

# **Promoting Resilient Communities and Local Economies in Uganda**

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**Through the Local Climate Adaptive Living (LoCAL) Mechanism  
(Phase I/II)**

**This initiative supports the Vertical Integration of the Nationally  
Determined Contributions and National Adaptation Plan Process in  
Uganda**

**Government of Uganda**

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# 1 Summary

Climate change is likely to jeopardize achievement of the socioeconomic master development plan in Uganda (Vision 2040) and its quest to become a competitive middle-income country. Poverty, low diversity of income and livelihoods, and weak institutions, among other things, are all key factors in heightening vulnerability of Uganda to climate change, lowering its resilience and adaptive capacity. Climate change variability is estimated to cost Uganda around USD 270 and 332 billion over the 40 year period (2010-2050), for the agriculture, water, infrastructure, and energy sectors (INDC, 2015).

In this context, the proposed programme aims to increase the resilience of communities and local economies in Uganda, through regular, predictable, systemic and verifiable climate finance in support of NDC and NAP aligned locally led adaptation action. It also aims to increase local government (district) access to climate finance to implement climate change adaptation investments particularly in nature-based solutions; sustainable water management and climate smart and sustainable agriculture (outcome 1) and institutionalising a standard and internationally recognized country-based mechanism of performance-based climate resilience grants in Uganda, further attracting climate finance, domestic and international (outcome 2).

To this end, the Programme will raise awareness and strengthen capacities for subnational climate change adaptation at both District and central levels (output1); support the integration of climate change into local planning and budgeting processes and finance local adaptation interventions and investments (output 2) and establish and deploy an effective performance-based climate resilience grant system (financing mechanism) that can attract various sources of climate finance (output 3).

Based on a whole-of-society approach, the Programme will be fully aligned with the country's climate change policy, the Nationally Determined Contribution, with the National Adaptation Plan process, financial systems for local governments, and related institutional and regulatory frameworks. It is proposed it will be deployed across target districts initially over a 3-year fiscal cycle (phase I) to then be rolled out to an increasing number of districts (phase II).

The proposed Programme builds on experience from UNCDF with decentralization programmes globally and particularly Uganda, as well with the piloting of the Local Climate Adaptive Living (LoCAL) Facility in 14 countries across Asia, Africa and the Pacific.

More specifically, it is informed by lessons learned and by the successful experience in deploying the LoCAL mechanism to Mozambique, whom, with financial support from the Belgium Development Cooperation, the Swedish International Development Cooperation Agency and the European Union, and technical assistance from UNCDF, was the first country in Southern/Eastern Africa to introduce LoCAL (in 2015). LoCAL-Mozambique has expanded from four target districts in 2015 to 13 districts in 2020, having financed 49 CCA small scale projects/investments, which directly benefit more than 300,000 people.

## 2 National context

### 2.1 Geographical and development context

Uganda is a lower-middle income, landlocked country located in East Africa and member of the East African Community (EAC), a regional intergovernmental organisation of 6 Partner States. The population of Uganda is estimated to be 44 million (World Bank, 2020), mostly living in rural areas where poverty is prevalent. Income opportunities and access to social and infrastructure services are far more limited in rural areas.. The fast population growth rate and dependency ratio in Uganda is among the highest in the world and puts added pressure on the capacity of the government to finance basic services.

Uganda has made significant progress in reducing poverty over the past two decades. For instance, the proportion of households living below the one dollar a day poverty line declined from 56.4 percent in 1993 to 21.4 percent in 2016/17, but with minor increases observed in the last household survey<sup>1</sup>.

Despite its economic growth, the economy remains rural and agrarian with a large proportion of the population still relying on low paying jobs in the agriculture sector where approximately three quarters of the population are employed, mainly in subsistence/peasant farming. A large share of the population (43.3 percent) remains highly vulnerable to external shocks and to fall back into poverty<sup>2</sup>, which is being exacerbated with the on-going COVID19 pandemic.

Among challenges to ensure sustained economic growth are: “continuing to implement measures to ensure macroeconomic stability; intensifying efforts to implement its development-oriented budget, and urgently implementing measures to enable and encourage the private sector to play a more significant role in socioeconomic development” (World Bank, 2018). Climate change also represents a major threat to Uganda’s development efforts, particularly due to economic and life losses ahead of major weather events such as droughts and floods.

