LIFE-AR

LDC Initiative for Effective Adaptation and Resilience

Devolved Climate Finance: Uganda's Scalable Long-Term Delivery Mechanism for Locally Led Climate Resilient Development

A NATIONAL PRIORITY

A SIGNIFICANT RISK FOR DEVELOPMENT

Uganda has made notable progress in poverty reduction and economic growth over the past three decades, yet climate change now poses one of the most significant risks in sustaining these gains. Climate-related shocks particularly droughts, floods, rising temperatures and shifting rainfall patterns are already affecting agricultural productivity, water availability, public health and local livelihoods. Given that agriculture employs around 70% of the population and remains largely rain-fed, climate variability disproportionately affects rural communities and increases the risk of households falling back into poverty.

A STRONG LEGAL AND REGULATORY FRAMEWORK

Recognising these risks, the Government of Uganda has prioritised climate change adaptation and resilience as a core socio-economic development pillar. Uganda Vision 2040 articulates a long-term ambition for a resilient, sustainable and inclusive economy while the Fourth National Development Plan (NDP IV 2025–2030) translates this Vision into actionable priorities.

Uganda has established a strong policy and legal framework. The Climate Change Act (2021) provides a legal mandate for decentralised climate governance, access to climate finance and the active role of local governments in adaptation whereas the National Climate Change Policy (2015) aims for the integration of climate change into national and sub-national planning and budgeting processes. Internationally, Uganda's updated Nationally Determined Contribution (NDC, 2022) commits the country to ambitious mitigation and adaptation targets across priority sectors with a strong emphasis on gender equity and social inclusion.

A SYSTEMIC COUNTRY LED APPROACH

Achieving these development goals requires a systemic, country-led approach that centres on the priorities of the most climate-vulnerable communities. Uganda through the LDC Initiative for Effective Adaptation and Resilience (LIFE-AR) is piloting a holistic delivery mechanism (DM). This approach lays out a clear pathway for addressing climate and development challenges without pre-selecting projects or sectors and remains fully integrated within government systems. The DM enables coordinated long-term planning, inclusive participation, equitable decision-making and a continuous cycle of learning and adaptive management critical for responding to changing climate risks.

This summary document unpacks how Uganda, through its Devolved Climate Finance (DCF) delivery mechanism, is operationalising both its long term development ambitions as well as the LDC Vision 2050.

Climate resilient community road. Credit: LIFE-AR Uganda

WHAT IS A DELIVERY MECHANISM AND WHY IT IS IMPORTANT

Effective climate finance requires delivery mechanisms that enable funding to contribute to long-term national development objectives rather than being channelled through fragmented, short-term projects. A delivery mechanism provides the institutional, financial and governance arrangements through which climate finance is planned, channelled, implemented and monitored, ensuring alignment with national development priorities, public financial management systems and decentralised governance structures.

DMs are designed to strengthen country institutions, processes and systems for effective planning, designing financing and execution of climate responses. One of the core objectives of the DM is that systems are strengthened to allow at least 70% of climate finance to be channelled to the appropriate local level in support of community-prioritised adaptation investments. Central to this approach are inclusive governance arrangements that define how decisions are made, by whom and with what accountability, enabling meaningful participation by local governments, communities and other stakeholders.

For LIFE-AR, delivery mechanisms are essential to achieving systemic and sustained change. They enable countries to move away from externally driven, stand-alone interventions towards nationally led and locally grounded approaches that reinforce decentralisation, build institutional capability and embed climate action within existing planning and coordination platforms. By investing in delivery mechanisms, countries support both immediate adaptation outcomes and the longer-term capabilities required to manage climate risks beyond individual funding cycles, while creating scalable platforms that can also channel non-LIFE-AR finance enhancing sustainability, value for money and development impact.

Figure 1 - A framework for categorising the components of delivery mechanisms

In Uganda, the Devolved Climate Finance (DCF) mechanism serves as the country's delivery mechanism under LIFE-AR.

The LIFE-AR team inspects potential sites for resilience investments. Credit: LIFE-AR Uganda

WHAT IS THE DCF MECHANISM?

