focus on climate change; -

- i. Develop the requisite infrastructure to support manufacturing in line with Uganda's planned growth corridors (triangle);
- ii. Strengthen the legal and institutional framework to support manufacturing, and
- iii. Increase value addition for import substitution and enhanced exports.

The Manufacturing programme is a major contributor of climate change in the country through GHG emissions generated by the manufacturing industries. For instance, Cement production is known to be a significant emitter of greenhouse gases, particularly carbon dioxide (CO₂), due to the calcination process involved in making clinker, a key ingredient in cement. According to a report by the International Energy Agency (IEA), cement production globally accounts for approximately 7% of total CO₂ emissions from human activities⁹.

In Uganda's updated NDC, the adaptation component encompasses a wide array of sectors, including agriculture, forestry, energy, health, ecosystems (such as wetlands, biodiversity, and mountains), water and sanitation, fisheries, transport, manufacturing, industry, and mining, cities and built environment, disaster risk reduction, tourism,

9 International Energy Agency, "Cement Technology Roadmap 2009: Carbon Emissions Reductions up to 2050," 2009.

and education. Within this framework, manufacturing is emphasized alongside other sectors, featuring forty eight (48) priority adaptation actions and 82 indicators with targets set for 2025 and 2030.

5.7.2 Overall Score

The manufacturing program is unsatisfactory¹⁰ compliant to the climate change budget at 34.0 percent for FY 2023/24 and further declined to 33.3percent in FY2024/25. The decline is attributed to non-prioritization in allocation of resources and targets to critical climate change indicators of the programme like Number of industries assessed and supported to identify and implement measures for Resource Efficient and Cleaner Production (RECP) , Number of industries assessed to determine baseline and ex-post resource efficiency and pollution intensity, Number of green manufacturing technologies adopted and Number of Industrialists supported to adopt and comply with international (ISO 14000) and national environmental management requirements/standards within the programs budgeting instruments of the Ministerial Policy Statements (FY 2023/24) and the Budget Framework Paper (FY 2024/25)

5.7.3 Areas of Compliance

Areas of compliance include; Number of cleaner production technologies adopted in industry, Number of Industries supported to diversify their product value chains into cleaner and Sets of tools and Equipment for Undertaking RECP training and assessment among others.

Other action areas that are in the budget despite not being fully aligned are; Number of industries assessed to determine baseline and ex-post resource efficiency and pollution intensity), and Number of regulations and guidelines developed and enforced, among others.

5.7.4 Areas of Non-Compliance

- (i) The Number of Industrialists supported to adopt and comply with international (ISO 14000) and national environmental management requirements/standards. No budgetary instrument targets and monetary allocation was made on this key manufacturing programme target for FY 2023/24 and FY 2024/25
- (ii) Eco certification Program for Industries and Industrial products established and Implemented

10 The programme budget is 'satisfactory' if the score is 80%-100%; 'moderately satisfactory' if the score is 60%-79%; and 'unsatisfactory' if the score is less than 60%.

- (iii) Number of industries assessed to determine baseline and ex-post resource efficiency and pollution intensity

5.7.5 Key Emerging Issue

Within the manufacturing program, climate change is not receiving the prioritization it demands. This is evident in the insufficient allocation of funds to critical interventions of climate change, and a lack of clearly defined targets for key climate change indicators within budgeting instruments.

5.7.6 Recommendations

- i. Allocate funds to critical climate change indicators within budgeting instruments of the programme, for instance; Number of Industries supported to diversify their product value chains into cleaner and environmentally friendly processes for the Manufacturing Program because it is crucial to address the challenges posed by climate change.
- ii. Incorporate climate change planning and budgeting into Uganda's manufacturing program as it plays a pivotal role in transitioning to sustainable carbon emissions. This entails integrating measures to reduce carbon emissions within the manufacturing sector into Uganda's national budgeting processes and strategic planning. By mainstreaming climate change planning and budgeting within Uganda's manufacturing program and supporting initiatives that prioritize sustainable carbon emissions, the country can pave the way for a more resilient and environmentally sustainable industrial sector. Given the changing weather patterns, the Ministry of Works and Transport should ensure that all engineering designs of projects are weather-resilient and can withstand other shocks.

