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FROM PLEDGES TO PROGRESS ABBREVIATIONS AND ACRONYMS

ACODE Advocates Coalition for Development and Environment

ADB Asian Development Bank

AF Adaptation Fund

AfDB African Development Bank

BAU Business as Usual
BRS Biennial Reports
CCA Climate Change Act

CCD Climate Change Department CCF Climate Change Fund

CCWG Climate Change Working Group

CFU Climate Finance Unit
CIFs Climate Investment Funds
CODE Connected Development
COP Conference of the Parties

CPEIR Climate Public Expenditure and Investment Review

CRDF Climate-Related Development Finance

CRS Creditor Reporting System

CSBAG Civil Society Budget Advocacy Group

CSOs Civil Society Organizations

DAC Development Assistance Committee

DAE Direct Access Entity

DCC Department of Climate Change
ETF Enhanced Transparency Framework

FCDO British Foreign, Commonwealth and Development Office

FOI Freedom of Information
GCF Green Climate Fund
GDP Gross Domestic Product
GEF Global Environment Facility

GIZ Deutsche Gesellschaft für Internationale Zusammenarbeit

ICCC Inter-Ministerial Committee on Climate Change
IFAD International Fund for Agricultural Development

JETP Just Energy Transition Partnership
LDCF Least Developed Country Fund

LIFE-AR LDC Initiative for Effective Adaptation and Resilience

LoCAL Local Climate Adaptive Living Facility

MARDMinistry of Agriculture and Rural DevelopmentMBNPMinistry of Budget and National PlanningMDAsMinistries, Departments and AgenciesMDAsMultilateral Development

MDB Multilateral Development Bank

MoF Ministry of Finance

MoFPED Ministry of Finance, Planning and Economic Development

MoNR Ministry of Natural Resources and Environment

MPI Ministry of Planning and Investment
MRV Monitoring, Reporting and Verification

NAP National Adaptation Plan

NAPF National Adaptation Plan Framework

NASPA-CCN National Adaptation Strategy and Plan of Action

FROM PLEDGES TO PROGRESS ABBREVIATIONS AND ACRONYMS

NBFP National Budget Framework Paper
NCCA National Climate Change Act

NCCAC National Climate Change Advisory Committee

NCCC National Council on Climate Change

NCCP National Climate Change Policy (2021–2030 for Nigeria)

NSCC National Strategy for Climate Change until 2050

NDA
 National Designated Authority
 NDCs
 Nationally Determined Contributions
 NDPIII
 Third National Development Plan
 NETP
 Nigeria's Energy Transition Plan
 NGOs
 Non-Governmental Organizations
 NPA
 National Planning Authority
 ODA
 Official Development Assistance

OECD Organisation for Economic Cooperation and Development

PFCC Parliamentary Forum on Climate Change

SCCFSpecial Climate Change FundSEDPSocio-Economic Development PlanSEDSSocio-Economic Development StrategyUNCDFUnited Nations Capital Development FundUNDPUnited Nations Development ProgrammeUNEPUnited Nations Environment Programme

UNFCCC United Nations Framework Convention on Climate Change

UN-REDD United Nations Collaborative Programme on Reducing Emissions from

Deforestation and Forest Degradation

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Nigeria: Connected Development. (2024). *The State of Climate Finance in Nigeria*. Available at: https://nigeria.oxfam.org/latest/publications/state-climate-finance-nigeria

Uganda: Advocates Coalition for Development and Environment. (2024). Climate and Fiscal Justice Scoping Study Uganda. Available at: https://uganda.oxfam.org/latest/publications/climate-and-fiscal-justice-scoping-study-uganda

Front cover photo: An aerial view of a school and surrounding buildings flooded in the Anambra State of Nigeria. Photo: Chinedu Chime/shutterstock.



William Biregho Bahati shows the ruins of what used to be his home, after River Nyamwamba swept it away in July 2020, in Kasese District, Uganda. Photo: Emmanuel Museruka/Oxfam

Human-induced climate change is affecting the lives of billions of people around the world and causing widespread disruption to ecosystems. Recent years have seen devastating rainfall and flooding, extreme heat and droughts, intensifying cyclones and wildfires causing cascading impacts across health, agriculture, water, poverty and inequality.

Climate finance is a critical tool in the global response to climate change. It is not only a matter of climate justice – ensuring that those least responsible for climate change receive the support they need – but is also materially necessary for enabling vulnerable countries to implement their climate strategies and for communities to adapt to climate impacts and build resilience. However, equitable and effective climate finance depends on robust systems for transparency, accountability and participation. Without these, there is a risk that climate finance will fail to reach those who need it most.

This synthesis report, based on national studies conducted in Nigeria and Uganda, aims to equip civil society organizations (CSOs), national and subnational governments and climate finance providers with insights to strengthen accountability and participation in climate finance. Drawing on these national studies, the report examines the role of international climate finance in the two countries, evaluates existing systems for climate action planning and budgeting, and identifies tools and approaches for citizen-led monitoring and advocacy in climate finance. By analysing the challenges and opportunities identified in Nigeria and Uganda, the report provides recommendations to strengthen transparency and accountability in international and domestic climate finance, support the integration of climate action into planning and budgeting, and foster inclusivity and meaningful participation of civil society.

IMPROVING ACCOUNTABILITY IN INTERNATIONAL CLIMATE FINANCE

The critical role of international climate finance in supporting vulnerable countries like Nigeria and Uganda to meet their climate goals and adapt to the multifaceted challenges posed by climate change is clear. The countries' Nationally Determined Contributions (NDCs), which demonstrate a commitment to climate adaptation and mitigation, are largely conditional on international financial support. However, tracking and monitoring climate finance is complex. With no internationally agreed definition of climate finance and a proliferation of sources and accounting practices, there have been concerns about the lack of transparency in defining what counts as climate finance and the reporting practices employed by providers.

Between 2015 and 2021, commitments of international public climate-related development finance to Nigeria were US\$4.9bn, averaging US\$704m annually, with a substantial increase in 2020–2021. Commitments to Uganda totalled US\$2.2bn, averaging US\$318m annually, with a peak of US\$667m in 2020. Climate-related finance allocations across the two countries showed a relatively balanced split between adaptation and mitigation objectives. The primary providers were multilateral development banks (MDBs) – particularly the World Bank, which contributed the largest share of finance in both countries – underlining the increasing role of MDBs in global climate finance.

Loans constitute the majority of international finance committed to Nigeria, raising concerns about debt sustainability. Whether provided on favourable or market rates, loans must ultimately be repaid and contribute to countries' externally held debt, hindering investments in vital services such as health and education as well as adaptation and losses and damages in response to the climate crisis. Accounting for these loans is also important. This report finds that accounting using grant equivalent values, which account only for the grant portion of a loan, significantly reduces the value of climate finance committed. For example, the grant equivalent value of the climate-related finance committed to Nigeria is US\$2.6bn, or just 52% of the reported face value. Uganda, a Least Developed Country (LDC), benefits from a higher share of grants, resulting in a grant equivalent value of US\$1.6bn, or 73% of the reported amount.

SUMMARY

RECOMMENDATION 1

ENHANCE TRANSPARENCY AND ACCOUNTABILITY IN INTERNATIONAL CLIMATE FINANCE

- Climate finance providers must enhance transparency in reporting, and report in a way that reflects the real effort made and the real value for developing countries. Climate finance providers should:
- Agree on a definition of climate finance as a basis for reporting.
- Report full lists of funded climate finance projects, with greater detail per project.
- Report grant equivalent values of their climate finance.
- Disclose the terms, including interest rates and repayments, of loans and other instruments used to provide climate finance.
- Report on the amount of climate finance spent locally and in line with the Principles for Locally Led Adaptation.
- Consistently gender-mark climate finance at the project level.

However, only some of these frameworks include costed actions or quantified finance needs. The disconnect between policy commitments and financial planning implies a lack of robust mechanisms to align budget allocations with climate plans and enforce accountability through transparent tracking systems. The formulation and delivery of climate change plans and strategies in the countries, particularly for climate finance, present important opportunities for CSO advocacy to ensure that participation and accountability are comprehensively integrated.

RECOMMENDATION 3

ESTABLISH A NATIONAL DEFINITION OF CLIMATE FINANCE

 National and sub-national governments should develop a contextualized national definition of climate finance that can be applied domestically to support harmonized climate finance reporting by all actors.

RECOMMENDATION 2

PRIORITIZE GRANT-BASED CLIMATE FINANCING

• Climate finance providers must prioritize grants for financing climate action in vulnerable countries, particularly for adaptation, to ensure that financial support does not exacerbate debt burdens.

INTEGRATING CLIMATE CHANGE INTO DOMESTIC PLANNING AND BUDGETING

Public budgets, instruments such as green bonds, and climate and environment funds are the key mechanisms for domestic financing of climate action in the three countries. The integration of climate change into national and local budgets is particularly important to ensure that resources are allocated to address climate priorities and align with national targets, including NDCs. At the national level, each country has developed policy and planning frameworks for climate change which are underpinned by regulatory and legal mechanisms.

RECOMMENDATION 4

INTEGRATE CLIMATE PRIORITIES INTO NATIONAL AND SUB-NATIONAL BUDGET CYCLES

- National and sub-national governments must integrate priorities related to climate change into budgets and ensure they align with national targets and plans, including NDCs.
- As a first step, governments must assess their climate finance needs, based on estimates of the cost of actions in key climate policies and plans, including NDCs. Finance needs and plans should be directly tied to the national budget.
- Policymakers must be made aware of the urgent need to integrate climate considerations into annual budgetary processes.

RECOMMENDATION 5

ESTABLISH CHANNELS FOR INFLUENCING AND MONITORING CLIMATE PLANS, POLICIES AND STRATEGIES

- National and local CSOs should engage in the formulation, delivery and monitoring of national and sub-national climate policies, strategies and plans to ensure they are inclusive, transparent and equitable.
 CSOs can influence processes by submitting issue papers, participating in meetings and consultations, and contributing to validations and public information.
- National and sub-national governments should provide accessible mechanisms and platforms for meaningful public participation in the formulation, delivery and monitoring of climate policies, strategies and plans. This should include establishing inclusive engagement processes and channels for influence that allow CSOs, local communities and marginalized groups to contribute effectively.

MONITORING AND ACCOUNTABILITY IN DOMESTIC CLIMATE FINANCE

The national studies conducted in Nigeria and Uganda show that climate finance tracking and accountability mechanisms are still in their nascent stages, with no country having a standalone, comprehensive climate finance monitoring and accountability system. One of the challenges involved in monitoring climate finance is the fact that it is often integrated into wider sector budgets such as energy, transport, agriculture and water. This exemplifies the need for a robust tagging and tracking system, as is currently in development in Uganda. Such systems can support governments in identifying financing gaps and available resources, inform decision-making and budget allocations, and enable accountability.

RECOMMENDATION 6

ESTABLISH CLIMATE BUDGET TAGGING AND TRACKING MECHANISMS

• National and sub-national governments should establish a climate budget tagging mechanism to track and report on public climate finance flows. This must be supported by capacity building, institutional arrangements to define roles and responsibilities, and collaboration between ministries responsible for budgeting and climate planning. Once established, there is scope or integrating gender tagging.

The national studies highlight promising examples of tools and approaches used by local civil society that can support advocacy regarding climate programming, budgeting and tracking of climate-related expenditures. These include the citizen's alternative budget and Certificate of Climate Change Responsive Budgeting in Uganda, as well as the Follow the Money initiative in Nigeria. The success of Advocates Coalition for Development and Environment (ACODE) in fostering partnerships with the government and aligning with established processes in Uganda underscores the effectiveness of collaborative approaches in influencing decision-making. With these approaches, it is important that civil society addresses each stage of the budget cycle, advocating for and contributing to comprehensive assessment, engagement and monitoring frameworks that include budget allocation but also releases and expenditures.

RECOMMENDATION 7

SUPPORT CIVIL SOCIETY MONITORING AND TRACKING OF DOMESTIC CLIMATE FINANCE

- National and local CSOs should seek to monitor domestic climate finance budgets and hold governments and international providers accountable on their climate finance commitments. Budget monitoring should include not only allocation and expenditure of funds but also actual releases, and can build on tools such as Nigeria's Follow the Money initiative and Uganda's Certificate of Climate Change Responsive Budgeting.
- National and local CSOs can establish local-tonational and international platforms for networking, collaboration and knowledge sharing, bringing together national and sub-national ministries, agencies and departments, CSOs, non-governmental organizations (NGOs), community members and other relevant stakeholders, with a focus on participation from underrepresented and marginalized groups. This can facilitate information and experience sharing, capacity building, joint advocacy and collaboration.
- National and local CSOs should seek to evaluate the real outcomes and stories of change resulting from climate finance. Evidence-based reports on the effectiveness of climate finance and learnings from climate projects, particularly those that are locally led, can support advocacy and engagement with providers. The Principles for Locally Led Adaptation provide a guide for tracking adaptation flows to sub-regional and local levels.

Access to and availability of information underpins accountability in climate finance and is fundamental to enabling meaningful public participation in planning and budget processes. However, greater efforts are needed across Nigeria and Uganda to improve the accessibility and availability of information and to decentralize knowledge. In Nigeria, the Climate Change Act includes provisions for Freedom of Information (FOI) requests, but institutional barriers and low public awareness limit their effectiveness. Civil society can play a critical role in bridging the gaps between governments and the public, advocating for and supporting transparency. In Uganda, for example, CSOs publish annual Citizen's Guide to the Budget and

Budget Transparency Monitoring reports, which seek to improve transparency in budgetary processes. These tools offer insights that can be used by both CSOs and national and sub-national governments to strengthen transparency.

RECOMMENDATION 8

IMPROVE AVAILABILITY AND ACCESSIBILITY OF INFORMATION IN DOMESTIC CLIMATE FINANCE

- National and sub-national governments must ensure that information related to climate policies, budgets and programmes is publicly available and accessible, including domestic budgets, fiscal instruments (e.g. green bonds) and climate and environment funds. Information should be translated into local languages, presented in simplified formats and shared through channels such as radio, social media, podcasts and newspapers.
- National and local CSOs can also play a role in disseminating and translating information in accessible formats.

ENABLING INCLUSIVE CLIMATE FINANCE

Devolution of climate finance to sub-national and local levels is vital to ensure that climate action addresses the specific vulnerabilities and needs of communities. Local actors, especially women and other marginalized groups, must be meaningfully involved the development and implementation of climate policies and actions. This recognizes that climate impacts are often highly localized, and that actors at the local level are often best situated to formulate and implement interventions, particularly for adaptation. While policy and legal frameworks in the three countries to a limited extent provide a basis for local entities to be involved in climate finance decisions, the implementation of these frameworks remains uneven, and challenges persist in ensuring that local governments have the financial resources and capacity to implement climate actions effectively. There are, however, examples of initiatives that can provide useful models of decentralized climate finance, such as the Local Climate Adaptive Living Facility (LoCAL) in Uganda.

RECOMMENDATION 9

EMPOWER SUB-NATIONAL GOVERNMENTS TO ENHANCE DEVOLUTION OF CLIMATE FINANCE

• National governments can facilitate the devolution of climate finance to local level by establishing decentralized governance structures, decision-making and management of financial resources, improving national-to-local coordination and providing capacity building and technical support. Special focus should be placed on empowering sub-national entities with the skills and knowledge to develop sub-national climate plans based on context-specific climate impacts, manage climate funds, plan and implement climate projects, and engage effectively with local communities. Lessons can be drawn from existing programmes such as LoCAL in Uganda as well as the Principles for Locally Led Adaptation.