Design

Uganda designed the Devolved Climate Finance (DCF) mechanism as a government-led, scalable system anchored in national policies and decentralised institutions. By embedding climate finance within existing planning, budgeting and public financial management systems, DCF strengthens institutional capacity, avoids the creation of parallel delivery structures and enhances transparency and accountability. A defining feature of the mechanism is its ability to finance cross-sectoral public goods rather than isolated, single-sector interventions supporting more resilient people, economies and landscapes. DCF enables medium- to long-term planning, implementation and tracking of locally relevant adaptation responses, while remaining flexible enough to respond to evolving climate risks and priorities.

Why this approach works

The mechanism is fully aligned with Uganda's national development priorities, climate policies and legal frameworks and builds on the country's long-standing decentralised governance architecture. Through a revitalised national platform for climate action, DCF brings together government, civil society, academia and communities in the design and implementation of climate responses while supporting the delivery of national strategic priorities. Uganda aims to ensure that at least 70% of LIFE-AR climate finance is invested in community-identified priorities in line with the LDC Offer and its commitment to locally led adaptation. In doing so, DCF provides a systematic pathway for translating the aspirations of Uganda Vision 2040 into tangible action at the grassroots level, enabling climate finance to flow through existing systems.

This approach empowers local governments and communities to identify, prioritise and implement climate-resilient investments while reducing fragmentation and transaction costs for the country.

Components of the DCF mechanism

Uganda's DCF mechanism is built around four core components:

COMPONENT	DESCRIPTION
Climate Resilience Fund (CRF)	DCF strengthens existing financial and fiduciary frameworks by embedding climate finance within local government systems, as a special conditional grant aligned with national public finance standards. Access to the CRF is linked to minimum conditions and performance measures, promoting transparency, accountability and responsible financial management. Advance budget notifications support improved planning and strengthen community oversight.
Participatory Planning Institutions	DCF is embedded within existing local government systems, strengthening Parish, Sub-county and District technical committees to lead inclusive, whole of society planning processes. These institutions ensure women, youth, persons with disabilities and other vulnerable groups have a meaningful role in prioritising and managing investments.
Climate Information & Resilience Planning	The mechanism integrates climate information, risk assessment and resilience planning tools into local government planning processes. This supports evidence-based cross-sectoral decision-making that addresses current climate risks while accounting for future uncertainties.
Monitoring, Evaluation & Learning (MEL)	DCF strengthens national and local monitoring, evaluation and learning systems to track results, assess institutional performance and capture lessons over time. This enables adaptive management, continuous improvement and accountability as the mechanism scales.

Table 1 - The components of the DCF mechanism

OPERATIONALISATION OF THE DCF MECHANISM

Institutional arrangements

The institutional arrangements required to operationalise the DCF mechanism are firmly in place in Uganda. The Ministry of Water and Environment (MWE) coordinates LIFE-AR through a whole-of-government and whole-of-society (WOS) national platform comprising a Steering Committee, Task Team, Implementation Unit/Secretariat, and dedicated Devolved Climate Finance (DCF) and Monitoring, Evaluation and Learning (MEL) working groups.

Together, these structures provide technical oversight, quality assurance, coordination and system strengthening to support implementation and scale.

With these institutional structures established, Uganda has created a strong governance foundation for rolling out the DCF mechanism. Implementation has therefore begun with piloting the mechanism in selected districts and parishes across the country.