5.8 HUMAN CAPITAL DEVELOPMENT (HCD) PROGRAMME LEVEL REPORT ON CLIMATE CHANGE

5.8.1 Overview of the Programme

To achieve this, NDPIII includes the Human Capital Development (HCD) Programme whose goal is to: improve productivity of labour for increased competitiveness and better quality of life for all. The HCD Programme has various three Sub-programmes that contribute to its goal and these include: Education and Skilling; Population and Health; Gender and Social protection; and Labour and Employment. The key Ministries, Department and Agencies (MDAs) are Ministry of Health

(MOH). Ministry of Education and Sports (MOES), Ministry of Labour, Gender, Labour and Social Development (MGLSD), Ministry of Water and Environment (MWE); Ministry of Local Government (MoLG) and National Planning Authority (NPA) including their respective affiliated Departments and Agencies. Overall, the Programme has about 48 main contributing agencies.

The programme objectives that are linked to climate change are: Objective 1: Improve the foundations of human capital development; Objective 4: Improve population health, safety and management and Objective 5: Reduce vulnerability and gender inequality along the lifecycle.

Human Capital Development (HCD) results are linked to climate change affects like prolonged dry spells that cause drought and famine leading to increased malnutrition or stunting; floods, landslides that displace people hence the need for addressing shocks and built resilience to reduce vulnerabilities. Secondly, increasing pandemics have affected human capital outcome results with increasing morbidity and mortalities. Priorities identified are to help reduce on issues of stunting, low water coverage and poor sanitation, disaster management measures for prevention and mitigation.

Uganda continues to have the highest fertility rate at 5.4 children per woman exerting pressure on the land, wetlands and forests for survival that has led to increased disasters such as prolonged drought, floods and landslides. The growing population, urbanisation, industrialisation and technology advancements have contributed to a change in the composition of waste management especially in urban settings.

The need to have sustainable development education policies and programmes will help in training and building capacity in climate resilient interventions in education, land use management, water, housing, agriculture, forestry sectors, among others.

5.8.2 Overall Score

The overall percentage performance score is unsatisfactory at 56.4 percent in 2023/24 with an increase to 66.7 percent in 2024/25. There has been some slightly improved performance due to increased realisation of climate effects on HCD priorities and interventions related increasing shocks and vulnerability among the population.

5.8.3 Areas of Compliance

Areas or interventions the Annual Budget that were aligned to NDP III that complied to adaption, resilience and climate change mitigation under Human Capital Development (HCD) programme in NDP III

included: having climate change and environment conservation within the education programmes, efforts to reduce hunger and malnutrition, increasing access to water and sanitation and also using innovation and sustainable technology for water harvesting and disposal; enterprises under women and youth livelihood programmes are using sustainable methods; and using early warning systems for disaster preparedness and social protection systems to address shocks and risks due to disasters in Uganda.

5.8.4 Areas of Non-Compliance

Areas for non-alignment in terms of prioritization and targeting included the following: one policy and regulation planned on hunger and malnutrition that is not yet developed; establishment of a link between the emergency medical call system and National Disaster response call system at OPM is still non-functional; establishment of disaster fund for relief; and prevention of epidemics still low due to low access to water and sanitation facilities at households and at health centres during the NDPIII implementation.

5.8.5 Key Emerging Issues

- i. Prolonged dry spells have persisted and led to increase in hunger, malnutrition and drought. This is because access to sustainable water harvesting solutions have not been explored.
- ii. Increasing floods and landslide have destroyed health and education infrastructure halting access to quality services.
- iii. The key emerging issues from HCD programme assessment shows alignment with most planned interventions and priority areas but the targets reduced in FY2023/24 due to no resource allocations to programmes for women and youth (UWEP and YLP) that were using innovative ways in their livelihood programmes.
- iv. Parish Development Model interventions weren't captured under HCD yet most resources for YLP and UWEP were transferred to implement this programme.

5.8.6 Recommendations

- (i) Early warning systems need to be explored in prevention of epidemics, and to mitigate disasters caused by climate changes that have led to displacement of the population. Provision of social protection services to the vulnerable persons are still minimal but must be prioritized.

- (ii) Need for increasing access to water and sanitation facilities in rural and urban settings. Waste disposal and management needs to be prioritized in a sustainable way especially with increasing population in urban centres.
- (iii) Identify the Parish Development Model (PDM) interventions to integrate climate change and environment conservation in the next annual budgets and work plans for sustainability.
- (iv) Train and empower the youth, women and persons with disability that benefit from livelihood programmes on mitigation and natural resources conservation.