The national studies also underscore challenges in citizen participation and engagement. In policymaking and governance of climate change, it is vital to create an enabling environment for citizens to participate meaningfully in climate policymaking, planning and budgeting, especially at the local level. While the institutional and governance structures for climate change in the three countries offer opportunities for engagement by CSOs and civil society - such as Nigeria's National Council on Climate Change (NCCC) and Uganda's Parliamentary Forum on Climate Change (PFCC) - the studies also identify several barriers that limit the scope and effectiveness of citizen and CSO participation. These include a lack of public awareness, limited capacity of both CSOs and governments, insufficient legal frameworks, and limited information and data availability. Addressing these barriers is crucial to ensuring meaningful civil society participation.

RECOMMENDATION 10

EMPOWER CIVIL SOCIETY TO PARTICIPATE IN CLIMATE FINANCE POLICIES, PROGRAMMES AND PROJECTS

- Climate finance providers must integrate the perspectives and needs of national and local CSOs, NGOs, local governments and communities into the development, implementation and monitoring of climate finance programmes.
- National and sub-national governments should establish mechanisms for participation in policymaking, planning and budgeting, aiming to ensure that local communities are not only consulted but also empowered to actively shape and deliver policies.
- National and local CSOs can act as intermediaries between these actors, facilitating participatory budgeting and inputs to decision-makers through, for example, public consultations and dialogue, and training of local communities.

The impacts of climate change are often experienced differently depending on gender. Differential impacts can be exacerbated by women's socioeconomic status and unequal access to decision-making processes and resources. It is therefore important that climate finance programmes and projects are responsive to the unique needs of different genders and integrate gender equality considerations into their design, goals, budget and delivery. However, tracking the integration of gender equality objectives in climate finance is difficult. At the international level, a significant share of climate-related finance, especially from MDBs, is still not consistently or publicly marked for gender, which significantly limits transparency in gender-responsive climate action. At the national level, several challenges can be observed, including the lack of coherent integration of gender equality in climate strategies and limited involvement of key gender-focused stakeholders in the policymaking process.

RECOMMENDATION 11

INTEGRATE GENDER EQUALITY INTO CLIMATE POLICIES AND PLANNING

- Climate finance providers should increase the share of climate finance that explicitly targets gender-responsive programmes and projects, with clear tracking and reporting mechanisms. This should include engaging women at all stages of the project life cycle to ensure that their perspectives shape climate projects. All providers of international climate finance should gender-mark their climate finance to track the integration of gender equality objectives and publicly report this information at a project level.
- National and sub-national governments should establish legislative frameworks that mandate the integration of gender equality into climate change policies and plans, from the planning and design stage to implementation and evaluation. Policies and plans should seek to improve women's participation in decision-making and address structural discrimination and barriers. Engagement of gender-focused organizations, such as women's unions and civil society groups, is critical in this process. Information sharing, awareness raising and capacity building on gender-responsive budgeting and planning is necessary to ensure that climate finance addresses the needs of women and vulnerable groups.



Flood damage from when River Nyamwamba flooded in May 2020, in Kasese District, Uganda. Photo: Emmanuel Museruka/0xfam

FROM PLEDGES TO PROGRESS 1.INTRODUCTION

1.INTRODUCTION

Human-induced climate change is already affecting the lives of billions of people around the world and causing widespread disruption to ecosystems. Recent years have seen devastating rainfall and flooding, extreme heat and droughts, intensifying cyclones and wildfires causing cascading impacts across health, agriculture, water, poverty and inequality. These now unavoidable climate impacts are the result of unabated emissions of greenhouse gases, largely from rich countries. Yet it is those least responsible for emissions and who already experience the highest levels of poverty and marginalization that are most vulnerable. Urgent action is needed to dramatically reduce greenhouse emissions as well as to adapt to the climate crisis.

Climate finance is a critical tool in the global response to climate change. It is not only a matter of climate justice – ensuring that those least responsible for climate change receive the support they need – but is also materially necessary for enabling vulnerable countries to implement their climate strategies and for communities to adapt to climate impacts and build resilience. However, equitable and effective climate finance depends on robust systems for transparency, accountability and inclusivity. Without this, there is a risk that climate finance will fail to reach those who need it most.

Within this context, the purpose of this study is to inform Oxfam and partners' national climate finance work, towards ensuring meaningful and informed participation of citizens in social and financial accountability of climate finance at international, national and local levels. This report synthesizes two national-level studies conducted in Nigeria and Uganda. The report draws on these studies to examine the role of international climate finance in the countries, evaluate existing systems for climate action planning and budgeting, and identify tools and approaches for citizen-led monitoring and advocacy. By analysing the challenges and opportunities identified in these national studies, this report aims

to provide practical insights and recommendations for civil society organizations (CSOs), national and subnational governments and climate finance providers that can be used to strengthen transparency and accountability in international and domestic climate finance, support the integration of climate action into planning and budgeting, and foster inclusivity and meaningful participation of civil society.

Specifically, the report seeks to:

- Explain the role of international climate finance climate adaptation and mitigation in Nigeria and Uganda
- Review the current state of play regarding climate action planning and budgeting in Nigeria and Uganda
- Identify approaches and tools to support citizen-led local and national climate change budget monitoring and advocacy work.
- Identify and explain opportunities for influencing climate finance flows.
- Propose recommendations for building inclusive climate change-responsive fiscal justice systems.

1.1 STRUCTURE OF THE REPORT

The report is structured as follows. Chapter 2 outlines the study methodology and Chapter 3 explains key aspects of defining and tracking climate finance. Chapter 4 examines flows of international public climate finance to Nigeria and Uganda, and Chapter 5 provides an overview of national governance of climate change and climate finance in the countries. Chapter 6 discusses accountability of domestic resources and Chapter 7 addresses inclusivity in climate finance, including devolution, participation and gender equality. Both of these chapters provide examples of approaches and tools that support citizen-led local and national climate change budget monitoring and advocacy in each country. Finally, Chapter 8 outlines the key findings and recommendations of the report. The full methodology used for analysis of international climate finance flows is provided in the annex.

1.INTRODUCTION

1.2 TRANSPARENCY, ACCOUNTABILITY AND PARTICIPATION IN CLIMATE FINANCE

Governments around the world made commitments under the 2015 Paris Agreement to limit global temperature rise to 1.5°C above pre-industrial levels and to take necessary action to adapt to the climate crisis. Nationally Determined Contributions (NDCs) outline how governments intend to meet these objectives and set national targets for mitigation and adaptation.¹ A central pillar of these commitments and meeting country NDCs is climate finance. At COP15 in 2009, developed² country parties committed to channel financial support to climate action in developing countries, with a collective goal to mobilize US\$100bn per year by 2020, a goal which was subsequently extended to 2025. At COP29 in 2024, the new collective quantified goal (NCQG) on

climate finance was adopted, with a target to mobilize US\$300bn per year by 2035. These commitments are rooted in the principle of 'common but differentiated responsibility and respective capabilities' set out in the United Nations Framework Convention on Climate Change (UNFCCC)³, which emphasizes the need for richer nations to take the lead in providing financial support to developing countries, and provides a basis for vulnerable countries and communities to receive financial support to respond to climate change.

It is vital that developed countries are fulfilling their climate finance obligations as a matter of climate justice, for the sake of trust and global cooperation, and to materially support developing countries' efforts to confront the climate crisis. As such, there have been many efforts to track climate finance flows at the international level, to provide information on



Due to the constant rainfall, Ilaje community, in Nigeria, is flooded and waterlogged. Photo: Taiwo Aina/Oxfam

1.INTRODUCTION

the sources, objectives and instruments used, and to assess how funds are spent. Analysis has so far shown that rich countries are failing to deliver on their commitments and that funding has been insufficient to meet the scale of developing country needs. By developed countries' own accounting practices, the US\$100bn target was missed in 2020 and 2021.4 Furthermore, Oxfam analysis found that claims to have mobilized US\$116bn in climate finance in 2022 are likely to be vastly overstated, with the true value of finance estimated to be between US\$28bn and US\$35bn when taking into account the climaterelevance of funds provided and the net value of loans.5 While rich countries are failing to meet politically agreed commitments, it is also estimated that costed needs for climate finance are multiple times larger than current commitments reflect.6

Furthermore, loans continue to make up a significant share of climate finance provided by developed countries. The OECD reports that in 2022, 69% of public climate finance was provided as loans, while only 28% was issued as grants. Whether provided on favourable or market rates, loans must ultimately be repaid and contribute to countries externally held debt, hindering investments in vital services such as health and education as well as adaptation and losses and damages in response to the climate crisis. Fair and transparent accounting of loans is essential to track whether climate finance is meeting politically agreed goals as well as actual specified needs.

While efforts to track climate finance flows at the international level have shown that high-income countries are not living up to their commitments, there

are also challenges in transparency, accountability and participation in national and local policy and budget processes. At national and sub-national levels, there is often a lack of clarity about the sources and use of climate finance, particularly whether funds reflect the needs and priorities of local communities and are reaching the most vulnerable. Moreover, despite widespread calls that the formulation and implementation of climate projects and plans, such as NDCs, should be locally led in an inclusive and gendersensitive process, national and sub-national policy, planning and budget processes frequently exclude civil society and affected communities.8

Enhanced transparency, accountability and meaningful participation are critical to addressing these challenges and ensuring that climate finance is spent effectively and equitably at international, national and local levels. Transparency provides vital information on financial gaps and needs, enabling more efficient and strategic allocation of resources. Accountability mechanisms empower citizens and civil society to monitor the use of funds, ensuring that commitments are upheld and that resources are allocated equitably and reach the most vulnerable people. Inclusive decision-making processes ensure that climate action reflects the priorities of local actors, particularly marginalized communities and those disproportionately affected by climate change. These measures also build trust and legitimacy at the international level, allowing for the tracking of progress toward global climate goals and ensuring that the high-income countries that are most responsible for emissions are held to account for their commitments.

FROM PLEDGES TO PROGRESS 2.METHODOLOGY

2. METHODOLOGY

To estimate international public climate-related development finance flowing to Nigeria and Uganda, INKA Consult conducted **data analysis** of the Organisation for Economic Cooperation and Development (OECD) climate-related development finance dataset for the years 2015–2021. A full outline of the methodology is provided in the annex.

At national level, **document reviews** were conducted for each country, including relevant legal documents, policies, strategies and plans, and reports related to climate change planning and climate finance.

Key informant interviews were held with relevant stakeholders and experts in each country to gain insights into budgeting processes, institutional structures and climate planning, among others.

In Uganda, consultative meetings were held with stakeholders including national CSO networks, activist groups, government agencies and local district government representatives to identify opportunities for influencing climate finance flows and methods for equipping civil society with strategies that can be adopted to influence national decisions on climate finance.



Photo: Victor Wahome/Oxfam

FROM PLEDGES
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3. DEFINING AND
TRACKING CLIMATE
FINANCE

3.DEFINING AND TRACKING CLIMATE FINANCE

There is no internationally agreed definition of what constitutes climate finance. The UNFCCC defines climate finance as 'local, national or transnational financing – drawn from public, private and alternative sources of financing – that seek to support mitigation and adaptation actions that will address climate change'. Developing countries have also argued that loss and damage as a result of climate change should be included as the third pillar of climate finance, in addition to adaptation and mitigation, 10, 11 and that climate finance should only be counted if it is new and additional to existing development finance commitments. 12

With no globally accepted definition of climate finance, state and non-state actors can use their own definitions, developed for different purposes and with varying scopes. In Uganda, for example, there is no definition of climate finance in national climate change documents such as the National Climate Change Act or NDC. The ambiguity of adaptation and the variation in adaptation interventions makes defining adaptation finance particularly challenging.

While this ambiguity persists, there are ongoing efforts to report and track climate finance flows. Developed countries must produce reports on the finance channelled to developing countries, both directly and through multilateral channels, in their Biennial Reports (BRs) under the UNFCCC and forthcoming Biennial Transparency Reports (BTRs) under the Enhanced Transparency Framework (ETF) of the Paris Agreement. The annual OECD's climate-related development finance dataset provides project-level data on bilateral and multilateral development finance provided for climate change objectives. The Joint Report on Multilateral Development Banks' Climate Finance is an annual publication, issued since 2011, that provides an overview of multilateral development bank (MDB) climate finance albeit only in aggregate form.

Often based on a combination of data sources, assessments of climate finance flows include the Oxfam Climate Finance Shadow reports, ^{13, 14} OECD's annual assessment of progress toward the US\$100bn goal, ¹⁵ and Climate Policy Initiative's global landscape of climate finance. ¹⁶ The Standing Committee on Finance is also mandated by the Conference of the Parties (COP) to prepare a biennial assessment and

overview of climate finance flows.¹⁷ In some cases, national- and regional-level studies are available, such as CPI's Landscape of Climate Finance in Nigeria¹⁸ and Oxfam's assessments of climate finance in Asia¹⁹ and West Africa,²⁰ among others.

These efforts to track and monitor climate finance face significant challenges, since countries are given discretion to define what counts as climate finance as well as how they measure and report this. Given this, it is important to agree a clear and consistent definition of climate finance to ensure accuracy in reporting and underpin the accounting practices needed to hold actors to account.

There are broadly four sources of climate finance: international public finance, international private finance, domestic public finance and domestic private finance. Emphasizing the importance of international public climate finance, the Paris Agreement reiterates that developed countries should take the lead in mobilizing and providing climate finance from a wide variety of sources, instruments and channels.²¹ This public international climate finance flows through bilateral and multilateral channels, both within and outside of the UNFCCC and the Paris Agreement financial mechanisms:

Bilateral funding. Climate finance is delivered by countries through specialized climate funds, development finance institutions or government-to-government commitments.

Multilateral funds. Multilateral funds have been established within and outside of the UNFCCC. Under the UNFCCC the funds are the Green Climate Fund (GCF), the Least Developed Country Fund (LDCF), the Special Climate Change Fund (SCCF), the Adaptation Fund (AF) and the Loss and Damage Fund. The Global Environment Facility (GEF) serves as a financial mechanism for several environmental conventions. Outside of the UNFCCC, there are several funds managed by other international organizations that focus wholly or in part on climate. These include the Climate Investment Funds (CIFs) administered by the World Bank in partnership with regional development banks, and international funds such as the Adaptation for Smallholder Agriculture Programme administered by the International Fund for Agriculture and Development (IFAD).

3.DEFINING AND TRACKING CLIMATE FINANCE

Multilateral Development Banks (MDBs).²² The World Bank and regional development banks such as the African Development Bank (AfDB) and Asian Development Bank (ADB) have incorporated climate change into their lending and operations, and account for a significant share of international climate finance. They may also act as delivery mechanisms for projects under other multilateral climate funds such as the GCF.

Additionally, providers of international climate finance use a variety of instruments to deliver funds:

- **Grants** are funds provided without the expectation of repayment.
- Loans are funds which must be repaid according to various terms. Concessional loans are those provided

- with favourable terms, such as lower interest rates and extended grace periods, while non-concessional loans are provided at market rates.
- Equity financing involves investors becoming coowners of a company or project in exchange for their investment.
- •Guarantees are provided by a third-party guarantor who offers to fulfil the obligations of a loan, investment or debt in the event of non-performance or default by the borrower, as a form of credit-enhancement.
- Bonds are fixed-income instruments that represent a loan made by an investor to a borrower. Bonds are typically used by companies, municipalities, states and sovereign governments to finance projects and operations.



