# INTERNATIONAL MAYORS FORUM (TOYOTA CITY, JAPAN)

# FINANCING FOR LOW-CARBON & CLIMATE-RESILIENT PLANNING

## Session 5

## Localizing the SDGS: Actions Today For A Resilient Future

# Why Subnational Finance Matters

Local governments face a finance gridlock—limited fiscal space, weak credit profiles, thin pipelines of bankable projects.

East Africa pathways: Performance-based grants (Uganda), Municipal green bonds (Tanzania), and County green-finance readiness (Kenya).

Objective: Share concrete, sourced evidence and investment pathways that unlock finance for local impact.

# EXAMPLES OF EXISITING INITIATIVES

# Tanzania: Tanga Water Infrastructure Green Bond (2024)

First subnational green bond (Tanga UWASA); listed on DSE & Luxembourg Green Exchange.

Size & demand: USD 20.8m eq.; oversubscribed 103%; 65% domestic investors.

Outcomes: capacity 45k → 60k m³/day; +60 km new network; 110 km rehab; 12,000 smart meters; NRW ~30% → ~20%; ~26,000 people first-time access.

De-risking: USD 1m catalytic grant; ~1:20 leverage; no sovereign guarantee.

# Kenya: Wajir County – Green Finance Assessment (2024)

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| **Wage bill = 40.5% of revenue (vs 35% statutory cap); pending bills KSh 5.51bn; OSR < 1%.** |
| **Shadow credit rating: “B+ Ken” (weak capacity; heavy reliance on national transfers).** |
| **CCCF Act (2016): 2% of development budget earmarked for climate.** |
| **Pipeline: water harvesting/reticulation, solar/wind, waste-to-energy, energy efficiency, agro-processing.** |
| **Pathways: green (or Sukuk) issuance; blended finance & guarantees; OSR automation; stronger project preparation.** |

# Uganda: UNCDF LoCAL - Performance-Based Climate Resilience Grants

PBCRGs integrate adaptation into LG plans & budgets and reward verified performance.

Pilots in Kasese, Nwoya, Nebbi & Zombo districts (Gov't of Uganda + UNCDF).

2024 convening to scale adaptation finance to districts facing drought/flood risks.

Funds resilient culverts, school cookstoves, tree planting and similar works.

Uses country systems; builds local ownership and planning capacity.

# BREAKING THE GRIDLOCK: INSTRUMENTS & ENABLERS

**Instruments:** PBCRGs (LoCAL), subnational green/revenue bonds, CCCF windows, green Sukuk.

**De-risking:** catalytic grants/first-loss, guarantees, blended facilities.

**Capacity:** project prep units, standardized templates, disclosure & MRV.

**Policy:** enable LG borrowing, bond taskforces, credit enhancement programs.

# INVESTMENT PATHWAYS

1. Scale Uganda LoCAL PBCRGs and develop revenue-linked pilots (solar for water, efficient pumping).
2. Replicate Tanga model for water/energy utilities; bring domestic pensions early.
3. Pilot County Green/Sukuk in ASAL counties; pair with guarantees and OSR automation.

# INVESTMENT PATHWAYS

4. Regional pooled project prep facility; shared term sheets & ESG standards.
5. Adopt climate-smart PFM and transparent reporting to anchor investor trust.

# THANK YOU

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