5.9 TOURISM PROGRAMME LEVEL REPORT STRUCTURE

5.9.1 Overview of the Programme

The goal of Tourism Development Programme is to increase Uganda's competitiveness as a preferred tourism destination. The following Tourism Development objectives resonate with climate change;

- (i) Develop, conserve and diversify tourism products and services
- (ii) Increase the stock and quality of tourism infrastructure.

Figure 3: A Tourist Van being towed in Kabale-Lake Bunyonyi Road after a heavy downpour



Figure 4: Tourists on Kabale-Lake Bunyonyi Road after a heavy down pour



The Programme performance against the NDPIII climate change interventions in FY2023/24 is provided in the section below;

5.9.2 Overall Score

The overall Tourism Development Programme percentage score is unsatisfactory at 50% for FY 2023/24 and moderately compliant at 60 Percent for BFP of FY 2024/25 with regards to integration of climate change in its budgeting frameworks.

The lackluster results can be linked to either the reevaluation of priorities, potentially leading to the deeming of many climate change initiatives as non-urgent, or to ongoing budget reductions. These reductions have compelled programs to concentrate their limited funds on essential tasks aligned with their primary objectives, often overlooking broader concerns such as climate change

5.9.3 Areas of Compliance

The areas of alignment between the Annual Budget and the NDP III interventions are;

- i. Diversify tourism products (e.g. cultural) and map potential across the country including conducting hazard risk and vulnerability mapping for tourism areas.
- ii. The output indicator was Number of water dams constructed in Protected Areas where the target of NDP III was 3 while the target of the Annual Budget was 4 indicating a higher level of ambition.

5.9.4 Areas of Non-Compliance

The areas of non-alignment in terms of climate change prioritization and targeting are;

- i. Length of trails maintained
- ii. There is no set target or allocated budget for addressing the proportion (%) of protected areas affected by invasive species, yet it is a manifestation of climate change.

5.9.5 Key Emerging Issues

- i. The absence of budgetary allocation for investing in forests and protected areas for climate-smart development within the Tourism Development Programme in the Budget Framework Paper for FY 2024/25 is concerning;
- ii. The program prioritizes the recovery and enhancement of Uganda's tourism industry competitiveness, yet it inadequately addresses the implications of climate change within its objectives.

5.9.6 Recommendations

- i. The Tourism development program should incorporate mitigation measures, including the establishment and protection of existing wildlife corridors, to enhance the resilience of wildlife against climate risks and hazards.
- ii. To adequately meet climate change targets, particularly considering the vulnerability of eco-based tourism, it is advisable to increase funding for the tourism development program to at least match the UGX 200 billion allocated in FY 2024/25.

5.10 SUSTAINABLE DEVELOPMENT OF PETROLEUM RESOURCES

5.10.1 Overview of the Programme

The goal of this programme is to attain equitable value from the petroleum resources and spur economic development in a timely and sustainable manner. The programme objective linked to climate change adaptation, resilience building and mitigation is to enhance Quality Health, Safety, Security and Environment (QHSSE). Development of petroleum resources contributes to global warming, and the resultant adverse weather conditions environmental degradation issues especially oil contamination of land and water bodies. Additionally, Oil and gas are highly flammable and toxic that they can cause disasters

of monstrous proportions. The Programme performance against the NDP/III climate change interventions in FY2023/24 is provided in the section below.

5.10.2 Overall Score

The Sustainable Development of Petroleum Resources programme is satisfactory at 93.3 percent compliance an improvement from 83.3 percent compliance in the previous year regarding the integration of climate change in its budgeting frameworks. The performance is mainly attributed to the development of the priority climate adaptation and mitigation frameworks such as Environment and social management plans, disaster preparedness and contingency plan, QHSSE systems and standards, including the continuous implementation of actions within these frameworks. The programme however does not quantify the contribution of oil and gas industry to greenhouse gas emissions in terms of targets.

5.10.3 Areas of Compliance

Development and implementation of the priority climate adaptation and mitigation frameworks.

5.10.4 Areas of Non-Compliance

The areas of non-compliance include quantification of the contribution of oil and gas industry to greenhouse gas emissions in terms of targets.

5.10.5 Key Emerging Issues

- i. Quantification of the contribution of oil and gas industry to greenhouse gas emissions is critical
- ii. Detailed outputs are not provided in the Budget Framework Paper (BFP)

5.10.6 Recommendations

Review the budget frameworks to align with the NDP climate priorities

5.11 SUSTAINABLE MINERAL DEVELOPMENT

5.11.1 Overview of the Programme

The goal of the programme is to increase the exploitation and value addition to selected resources for job-rich industrialisation. The programme objective linked to climate change adaptation, resilience building and mitigation are to strengthen the legal and regulatory framework as well as the human and institutional capacity and increase adoption and use of appropriate and affordable technology along the

value chain.