Walk by community members and climate change volunteers in Ilaje, Nigeria. Photo: Taiwo Aina/Oxfam

3.DEFINING AND TRACKING CLIMATE FINANCE

- Debt for climate swaps are an agreement in which a portion of a country's debt obligations are cancelled or restructured and allocated to climate adaptation or mitigation.
- Blended finance is broadly defined as a combination of concessional public finance and private resources.

3.1 ACCOUNTING AND REPORTING OF CLIMATE FINANCE

The lack of an agreed international definition for climate finance complicates tracking and reporting. Within this context, organizations such as the MDBs and the OECD have developed approaches for determining what counts as climate finance:

• The Rio markers were developed by the OECD Development Assistance Committee (DAC) to track the mainstreaming of environment objectives into official development assistance (ODA). The Rio markers are based on assessment of programme objectives, with a three-tier scoring system to assess whether an activity pursues climate change adaptation and/or mitigation as a principal objective, a significant objective, or if it does not target the objective.

The Rio markers are used by DAC members to report on the climate-relevance of their development assistance and are also used by many bilateral providers in reporting on their climate finance contributions to the UNFCCC. Most bilateral providers apply a fixed coefficient after determining a project's Rio markers to calculate an estimate of development finance that is climate-relevant.

• The Joint Methodology for Tracking Adaptation
Finance²³ and Common Principles for Climate Mitigation
Finance Tracking²⁴ are used by the MDBs as a common approach to tracking and reporting on climate finance.
These provide criteria and guidance for determining what counts as climate finance.

While these methods of tracking climate finance have been useful in standardizing reporting, there have been criticisms regarding a lack of transparency on what counts as climate finance and of the reporting practices used by providers. 25, 26 There is a lack of systemic reporting on project details, which limits transparency and has contributed to doubts on the true values of climate finance raised by different sources and providers. For example, the MDBs' annual joint reports on their climate finance contributions contain only aggregate climate finance figures, often without project-level information. The World Bank is the largest multilateral provider of climate finance, yet provides very little publicly available evidence to support its claims about the amount of climate finance it provides.²⁷ Oxfam has also conducted analysis to show that generous assumptions of the climaterelevance of funds using the Rio marker approach leads to inflated climate finance figures.28

It is also important to understand whether flows represent **committed** or **disbursed** amounts. Analysis of international climate finance in Section 4 of this report is based on commitments of climate finance that are determined based on assessment of projects before they have been delivered. It is much more difficult to track the actual amount of climate finance disbursed, as there is often no information reported on where the money flows or how it is used. In a recent study, Oxfam estimates that on average over the period 2011–2023, actual expenditures of World Bank projects differed from the amount budgeted by 26–43%.²⁹

This complexity of definitions, accounting practices, funding channels and instruments demonstrates the difficulty in tracking international climate finance, and highlights the need for climate finance accountability mechanisms to ensure that resources are well spent and channelled to the communities and sectors most in need.

FROM PLEDGES
TO PROGRESS
4.INTERNATIONAL
PUBLIC CLIMATE
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AND UGANDA

4.INTERNATIONAL PUBLIC CLIMATE FINANCE IN NIGERIA AND UGANDA

International climate finance is crucial for both mitigation of emissions and to help communities adapt to the impacts of climate change. It is needed to support developing countries to meet their NDCs, many of which are conditional upon international support, and to implement other climate plans including National Adaptation Plans (NAPs). International climate finance is also important as a matter of climate justice and in recognition of the principle of common but differentiated responsibility.

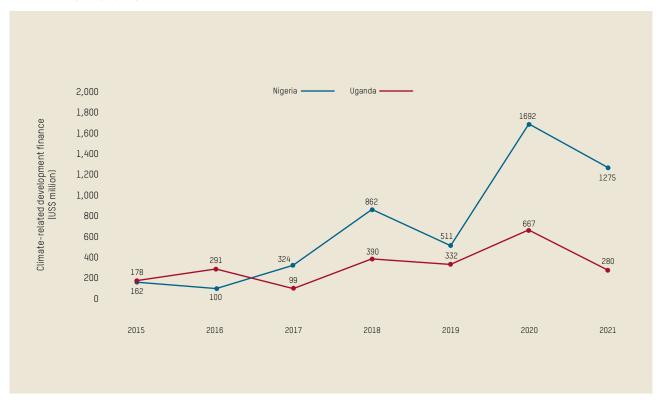
However, with no universally agreed definition of climate finance, a lack of consistent accounting practices and an ever-evolving climate finance architecture, accounting for international flows of climate finance is not straightforward. The following figures provide an overview of the climate-related development finance committed to Nigeria and

Uganda in the period 2015 to 2021 from bilateral and multilateral providers, based on the OECD's climate-related development finance dataset.³⁰ A full outline of the methodology is provided in the annex.

4.1 QUANTITY OF PUBLIC INTERNATIONAL CLIMATE-RELATED DEVELOPMENT FINANCE

The total climate-related development finance committed to Nigeria in the period 2015–2021 was US\$4.9bn, spread over 828 climate-related projects. This equates to an average of US\$704m in commitments per year, though there has been a general increase in the amount of climate-related development finance committed, as shown in Figure 1. In 2020, the total amount committed reached a high of US\$1.69bn, and in 2021 it was US\$1.28bn. This compares to US\$162m in 2015. Combined, the years

FIGURE 1 REPORTED CLIMATE-RELATED DEVELOPMENT FINANCE COMMITTED TO NIGERIA AND UGANDA IN THE PERIOD 2015–2021



Source: Authors' calculations based on the climate-related development finance dataset of the OECD DAC CRS. Data shown from bilateral and multilateral providers.

4.INTERNATIONAL PUBLIC CLIMATE FINANCE IN NIGERIA AND UGANDA

2020 and 2021 contribute 60% of the total climate-related development finance committed in the seven-year period. This increase was largely driven by a number of projects committed by the World Bank, which totalled US\$1.12bn in 2020 and US\$1.18bn in 2021.

A total of 1,531 climate-related projects were committed to Uganda in the period 2015–2021 from bilateral and multilateral providers, amounting to US\$2.2bn in public international climate-related development finance. This equates to an average of US\$318m in climate-related development finance per year. However, there was a significant increase in the total climate-related development finance committed in 2020, with commitments totalling US\$667m.

The majority of this was provided by the World Bank, with commitments totalling US\$565m in 2020. In comparison, commitments of climate-related finance to Uganda were just US\$178m in 2015, US\$291m in 2016, and US\$99m in 2017.

4.2 PUBLIC INTERNATIONAL CLIMATE-RELATED DEVELOPMENT FINANCE FOR ADAPTATION

At COP26 in Glasgow, developed countries pledged to double their adaptation finance contribution by 2025 compared to 2019. Unfortunately, almost no progress has been seen on this commitment and in 2022, the OECD estimated that adaptation finance made up just 28% of total climate finance provided and mobilized by developed countries.³¹ This stands in contrast to the high vulnerability of developing countries to climate impacts.



A village in the Lira district of Uganda is flooded after a destructive rainfall. Photo: Dennis Wegewijs/istock

4.INTERNATIONAL PUBLIC CLIMATE FINANCE IN NIGERIA AND UGANDA

Despite the lack of progress globally to increase adaptation finance, Nigeria and Uganda show a relatively balanced allocation of international public climate finance between adaptation and mitigation objectives over the period 2015 to 2021:

- Nigeria: Climate-related finance commitments were slightly higher for adaptation (US\$2.5bn, 52%) than for mitigation (US\$2.1bn, 43%). A small amount was reported for cross-cutting objectives³² (US\$282m, 6%).
- Uganda: The ratio of adaptation and mitigation finance for Uganda is likewise slightly skewed towards adaptation finance, with US\$992m (44%) committed to adaptation, US\$708m (32%) for mitigation and US\$536m (24%) for cross-cutting objectives.

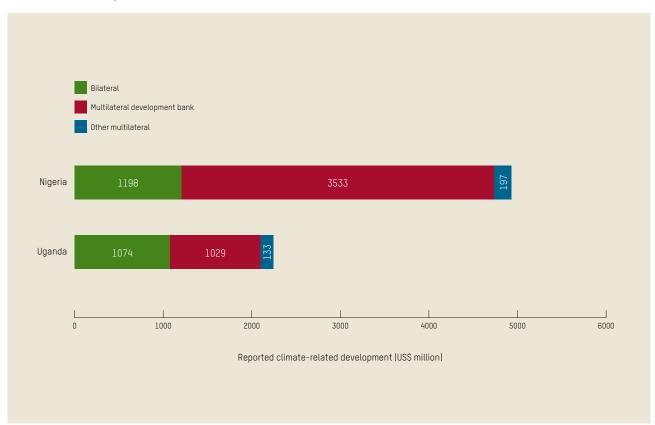
4.3 PROVIDERS OF PUBLIC INTERNATIONAL CLIMATE-RELATED DEVELOPMENT FINANCE

The global climate finance architecture is complex and evolving, with a proliferation of funding sources and mechanisms. The OECD dataset provides insights into the providers of climate finance to Nigeria and Uganda, as shown in Figure 2.

For the period 2015–2021, bilateral contributors provided approximately 24% of the climate-related finance committed to Nigeria (US\$1.2bn) and 48% committed to Uganda (US\$1.1bn).

The multilateral development banks were key contributors to both countries but particularly for

FIGURE 2 REPORTED CLIMATE-RELATED DEVELOPMENT FINANCE COMMITTED TO NIGERIA AND UGANDA IN THE PERIOD 2015–2021, BROKEN DOWN BY PROVIDER TYPE



Source: Authors' calculations based on the climate-related development finance dataset of the OECD DAC CRS. Data shown from bilateral and multilateral providers.

4.INTERNATIONAL PUBLIC CLIMATE FINANCE IN NIGERIA AND UGANDA

Nigeria, where they accounted for 72% (US\$3.5bn) of the total climate-related development finance committed in the period. In Uganda, the MDBs accounted for 48% of climate-related finance (US\$1.0bn).

The World Bank is the largest single contributor of the MDBs as well as all other climate finance providers to the countries, accounting for 32% of the climate finance committed to Uganda (US\$713m) and 64% committed to Nigeria (US\$3.2bn). This reflects a trend seen globally with the MDBs – and in particular the World Bank – which are increasingly focusing their financial resources on climate-related projects.

The multilateral funds, mostly under UNFCCC, represent just a fraction of the amount committed to the

countries, accounting for 4% of the finance committed to Nigeria (US\$197m) and 6% committed to Uganda (US\$133m).

4.4 INSTRUMENTS IN PUBLIC INTERNATIONAL CLIMATE-RELATED DEVELOPMENT FINANCE

Despite calls from many CSOs for climate finance, particularly adaptation finance, to be provided in the form of grants, loans continue to constitute the largest share of international public climate finance flows. Loans may be a viable instrument for those projects that have a high probability of generating a return on investment, when responsible borrowing and lending practices are adhered to and when taking on debt doesn't undermine debt sustainability or



Volunteers at the climate change walk in Ikeja, Nigeria. Photo: Taiwo Aina/Oxfam

4.INTERNATIONAL PUBLIC CLIMATE FINANCE IN NIGERIA AND UGANDA

crowd out public spending. However, given existing debt burdens and the limited fiscal space in most developing countries, taking on debt is unlikely to be a suitable or equitable instrument for the majority of climate finance.

From 2015 to 2021, the instruments used in delivery of climate-related development finance varied significantly between Nigeria and Uganda. While contributors to Nigeria relied heavily on concessional loans, and to some extent non-concessional debt, there was a much higher share of grant-based financing in the commitments to Uganda (see Figure 3):

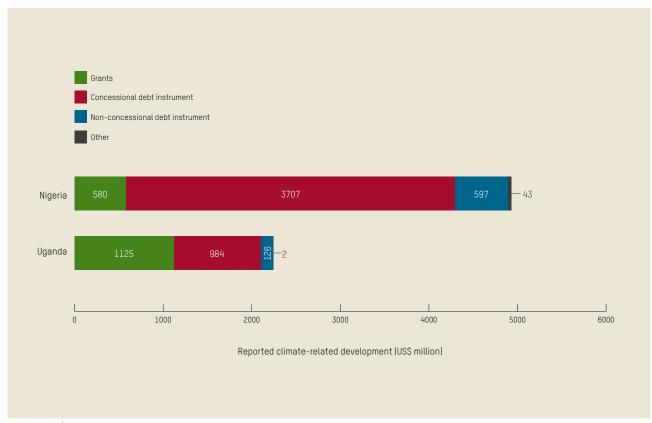
• Nigeria: Of the US\$4.9bn in climate-related development finance reported, 12% was provided as grants (US\$580m), 75% was provided as concessional loans and other debt instruments (US\$3.7bn), and 12% was provided through non-concessional debt

instruments (US\$597m). Small amounts of finance were reported as equity and shares in collective investment vehicles, or with the concessionality or instrument unspecified (1%).

• Uganda: Of the US\$2.2bn in climate-related development finance reported, 50% was grant based (US\$1.1bn) compared to 44% delivered as concessional debt instruments (US\$984m) and 6% as non-concessional debt instruments (US\$126m). A small amount (<1%) did not have a financial instrument classification attached.

The dominance of loans in climate finance has implications for debt sustainability and public spending. Loans increase the debt burden of recipient countries and can lead to debt distress in countries with high debt levels. Servicing debt also diverts resources from critical sectors such as healthcare and education.

FIGURE 3 REPORTED CLIMATE-RELATED DEVELOPMENT FINANCE COMMITTED TO NIGERIA AND UGANDA IN THE PERIOD 2015–2021, BROKEN DOWN BY FINANCIAL INSTRUMENT



Source: Authors' calculations based on the climate-related development finance dataset of the OECD DAC CRS. Data shown from bilateral and multilateral providers

4.INTERNATIONAL PUBLIC CLIMATE FINANCE IN NIGERIA AND UGANDA

In Nigeria, significant finances are already allocated for debt servicing and loan repayments. The share of the total budget committed to debt servicing has risen from 21.2% in 2015 to 27.3% in 2021, diverting resources away from essential social services such as healthcare, education and insurance, and reducing the fiscal space for climate action. Taking on debt for climate action risks further straining public debt, and with Nigeria's climate finance landscape heavily reliant on international funding, public finance for its NDC (see Section 5.3) is constrained by interest rate risks and debt repayments.

The use of loans also has implications for tracking international climate finance flows. In reporting climate finance, most providers report the face value of loans without taking into account the repayments that will be made. Oxfam and many other CSOs advocate for accounting based on grant equivalent values, which capture only the grant portion of a loan.³³ Accounting using the grant equivalent value of climate-related loans accounts for the difference between nonconcessional loans at market rates and those at preferential terms and therefore seeks to better capture the underlying financial effort of developed countries (i.e. the amount being given away in a loan) and the financial benefit for recipient countries.



