CENTER for ECONOMIC and SOCIAL RIGHTS

ISER Facilitating Social Justice
INITIATIVE FOR SOCIAL AND ECONOMIC RIGHTS

Uganda's Debt and Climate Change

How rising debt servicing is constraining climate action and undermining climate justice

1. Executive Summary / Key Messages

Uganda faces a dual crisis of increasing climate vulnerability and rising public debt. While the country requires significant investment in climate adaptation and mitigation, growing debt servicing obligations are constraining fiscal space and limiting the government's ability to respond effectively.

Although allocations to climate-related sectors have fluctuated, real spending remains limited and inconsistent. At the same time, debt servicing has grown rapidly and now far exceeds investment in climate and environmental management.

Key messages:

- Climate-related spending remains low relative to need and highly volatile.
- Debt servicing exceeds climate-related allocations by over 60 times.
- Real per-capita spending has declined in recent years.
- Current trends indicate underinvestment and risk of climate vulnerability intensification.

Data caveat:

The analysis uses allocations to the Natural Resources, Environment, Climate Change, Land, and Water Management programme. Climate change is only one part of this broader programme, so the figures presented here should be read as an indication of climate-related public spending within that programme, not as a complete measure of all climate finance.

2. Problem Snapshot

Uganda is highly vulnerable to climate change despite contributing minimally to global emissions. The country faces an increasing frequency of droughts, floods, and landslides, which threaten livelihoods, food security, and access to essential services. Like many other developing nations, the country is faced with increasing climate vulnerabilities and as of 2023, it ranked as the 163rd most vulnerable country out of 183 countries[1].

Most climate funding to date has been provided as loans rather than grants, and in 2024, high-income countries with the most emissions promised up to USD 300 billion a year at COP29 in climate finance to address the needs of developing countries in the Global South[2].

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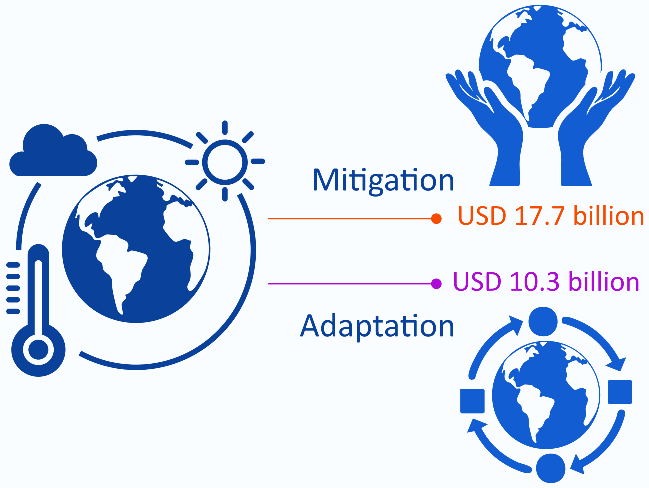
[1] Notre Dame Global Adaptation Initiative (ND-GAIN), "ND-GAIN Country Index Rankings," University of Notre Dame, accessed 23 June 2026, gain.nd.edu/our-work/country-index/rankings/.

[2] UN Climate Change News, "COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries," UNFCCC, November 24, 2024.



It must be said that Uganda's climate financing needs are quite substantial at the moment. It is estimated that the country will require up to

USD 28.1 billion[3] by 2030

for climate action, including both adaptation and mitigation. Of this, USD 17.7 billion will be required for adaptation measures, while USD 10.3 billion will be needed for mitigation action.

However, in FY2025/26, debt servicing reached **UGX 26.44 trillion (USD 7.12 billion)**, while allocations to climate-related sectors were only a fraction of this amount.

This imbalance severely constrains the government's ability to invest in resilience and preparedness.

