

Terms of reference for initial view of a Uganda Catalytic Climate Finance Facility

Background:

Global Support Programme receives funding from the GEF and is jointly implemented by the United Nations Development Program (UNDP) and United Nations Environment Programme (UNEP). It is in this context that UNEP DTU Partnership through UNEP provides technical assistance to a range of countries on different areas of NDC implementation.

The focus of the initial scope of work is to explore the basis for creation of a Green Bank type catalytic climate finance facility to support NDC implementation in Uganda through increasing and mobilizing private investment in low-carbon sectors.

Objective:

The Government of Uganda is focusing on getting ready to implement its National Determined Contributions (NDC). There is therefore a need to dramatically increase investments by connecting capital with NDC implementation activities. To support the implementation of the Country's NDC and climate change policies and strategies, different financial instruments are proposed to centralize both national and international climate finance resources and ensure they are directed to climate action with the highest impact possible. This support will provide an initial view towards identifying instruments enabling the mobilization and blending of resources from non-traditional sources, public climate finance and public budget funds to finance the Uganda's low-carbon development agenda.

The objective is to characterize the status of existing climate finance initiatives in Uganda, provide a high level overview of which low-carbon sectors present the best near-term investment opportunities, and implications for what types of innovative finance approaches can benefit Uganda's NDC implementation.

Scope of work:

Specific activities to be delivered include a brief preliminary report providing broad recommendations on the application of the Green Bank model as a mechanism to drive climate-related investment and crowd-in private capital to support climate goals in Uganda. This deliverable will include the following elements:

- Preliminary research to inform a general understanding of clean energy and climate markets and related barriers and opportunities to scale up private investment in Uganda.
- Scoping mission in Kampala including stakeholder interviews to gather market intelligence on the challenges and opportunities that a Green Bank would be best suited to address in Uganda, such as critical clean energy financing gaps that are not being addressed through other programs. These interviews will be indicative and representative, not in any way comprehensive.
- A short summary report – in slide deck format – focused on framing the potential of a Green Bank to help Uganda implement NDCs and to scale up climate investment and crowd-in private capital towards achieve climate goals.

Deliverables:

- Three days scoping mission and stakeholder consultations in Kampala
- Summary report in slide deck format framing the potential for catalytic climate finance to support NDC implementation

This project and short report will lay the basis for a decision regarding launching a scoping and design effort that would include: market research to identify priority markets and needed financing solutions; development of a business plan and organizational structure; securing capitalization of a new Green Bank; and developing robust project pipeline and market interest.