



POLICY BRIEF

2025

CHALLENGES AND OPPORTUNITIES FOR FINANCING ADAPTATION AT PROVINCIAL AND DISTRICT LEVEL IN MOZAMBIQUE

I. INTRODUCTION

Climate finance is a key instrument for strengthening local resilience to the impacts of climate change in Mozambique. However, access to finance still prevails as one of the main challenges for Mozambique's development, including adaptation to climate change. Although climate finance challenges affect all levels of action in Mozambique, the provincial and district levels of governance are the most challenged given the weak decentralization of climate action in the country. Recognizing that adaptation to climate change in the country lacks numerous financial resources, it is necessary to prioritize the following actions in the country, particularly at sub-national levels: (i) invest in the human capital that deals with climate issues at provincial and district levels, specifically in the design of adaptation projects to access funding or non-reimbursable donations; (ii) ensure the accreditation of national entities at sub-national levels for direct access to climate funds; and (iii) engage the actors working at sub-national level on climate issues to improve political ownership.

II. MAIN CHALLENGES FOR ADAPTATION FINANCE

1. **Limited institutional and technical capacity:** although there have been notable efforts to build the capacity of national officials, these capacities are generally more focused on central-level officials, so provincial and district governments in general still lack technical staff specialized in climate change, particularly in the formulation of fundable proposals, the rigorous identification of local adaptation priorities, the effective implementation and monitoring of adaptation and mitigation projects, and the functioning of climate finance schemes.
2. **Poor intersectoral and vertical coordination:** articulation between sectors and the different levels of governance (from central to district) remains limited, resulting in overlapping initiatives, inefficiencies in resource allocation and poor integration of the climate dimension into territorial planning instruments at provincial and district level;
3. **High dependence on external funding:** local climate action is highly dependent on external resources, mainly from international donors. This dependence makes the processes vulnerable to the volatility of financial flows and the specific demands of donors. In addition, the provincial and district governments are generally dependent on the already meager state budget for their operations, which is unable to address development and adaptation priorities;



4. **Incomplete financial decentralization:** budget transfers to sub-national levels are largely conditional, giving little space for autonomous incorporation and implementation of adaptation and mitigation actions into local planning and budgeting instruments;
5. **Shortage of essential infrastructure:** the execution of adaptation actions involves technological innovation. In general, at sub-national levels, particularly at district level, there is a lack of essential infrastructure such as roads, energy, water collection and storage systems, irrigation systems, processing and conservation of local production, which limits the adaptation process, attraction of private investment and the effectiveness of public investment
6. **Low private sector participation:** despite the fact that the country has a high and diverse natural capital ranging from forests, water resources, the coastal zone, fertile and arable land, minerals and natural gas that offer opportunities to adapt to climate adversity, there is still a weak involvement of the private sector in financing and implementing adaptation opportunities, especially in rural areas of the country when the subnational level operate.

III. OPPORTUNITIES FOR ADAPTATION FINANCE

1. **Progressive integration of climate action into sub-national planning:** The National Strategy for Adaptation and Mitigation of Climate Change (ENAMMC) is a guiding framework that has been progressively operationalized in provincial and district planning instruments, creating institutional conditions for strengthening decentralized climate finance.
2. **Decentralized climate finance:** although still very scarce, there are successful programs that demonstrate the feasibility of channelling financial resources directly to local governments, while promoting institutional strengthening and community participation in the processes of defining and implementing adaptation priorities at district and community level. Additionally, the Climate Financing Agency was created in the country (through Decree No. 35/2024, of June 5), one of the focuses of which is to provide a decentralized and coordinated structure to ensure the efficient allocation of resources for climate projects.
3. **Multi-level and multi-actor partnerships:** although still scarce, there have been partnerships between local governments, the private sector, civil society and academia to mobilize complementary technical and financial resources, which are particularly relevant in areas such as resilient agriculture, integrated water management, infrastructure protection, ecosystem conservation and reducing the vulnerability of vulnerable groups to climate change.
4. **An international context conducive to local action:** the growing international recognition of the importance of local climate action and the principle of climate justice represents an opportunity to strengthen more predictable, transparent funding mechanisms that are adapted to the realities of the territories.
5. **Carbon market:** Mozambique still has high forest cover, which provides enormous potential for the implementation of programs and projects to Reduce Deforestation, Forest Degradation and Promote Forest Conservation (REDD+). This nature of initiative is very useful for greater involvement of different actors at sub-national levels (where the greatest forest cover is concentrated) in financing and implementing adaptation actions.

IV. KEY-RECOMMENDATION TO IMPROVE ADAPTATION FUNDING IN SUBNATIONAL LEVELS

- Consolidate the integration of climate action into sub-national planning and budgeting instruments, ensuring their coherence with national commitments and facilitating direct access to sources of funding;



- Strengthen the technical and institutional capacity of provincial and district government on climate change, climate planning and the management of projects with international funding;
- Mobilize and stimulate the participation of the private sector in the financing of local adaptation actions;
- Establish effective and transparent decentralized funding mechanisms to promote greater budgetary autonomy to local governments to prioritize climate interventions adapted to the territorial context;
- Promote multi-sectoral and multi-actor coordination platforms aimed at sharing knowledge, mobilizing resources and participatory monitoring of climate interventions at local level.

V. CONTRIBUTIONS

Faculty of Agronomy and Forest Engineering, Eduardo Mondlane University (UEM)

- Rosta Mate Munjovo
- Osório Nhiumane

Faculty of Arts and Social Science, UEM

- Adérito Machava

Ministry of Land and Environment

- Carla Marina
- Eduardo Baixo

Ministry of Economy and Finance

- Anacleto Chiangua