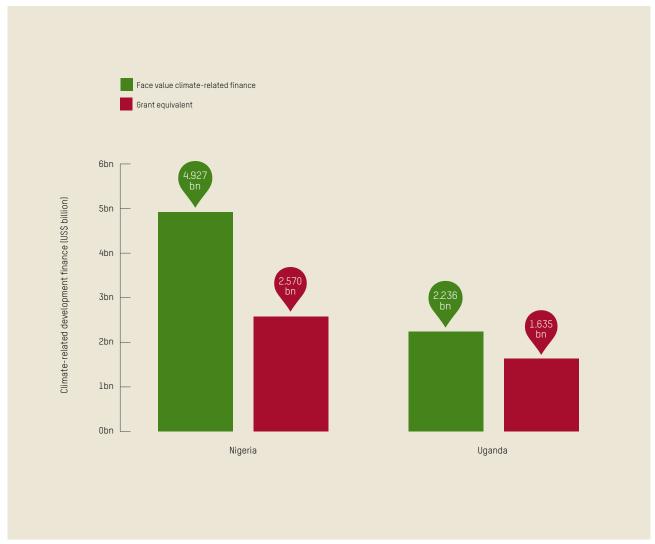
A flooded road after the rain in Lagos, West of Nigeria. Photo: Tolu Owoeye/shutterstock

4.INTERNATIONAL PUBLIC CLIMATE FINANCE IN NIGERIA AND UGANDA

As shown in Figure 4, the grant equivalent value of the climate-related development finance committed to Nigeria is US\$2.6bn, which is just 52% of the face value reported amount. The grant equivalent value of climate-related finance committed to Uganda is 73% of the reported amount (US\$1.6bn), owing to the larger share of grants it received as a Least Developed Country (LDC).

An example grant equivalent calculation is provided in Box 1. It shows that for the Livestock Productivity and Resilience Support Project delivered by the World Bank in Nigeria, the grant equivalent value of the support provided is just 46% of the reported loan amount of US\$500m.

FIGURE 4 REPORTED FACE VALUE AND GRANT EQUIVALENT CLIMATE-RELATED DEVELOPMENT FINANCE COMMITTED TO NIGERIA AND UGANDA IN THE PERIOD 2015–2021



Source: Authors' calculations based on the climate-related development finance dataset of the OECD DAC CRS. Data shown from bilateral and multilateral providers.

4.INTERNATIONAL PUBLIC CLIMATE FINANCE IN NIGERIA AND UGANDA

BOX 1. GRANT EQUIVALENT VALUE OF THE WORLD BANK'S LIVESTOCK PRODUCTIVITY AND RESILIENCE SUPPORT PROJECT IN NIGERIA

Signed on 7 November 2022, the Livestock Productivity and Resilience Support Project in Nigeria aims to improve the productivity, commercialization and resilience of targeted livestock production systems.³⁴ The total commitment amount of US\$500m is delivered as a loan, with a repayment duration of 30 years including a five-year grace period where no principal is repaid.

The fixed interest rate is 1.25% per year, accompanied by a 0.75% annual service charge on the withdrawn credit balance. Additionally, a commitment charge of 0.5% per year applies to the unwithdrawn balance. However, assuming the entire US\$500m is disbursed on the loan's effectiveness date (5 February 2023), no commitment charges are incurred. The amortization schedule specifies biannual principal payments, with 1.65% repaid from 1 April 2027 to 1 October 2046, and 3.40% from 1 April 2047 to 1 October 2051.

Using the loans repayment terms and applying a discount rate of 7% given Nigeria's status as a Lower-Middle Income Country³⁵ results in total undiscounted repayments of US\$678.1m, and the grant equivalent value of the loan is US\$231m. This means the borrower effectively receives 46% of the loan amount as a grant, while repaying the remainder under market conditions with an assumed interest rate of 7%.

4.5 DOMESTIC ARRANGEMENTS FOR RECEIVING INTERNATIONAL CLIMATE FINANCE

The conditions for recipients of international public finance for climate action vary from one fund to another, as each has its own modalities, mechanisms and rules. Barriers to accessing funds such as the GCF include stringent eligibility criteria, complex accreditation and application processes, and limited capacity to meet requirements.

In Uganda, the 2015 Public Finance Management Act (Amended) gives the Ministry of Finance, Planning and Economic Development (MoFPED) the mandate for receiving any form of finance and external support. All climate finance support is then channelled through MoFPED before disbursement to respective line Ministries, Departments and Agencies (MDAs) as well as local governments. MoFPED is the National Designated Authority (NDA) and the Ministry of Water and Environment the Direct Access Entity (DAE)³⁶ for the GCF. The Ministry of Water and Environment is likewise the accredited agency for the Adaptation Fund (AF) and a key partner for all projects prepared for AF support.

In Nigeria, funding from bilateral and multilateral organizations, usually in the form of ODA, is transferred directly to the central government budget. The Development Bank of Nigeria recently secured accreditation status for the GCF, becoming the first DAE in the country, while the National Council on Climate Change (NCCC) is the NDA for the GCF. Nigeria does not have a national implementing entity for the AF.

In addition to the funding provided directly to governments, bilateral and multilateral organizations may also fund NGOs, research institutions and private organizations to implement projects. International and local NGOs play a crucial role in channelling climate funding to communities and implementing grassroots projects in Uganda and Nigeria. They often collaborate with government agencies and climate finance providers to bridge the gap between national policies and on-the-ground actions.

FROM PLEDGES
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5.NATIONAL
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5. NATIONAL GOVERNANCE OF CLIMATE CHANGE AND CLIMATE FINANCE

Governments are the primary authority in setting policies, enacting laws and establishing plans that quide responses to climate change at national and sub-national levels. The decisions they make on mitigation, adaptation, loss and damage, and budget allocations have a critical impact on climate change response but also on livelihoods, wellbeing and inequality. As parties to the 2015 Paris Agreement, Nigeria and Uganda have submitted NDCs, outlining their plans to meet the goals of the Agreement to reduce emissions and adapt to the impacts of climate change. Each country also has various national and sub-national policies, strategies and plans, underpinned by legal and regulatory frameworks and institutional arrangements that guide decision-making and support the implementation of climate action. Understanding and influencing these frameworks and how decisions are made is an important part of civil society advocacy work in climate finance governance.

5.1 REGULATORY AND LEGAL FRAMEWORK

The legal and regulatory framework for climate change in a country provides legitimacy and sets the long-term strategic direction for national climate change policy, allowing for policies and strategies to be implemented effectively. Among other national legislation, Nigeria and Uganda have signed Climate Change Acts, which facilitate policy setting and coordination and establish institutional frameworks that offer opportunities for improving accountability and transparency.

In Nigeria, the Climate Change Act (CCA) of 2021 provides a framework for reducing greenhouse gas emissions and mainstreaming climate change into

national plans and programmes. The act mandates the government to formulate periodic National Climate Change Action Plans and five-year carbon budgets in compliance with international climate change commitments, while allowing for the possibility of carbon emissions trading and carbon taxes. The act also stipulates the creation of the National Council on Climate Change (NCCC) and the Climate Change Fund (CCF) (see Section 6.3). The CCA is intended to provide a framework for facilitating green budgeting for projects in Nigeria across a range of stakeholders. The expectation is that this will provide a platform for MDAs to budget and design projects to attract further international financial support.

Uganda's climate change response is grounded in the National Climate Change Act (NCCA) 2021, which gives the force of law to the UNFCCC, the Kyoto Protocol and the Paris Agreement. The act mandates the creation of a Framework Strategy on Climate Change as well as national and district-level climate action plans, and provides the institutional arrangements for climate change. The act also outlines arrangements for climate finance, requiring the minister responsible for Finance, in consultation with the Minister of Water and Environment, to facilitate the provision of climate finance and establish regulations setting out procedures for accessing finance. The CCA furthermore amends the Public Finance Management Act 2015 to mandate that the National Budget Framework Paper (NBFP) – the government's overall strategy document for the budget - is climate change responsive and contains sufficient funding for climate action. The NBFP must also be presented with a Certificate of Climate Change Responsive Budgeting as evidence of alignment with climate-related priorities (see Box 2).

5. NATIONAL GOVERNANCE OF CLIMATE CHANGE AND CLIMATE FINANCE

BOX 2. CERTIFICATE OF CLIMATE CHANGE RESPONSIVE BUDGETING IN UGANDA

Uganda's National Climate Change Act 2021 mandates that the government's overall strategy document for the budget, the National Budget Framework Paper (NBFP), is climate change responsive and contains adequate budgetary allocation for funding climate change measures and actions in line with the country's Nationally Determined Contribution (NDC).

To ensure compliance with this, a Certificate of Climate Change Responsive Budgeting must be issued by the Ministry of Water and Environment in conjunction with the National Planning Authority (NPA) before the NBFP is discussed and approved by Parliament. The certificate seeks to hold government Ministries, Departments and Agencies (MDAs) accountable for fulfilling their obligations to integrate climate change actions into planning and budgeting systems.

The assessment is based on the programmes/sectors which are deemed most vulnerable to climate change as prescribed by the Third National Development Plan (NDPIII), and a percentage score is allocated to each programme based on the degree of alignment of its budget to climate change interventions in the NDPIII. The first certificate was issued in January 2023 based on assessment of the NBFP 2023/24. The NBFP was certified as 60% compliant, or 'satisfactory'.

5.2 POLICIES, STRATEGIES AND PLANS

The climate crisis necessitates robust policy, strategic and planning frameworks to guide climate actions and ensure effective mobilization and management of climate finance. These frameworks are important to establish climate priorities and identify finance needs to guide budgets and finance allocation.

In Uganda, a number of policy and planning frameworks exist at the national level that illustrate government commitment towards climate action. These policies and plans contain costed interventions and policy commitments that outline climate finance needs. The key guiding policy for climate and climate finance is the **National Climate Change Policy**, 37 which seeks to ensure a coordinated approach to climate action, identifies institutional structures and responsibilities, and outlines policy options. A key objective of the policy is to support the integration of climate action into decision-making, planning, budgeting and investments across sectors. A detailed estimate of costs over the short- and medium-term for implementing policy measures is provided in the accompanying Costed Implementation Strategy, which can be used to make decisions on which investments to support.

Integrating climate-related goals and priorities into national development strategies is a critical step in ensuring mainstreaming across sectors. In Uganda, the Third National Development Plan III (NDPIII, 2021/21-2024/25)³⁸ demonstrates mainstreaming of climate into development planning. The plan is a medium-term development and planning framework intended to guide Uganda in delivering on the aspirations outlined in Vision 2040, and is important for investment planning and budget allocation. The plan identifies climate change as a major development challenge and integrates climate change across all its 20 programmes. It also emphasizes the need for effective mobilization of climate finance to realize the implementation of the climate change interventions mainstreamed within the plan. The plan is due to be replaced by the Fourth National Development Plan (NDPIV, 2025/26-2029/30) in 2025.

The policy framework for climate adaptation and mitigation initiatives in Nigeria is developed in the National Climate Change Policy for Nigeria 2021–2030 (NCCP). The NCCP aims to guide the country's response to climate change and outlines policy measures across mitigation and adaptation. Measures related to finance include mainstreaming climate finance in national and sub-national budgets, strengthening institutions for climate finance to enhance capacity to mobilize finance, and exploring private sector participation in the use of green bonds and other instruments.

5. NATIONAL GOVERNANCE OF CLIMATE CHANGE AND CLIMATE FINANCE

While the NCCP recognizes the need for substantial financial resources, allocation of financing is primarily present within sectoral plans such as **Nigeria's Energy Transition Plan (NETP)**. 40 The NETP sets out a pathway to meeting Nigeria's commitment to carbon neutrality by 2060, targeting five sectors (power, cooking, oil and gas, transportation and industry) which contribute approximately 65% of Nigeria's total greenhouse gas emissions. The strategy is estimated to cost Nigeria around US\$1.9 trillion in total, with US\$410bn in above-projected usual spending. This amounts to an annual additional cost of US\$10bn from 2021–2060.

National adaptation plans are particularly important for identifying and prioritizing adaptation investments, costing strategies and determining financing needs. In Nigeria, the National Adaptation Plan Framework (NAPF)⁴¹ seeks to provide the basis for Nigeria to develop, coordinate and implement a National Adaptation Plan (NAP) to address its adaptation needs in a coherent and coordinated manner over the medium- and long-term that is aligned with the country's development priorities. The framework builds on the National Adaptation Strategy and Plan of Action (NASPA-CCN)⁴² prepared in 2011. The NAPF clarifies the country's approach, vision, objectives, guiding principles and stakeholder roles for adaptation. The NAP process will be continued through the GCF and will address mainstreaming of climate change adaptation into national and sectoral policies and plans, as well as establishing a funding strategy for implementation.

Though not yet in place, climate finance strategies are currently under development in both Nigeria and Uganda. In Nigeria, the development and implementation of a National Climate Finance Strategy that is gender-responsive and socially inclusive is a policy measure outlined in the NCCP.⁴³ Likewise, in Uganda, the development of a National Climate Finance Strategy is an objective of the recently formed Climate Finance Unit (CFU) under MoFPED.

The formulation of these climate finance strategies as well as others in the countries, such as the NAP in Nigeria and Fourth National Development Plan (NDPIV, 2025/26–2029/30) in Uganda, present key opportunities for CSOs to scrutinize plans and

ensure that participation, accountability and tracking are integrated.

5.3 NATIONALLY DETERMINED CONTRIBUTIONS

Nationally Determined Contributions are national-level climate action plans submitted under the Paris Agreement. These outline how countries intend to reduce greenhouse gas emissions to help meet the goal of limiting temperature rise to 1.5°C above preindustrial levels as well as to adapt to the impacts of climate change.

The NDCs of Nigeria and Uganda set long-term goals for climate change, taking into account domestic circumstances and capabilities, and also provide estimated financial needs, with at least some of this dependent on external support. For each of the countries, implementation of NDCs will require significant financial resources, and the commitments are key anchor points for accountability in terms of government actions and spending.

Nigeria submitted its updated NDC in 2021:44

- Unconditional target to reduce emissions by 20% below business-as-usual (BAU) levels by 2030 and a target of 47% that is conditional on international support.
- Financial cost of US\$177bn (2021–2030) to deliver the conditional target, with US\$122bn allocated for the electricity sector.

Uganda submitted its updated NDC in 2022:45

- Economy-wide mitigation target to reduce emissions by 24.7% below the BAU by 2030.
- 48 climate change adaptation interventions across sectors (agriculture, forestry, water, infrastructure, energy, risk management, manufacturing, industry, cities, built environment and disaster risk reduction).
- The total estimated cost of adaptation across all sectors up to 2030 is U\$\$17.7bn. Of this amount, U\$\$2.5bn (14%) is unconditional, while U\$\$15.2bn (86%) is conditional on international support. For mitigation, the estimated cost up to 2030 is U\$\$10.3bn, with U\$\$1.6bn (15%) unconditional and U\$\$8.7bn (85%) reliant on international assistance. The estimated cost for cross-cutting activities, including coordination support, is U\$\$0.1bn.

5. NATIONAL GOVERNANCE OF CLIMATE CHANGE AND CLIMATE FINANCE

5.4 INSTITUTIONAL AND GOVERNANCE ARRANGEMENTS

Institutional and governance structures for coordination of climate change have an important role to play in planning and budgeting processes and determine key stakeholders for decision-making on climate policy and climate finance. They also offer specific opportunities for engagement for CSOs and civil society that can be utilized to leverage influence.

