

# POLICY BRIEF

## The Business Case for Private Sector Engagement in Climate Action

### Highlights

- Achieving Uganda's NDC will depend on leveraging the ingenuity, expertise and resources of Uganda's private sector. Several companies are already making significant contributions to the NDC and SDGs through eco-friendly production, promotion of solar energy and clean cookstoves, and climate-smart agricultural practices.
- To build the business case for climate action, companies need information and tools to understand how climate change raises risks to operations and creates business opportunities. Financing and partnership opportunities will be key to help Ugandan companies, especially SMEs, integrate climate and SDG action into their operations.
- New tools have been launched - an SDG digital platform and framework of NDC-SDG business opportunities - to support Ugandan companies to identify and report on their actions that contribute to the NDC and SDGs.
- Further training and support is planned to explore how these tools can help companies be better recognized for their NDC/SDG impact, support PFSU and other business associations to track the collective impact and drive climate actions across their membership, and improve national government reporting on the NDCs and SDGs.

### Introduction

Uganda's Nationally Determined Contributions (NDC) sets out priority actions across eight sectors that the country will take to build the resilience of its population, environment and economy to climate change. From promoting solar energy and clean cookstoves, building climate-resilient infrastructure, and advancing climate-smart agriculture, achieving many NDC priorities will depend on the ingenuity, expertise and resources of the private sector in Uganda.

The Government of Uganda recognizes the importance of its private sector in achieving the country's NDC goals. Together with the UNDP and Private Sector Foundation Uganda (PFSU), a series of activities has been organized in 2018-19 under the NDC Support Programme to raise awareness and provide supportive tools to help Ugandan companies build the business case to take actions in support of Uganda's NDC and the Sustainable Development Goals (SDGs).

### NDC-SDG Business Opportunities

Significant opportunities exist for businesses that align their strategies to contribute to climate action and the SDGs. Climate investments in sub-Saharan Africa represent an US\$ 783 million opportunity. The SDGs could unlock an economic prize of at least US\$ 1.1 trillion and create over 85 million new jobs by 2030 in Africa. Green and sustainability-linked bonds and loans are amongst the fastest-growing financial instruments. And 88% of African consumers expect companies to take action to improve the environment.

In Uganda, the private sector has already leveraged opportunities to make a positive impact on climate change. Ugandan companies have provided much-needed climate finance, facilitated technology transfer and enabled infrastructure development. Resources from the Clean

Development Mechanism have been mobilized to implement projects in the renewable energy and energy efficiency sectors.

### Project Activities

Building on this progress, several activities and tools were developed to support businesses broadly across the Ugandan private sector to access opportunities to contribute to climate and SDG action by:

- Raising awareness within Uganda's private sector of business opportunities within Uganda's NDC and SDG;
- Hosting an inclusive process to gather the information needed to build the business case for climate and SDG actions, and identify remaining needs and information gaps;
- Building industry and multi-stakeholder partnerships to better access climate finance and launch climate projects.

In October 2018, a Dialogue on private sector engagement in climate action brought together government, private sector and civil society to identify key challenges and opportunities. In April 2019, Ugandan companies participated in an online consultation where they shared insight into their interest in Uganda's NDC and SDGs, current initiatives and remaining challenges. In June 2019, over 90 participants joined a workshop to build the business case for climate and SDG action in Uganda.

This Policy Brief outlines the key findings and recommended next steps to continue support of Ugandan companies.

Project Partners:



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## Activities and Tools

Through the online consultations, Ugandan companies expressed strong interest in contributing to the country's NDC priorities and SDGs, especially in the energy, water, health and agricultural sectors. Many companies are committed to contribute to SDG 1 on Poverty, by supporting national efforts to extend infrastructure, energy, water and other services to underserved communities across Uganda.

However, companies called for more information and effective tools to help them build the business case to take action. This means building a better understanding in Uganda on:

- What are the **business costs** of climate inaction?
- What are the **business benefits** of climate action?
- What climate and SDG **financing** opportunities exist?
- What **projects & partnerships** can be built for greater impact?

At the June 2019 workshop, discussion focused on these business case elements with participants working together to crowdsource the current state of knowledge, as well as identify information gaps.

New tools were introduced and piloted by workshop participants:

- **NDC-SDGs Business Opportunities Framework:** This framework helps companies identify business opportunities to contribute to Uganda's NDC, organized by the eight "NDC Sectors". It highlights how businesses taking action towards Uganda's NDC can also contribute to one or several SDGs.
- **Impacti® Digital Platform:** This digital platform offers tools designed for companies, especially SMEs, to discover opportunities to take action and collaborate towards the SDGs. Using Impacti® EXPLORE, companies take a simple step-by-step assessment to identify the SDGs and NDCs where they can make the most impact. Impacti® CONNECT hosts an online business network where companies can keep up-to-date on the latest news and opportunities, connect with partners and showcase their impact through their business' SDG profile. The Impacti® Platform was customized to highlight linkages to Uganda's NDC.

## Key Findings and Next Steps

- **Awareness of climate risks is rising across the Ugandan private sector.** Extreme weather and floods have reduced crop yields, disrupted transport and blocked access to business areas. Costs of doing business, transport and insurance are rising. Quality of life and human lives are being lost. Changing market, investor and policy demands will further impact business.
- **Uganda companies are already making significant contributions to Uganda's NDC goals and SDGs.** From eco-friendly production, improved energy efficiency, solar energy, clean cookstoves, waste to energy and climate-smart agriculture, new sustainable ways of business are being adopted by businesses across the country.
- **Climate financing opportunities are expanding in Uganda, but companies still face challenges in accessing financing.** New innovative financing options are also being considered, (e.g. green bonds, Green Investment Fund). Access to this financing will require companies to consistently monitor and report their impact on NDC priorities and the SDGs.
- **Industry and multi-stakeholder collaborations can help most Ugandan companies make their climate actions more effective and high impact.** A proposed NDC Private Sector Investment Committee, PFSU and existing business associations can lead efforts to share information, build capacity, advance R&D and policy advocacy.

Training and further support of SDG business leaders across Uganda is planned on the use the Impacti® Digital Platform. The next phase will explore the usefulness of the Platform to:

- Support Ugandan companies better assess and communicate their NDC-SDG impact to customers, investors and partners;
- Enable PFSU and other business associations track collective impact and drive climate action across their memberships;
- Improve national reporting on the NDCs and SDGs through recognition of private sector contributions.