### 2.2 Climate change

Climate change poses added burden to the development efforts in Uganda. A review by Goulden (2006) of modeling outputs for East Africa, based the Intergovernmental Panel on Climate Change’s CO<sub>2</sub> emission scenarios, reveals that there is consensus around increase in mean temperature by up to 1.5 °C in the next 20 years and by up to 4.3 °C by 2080. Changes in temperature are likely to have significant implications for water resources, food security, natural resource management, human health, settlements and infrastructure. In addition, there is high likelihood of changes in the frequency and severity of extreme weather events, such as heat waves, droughts, floods and storms.

In the 2018 Notre Dame-Gain index, that ranks vulnerability and readiness of countries to climate change adaptation, Uganda ranked 166 out of 181 countries, meaning that the country is very vulnerable yet very unready to cope with climate change effects.

Uganda’s INDCs highlights that, in absence of adaptation actions, the cost of the impacts of climate variability and change in Uganda would range between United States dollars 270 and 332 billion over the 40 year period 2010-2050, for the agriculture, water, infrastructure, and energy sectors. Addressing climate change at all levels of government administration, as well as with non-state actors, is therefore critical for Uganda to achieve the Sustainable Development Goals (SDGs) and transition to a resilient development pathway.

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<sup>1</sup> UBOS, Household Survey 2016/17.

<sup>2</sup> From a recent WB CN for Health, 2015.

## 2.3 National development and decentralisation policies and structures

### 2.3.1 National development Policies

Uganda has recently developed its Third National Development Plan (NDP), which is the third in a series of 6 multiyear Plans aimed at achieving the Uganda Vision 2040 (which aims to transform the country from a predominantly peasant and low income to a competitive middle-income country and modern society). The third NDP's aims to Increase "Household Incomes and Improve Quality of Life of Ugandans" through Sustainable Industrialization for inclusive growth, employment and sustainable wealth creation. The Plan also seeks to leverage opportunities presented by emerging developments at the national, regional and global levels. The Plan recognizes that its key development results cannot be achieved without the necessary enabling environment and that improving good governance indicators will be important in order to create the required legal and socio-political environment needed to harness the opportunities and strengthen the fundamentals driving economic and social transformation.

### 2.3.2 Decentralisation policies and structures

The decentralization policies in Uganda aim at transferring responsibilities for decision making and delivery of a wide range of services through local governments (LGs), which elect their own chairpersons and councils, raise their own revenues and have independent authority to make investment decisions. Article 176 (1) of the Constitution and the LGA Cap 243 (section 3) stipulates that the system of LGs shall be based on districts (mandated to deliver services) under which there shall be lower LGs (LLG) and administrative units (e.g. sub-counties and municipal divisions, parishes). The districts through the local councils perform both legislative and administrative functions including personnel management. The number of Local Governments more than doubled since 2000 bringing the total number to 134 districts and 41 Municipalities as of 2019/20.

The funding system for LGs in Uganda consists of a number of different grant schemes as well as small range of LG own source revenue sources (land tax, licenses, etc.). LGs may finance the implementation of their mandates through: (i) own revenue sources and (ii) central Government transfers, even though central government transfers make up the bulk of local government finance. Whilst the transfers may come in the form of: (i) unconditional; (ii) conditional; and (iii) equalization grants, there has been overreliance on conditional rather than unconditional grants, resulting in reduced discretion by LGs as to the use of funds to address local needs and priorities. Uganda was amongst the first countries in the World to introduce performance-based grants to LGs, starting with a pilot in 1997, with performance impacting on LGs grant allocations.

The Government of Uganda under the coordination of the Ministry of Finance (MoFPED) has recently initiated reforms of intergovernmental fiscal transfer system to ensure the implementation of national policies, an increase in LG autonomy and discretion, and to promote performance, accountability and equity. As part of the process, previous LG funding schemes to special regions/territories and programs<sup>3</sup> were merged into a single grant scheme, i.e. the Discretionary Development Equalization Grant (DDEG) for both urban and rural LGs. The DDEG is the sole LG development grant that is not earmarked to a particular sector, allowing LGs to plan and prioritize allocations according to local needs.

## 2.4 Climate related policies and frameworks

Uganda has ratified both the Kyoto Protocol and Paris Agreement, and has committed to the adoption and implementation of policies and measures designed to mitigate climate change and adapt to its impacts.

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<sup>3</sup> The equalization grant, the Local Government Management Service Delivery Program (LGMSD); Peace Recovery and Development Plan (PRDP); Luwero-Rwenzori Development Program (LRDP); and Uganda Support to Municipal Infrastructure Development (USMID).