Mineral exploration often leads to severe weather conditions such as droughts, torrential rains, windstorms, floods and landslides thus the need for adaptation and mitigation measures. Torrential rains loosen soils, sometimes burying miners in excavated pits. Excavational mining removes vegetation surface cover and creates craters that increase the speed of water runoff, thus increasing soil erosion. Droughts and windstorms induced by forest and tree cover losses and floods arising from mining activities are impacting the livelihoods and lives of communities living near mining areas. Vegetation, forest and tree cover losses arising from mining induce droughts, windstorms, floods and landslides.

The Programme performance against the NDPIII climate change interventions in FY2023/24 is provided in the section below.

5.11.2 Overall Score

The Sustainable Minerals Development programme is unsatisfactory at 33.3 percent down from 80 percent compliance in the previous year with regards to integration of climate change in its budgeting frameworks. Whereas the budget frameworks have prioritized climate interventions for: companies/miners complying with regulations and artisanal miners utilizing the appropriate technology, the targets fall short of the planned in the NDPIII.

5.11.3 Areas of Compliance

The areas of compliance are: improved early warnings to potential geo-hazards

5.11.4 Areas of Non-Compliance

Low targets form companies/miners complying with regulations and artisanal miners utilizing the appropriate technology,

5.11.5 Key Emerging Issues

The Budget Framework Paper (BFP) does not comprehensively capture all the priority climate interventions in terms of budget and targets.

5.11.6 Recommendations

Reconfigure the BFP structure to align with the NDPIII PIAPs.

5.12 SUSTAINABLE ENERGY DEVELOPMENT

5.12.1 Overview of the Programme

The goal of the Sustainable Energy Development Programme is to increase access to and consumption of clean energy. The Programme

aims to achieve four objectives that resonate with climate change;

- (i) Increase access and utilization of electricity;
- (ii) Increase generation capacity of electricity;
- (iii) Increase adoption and use of clean energy; and
- (iv) Promote utilization of energy-efficient practices and technologies

The Sustainable Energy Programme is one of the major contributors to climate change in Uganda. The GHG emissions generated result from over-reliance on biomass which contributes 88 per cent of the energy mix in the country (Twinomuhangi, Arthur Martin Kato and Adam M. Sebbit, 2021).

The programme is aligned to the Updated Nationally Determined Contribution (NDC) with all NDC Priority Adaptation actions and indicators captured in the Programme BFP for FY 2024-2025 as reflected in the assessment tool. The NDC priority adaptation action areas that are captured in the programme planning documents include; Improve access and utilization of electricity from sustainable sources, increase access to clean energy cooking technologies, promote use of renewable energy sources and energy efficient technologies, and rehabilitate and climate proof electricity transmission infrastructure.

5.12.2 Overall Score

The Sustainable Energy Development Programme is moderately satisfactory at 70.8 percent with regards to integration of climate change. This performance is slightly lower than the 74.2 percent performance of the Budget Framework for FY2023/24. The deviation is explained by the budget cuts that affected targets for low and medium voltage transmission lines to be constructed, development and implementation of standards on Climate Change, among others.

5.12.3 Areas of Compliance

The programme is compliant in areas of electricity consumption per capita (kwh per capita), percentage of households and institutions cooking with: (LPG, Biogas, solar thermal applications, etc.), share of biomass energy used for cooking, Transmission capacity of High voltage transmission lines (km), MW of energy saved, and Energy losses in the electricity network (%). Partial alignment was achieved in Energy generation capacity (MW), and Percentage of households with access to electricity.

5.12.4 Areas of Non-Compliance

The areas of non-compliance include for the budget are in; construction

of low and medium voltage transmission lines, development and implementation of standards on Climate Change, Number of adaptation and mitigation activities undertaken, and accreditation and proficiency testing of the Electricity meter laboratory.

5.12.5 Emerging issues

- i. The main GHG emission contributor from the programme is attributed to over-reliance on biomass. This implies that despite the 60 percent target to have the population connected to the grid (which is almost achieved); the majority of the population cannot afford to use clean energy for cooking.
- ii. As the assessment of the budget for FY 2024/25 is being undertaken, it would be more feasible if the physical and financial performance for FY 2023/24 and FY 2022/23 were assessed to track implementation of the planned Climate Change related interventions.
- iii. The re-prioritization exercise together with its related budget cuts have greatly affected delivery on the strategic intervention on develop and enforce standards on quality of service in the energy industry yet this is critical for mitigation of climate change.