3. The Evidence: Debt and the Climate Crisis

3.1 The Fiscal Divergence

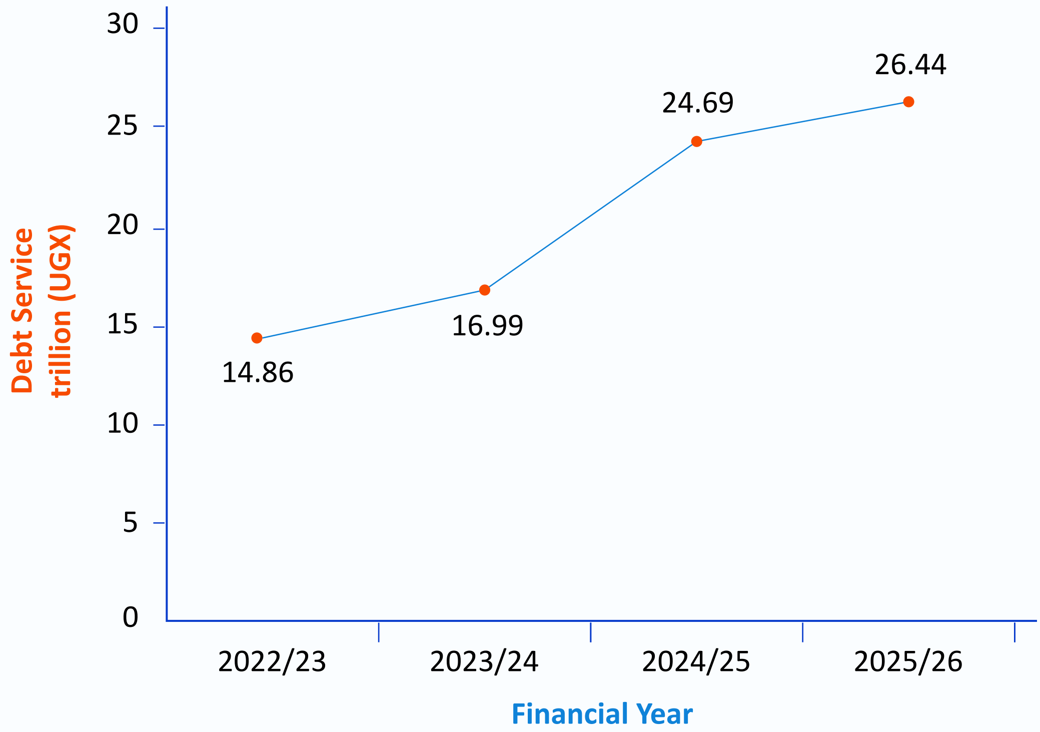
The gap between debt servicing and climate-related spending is stark.

In FY2025/26, debt service **(UGX 26.44 trillion [USD 7.12 billion])** was **over 60 times larger** than allocations to the Natural Resources, Environment, Climate Change, Land, and Water Management programme.

Financial Year	Climate Nominal (billion UGX)	Climate Nominal (million USD)	Climate Real (billion UGX)	Climate Real (billion USD)	Real Per Capita (billion UGX)	Real Per Capita (billion USD)
2022/23	564.89	152.02	459.61	123.67	10,443	2.81
2023/24	434.50	116.89	334.07	89.90	7,380	1.99
2024/25	479.92	129.13	360.28	96.95	7,738	2.08
2025/26	433.04	116.53	-	-	-	-

[3] Ministry of Finance, Planning and Economic Development (MoFPED), National Climate Finance Strategy (NCFS) 2025–2030, Government of Uganda,2025, p. 21.

Financial Year	Debt Service (UGX)	Debt Service (USD)
2022/23	14.86 trillion	4.00 billion
2023/24	16.99 trillion	4.57 billion
2024/25	24.69 trillion	6.64 billion
2025/26	26.44 trillion	7.12 billion



3.2 Budget Trends and Regressivity Test

Real Spending Trends

Real climate-related spending declined significantly between FY2022/23 and FY2023/24, before showing a modest recovery in FY2024/25.

However, overall spending remains volatile and below earlier levels, indicating instability in climate financing.

Real Per-Capita Spending

Real per-capita spending declined sharply from UGX 10,443 (USD 2.81) in FY2022/23 to UGX 7,380 (USD 1.99) in FY2023/24, before a slight recovery to UGX 7,738 (USD 2.08) in FY2024/25.

