

MUSASIZI BACKS CLIMATE-SMART DEBT PLAN

By Simon Okitela

The finance state minister in charge of general duties, Henry Musasizi, has urged countries to embed climate-informed debt sustainability into frameworks that determine access to finance and its cost.

Musasizi said there is growing recognition that growth should be resilient to climate shocks, adding that Uganda is already integrating the costs and benefits of adaptation directly into the sovereign debt analysis.

The call was made during a high-level discussion on building adaptation and resilience to climate change in sovereign debt profiles at the International Monetary Fund-World Bank Spring Meetings in Washington, D.C under the theme: *Building Adaptation and Resilience to Climate Change in Sovereign Debt Profiles*.

"As co-chair of the Coalition of Finance Ministers for Climate Action, Uganda is committed to supporting other countries to do the same. The coalition provides a unique platform for finance ministries that face similar pressures and speak a common language; to share tools, experiences, and practical solutions. It is a space for real peer learning and collective progress," Musasizi

Musasizi (front row, left), listening in closely during one of the sessions in Washington D.C



PRIVATE , PUBLIC SECTOR INTERESTS

At the ongoing IMF/World Bank Spring Meetings in Washington D.C, the Attorney General, Kiryowa Kiwanuka, represented Uganda in the Accountability Task Force meeting to review the new integrated World Bank Group accountability mechanism process, which has potential implications for borrowers.

Kiryowa said there is a need to balance the interests of both the public and private sector, adding that the World Bank Independent Accountability Mechanism should recognise the need to consult sovereign states and project managers when carrying out their investigations. He said it is necessary to have sufficient interest in the complaints filed for the panel to investigate effectively.

said.

He explained that when governments borrow to finance

adaptation such as drought-resistant agriculture or flood protection; fiscal space appears

to decline, and credit ratings may worsen.

Musasizi cited the case of Uganda in the financial year 2016/17, when a severe drought reduced economic growth by 1.5% points affecting 1.3 million people.

This also translated into unplanned expenditures, lost agricultural output, foregone revenues, and real constraints on service delivery.

In his presentation, the minister also highlighted that Uganda needs to mobilise significantly more finance to meet its adaptation needs of \$12.3b in external finance over the next five years.

Musasizi also noted that while concessional finance and

official development assistance envelopes are shrinking, borrowing on commercial terms remains expensive, adding that access to affordable finance for adaptation and resilience is already constrained before country-specific factors even come into play.

He stressed that through climate-sensitive macro-fiscal modelling, the country is demonstrating that investments in resilience can reduce economic shocks, support growth, and improve debt sustainability over time.

"Using climate-sensitive macro-fiscal modelling, we are demonstrating that resilience investments reduce shocks, support growth, and improve

debt trajectories over time. "These investments are not just costs, they are returns, and they must be reflected in how creditworthiness is assessed," he said.

Musasizi told the meeting that the global economy is facing increasing complexity marked by geopolitical uncertainty, rising debt levels, and tightening fiscal space, with countries being required to do more with limited resources.

FUTURE OUTLOOK

Regardless of the unprecedented shocks, Uganda remains committed to its ambitious goal of growing the economy tenfold to \$500b under Vision 2040 and the National Development Plan IV.

"While climate risks are increasingly factored into sovereign risk assessments, the benefits of investing in resilience are often overlooked. This creates an imbalance where countries are effectively penalised for borrowing to finance adaptation measures such as drought-resistant agriculture and flood protection," Musasizi said.

The minister said Uganda is already taking steps to address this gap by integrating climate adaptation costs and benefits into its sovereign debt analysis.