5.12.6 Recommendations

It is therefore recommended that;

- i. As the Government of Uganda through the Sustainable Energy Development Programme continues to pursue strategies to reduce the unit cost of energy to USD 5cents/KWH as targeted 2024/25, they should encourage the population to use energy more efficiently for instance in industrial production.
- ii. Despite the re-prioritization exercise and budget cuts, the Sustainable Energy Development Programme should support the strategic interventions under the develop and enforce standards on quality of service in the energy industry.

5.13 INTEGRATED TRANSPORT INFRASTRUCTURE AND SERVICES (ITIS) PROGRAMME LEVEL REPORT

5.13.1 Overview of the Programme

The Integrated Transport Infrastructure and Services is comprised of thirty-three (33) contributing Ministries, Departments, and Agencies.

These include; the Ministry of Works and Transport (MoWT), Uganda National Roads Authority (UNRA), Uganda Railways Corporation (URC), Uganda Civil Aviation Authority (UCAA), Uganda Road Fund (URF), Ministry of Lands, Housing, and Urban Development (MoLHUD), among others.

The goal of the Integrated Transport Infrastructure and Services (ITIS) is to develop a seamless, safe, inclusive and sustainable multi-modal transport system. The programme aims to achieve six (6) objectives out of which the following three (3) particularly focus on climate change; -

- i. Optimize transport infrastructure and services investment across all modes
- ii. Prioritize transport asset management, and
- iii. Transport interconnectivity to promote inter and intra-regional trade and reduce poverty

The Integrated Transport Infrastructure and Services Programme is a major contributor to climate change in the country through GHG emissions generated the use of fossil fuels in road, air, rail and water modes of transport. This is according to a study¹¹ (Dominic Sheldon, Assessment of climate change mitigation potentials and actions in Uganda's transport sector - final modelling report, 2022). The ITIS is also one of the most vulnerable programmes to the impacts of climate change. For example, the recently received heavy rains affected a number of bridges such as Katonga and Sezibwa bridges, roads and railway infrastructure.

Figures 1- 4 show some details on some of the affected bridge infrastructure. The reconstruction of Ssezibwa bridge located along Kalagi – Kayunga is estimated at UGX 67 billion while reconstruction of Katonga Bridge, Lwera swamp and Kalandazi swamp located along Kabulasoke-Villa Maria Road is estimated at UGX 200 billion.

11 Assessment of Climate change Mitigation Potentials and actions in Uganda's transport sector – final modelling report, by Dominic Sheldon, Ian Skinner, Nadja Taeger, Seith Mugume April, 2022

Figure 5: Katonga Bridge at the Time of Wash-Away



Figure 6: Katonga Bridge after emergency intervention by UNRA



Figure 8: Current Traffic Restriction Section on Ssezibwa Bridge



The programme is aligned to the both the NDP III and the Updated Nationally Determined Contribution (NDC) as has been demonstrated in by the NDC Priority Adaptation actions and strategic programme interventions in the assessment tool. You may wish to mention the NDC adaptation actions that are in line with the programme.

5.13.2 Overall Score

The ITIS program is moderately satisfactory¹² compliant to the budget at 78.0 percent. The performance has increased from 61.1 percent of FY2023/24. The improvement is attributed to the re-prioritization of development funds for the last two FYs of NDPs with focus on mass public transport and green friendly infrastructure. You may disaggregate this performance in MDA to exactly show where the gaps are

5.13.3 Areas of Compliance

Areas of compliance include; Paved National Roads (km), Development of Kabaale Airport, Rehabilitation of the Meter Gauge Railway (Tororo - Gulu Railway line), Construction of Standard Gauge Railway (SGR), addition of ferries, among others. Why are these areas compliant?

Other action areas that are in the budget despite not being fully aligned as per plan. These are; paved urban roads, Rehabilitation of Meter Gauge Railway (Kampala -Malaba Section), and Development of new Kampala Port in Bukasa, among others.