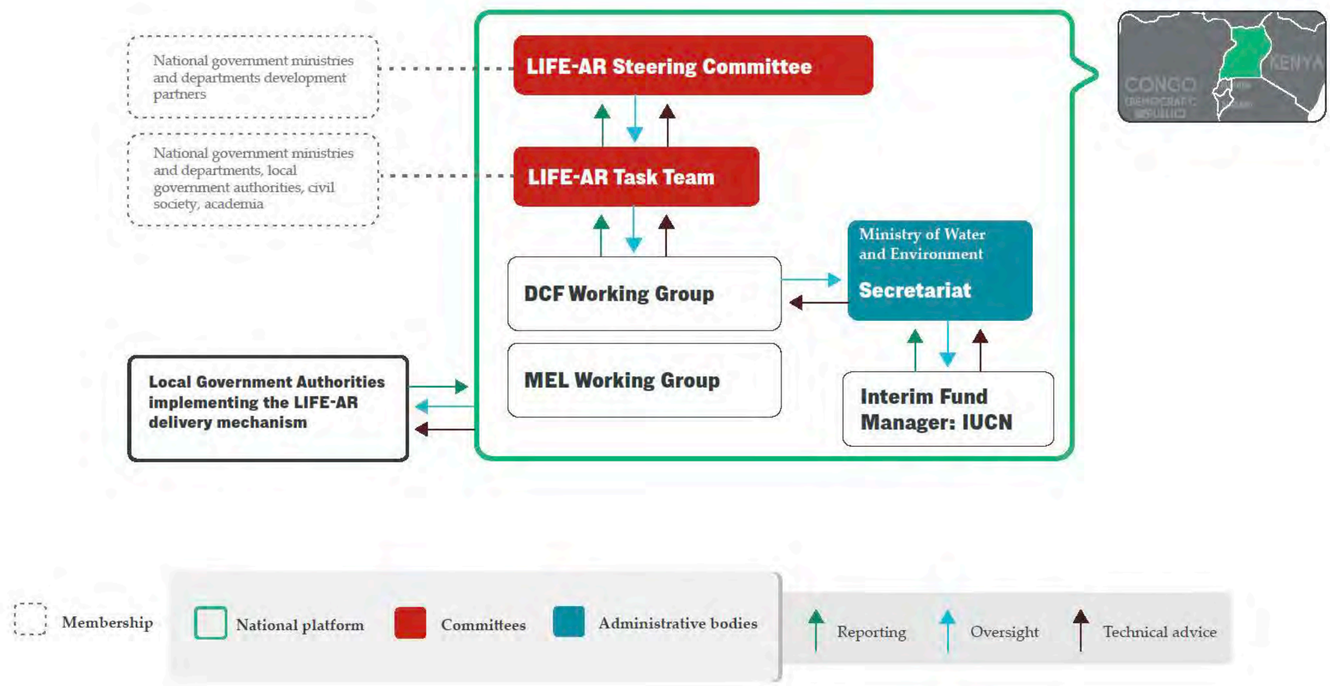

Figure 2 - Uganda national platform

Selection of pilot districts and parishes

Uganda is piloting the DCF Mechanism in 12 pilot districts, selected to ensure representation across the country's four water management zones (WMZ) - Victoria, Kyoga, Albert and Upper Nile and prioritise the most vulnerable areas.

The districts selected include Kibaale and Pakwach in the Albert WMZ; Kaabong, Karenga, Kalaki and Ng'ora in the Kyoga WMZ; Pader and Yumbe in the Upper Nile WMZ and Kalungu, Rakai, Ntungamo and Lwengo in the Victoria WMZ.

Uganda adopted a phased approach to rolling out the delivery mechanism, starting with 1 district per WMZ in the first year. Initial piloting is happening in 3 sub counties per district, with one parish per sub county.

Figure 3 - Map of selected districts

Strengthening sub-national and local climate governance institutions

The operationalisation of DCF has focused on establishing and strengthening Parish Climate Change Committees (PCCCs) in line with the Climate Change Act and Uganda's broader gender equality and local governance legislation, which mandate a minimum of 40% representation of women in local decision-making structures. Committees are constituted with attention to gender balance and social inclusion and members receive capacity strengthening through training-of-trainers approaches. At the same time, the programme has invested in strengthening technical planning committees at sub-county and district levels, ensuring that local government staff understand the delivery mechanism and LIFE-AR principles. This enables them to effectively support the operationalisation of new and innovative approaches to climate action across different levels of governance. District, regional and national government teams provide ongoing technical support, helping to ensure coherence and consistency from the parish to the national level.