In Nigeria, the CCA sets the institutional framework for the National Council on Climate Change (NCCC), which is responsible for development and implementation of policies related to climate change and the mainstreaming and implementation of sector targets and guidelines for the regulation of greenhouse gas emissions. The NCCC collaborates closely with ministries, including the Ministry of Environment, and is the NDA for the UNFCCC. The NCCC should also work to foster multisectoral coordination and partnerships with public and private sector bodies and CSOs, which provides an opportunity for influence. The NCCC is also intended to oversee the Climate Change Fund (CCF), which was institutionalized by the CCA. However, the development of this fund is uncertain (see Section 6.3).

The Department of Climate Change (DCC) was established in 2011 in the Nigerian Federal Ministry of Environment to implement legally binding commitments under the UNFCCC. The DCC drives the national response to climate change and works with other ministries through the Inter-Ministerial Committee on Climate Change (ICCC), which is made up of representations from MDAs at the national level. The ICCC facilitates cross-sector and inter-agency coordination, bringing together ministries and other government bodies, civil society, the private sector and academia.

At the federal level, MDAs are mandated by the CCA to create climate desks to integrate climate change into core mandates. The Paris Agreement, which is domesticated at the federal level by the DCC, is cascaded to state and local government levels by various bodies, including the Joint Planning Board under the Federal Ministry of Budget and National

Planning (MBNP), which meets once a year to share agendas and positions on development and climate with state and local governments.⁴⁶

In Uganda, the Climate Change Department (CCD) within the Ministry of Water and Environment manages and coordinates climate governance at the national level. The CCD is mandated by the NCCA to coordinate, monitor and evaluate government programmes and actions on climate change and ensure compliance with international climate agreements. The department is also supposed to collaborate with lead agencies, individuals and private entities to develop a mechanism to optimize mobilization of climate finance. The National Climate Change Advisory Committee (NCCAC) provides independent technical advice and consists of technical experts but also four persons from the National Planning Authority (NPA), the private sector, academia and civil society.

The 2015 Public Finance Management Act (Amended) and the NCCA give the mandate for receiving, managing and coordinating the various stakeholders in financing climate change actions in Uganda to the Ministry of Finance, Planning and Economic Development (MoFPED), which also acts as the national focal institution and NDA for the GCF, the GEF, CIF and the AF. In 2023, the Government of Uganda also established a Climate Finance Unit (CFU) under MoFPED. The unit seeks to mobilize both international and domestic climate finance, ensure efficient utilization of climate finance and build the capacity of ministries, agencies, CSOs and the private sector to access and manage climate finance. This involves establishing institutional frameworks, mechanisms and tracking tools. The CFU also seeks to enhance the capacity of the MoFPED as NDA to the GCF.

The creation of the CFU in Uganda was partly influenced by the work of Advocates Coalition for Development and Environment (ACODE) which, among other CSOs, has worked to build a strategic partnership with the government and aligned its interventions with government processes and systems to achieve advocacy results (see Box 3).

5. NATIONAL GOVERNANCE OF CLIMATE CHANGE AND CLIMATE FINANCE

BOX 3. BUILDING STRATEGIC PARTNERSHIPS WITH KEY GOVERNMENT AGENCIES IN UGANDA

In Uganda, CSOs have built strategic partnerships with the government and aligned interventions with structured government processes and systems to generate significant advocacy results. Key among these is the six-year partnership between the Advocates Coalition for Development and Environment (ACODE) and the National Planning Authority (NPA), which has resulted in the production of an assessment report on the compliance of the budget to the climate change goals, interventions, objectives and targets mainstreamed in the Third National Development Plan (NDPIII)⁴⁷. The assessment report outlines key institutional and structural challenges to mobilizing climate finance, domestically and internationally.

ACODE has consistently raised awareness of the challenges of weak institutionalization of climate finance and the lack of a national mechanism to quantify, track and monitor flows from domestic and international sources. These challenges were brought to the attention of Parliament and Ministry of Finance, Planning and Economic Development (MoFPED), and partly informed the creation of a Climate Finance Unit (CFU) within MoFPED. The CFU will be tasked with mobilizing funding from domestic and international public and private sources.

The success of this advocacy strategy is attributed to:

- Alignment of civil society interventions and actions with government processes and systems.
- Undertaking meaningful participation and stakeholder engagement in the processes to identify responsibility centres for different tasks.
- A flexible approach to CSOs' role building partnerships with government while also being watchdogs that hold government accountable on different fronts.

Several parliamentary structures also exist in Uganda that can facilitate accountability. The Parliamentary Standing Committee on Climate Change was launched in Uganda in 2019 to review climate change bills and make recommendations to Parliament on strengthening legislative and regulatory processes relevant to climate change. The Parliamentary Forum on Climate Change (PFCC)⁴⁸ was established in 2008 in recognition of the need to enhance the legislative, oversight, budgeting and representation roles of parliamentarians as a mechanism for mainstreaming climate change. The forum supports national climate change policy and law development processes, provides an interface for dialogue and a channel through which stakeholders can have their views voiced to parliament, and supports gender inclusive and climate change sensitive budgetary allocations and appropriation.

At the national level, MDAs are the lead agencies for implementing climate change actions. At the district level in Uganda, climate change management falls under the Natural Resources Department and the District Environment and Natural Resources Committee in each district. These committees are tasked with integrating climate change into district plans and projects, as well as coordinating and monitoring climate-related activities within the district. Lower Local Government Committees act at the municipal, town, division, county, sub-county, parish and village levels to implement District Climate Change Action Plans.

FROM PLEDGES
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6.ACCOUNTABILITY
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6.ACCOUNTABILITY OF DOMESTIC RESOURCES FOR CLIMATE ACTION

Domestic public finance plays an important role in national climate action and has important social, environmental and economic implications for a country. The main mechanisms and sources for generating and managing public finance targeted at climate action in Nigeria and Uganda are: i) domestic public budgets at national and sub-national levels, which operate through the planning and budgeting cycle; ii) fiscal instruments, such as green bonds, that generate revenue for climate action; and iii) climate and environment funds.

6.1 DOMESTIC BUDGETS FOR CLIMATE ACTION

National budgets play an important role in determining how public actions are funded and resources are allocated to achieve national goals and policies. As such, it is important that public budgets integrate priorities related to climate change and are aligned to national targets, including NDCs.

The budget cycle at national, state and local levels is often divided into stages, anchored by a legal framework, where different stakeholders may be involved and which offer different opportunities for accountability. They include budget preparation, budget approval, budget implementation, budget monitoring and accountability reporting. National and local climate budget monitoring requires inclusive participation in the whole of the budget cycle, starting with budget preparation. In Uganda, for example, the 2015 Public Finance Management Act (Amended) sets out milestones that underpin the budgeting cycle, and these provide opportunities to influence and monitor climate finance expenditure. At each stage, governments and CSOs can deploy a range of initiatives and tools which can be used to support climate budget monitoring and advocacy.

BUDGET PREPARATION

The budget circular is an important instrument that can be adjusted to ensure that ministries prioritize climate change programming. In Uganda, the budgeting cycle commences with the first budget call circular, issued in September by MoFPED, calling on accounting officers at all government agencies to prepare a National Budget Framework Paper (NBFP).

The NBFP is the government's strategy document for the budget and provides a link between government policies identified in the NDP and the annual budget. The budget call circular requires all government agencies to integrate climate change measures and actions into the NBFP, which presents an opportunity to influence and monitor the quantity of climate-related finance integrated into the budget.

However, a review of a number of NBFPs indicates only minuscule allocations to climate change measures. Indeed, even though the NDC and the NDPIII flag prioritized actions for climate change, there is no evidence that this prioritization informs budgetary allocations. This indicates a disconnect between policy commitments and financial planning, and highlights the need for robust mechanisms to ensure that climate change priorities outlined in plans such as NDCs are systematically integrated into budget allocations, along with clear guidelines, monitoring, and accountability frameworks to track and enforce compliance.

There are often opportunities for participation and advocacy at the budget preparation stage. In Uganda, the budget process is participatory, spearheaded by Programme Working Groups whose membership includes representation from nonstate actors. During budget preparation, society representatives participate in national and regional budget preparation meetings and organize targeted roundtable discussions with various stakeholders, including the Parliamentary Committee on Budget and National Economy, the Committee on Climate Change, and government agencies, particularly MoFPED. Additionally, non-state actors produce a citizen's alternative budget to reflect the views of the public and CSOs (see Box 4).

6.ACCOUNTABILITY OF DOMESTIC RESOURCES FOR CLIMATE ACTION

BOX 4. CITIZEN'S ALTERNATIVE BUDGET IN UGANDA

After the compilation of the National Budget Framework Paper, the government's overall strategy for the budget, the Civil Society Budget Advocacy Group (CSBAG) publishes a citizen's alternative budget that reflects the findings of consultations with the public and views of CSOs under the umbrella of CSBAG. The alternative budget analyses the extent to which the annual budget responds to civic challenges such as income poverty and inequality, climate change and the likely risks to Uganda's economic outlook. The alternative budget also includes recommendations on how to make the budget pro-people and climate change responsive. As an advocacy tool, alternative budgets can highlight priorities and shortcomings in the annual budget, be used as a basis for specific advocacy campaigns, and build civil society and citizen awareness.

BUDGET APPROVAL

The approval process is another opportunity for influencing and monitoring the course of government climate finance expenditure. At this stage, parliamentary scrutiny of the budget can be an important mechanism for holding the government to account.

In Uganda, budget approval happens at Cabinet and Parliament level. After Cabinet approval, the NBFP is submitted to Parliament where it is scrutinized by the Standing Committee on the Budget, the Sector Committee on Environment and Natural Resources, the PFCC and the NCCAC. Non-state actors have an opportunity to engage Parliament at this stage, especially the PFCC, to ensure that adequate allocations are made for climate change measures and actions.

Legislation is also used to strengthen the accountability of climate finance budgeting at the approval stage. The National Climate Change Act (2021) obligates that a Certificate of Climate Change Responsive Budgeting is issued by the Minister for Water and Environment in conjunction with the chairperson of the NPA, prior to the approval of the budget (see Box 2).

BUDGET IMPLEMENTATION AND EXECUTION

During budget execution, governments spend resources on the programmes and policies approved in the budget. In some cases, budget releases are less than the approved budget due to constraints on fiscal space, and this can have consequences for climate finance. Budget cuts can lead government agencies to divert allocated climate finance towards implementation of their core mandates, undermining the realization of climate change outcomes. At this stage, monitoring of budget releases and expenditure is therefore important. A valuable tool for monitoring is expenditure tracking, often using a budget tagging system (see below).

It has been noted that current tools and approaches used to track accountability and reporting of climate finance are often limited to the preparation phase of the budget cycle. However, discrepancies between budget allocations and releases are common. As such, focusing on budget allocation alone leaves a notable gap in understanding how money is spent. Likewise, participation in the budget cycle is often limited to budget preparation with less civic participation in budget execution. There is therefore a need for civil society to advocate and lobby for more comprehensive assessment and engagement frameworks that go beyond climate finance allocation to capture releases and expenditures.

6.ACCOUNTABILITY OF DOMESTIC RESOURCES FOR CLIMATE ACTION

BUDGET MONITORING AND ACCOUNTABILITY REPORTING

There are often existing mechanisms for budget monitoring and accountability that can be leveraged to monitor climate finance and examine the efficiency and effectiveness of plans and programmes that have been budgeted for. In Uganda, there is a structured mechanism for budget monitoring coordinated by MoFPED, including Quarterly Budget Performance Monitoring and Accountability reports that elaborate on the approved budget, the released budget and expenditure. While climate finance accountability is not the primary objective, these reports give insights on budget performance and can be leveraged to assess whether the approved climate finance budget has been fully released and spent on climate change measures and actions.

Equally important is understanding the outcomes and stories of change resulting from climate finance expenditure. Current tools and approaches primarily focus on the volume of climate finance flows and expenditures, with insufficient attention given to whether these investments exacerbate social inequalities or result in maladaptive outcomes. To address this, approaches must seek to assess the impacts and results achieved through climate finance. This ensures that resources are being utilized effectively to meet national and sub-national objectives, deliver tangible benefits to citizens, and address local needs and priorities. Such assessments are essential for fostering accountability and driving evidence-based adjustments in programmes.



Deforestation in Uganda has accelerated the devastating effects of climate change. Photo: Papa Bravo/shutterstock

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TAGGING AND TRACKING DOMESTIC CLIMATE FINANCE

Climate change budget tagging is a tool used by national and sub-national governments to monitor and track spending on climate change adaptation and mitigation. It involves defining and applying climate-specific categories or tags to public expenditure and using these tags to quantify and track climate-relevant expenditure.⁴⁹

Since climate action often cuts across sectors and is integrated into budgets across MDAs, budget tagging and tracking provides a way to identify climate-relevant spending across various sectors and budgets. By increasing the availability, quality and comparability of information on finance allocated to climate action, tagging and tracking can help governments to identify funding gaps, ensure that budgets align with climate change policies and support evidence-based decision-making. The implementation of a tagging system can also raise awareness of climate issues among stakeholders and support the mainstreaming of climate change into national and sub-national planning. In facilitating monitoring and reporting of government spending for climate change, tagging and tracking supports transparency, enabling public scrutiny of spending for climate action and enhanced accountability. For example, CSOs can utilize the information from tagging and tracking systems to identify the extent to which public budget allocations are meeting policy goals and priorities.

Although neither of the countries has established a system for tagging and tracking climate finance, progress is being made at different levels. At the sub-national level, Lagos State in Nigeria has implemented a tracking and reporting system as part of the Lagos State Climate Adaptation and Resilience Plan. The system is expected to enable monitoring of resources earmarked for addressing climate impacts in the state as well as to improve access to funding (see Box 5).

In Uganda, the MoFPED is developing a climate change budget tagging tool in partnership with the World Bank and the British Foreign, Commonwealth and Development Office (FCDO). This includes the creation of climate change codes for mitigation and adaptation within the Programme-based Budgeting

System. Mapping has been undertaken of climate change interventions across the NDPIII, and this will be followed by stakeholder consultations and capacity building for operationalization of the system. The intention is to simplify tracking, reporting and accountability for domestic public climate finance allocated to central and local governments.

Implementation of climate budget tagging and tracking requires capacity building, institutional arrangements and collaboration across MDAs. While technically tagging various sector budget lines and projects is complex, governments can draw on the OECD DAC Rio marker system (see Section 3.1) as well as global best practices to guide their approach.

BOX 5. CLIMATE BUDGET TAGGING AND TRACKING IN LAGOS STATE, NIGERIA

Lagos State in Nigeria has implemented a tracking and reporting system for climate finance as part of the development of the Lagos State Climate Adaptation and Resilience Plan. 50 The system is expected to facilitate monitoring of resources earmarked for climate change in the state and improve opportunities for access to additional resources. It is also expected that the tagging of government or ministry budgets for adaptation and resilience will demonstrate political will to investors. The system is part of a strategy to strengthen the climate finance ecosystem and improve budget allocation for adaptation and resilience.

A Climate Public Expenditure and Institutional Review (CPEIR) is a retrospective assessment of climate-related expenditures that can precede full tagging and tracking. This involves systematic quantitative and qualitative analysis of a climate policy, institutional frameworks, public expenditures and their alignment to climate change. A CPEIR can help countries to assess the current state of play of existing climate change budget allocation and expenditure, and identify opportunities and constraints; the CPEIR can also and serve as a baseline for future reforms. It is also possible to apply gender and poverty weightings

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to climate-related expenditures to identify the climate spending that targets the most vulnerable communities. ⁵² In the 2017 Nigerian budget, the Federal Ministry of Environment was allocated resources for a CPEIR, though this has not yet been undertaken. ⁵³

UNDERSTANDING AND ACCESSING INFORMATION ON PUBLIC BUDGETS FOR CLIMATE ACTION

Availability of and access to budget information is an important enabler of accountability in climate finance and is necessary for effective public participation in and engagement with budget processes. ⁵⁴ Without transparency in budgetary processes, public and civil society stakeholders are prevented from contributing meaningfully to decision-making.