This represents a substantial decline from peak levels and reflects insufficient investment relative to population needs.

Human Rights Interpretation: Is the Budget Regressive?

The evidence shows that:

- Climate spending is inconsistent and volatile.
- Real per-capita allocations have declined from peak levels.
- Investment does not match the scale of climate risk.

These trends indicate **underinvestment and a risk of retrogression** in climate action, particularly in adaptation measures critical for vulnerable communities

At the same time, debt servicing has surged, reinforcing fiscal constraints.

3.3 Service Delivery Gaps

Underinvestment in climate-related sectors translates into significant gaps in resilience and preparedness:

- Limited funding for disaster preparedness and response.
- Inadequate early warning systems and community resilience programs.
- Insufficient investment in climate-resilient infrastructure.

Advocacy insight

Redirecting even a small fraction of debt servicing—for example, UGX 100 billion (less than 0.5% of debt payments)—could significantly strengthen disaster preparedness and climate resilience across the country.

4. The Lens: Human Rights and Gender Analysis

Climate change and debt interact to exacerbate inequality and vulnerability.

Women and girls are disproportionately affected due to their roles in agriculture, caregiving, and reliance on natural resources. Climate shocks increase unpaid care burdens and reduce income opportunities.

Debt-related fiscal constraints limit the government's ability to invest in climate adaptation, leaving vulnerable populations exposed to environmental risks and economic shocks.

This dynamic undermines the realization of multiple human rights, including the rights to food, health[4], education[5], and an adequate standard of living.

5. Policy Recommendations

- Increase Climate Financing: Scale up investment in adaptation and mitigation to match climate risks.
- Protect Climate Spending from Debt Pressures: Ensure climate budgets are not crowded out by debt servicing.
- Prioritize Grant-Based Climate Finance: Reduce reliance on loans that exacerbate debt burdens.
- Strengthen Climate-Responsive Budgeting: Align fiscal policy with climate and human rights commitments.
- Invest in Community Resilience: Expand funding for disaster preparedness and local adaptation programs.
- Pursue Debt Reform: Advocate for restructuring and climate-linked debt relief mechanisms.

6. Conclusion

Uganda's rising debt burden is constraining its ability to respond effectively to climate change. Despite growing risks, investment in climate-related sectors remains insufficient and unstable.

Without urgent action to rebalance fiscal priorities and expand climate financing, Uganda risks deepening vulnerability and undermining long-term resilience.

Methodological Note:

The analysis uses allocations to the Natural Resources, Environment, Climate Change, Land, and Water Management programme. Climate change is only one part of this broader programme, so the figures presented here should be read as an indication of climate-related public spending within that programme, not as a complete measure of all climate finance.

Nominal sector allocations have been computed based on data from the respective years' approved budget estimates.

Nominal allocations to climate change have been deflated using GDP-deflator data sourced from the World Bank. This has been chained with the latest all-items index data from the Uganda Bureau of Statistics - UBOS (base year 2016/2017).

Per capita allocations have been calculated using census figures from the latest 2024 National Housing and Population Census.

All conversions use a fixed rate of 1 USD = USh3,715.66 (March 2026).

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[4] Jerome Kule Bitswande, "Govt Closes Flood-Prone Kilembe Mines Hospital," *The Daily Monitor*, February 8, 2023.
[5] Alex Ashaba, "Ntoroko's Flood-Hit Schools Uncertain Over First Term Reopening," *The Daily Monitor*, January 28, 2025.

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Initiative for Social and Economic Rights (ISER)

ISER is a Ugandan not-for-profit human rights organization founded in 2012 and based in Kampala. It works to promote the effective understanding, monitoring, implementation, and realization of economic and social rights in Uganda and beyond.

Center for Economic and Social Rights (CESR)

CESR is an international non-governmental organization and registered nonprofit based in New York, United States. It advances economic and social rights and works for more just and equitable social and economic systems.

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