Evidence-based and Inclusive Planning

Investment identification begins with Climate Risk and Vulnerability Assessments (CRVAs) at district level, which generates a detailed analysis of climate exposure, sensitivity and adaptive capacity, including vulnerability indices to guide targeting of the most at risk sub-counties. These assessments form the basis for structured community consultations on priority interventions facilitated by PCCCs, using the GESI-sensitive Pamoja Voices toolkit to ensure meaningful participation of women, youth, the elderly, persons with disabilities and other vulnerable groups. This inclusive process amplifies diverse voices and shapes investment selection and design to reflect the specific needs and priorities of all community members thereby advancing equitable outcomes. Prior sensitization of communities on available funding enables informed dialogue, accountability and transparency.

Community proposed investments are assessed against the strategic and technical criteria outlined in the DCF implementation guidelines, ensuring that funded interventions are risk-informed, locally appropriate and deliver sustainable public goods within available budgets.

Transparency, Accountability and Learning

Transparency, accountability and continuous learning are built into the implementation of the DCF mechanism. Minimum conditions enforced prior to fund access, together with performance measures that include community-informed elements incentivise systems change while strengthening responsible use of funds.

Communities play an active role throughout implementation including decision-making on investment priorities, oversight of procurement processes, site verification, execution and commissioning of investments through PCCCs. In Kalungu District, for example, consensus on the location of a communal valley tank was reached after iterative discussions between PCCC members, district authorities and national water engineers, demonstrating how local knowledge and technical expertise are combined in practice.

Downward and upward accountability mechanisms further reinforce transparency and trust. These include monthly barazas, advance budget notifications, procurement oversight by PCCCs and user committees and clear reporting structures that enable communities and local governments to track progress and resource use.

Routine reporting aggregates parish and sub-county data to district and national levels for learning and course correction. Lessons from implementation are systematically captured and used to refine guidelines, tools and processes as the mechanism evolves. These insights are also shared internally and with other practitioners through communities of practice, helping to strengthen implementation and inform the wider adoption of the DCF approach.

Early Learnings

Early insights demonstrate that while the foundational assumptions of the DCF mechanism are sound, scaling will require adaptive management, sustained capacity support and continued refinement of tools and processes. Capturing and responding to these lessons strengthens the mechanism's effectiveness and reduces risk as Uganda prepares for phased national expansion.

Communities queuing to vote for the PCCCs in Kabong. Credit: LIFE-AR Uganda

WHAT'S NEXT

Uganda will advance the DCF mechanism through the Test & Evolve phase, generating evidence, refining design and progressively scaling delivery through government systems. In parallel, priority will be given to scaling up investments to additional areas to expand reach and impact.

Medium term priorities (2026–2030)

Use lessons learnt during year 1 and 2 of implementation to:

- Mobilise and align finance from international and domestic sources to enable expansion to other pilot areas and incrementally improve the predictability of funding for climate responses at the local level through the CRF . Availability of additional financing will significantly contribute to the objective of channelling at least 70% of climate finance to the local level by 2030.
- Refine allocations and performance incentives to drive measurable resilience outcomes.
- Strengthen inclusive, participatory decision-making with robust gender and social safeguards.
- Strengthen climate knowledge and information services at district and community levels to improve access to timely, locally relevant forecasts, early warnings and risk information and supporting their use in local planning and decision-making.
- Institutionalise monitoring, evaluation, and learning with routine government cycles and annual outputs.

Long term scaling Pathway (beyond 2030)

- Develop strategic financial, technical and knowledge partnerships both international and domestic to support countrywide expansion of the DCF mechanism
- Institutionalise and further strengthen operational and MEL systems within government structures to sustain transparency, accountability and adaptive management at scale.
- Systematically document, package and share best practices and lessons learned to inform replication, policy uptake and scaling of the DCF mechanism nationally and beyond.

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The Least Developed Countries Initiative for Effective Adaptation and Resilience (LIFE-AR) is a long-term LDC-led, LDC-owned initiative which aims to enhance climate resilience.

LIFE-AR is in the interim hosted by the International Institute for Environment and Development (IIED) and supported by the UK International Development from the Foreign, Commonwealth and Development Office, Irish Aid, along with ClimateWorks Foundation and Quadrature Climate Foundation.