In Nigeria, civil society efforts to influence and monitor climate expenditure are limited by availability of data and lack of transparency regarding disbursed climate funds. Information on financial accountability of climate funds is covered under the legal framework of Section 25(2) of the 2021 Climate Change Act subsumed under the extant provisions of the Freedom of Information (FOI) Act. This provision requires institutional frameworks, primarily the Secretariat in the NCCC, to provide CSOs, youth groups and women with data and other relevant information on Nigeria's efforts in climate change adaptation and mitigation under its citizen partnership arrangement.

FOI requests are explicitly outlined as a tool in the Climate Change Act; however, civil society experiences of using FOIs to access information on government



Climate change volunteers in Ilaje, Nigeria. Photo: Taiwo Aina/Oxfam

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projects have been mixed. Challenges include institutional barriers, such as the reluctance of some MDAs to comply with FOI requests and deliberate attempts to withhold information from the public. Additionally, citizen awareness of FOIs remains low. To address these barriers, CSOs have developed tools to rank MDAs on compliance with FOI requests, which can also serve as a mechanism to track and analyse the allocation and use of climate finance.

Civil society groups also have an important role to play in supporting public comprehension of budget processes and encouraging engagement. An example is seen in Uganda, where an annual Citizen's Guide to the Budget is published to enable citizens to understand the government's priorities for a given financial year. This shows how the government intends to raise the resources for financing the budget and how it has allocated the available resources that have been raised (see Box 6). The aim is to enable citizens to participate actively at all levels and hold the government responsible and accountable for quality service delivery.

In Uganda, CSOs publish supplements on climate finance in newspapers and participate in pre- and post-budget conferences and television and radio dialogues. These efforts aim to inform the public and highlight fiscal commitments on which the government should be held accountable. However, there remains a need to decentralize knowledge and analytical content to enhance accessibility. This includes translating reports into various local languages to increase their uptake and ensure broader public understanding and engagement.

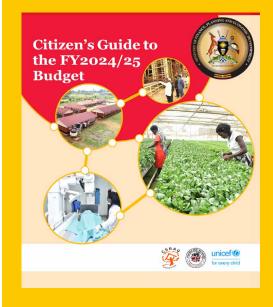
The Government of Uganda has also undertaken efforts to enhance transparency in public expenditure through the Budget Transparency Initiative. Launched by MoFPED in 2013, the initiative focuses on ensuring that budget release information is accessible and visible to citizens, enabling greater accountability and informed decision-making. The Civil Society Budget Advocacy Group (CSBAG) plays a crucial role in monitoring these efforts by conducting quarterly assessments and publishing Budget Transparency Monitoring reports (see Box 7).

BOX 6. ANNUAL CITIZEN'S GUIDE TO THE BUDGET IN UGANDA

To enhance transparency and accountability, the Ministry of Finance, Planning and Economic Development (MoFPED) in partnership with the Civil Society Budget Advocacy Group (CSBAG) and Uganda Debt Network publishes an annual Citizen's Guide to the Budget.55 This presents a summary of the national budget in Uganda, providing insights into how the government plans to raise revenue and allocate it to different programmes and priorities. This includes allocation to climate change, natural resources, environment and water management as well as sustainable energy development. The goal of the guide is to empower citizens with the knowledge needed to actively engage in budget processes at all levels and hold the government accountable for quality service delivery.

The Citizen's Guide to the Budget provides information on:

- Government priorities for a given financial year.
- How the government intends to raise the resources to finance the budget.
- How the government has allocated resources to different priorities and how it will make use of available resources.



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BOX 7. QUARTERLY BUDGET TRANSPARENCY MONITORING REPORTS IN UGANDA

In 2013, the Ministry of Finance, Planning and Economic Development (MoFPED) in Uganda launched the Budget Transparency Initiative with the aim of improving transparency in public expenditure. Key components of the initiative are to:

- Ensure budget release information is being displayed on local government and government agency notice boards.
- Ensure that the budget release information displayed is accessible to citizens, both physically and online.

The Civil Society Budget Advocacy Group (CSBAG) undertakes quarterly assessments to ascertain compliance with these components and produces quarterly Budget Transparency Monitoring reports. The reports enable civil society to hold the government accountable for its commitments and inform government decisions. The reports are currently structured around thematic areas determined by specific concerns. For instance, the Monitoring Report for 2019/20 focused on the display of budget information in health and education institutions at local government level. This tool could also be adjusted to capture cross-cutting issues such as climate finance, regardless of the quarterly thematic focus.

6.2 THE GREEN BOND PROGRAMME IN NIGERIA

Domestic financing strategies can also include the use of fiscal instruments such as taxes, bonds, subsidies and debt conversion. In 2017, the Nigerian government issued Africa's first sovereign green bond to finance solar energy and afforestation projects (see Table 1). Developed with input from the Federal Ministry of Environment, Federal Ministry of Finance and the Federal Ministry of Finance, Budget and National Planning, the green bond programme catalysed US\$165.1m in finance between 2017 and 2021, and is expected to generate US\$248m in total for domestic projects in the areas of renewable energy, energy efficiency, sustainable waste management, sustainable land use, conservation, clean transportation and sustainable water.^{56, 57} The Green Bond initiative has motivated improved budgetary tracking, since it rests on the precondition that only climate projects which can show quantifiable results are financed.

6.3 CLIMATE AND ENVIRONMENT FUNDS

National climate funds have emerged as an important means of mobilizing and managing finance for climate action. A national climate fund is a mechanism that facilitates the collection, blending, coordination of and accounting for climate finance and supports countries to direct finance toward climate change projects and programmes. Uften connected to an overarching policy or set of policies, national climate funds signal a commitment to tackling climate change and can also work to institute legal and governance arrangements that support coordinated and consistent climate funding that meets national priorities.

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TABLE 1 GREEN BONDS IN NIGERIA

Year	Amount (US\$ mill)	Green bond user	Use of protocol
2017	29	Federal government	Solar energy and afforestation
2019	49	Federal government	Wind and solar energy; rural electrification; afforestation and reforestation
2019	23.5	North-South Power Company Limited	Hydropower
2019	41	Access Bank	Flood defences; solar energy
2021	15.3	North South Power Company Limited	Solar energy
2021	7.3	One-Watt Solar Power Limited	Solar energy

Source: Climate Policy Initiative (CPI). (2022). Landscape of Climate Finance in Nigeria. Available online at: https://www.climatepolicyinitiative.org/wp-content/uploads/2022/10/Landscape-of-Climate-Finance-in-Nigeria.pdf

In Nigeria, the Climate Change Fund (CCF) was institutionalized by the Climate Change Act 2021 and falls under the administration of the NCCC. The fund includes revenues from carbon taxes and emissions trading, allocations from the National Assembly, fines and charges from private and public entities, support from international organizations, grants, subsidies and donations, among others. The resources are intended to fund climate change projects and provide incentives to private and public entities to reduce their emissions, conduct climate impact assessments and support the operations of the NCCC.

A secretariat oversees the fund's income and expenditure and is required to publish an annual report detailing activities and financial statements. These accounts must be audited within six months of the end of the financial year, in accordance with guidelines issued by the Nigerian Auditor-General for the Federation. Despite these provisions, there is uncertainty around the full implementation of the CCF, and experts interviewed were not optimistic. Many believe that like the Ecological Fund, which was designed as an intervention fund by the Federal Government to address ecological challenges, the CCF would run into challenges⁶⁰ of implementation, misappropriation and diversion for other projects not specific to climate change.

FROM PLEDGES TO PROGRESS 7.INCLUSIVE CLIMATE FINANCE

7.INCLUSIVE CLIMATE FINANCE

7.1 DEVOLVED AND LOCALLY LED CLIMATE FINANCE

Climate finance is often highly centralized, top-down and governed at international and national levels. ⁶¹ However, increasing evidence demonstrates the advantages of devolution to sub-national and local levels to achieve more effective and equitable outcomes. This recognizes that climate impacts are often highly localized, and that actors at the sub-national and local levels are often best situated to formulate and implement interventions, particularly for adaptation. As local communities are on the frontlines of climate change impacts, the formulation of climate plans and budgets, especially for adaptation, should be not only country-driven but also locally led.

Locally led climate action is important for ensuring that the voices of local stakeholders are included in planning and implementation processes, that measures are grounded in the specific needs and circumstances of local communities and can help to address marginalization and exclusion of the most vulnerable citizens. By involving the most affected communities in decision-making, locally led climate finance can deliver democratic, equitable and context-specific solutions. 62 The Principles for Locally Led Adaptation have been endorsed by many climate finance providers, MDBs, and governments, including the Government of Uganda, and seek to guide efforts to shift programs, funding and practices toward local ownership and empower communities and local governments to lead effective adaptation to climate change. 63 While the importance of locally led climate action is increasingly recognised, there is a lack of information on how climate finance is used and where it is flowing, in particular whether it is centrally managed at the national level or devolved to sub-national levels.

Uganda is in the nascent stages of implementing a decentralized climate finance mechanism. The Intergovernmental Fiscal Transfer Programme⁶⁴ outlines processes and procedures for decentralizing the overall budget to local governments through conditional and unconditional grants. In its current form, climate finance constitutes a minuscule part of this decentralized finance architecture. However, there are ongoing partnerships between the government

(particularly the Ministry of Water and Environment and MoFPED) and development partners to develop a decentralized climate finance mechanism aimed at enhancing climate finance flows to local governments who are on the frontlines of climate change.

Ongoing initiatives include the Local Climate Adaptive Living Facility (LoCAL) (see Box 8) and the LDC Initiative for Effective Adaptation and Resilience (LIFE-AR). Learnings from these programmes, alongside the Principles for Locally Led Adaptation, can be leveraged to inform the design and implementation of decentralized climate finance mechanisms in other contexts and can serve as models for enhancing local governments' capacity to address climate change.

BOX 8. THE LOCAL CLIMATE ADAPTIVE LIVING FACILITY (LOCAL) IN UGANDA

The LoCAL mechanism is a national, decentralized climate finance mechanism for financing locally led climate change adaptation, with the aim of empowering and enabling districts and communities to contribute to combatting the adverse effects of climate change. The United Nations Capital Development Fund (UNCDF) established LoCAL in 2011 to integrate climate change adaptation into local government planning and budgeting systems and help local governments to access climate finance, capacity building and technical support.

In Uganda, LoCAL is being implemented by the Government of Uganda with support from Belgium, the European Union and Sweden through the UNCDF. The mechanism has the following objectives:

- Enable local governments to access and effectively use climate finance at the local level.
- Promote integration of climate change adaptation in local government planning and budgeting systems in a participatory and gender-responsive manner.

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 Leverage performance-based climate resilience grants that promote local government performance in core areas related to climate change adaptation, and guarantee programming and verification of local adaptation expenditures.

The first LoCAL allocation was disbursed in FY 2023/24 to the four pilot districts of Kasese, Nwoya, Nebbi and Zombo, and there are plans to scale up the mechanism in other districts. This decentralized climate finance mechanism is limited to district-level local governments, with no transfers made below that level. This narrow layer of fiscal governance seeks to limit the fragmentation of funds. However, districts are obliged to ensure that communities and lower-level local governments are meaningfully involved to ensure that decision-making on investments is informed by vulnerability assessments and aligned with the needs of the most affected communities.

A primary data collection exercise targeting the pilot districts of Nwoya, Zombo, Kasese and Nebbi was undertaken to understand the criteria used to select investments, the extent of community participation in their selection, and the form of support that communities expect from civil society to ensure successful delivery of the LoCAL facility. The findings are summarized as follows.

1. Awareness of the LoCAL facility among targeted communities:

A total of 86% of respondents said that they were aware of the LoCAL initiative and the accompanying performance-based grants that were due to be disbursed in FY 2023/24. These respondents were from communities that had participated in designing the selection criteria for interventions to be prioritized for LoCAL funding. The remaining 14% expressed limited awareness about the LoCAL facility, which can be attributed to their non-participation in the design of the selection criteria.

2. Criteria/steps followed to select LoCAL intervention areas for FY 2023/24:

- a. Consultation with stakeholders across community, sub-county and district levels, which focused on analysis of climate change risks and vulnerability, and actions to address impacts.
- b. Climate risk and vulnerability assessments of districts were undertaken, which highlighted the main climate hazards and extreme events based on frequency and extent of damages, and guided the selection of investments. Interventions that would enable communities to adapt to the impacts of hazards were identified, rated and selected for implementation.
- c. The selected interventions were presented and discussed by the District Technical Planning Committee and the District Council for approval.
- d. A guide was provided and a team from the District Technical Planning Committee brainstormed and ensured alignment with District Development Plans (DDPs).

3. How communities and lower-level local governments were involved in the process of prioritizing investment areas:

- a. Consultative meetings were conducted at the district level along with field-based meetings with communities and those targeted to participate in the programme.
- b. Field visits were carried out and sensitization of community members conducted on climate risk screening and selection of investments.
- c. Participatory planning meetings were undertaken at lower local government level to ensure the selection of community-driven interventions.

4. Role of civil society in ensuring successful implementation of LoCAL in pilot districts:

According to interviews with communities and district leaders, civil society can play the following roles in ensuring the successful implementation of LoCAL in pilot districts:

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- a. Monitoring the progress of investments to ensure that the intended purpose of LoCAL is achieved.
- Advocating for good governance and accountability, and building the capacity of communities in management, ensuring sustainability of LoCAL interventions.
- c. Community sensitization on climate justice, monitoring and evaluation, and provision of relevant climate-related information.
- d. Advocacy and lobbying for more climate finance flows to district-level local governments and communities.

In terms of climate planning, the National Climate Change Act mandates each district in Uganda to develop a District Climate Action Plan and outlines institutional arrangements at the district level that mirror those at national level for coordination and planning of climate change measures. Each district in Uganda can tailor its action plan to local needs, ensuring alignment with the national climate strategy and action plan. The District Committee Responsible for Climate Change also has the mandate to integrate climate change matters into development plans, projects and budgets. Below the district level, lower local government institutional arrangements are also outlined in the act, primarily through lower local government committees who are responsible for climate change in their local jurisdictions.

Nigeria's policy and legal framework for climate action and financing is a function of the country's political economy and federal structure. This gives some degree of autonomy to sub-national entities, and the Constitution grants both national and sub-national authorities control over environmental matters. Plans such as the National Adaptation Framework and Nigeria's NDC further emphasize the importance of 'vertical integration' of sub-national governments and local administration into the coordination of climate action. In practice, however, higher-level governments often retain significant control over finances, undermining decentralization. States frequently

attempt to take on the responsibilities and functions of local governments, and sub-national entities tend to passively align with national objectives.