5.13.4 Areas of Non-Compliance

- i. The third National Development Plan envisioned that phase 1 & phase II which would cover Construction of Bukasa Port to a

¹² The programme budget is 'satisfactory' if the score is 80%-100%; 'moderately satisfactory' if the score is 60%-79%; and 'unsatisfactory' if the score is less than 60%.

capacity of 2.3 million metric tons per year, and construction of shipyard and floating dock, would be completed within this National Development Planning period 2020/21 – 2024/25. However, the target of civil works expected to be executed during the period FY 2024/25 is not clear despite the continuous compensation of Project Affected Persons.

- ii. The NDPIII anticipated provision of Non-Motorized Transport (NMT) infrastructure such walkways, cycle lanes, pedestrian streets, among others; however, this has not been provided rather the NMT Implementation Strategy is planned for preparation in FY 2024/25. This infrastructure, if provided would greatly contribute to the mitigate and reduce of GHG emission.

5.13.5 Key Emerging Issues

- i. The assessment would be more realistic if the planned budget performance was accompanied by the financial performance assessment of the previous year. This is because sometimes, funds for the planned interventions are not released accordingly thus affecting the results.
- ii. The Integrated Transport Infrastructure and Services Programme has without doubt performed well in terms of planning and budgeting for climate resilient related infrastructure. However, more than 95 percent of projects implemented under the programme are not completed within the stipulated project time. This affects the intended project objectives including cost, and services delivery to the people.
- iii. Also, the programme has had instances of collapsing bridges such as Katonga, and failing roads as a result of abnormally heavy rains.

5.13.6 Recommendations

- i. In future, the assessment should not only consider the budgeted interventions for the programme, but also the budget performance of the climate change related interventions under each programme.
- ii. The programme should strengthen the monitoring and supervision capacity of projects to ensure that projects are delivered on time.
- iii. Given the changing weather patterns, the Ministry of Works and Transport should ensure that all engineering designs of projects are weather-resilient and can withstand other shocks.

CONCLUSION

The assessment of Uganda's national budget compliance with climate change commitments reveals a mixed performance. While there have been improvements in certain areas, significant gaps remain, particularly in aligning budget allocations with the ambitious targets set forth in the NDP III. The overall compliance levels for FY 2023/24 and FY 2024/25 are unsatisfactory, indicating that more efforts are needed to integrate climate change considerations into budgetary planning and execution effectively.

Key sectors such as agro-industrialization, natural resource management, and sustainable energy development have shown moderate compliance, yet they fall short of fully meeting the NDP III targets. The lack of prioritization and adequate funding for climate change interventions poses a risk to achieving Uganda's climate goals and undermines the resilience of vulnerable communities. Additionally, the focus on administrative and soft interventions, rather than robust, climate-responsive infrastructure projects, limits the effectiveness of climate action.

The implications for inclusive development are profound. Vulnerable groups, including women, children, and rural communities, are disproportionately affected by climate change impacts. Without targeted interventions and adequate funding, these groups risk being left behind in the development process. The report highlights the need for increased budget allocations, enhanced capacity building, and better coordination among stakeholders to ensure that climate change responses are comprehensive and inclusive.

To address these challenges, the report recommends a more ambitious approach to climate change budgeting, including the integration of climate indicators at both output and outcome levels, and greater emphasis on mobilizing domestic and international climate finance. Strengthening institutional frameworks and enhancing the transparency and accountability of climate-related expenditures will be crucial in driving effective climate action and promoting sustainable, inclusive development in Uganda.

By improving budget compliance with climate change commitments and ensuring that interventions reach the most vulnerable, Uganda can build a resilient and equitable society that is better prepared to face the challenges of a changing climate.

ANNEX

National Budget Framework Paper FY 2024/25. Available at: <https://budget.finance.go.ug/content/national-budget-framework-paper-15>

ABOUT ACODE

The Advocates Coalition for Development and Environment (ACODE) is an independent public policy research and advocacy think tank based in Uganda. ACODE's work focuses on four programme areas: Economic Governance; Environment and Natural Resources Governance; Democracy, Peace and Security; Science, Technology and Innovation. For the last eight consecutive years, ACODE has been ranked as the best think tank in Uganda and one of the top 100 think tanks in Sub-Saharan Africa and globally in the Global Think Tanks Index Report published by the University of Pennsylvania Think Tanks and Civil Societies Program (TTCSP).



9 789970 567003

Advocates Coalition on Development and Environment (ACODE)
Plot 96 Kanjokya Street, Kamwokya
P O. Box 29386, Kampala
Tel: +256 312 812 150, Email: acode@acode-u.org
Website: <http://www.acode-u.org>

With support from