Institutional capacity gaps at local government level further hinder decentralization of climate finance. Despite being key authorities working closely with vulnerable communities, many local governments lack the mandate, trained staff, technical knowhow and budget access to develop, operationalize, prioritize and implement local climate action plans. These challenges hinder their ability to access climate finance and effectively contribute to national climate goals. For example, although the Concurrent List in the 1999 Constitution (as amended) allows subnational governments direct access to international climate funding, few have taken advantage of this. Only 12 states and the Federal Capital Territory have operational and visible climate action plans that are accessible to the public, 65 and many of these action plans are not comprehensive. For instance, the Ebonyi State Climate Action Plan focuses solely on agriculture, while many states have 'environmental policies' (e.g. Kaduna State) or 'waste management policies' (e.g. Enugu State) rather than standalone climate policies or action plans. Legal frameworks guiding the climate justice agenda at the sub-national level are likewise nascent, with only a few states having climate laws (Rivers and Ebonyi States) or climate change governance frameworks (Delta State).

Additionally, though there are examples of locally led climate adaptation initiatives in Nigeria (see Table 2) that align with national policies and action plans, these lack adequate mapping and resource support. 66

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TABLE 2 EXAMPLES OF LOCALLY LED ADAPTATION PROJECTS IN NIGERIA

Project	Location	Focus	Status
Biogas production for forest conservation in Nigeria: narratives and voices from Owode smallholder farming communities	Owode, Ogun State	Smallholder farmers, who are mostly women, resort to burning farm waste and other forms of waste (e.g. plastic waste) when they run out of fuelwood. The project enables farmers to convert agricultural biomass waste into a renewable source of energy (biogas) to conserve the rapidly depleting forest biomass.	The community is currently in the pilot phase of deploying a biogas production facility. Waste generated from cassava processing and livestock and poultry farming is expected to feed into the facility to produce biogas, while the by-products of biogas production will be used to improve soil health and fertility. This is expected to reduce farmers' dependence on energy from forest biomass and help conserve the forest, in line with Nigeria's REDD+ framework.
Climate change adaptation strategies in the fisheries and aquaculture sector of Nigeria		The practices and strategies employed by fish farmers against climate change impacts include: drilling deeper boreholes for easy access to water; training and apprenticeship programmes, which ensure that best practices are passed on; introduction of bitter leaf juice (Vernonia amygdalina) into the fish ponds to reduce fish mortality (bitter leaf juice contains antioxidants that help remove free radicals from the fish ponds); crossbreeding female Clarias gariepinus and male Heterobanchus longifilis to produce the hybrid Heteroclarias, which is very rugged and disease resistant.	
Adaptation practices of rural communities to land degradation in southeastern Nigeria: lessons learned and opportunities for scale-up	Abatete, Anambra State	Community members have learned to adapt to their changing environment by utilizing traditional methods and local knowledge to minimize the risks of soil/gully erosion on their farms and farm roads. A typical example is Abatete town in Anambra State in south-eastern Nigeria, where women, men and young people use various traditional methods to curb the effects of soil/gully erosion and landslides on market and farm roads and the vegetable/crop farms which serve as their major source of livelihood.	The farmers' actions have a direct connection to three priority sectors — agriculture, forest and biodiversity — and align with the strategic plans of some national policies, such as the National Adaptation Strategy and Plan of Action on Climate Change, National Adaptation Plan Framework, National Action Plan on Gender and Climate Change, and the Land Degradation Neutrality of Nigeria. Others include the National Agricultural Policy, the Agricultural Promotion Policy, the National Biodiversity Strategy and Action Plan and the National Agricultural Resilience Framework. However, these actions are only partially aligned with Nigeria's NDCs.

Source: C. Okeke. (2024). Community Resilience: Integrating Local Approaches into Nigeria's Climate Change Adaptation Agenda. African Policy Research Institute, Policy Brief. https://afripoli.org/community-resilienceintegrating-local-approaches-into-nigerias-climate-change-adaptation-agenda

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7.2 CITIZEN AND CIVIL SOCIETY PARTICIPATION AND ENGAGEMENT

In policymaking and governance of climate change response, it is vital to create an enabling environment for citizens to contribute their opinions, feedback and recommendations, especially at the local level. The participation of citizens and civil society can enhance the responsiveness and relevance of policies to the needs of citizens, improve transparency and accountability, and foster a sense of ownership and responsibility. CSOs serve as a bridge between the government and the people. They channel the concerns and suggestions of citizens to the government, ensuring that their voices are heard in decision-making processes.

However, citizens and CSOs may face various challenges and barriers to their participation. First, there may be absence of an enabling legal and institutional framework that guarantees and facilitates

the participation of citizens and CSOs in different stages of the policy cycle. The government may not sufficiently share information with citizens and CSOs or consider their inputs and recommendations. Second, citizens and CSOs may lack the capacity and resources to access, analyse and influence information and decisions related to public policies. Third, there may be a lack of coordination and collaboration among citizens, CSOs and other stakeholders, including the media, the private sector and academia.

In Nigeria, the 2021 Climate Change Act provides a framework for CSO and citizen participation, and ministries and agencies have established civil society and citizen platforms to support decision-making. These platforms rely on meetings for ideation, cocreation, assessment, reporting and validation across ministries and agencies. The NCCC, Department of Climate Change (in the Ministry of Environment) and the ICCC also offer avenues for civil society participation in meetings.



Activists, volunteers and members of the Ilaje community during climate caravan activity on October 11, 2022 in Ilaje, Lagos State, Nigeria. A meeting was held by stakeholders and community leaders to know and understand the problems faced in the community before walking through the community to see affected areas. Photo: Taiwo Aina/Oxfam Novib

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However, challenges persist in achieving effective engagement in climate finance governance. The implementation of participatory frameworks often depends on the capacity of MDAs to allocate funding for these arrangements in their annual budgets and is hampered by limited coordination across ministries and agencies. Effectiveness also relies on political will and the ability to engage stakeholders at sub-national levels. Slow progress in establishing robust monitoring, reporting and verification (MRV) systems, particularly in critical sectors like oil and gas, restricts data availability and impedes informed civil society engagement.

While participatory arrangements exist, only a few NGOs are selected by the government to engage in co-creation, validation and generation of feedback for the government's climate change related strategies and initiatives. A key obstacle is the lack of a comprehensive database of CSOs with a specific or intersecting focus on climate finance. Interviews with government stakeholders indicate that this hinders effective coordination, information dissemination and knowledge sharing.

CSOs also face challenges, including limited data availability and information on government spending on climate change response. Additionally, some CSOs, while active in supporting local communities, have limited capacity for in-depth analysis of climate finance flows, budgetary advocacy and tracking.

Despite this, CSOs play an important role in awareness creation and policy advocacy. Active organizations include the Climate and Sustainable Development Network and ActionAid Nigeria. CSOs have also deployed innovative ways to capture community inputs and track fiscal spending to improve participation in climate budgeting and project monitoring. The Follow the Money initiative developed by Connected Development (CODE) (see Box 9) monitors and evaluates various capital projects, programmes and investments, promoting transparency in decisionmaking processes. The NOMTrac tool⁶⁷ empowers community stakeholders such as community leaders, women leaders, youth leaders and others to nominate projects in their respective communities and allows for monitoring of projects once approved.

BOX 9. FOLLOW THE MONEY IN NIGERIA

Connected Development (CODE) utilizes the Follow the Money initiative to foster accountability and transparency in government spending. Follow the Money is a participatory advocacy-based initiative that tracks and visualizes government spending and advocates for the proper use of funds in the education, health and environment sectors to ensure that public services work for the people.

Since 2012, through Follow the Money, CODE has monitored and evaluated various capital projects, programmes and investments. Formed by a network of activists, social workers, lawyers, journalists, development consultants, researchers and data analysts, the Follow the Money initiative carries out data mining, town hall meetings and awareness campaigns through traditional and social media platforms. It also engages communities, government officials and contractors in scrutinizing project implementation. A distinctive aspect of Follow the Money lies in its focus on sub-national budgets, promoting social accountability at various governance levels. For policy influence and advocacy at both local and national levels, reports are submitted to key authorities.

In the area of tracking climate finance, the Follow the Money model was used during the implementation of the Community Media Collaboration for Climate Justice project, where community-based organizations and media professionals tracked funds allocated to climateresilient projects, empowering communities for effective advocacy at the grassroots level.

In Uganda, MoFPED conducts regional budget consultation meetings that involve all local governments. These meetings take place after the issuance of the budget call circular and before the compilation of the National Budget Framework Paper. However, it remains unclear whether local

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TABLE 3 OECD DAC GENDER EQUALITY MARKERS FOR CLIMATE-RELATED DEVELOPMENT FINANCE BY PROVIDER TYPE (2015–2021)

Country	Dravidor type	Total finance (US\$ billion)	Gender markers			
Country	Provider type		Principal	Significant	Not targeted	Blank
	Bilateral	1.2	2%	42%	56%	1%
Nigorio	MDBs	3.5	1%	6%	0%	93%
Nigeria	Other multilaterals	0.2	1%	50%	0%	49%
	Total	4.9	1%	16%	14%	69%
	Bilateral	1.1	4%	57%	38%	0%
Haanda	MDBs	1.0	0%	0%	0%	100%
Uganda	Other multilaterals	0.1	0%	12%	0%	88%
	Total	2.2	2%	28%	18%	51%

Source: INKA calculations based on OECD. See annex for methodology.

government leaders engage their communities in the budget preparation process before prioritizing budget items at the district level. Additionally, no regional consultations are conducted on budget execution and monitoring, leaving a gap in stakeholder involvement during these critical phases.

7.3 GENDER EQUALITY AND CLIMATE FINANCE

The impacts of climate change are often experienced differently depending on gender. Differential impacts can be exacerbated by women's socioeconomic status and unequal access to decision-making processes and resources. It is therefore important that climate finance and climate-related projects are responsive to the unique needs of different genders and integrate gender equality considerations into their design, goals, budget and delivery. The need for gender mainstreaming in climate action and the need to advance full, equal and meaningful participation of all genders is recognized in the Paris Agreement and the establishment of the Gender Action Plan at COP23.

When reporting to the OECD, DAC members are required to assess whether each project or programme targets gender equality as a policy objective through the gender equality marker (GEM). The GEM is assessed at the design phase, and is based on a three-tier

scoring system where a 'principal' score means that gender equality is the main objective of the project, a 'significant' score means that gender equality is an important objective but not the principal reason for the undertaking the project, and 'not targeted' means that the project has been found not to target gender equality.⁶⁹

In Nigeria and Uganda, analysis of the bilateral finance reported to the OECD's climate-related development finance dataset shows that in general, gender has been mainstreamed as an important but not a principal objective in climate-related projects (see Table 3).

While bilateral providers self-report gender markers through the OECD system, the extent to which gender is integrated into other climate financial flows, for example from multilateral organizations, is not consistently and publicly reported. The MDBs are the largest contributors across both countries, especially in Nigeria. However, a significant share of the finance reported by the MDBs is not marked for gender (see Table 3). While the MDBs, including the World Bank, often use internal tagging or tracking systems to assess the extent to which projects address gender equality, these figures are not usually publicly or systematically reported, 70 which limits transparency and accountability.

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8. CONCLUSIONS AND RECOMMENDATIONS

This synthesis report aims to equip civil society, governments and international stakeholders with insights and tools to strengthen accountability and participation in climate finance. The recommendations presented below are intended to guide climate finance providers, national and sub-national governments, and CSOs in building robust systems for transparency and accountability, integrating climate considerations into planning and budgeting, and fostering meaningful participation in decision-making.

IMPROVING ACCOUNTABILITY IN INTERNATIONAL CLIMATE FINANCE

The critical role of international climate finance in supporting vulnerable countries like Nigeria and Uganda to meet their climate goals and adapt to the multifaceted challenges posed by climate change is clear. The countries' Nationally Determined Contributions (NDCs), which demonstrate a commitment to climate adaptation and mitigation, are largely conditional on international financial support. However, tracking and monitoring climate finance is complex. With no internationally agreed definition of climate finance and a proliferation of sources and accounting practices, there have been concerns about the lack of transparency in defining what counts as climate finance and the reporting practices employed by providers.

Between 2015 and 2021, commitments of international public climate-related development finance to Nigeria were US\$4.9bn, averaging US\$704m annually, with a substantial increase in 2020–2021. Commitments to Uganda totalled US\$2.2bn, averaging US\$318m annually, with a peak of US\$667m in 2020. Climate-related finance allocations across the two countries showed a relatively balanced split between adaptation and mitigation objectives. The primary providers were multilateral development banks (MDBs) – particularly the World Bank, which contributed the largest share of finance in both countries – underlining the increasing role of MDBs in global climate finance.

Loans constitute the majority of international finance committed to Nigeria, raising concerns about debt sustainability. Whether provided on favourable or market rates, loans must ultimately be repaid and contribute to countries' externally held debt, hindering investments in vital services such as health and education as well as adaptation and losses and damages in response to the climate crisis. Accounting for these loans is also important. This report finds that accounting using grant equivalent values, which account only for the grant portion of a loan, significantly reduces the value of climate finance committed. For example, the grant equivalent value of the climate-related finance committed to Nigeria is US\$2.6bn, or just 52% of the reported face value. Uganda, a Least Developed Country (LDC), benefits from a higher share of grants, resulting in a grant equivalent value of US\$1.6bn, or 73% of the reported amount.

RECOMMENDATION 1

ENHANCE TRANSPARENCY AND ACCOUNTABILITY IN INTERNATIONAL CLIMATE FINANCE

- Climate finance providers must enhance transparency in reporting, and report in a way that reflects the real effort made and the real value for developing countries. Climate finance providers should:
- Agree on a definition of climate finance as a basis for reporting.
- Report full lists of funded climate finance projects, with greater detail per project.
- Report grant equivalent values of their climate finance.
- Disclose the terms, including interest rates and repayments, of loans and other instruments used to provide climate finance.
- Report on the amount of climate finance spent locally and in line with the Principles for Locally Led Adaptation.
- Consistently gender-mark climate finance at the project level.

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RECOMMENDATION 2

PRIORITIZE GRANT-BASED CLIMATE FINANCING

 Climate finance providers must prioritize grants for financing climate action in vulnerable countries, particularly for adaptation, to ensure that financial support does not exacerbate debt burdens.

INTEGRATING CLIMATE CHANGE INTO DOMESTIC PLANNING AND BUDGETING

Public budgets, instruments such as green bonds, and climate and environment funds are the key mechanisms for domestic financing of climate action in the three countries. The integration of climate change into national and local budgets is particularly important to ensure that resources are allocated to address climate priorities and align with national targets, including NDCs. At the national level, each country has developed policy and planning frameworks for climate change which are underpinned by regulatory and legal mechanisms.

However, only some of these frameworks include costed actions or quantified finance needs. The disconnect between policy commitments and financial planning implies a lack of robust mechanisms to align budget allocations with climate plans and enforce accountability through transparent tracking systems. The formulation and delivery of climate change plans and strategies in the countries, particularly for climate finance, present important opportunities for CSO advocacy to ensure that participation and accountability are comprehensively integrated.

RECOMMENDATION 3

ESTABLISH A NATIONAL DEFINITION OF CLIMATE FINANCE

 National and sub-national governments should develop a contextualized national definition of climate finance that can be applied domestically to support harmonized climate finance reporting by all actors.

RECOMMENDATION 4

INTEGRATE CLIMATE PRIORITIES INTO NATIONAL AND SUB-NATIONAL BUDGET CYCLES

- National and sub-national governments must integrate priorities related to climate change into budgets and ensure they align with national targets and plans, including NDCs.
- As a first step, governments must assess their climate finance needs, based on estimates of the cost of actions in key climate policies and plans, including NDCs. Finance needs and plans should be directly tied to the national budget.
- Policymakers must be made aware of the urgent need to integrate climate considerations into annual budgetary processes.

RECOMMENDATION 5

ESTABLISH CHANNELS FOR INFLUENCING AND MONITORING CLIMATE PLANS, POLICIES AND STRATEGIES

- National and local CSOs should engage in the formulation, delivery and monitoring of national and sub-national climate policies, strategies and plans to ensure they are inclusive, transparent and equitable.
 CSOs can influence processes by submitting issue papers, participating in meetings and consultations, and contributing to validations and public information.
- National and sub-national governments should provide accessible mechanisms and platforms for meaningful public participation in the formulation, delivery and monitoring of climate policies, strategies and plans. This should include establishing inclusive engagement processes and channels for influence that allow CSOs, local communities and marginalized groups to contribute effectively.

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MONITORING AND ACCOUNTABILITY IN DOMESTIC CLIMATE FINANCE

The national studies conducted in Nigeria and Uganda show that climate finance tracking and accountability mechanisms are still in their nascent stages, with no country having a standalone, comprehensive climate finance monitoring and accountability system. One of the challenges involved in monitoring climate finance is the fact that it is often integrated into wider sector budgets such as energy, transport, agriculture and water. This exemplifies the need for a robust tagging and tracking system, as is currently in development in Uganda. Such systems can support governments in identifying financing gaps and available resources, inform decision-making and budget allocations, and enable accountability.

RECOMMENDATION 6

ESTABLISH CLIMATE BUDGET TAGGING AND TRACKING MECHANISMS

• National and sub-national governments should establish a climate budget tagging mechanism to track and report on public climate finance flows. This must be supported by capacity building, institutional arrangements to define roles and responsibilities, and collaboration between ministries responsible for budgeting and climate planning. Once established, there is scope or integrating gender tagging.

The national studies highlight promising examples of tools and approaches used by local civil society that can support advocacy regarding climate programming, budgeting and tracking of climate-related expenditures. These include the citizen's alternative budget and Certificate of Climate Change Responsive Budgeting in Uganda, as well as the Follow the Money initiative in Nigeria. The success of Advocates Coalition for Development and Environment (ACODE) in fostering partnerships with the government and aligning with established processes in Uganda underscores the effectiveness of collaborative approaches in influencing decision-making. With these approaches, it is important that civil society addresses each stage of the budget cycle, advocating for and contributing to comprehensive assessment, engagement and monitoring frameworks that include budget allocation but also releases and expenditures.

RECOMMENDATION 7

SUPPORT CIVIL SOCIETY MONITORING AND TRACKING OF DOMESTIC CLIMATE FINANCE

- National and local CSOs should seek to monitor domestic climate finance budgets and hold governments and international providers accountable on their climate finance commitments. Budget monitoring should include not only allocation and expenditure of funds but also actual releases, and can build on tools such as Nigeria's Follow the Money initiative and Uganda's Certificate of Climate Change Responsive Budgeting.
- National and local CSOs can establish local-tonational and international platforms for networking, collaboration and knowledge sharing, bringing together national and sub-national ministries, agencies and departments, CSOs, non-governmental organizations (NGOs), community members and other relevant stakeholders, with a focus on participation from underrepresented and marginalized groups. This can facilitate information and experience sharing, capacity building, joint advocacy and collaboration.
- National and local CSOs should seek to evaluate the real outcomes and stories of change resulting from climate finance. Evidence-based reports on the effectiveness of climate finance and learnings from climate projects, particularly those that are locally led, can support advocacy and engagement with providers. The Principles for Locally Led Adaptation provide a guide for tracking adaptation flows to sub-regional and local levels.

Access to and availability of information underpins accountability in climate finance and is fundamental to enabling meaningful public participation in planning and budget processes. However, greater efforts are needed across Nigeria and Uganda to improve the accessibility and availability of information and to decentralize knowledge. In Nigeria, the Climate Change Act includes provisions for Freedom of Information (FOI) requests, but institutional barriers and low public awareness limit their effectiveness. Civil society can play a critical role in bridging the gaps between governments and the public, advocating for and supporting transparency. In Uganda, for example, CSOs publish annual Citizen's Guide to the Budget and

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Budget Transparency Monitoring reports, which seek to improve transparency in budgetary processes. These tools offer insights that can be used by both CSOs and national and sub-national governments to strengthen transparency.

RECOMMENDATION 8

IMPROVE AVAILABILITY AND ACCESSIBILITY OF INFORMATION IN DOMESTIC CLIMATE FINANCE

- National and sub-national governments must ensure that information related to climate policies, budgets and programmes is publicly available and accessible, including domestic budgets, fiscal instruments (e.g. green bonds) and climate and environment funds. Information should be translated into local languages, presented in simplified formats and shared through channels such as radio, social media, podcasts and newspapers.
- National and local CSOs can also play a role in disseminating and translating information in accessible formats.

ENABLING INCLUSIVE CLIMATE FINANCE

Devolution of climate finance to sub-national and local levels is vital to ensure that climate action addresses the specific vulnerabilities and needs of communities. Local actors, especially women and other marginalized groups, must be meaningfully involved the development and implementation of climate policies and actions. This recognizes that climate impacts are often highly localized, and that actors at the local level are often best situated to formulate and implement interventions, particularly for adaptation. While policy and legal frameworks in the three countries to a limited extent provide a basis for local entities to be involved in climate finance decisions, the implementation of these frameworks remains uneven, and challenges persist in ensuring that local governments have the financial resources and capacity to implement climate actions effectively. There are, however, examples of initiatives that can provide useful models of decentralized climate finance, such as the Local Climate Adaptive Living Facility (LoCAL) in Uganda.

RECOMMENDATION 9

EMPOWER SUB-NATIONAL GOVERNMENTS TO ENHANCE DEVOLUTION OF CLIMATE FINANCE

• National governments can facilitate the devolution of climate finance to local level by establishing decentralized governance structures, decision-making and management of financial resources, improving national-to-local coordination and providing capacity building and technical support. Special focus should be placed on empowering sub-national entities with the skills and knowledge to develop sub-national climate plans based on context-specific climate impacts, manage climate funds, plan and implement climate projects, and engage effectively with local communities. Lessons can be drawn from existing programmes such as LoCAL in Uganda as well as the Principles for Locally Led Adaptation.

The national studies also underscore challenges in citizen participation and engagement. In policymaking and governance of climate change, it is vital to create an enabling environment for citizens to participate meaningfully in climate policymaking, planning and budgeting, especially at the local level. While the institutional and governance structures for climate change in the three countries offer opportunities for engagement by CSOs and civil society – such as Nigeria's National Council on Climate Change (NCCC) and Uganda's Parliamentary Forum on Climate Change (PFCC) - the studies also identify several barriers that limit the scope and effectiveness of citizen and CSO participation. These include a lack of public awareness, limited capacity of both CSOs and governments, insufficient legal frameworks, and limited information and data availability. Addressing these barriers is crucial to ensuring meaningful civil society participation.

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RECOMMENDATION 10

EMPOWER CIVIL SOCIETY TO PARTICIPATE IN CLIMATE FINANCE POLICIES, PROGRAMMES AND PROJECTS

- Climate finance providers must integrate the perspectives and needs of national and local CSOs, NGOs, local governments and communities into the development, implementation and monitoring of climate finance programmes.
- National and sub-national governments should establish mechanisms for participation in policymaking, planning and budgeting, aiming to ensure that local communities are not only consulted but also empowered to actively shape and deliver policies.
- National and local CSOs can act as intermediaries between these actors, facilitating participatory budgeting and inputs to decision-makers through, for example, public consultations and dialogue, and training of local communities.

The impacts of climate change are often experienced differently depending on gender. Differential impacts can be exacerbated by women's socioeconomic status and unequal access to decision-making processes and resources. It is therefore important that climate finance programmes and projects are responsive to the unique needs of different genders and integrate gender equality considerations into their design, goals, budget and delivery. However, tracking the integration of gender equality objectives in climate finance is difficult. At the international level, a significant share of climate-related finance, especially from MDBs, is still not consistently or publicly marked for gender, which significantly limits transparency in gender-responsive climate action. At the national level, several challenges can be observed, including the lack of coherent integration of gender equality in climate strategies and limited involvement of key gender-focused stakeholders in the policymaking process.

RECOMMENDATION 11

INTEGRATE GENDER EQUALITY INTO CLIMATE POLICIES AND PLANNING

- Climate finance providers should increase the share of climate finance that explicitly targets gender-responsive programmes and projects, with clear tracking and reporting mechanisms. This should include engaging women at all stages of the project life cycle to ensure that their perspectives shape climate projects. All providers of international climate finance should gender-mark their climate finance to track the integration of gender equality objectives and publicly report this information at a project level.
- National and sub-national governments should establish legislative frameworks that mandate the integration of gender equality into climate change policies and plans, from the planning and design stage to implementation and evaluation. Policies and plans should seek to improve women's participation in decision-making and address structural discrimination and barriers. Engagement of gender-focused organizations, such as women's unions and civil society groups, is critical in this process. Information sharing, awareness raising and capacity building on gender-responsive budgeting and planning is necessary to ensure that climate finance addresses the needs of women and vulnerable groups.

FROM PLEDGES
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ANNEX: METHODOLOGY
FOR ANALYSIS OF
INTERNATIONAL
PUBLIC CLIMATE
FINANCE FLOWS

ANNEX: METHODOLOGY FOR ANALYSIS OF INTERNATIONAL PUBLIC CLIMATE FINANCE FLOWS

To analyse international public climate finance flowing to Nigeria and Uganda, this study uses the climate-related development finance (CRDF) dataset of the Organisation for Economic Development and Cooperation (OECD) Creditor Reporting System (CRS) for the years 2015–2021.71 The CRDF provides publicly available project-level data on climaterelated development finance - official development finance activities which providers have assessed as having a climate-related objective or a climatespecific component. This analysis specifically utilizes the recipient perspective dataset, which captures: (i) activities provided and reported by developed countries with climate change objectives; and (ii) the outflows of climate finance from multilateral organizations. All data in this dataset is reported on a commitment basis.

In reporting to the dataset, two methodologies are used by providers of international climate finance: the Rio marker methodology, which is used by most bilateral providers as well a few multilateral institutions (e.g. the Global Environment Facility and the Food and Agriculture Organization of the United Nations), and the climate components methodology, which is used by multilateral development banks (MDBs) and most other multilateral organizations (e.g. the Green Climate Fund and the Climate Investment Funds).

- The Rio markers were borne out of the Rio Conventions to show alignment of development finance with biodiversity, climate change and desertification objectives. When reporting to the CRS, climate finance contributors identify the degree to which each project or programme addresses climate change mitigation and adaptation using a three-tier scoring system: 'principal' objective (score 2); 'significant' objective (score 1); or 'not targeted' (score 0).
- The **climate components methodology** is based on the Joint Methodology for Tracking Adaptation Finance⁷² and Common Principles for Climate Mitigation Finance Tracking.⁷³ Using this method, multilateral climate finance contributors identify the specific components

of a project that directly support climate change adaptation or mitigation and calculate the financial amounts corresponding to these components.

For each activity or project, the CRDF also includes information on the financial instrument (grants, loans, equity and shares in collective investment vehicles), type of finance (concessional or non-concessional), the sector to which the finance is going, and the channel of delivery. For bilateral finance, it is mandatory for climate finance contributors to report on the degree to which each project addresses gender equality and the empowerment of women and girls using the gender equality policy marker (GEM).⁷⁴ The GEM follow the same three-tier scoring system as the Rio marker, and is used to assess integration of gender equality objectives at the planning and design phase.

Additionally, average grant element percentages (see below for more detail) are estimated using the Creditor Reporting System (CRS) aid activity database, 75 which provides data on grant equivalent values and loan conditions of disbursed climate-related official development assistance loans – information that is not provided in the CRDF.

A.1 DATA PROCESSING

ADJUSTMENT FOR DEVELOPED COUNTRIES' SHARE OF MULTILATERAL PROVIDERS' FINANCE

The recipient perspective CRDF provides information on multilateral outflows. This data encompasses multilateral finance generated from all sources, i.e. finance paid in by developed country parties as well as that paid in from developing countries, raised from financial markets, raised from earnings on investments, etc.

To ensure that only finance relevant to the US\$100bn pledge is included in analysis, the multilateral outflow data is adjusted to include only the share attributable to developed countries. This adjustment is made by applying the percentage share attributable to a developed country for each multilateral organization, as reported by the OECD-DAC, 76 to each individual outflow project or activity.

ANNEX: METHODOLOGY FOR ANALYSIS OF INTERNATIONAL PUBLIC CLIMATE FINANCE FLOWS

DISCOUNTING FOR CLIMATE RELEVANCE OF RIO-MARKED PROJECTS

For projects that have been reported with Rio markers, a percentage of the overall funding of the project can be considered relevant to climate change mitigation, adaptation or cross-cutting objectives, 77 depending on the Rio marker scores. Thus, to arrive at estimates of climate-related development finance, the total amount of funding for each project must be adjusted according to the reported Rio markers. This step is necessary to reduce 'inflation', i.e. reporting 100% of a project's value with a 'significant' score as climate finance. In this analysis, the funding reported for Riomarked projects in the climate-related dataset was adjusted such that a Rio marker of 'significant' results in an adjustment of 40% of the total value, while for a Rio marker of 'principal' the entire project value is counted.

GRANT EQUIVALENCE CALCULATIONS

Concessional and non-concessional loans require repayment. Reported as climate finance (i.e. a US\$10m loan is reported as the same amount of climate finance as a US\$10m grant). However, reporting of non-grant finance at its face value does not accurately reflect the differences in the terms of finance provided – a grant represents a greater donor effort than a concessional loan, and in turn a concessional loan represents a greater donor effort than a non-concessional loan. It is therefore argued that face value amounts can be considered a somewhat inaccurate estimate of actual financial effort towards UNFCCC targets. Report of the same actual financial effort towards UNFCCC targets.

To address this, this analysis also calculates the grant equivalent of climate-related development finance. This seeks to give a clearer picture of the underlying financial effort made by climate finance contributors (i.e. the amount being given away in a loan or other instrument) and the financial benefit to developing countries.

The methodology used in this analysis to calculate grant equivalent values is based on that used for the Oxfam Climate Finance Shadow Report 2023:81

- Grants and equity and shares in investment vehicles have a grant equivalence of 100% and are thus counted at their face value.
- For concessional loans and other debt instruments, a grant equivalent value is calculated. Grant equivalent values are calculated by multiplying the face value figure by an estimate of the grant element of a given provider's provision of concessional climate-related loans. The grant element (a percentage for each provider) is dependent on the conditions of the extended non-grant finance including the loan's interest rate, grace period, maturity and discount rate, and is estimated based on the CRS aid activity dataset. The grant element calculation is described in full detail in Annex 2 of Oxfam's 2023 Climate Finance Shadow Report.⁸²
- Non-concessional instruments in both bilateral and multilateral finance are estimated to have zero direct assistance value and a grant equivalence of 0%.
 While some finance defined as 'non-concessional' may include some level of concessionality, in the case of bilateral finance it is not generous enough to be categorized as ODA, and as such is not counted as assistance due to the burden that debt places on developing countries.

- 1 Note that current NDCs fall far short of reaching the goal of limiting warming to 1.5°C above pre-industrial levels.
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