Uganda submitted its Initial National Communication (INC) to UNFCCC in 2002, which included a national greenhouse gas (GHG) inventory system, an assessment of the country's status of vulnerability and adaptation to climate change, and recommendations for adapting to and mitigating climate change. Uganda is now preparing the Second National Communication. In 2007, in conformity with UNFCCC and under a grant from GEF through UNEP, Uganda developed and submitted its National Adaptation Programmes of Action (NAPA) to UNFCCC. The NAPA includes a list of eight priority projects, many of which are yet to be rolled out and implemented: 1) Land and land use; 2) Farm forestry; 3) Water resources; 4) Health; 5) Weather and climate information; 6) Information and Knowledge documentation and awareness creation; 7) Policy and legislation; and 8) Infrastructure.

Under the Paris Agreement, Uganda's Intended Nationally Determined Contribution (INDC) aims at reducing approximately 22% of national GHG emissions in 2030 compared to business-as-usual, and presents detailed information on how it intends to promote adaptation measures in priority areas. Uganda also developed a National NDC partnership Plan which outlines five outcome areas:

- Outcome 1: Efficient, operational and gender-responsive policy and institutional framework for the effective governance of climate change in Uganda strengthened;
- Outcome 2: Financing for climate change increased and reflected in relevant planning and budgeting frameworks at national and local levels;
- Outcome 3: Effective and institutionalized measurement, reporting and verification (MRV) system that monitors GHG emissions and gender responsive adaptation measures;
- Outcome 4: Strengthened capacity of government officials, civil society, private sector and academia to effectively integrate NDC-SDGs commitment with a gender lens into existing and future programs;
- Outcome 5: Project financing for NDC implementation accelerated Effective governance in Uganda.

The NDC Partnership plan focuses on the following sectors; Agriculture, and Livestock; Forestry, Infrastructure (with an emphasis on human settlements, social infrastructure and transport), Water, energy and Health. The country, with support from UNEP and UNDP, has also developed a National Adaptation Plan (NAP) for the agricultural sector, and is currently developing its country-wide National Adaptation Plan.

The National Climate Change Policy (NCCP), enacted in 2015, is Uganda's integrated response to climate change and has been prepared and designed within the context of the country's vision and national development priorities. The NCCP-2015 provides a clearly defined pathway for dealing with the challenges of climate change within the socio-economic context of Uganda and looks ahead to the opportunities and benefits of a green economy. The overarching objective of the policy is to ensure that all stakeholders, including local governments, address climate change impacts and their causes through appropriate measures while promoting sustainable development and a green economy. The policy is comprehensive and outlines the details in the coordination of various stakeholders when it comes to e.g. climate change adaptation and is followed up by a Climate Change Law (2021) which identifies the role of LGs.

## 2.5 Stakeholder analysis

The Ministry of Water and Environment (MoWE) of Uganda is responsible for managing and regulating rural water and natural resources in Uganda. Moreover, through its Climate Change Department (CCD), it is the focal institution for the UNFCCC and has the responsibility of coordinating climate change issues in the country. MoWE is an accredited institution to the Green Climate Fund and together with MoLG will provide coordination to LGs on CC activities. MoWE will be responsible for the policy dimension of the programme, in alignment with the NDC and NAP processes, in country efforts for climate change adaptation resource mobilization and further accessing international climate finance for scaling up the mechanism.

The Ministry of Local Government (MoLG) in Uganda is responsible for guiding, mentoring, supervising, inspecting, monitoring, and supporting LGs. In addition, MoLG provides overall oversight of the DDEG<sup>4</sup>, including issuance of grant guidelines and is responsible for the coordination of the performance

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<sup>4</sup> except for the USMID supported municipalities, which are authorized by the MLHUD.

implementation task force and initiatives that strengthen LG capacity, based on gaps identified in the annual performance assessments. Under the proposed initiative, MoLG will be the implementing agency for LoCAL: it has the responsibility for the councils, a history of cooperation with UNCDF and in local climate finance, and the experience of coordinating several ministries for planning at district level. It will coordinate closely the Ministry of Finance, Accountant General Office, for transfers to the councils (e.g. transfers), accounting and reporting. It will work with the Auditor General for the annual audit.

The Office of the Prime Minister (OPM) in Uganda is in charge of progress monitoring of all central and LGs public bodies – e.g. annual government performance reviews, coordinates the new LG annual performance assessments and chairs the intergovernmental task force on the LG PA. It also provides overall policy coordination through the Policy Committee on Environment (which also covers CC) chaired by the Prime minister and with representation from all ministries. The National Planning Authority (NPA) is charged with coordination of all planning, including the new LG development planning guidelines to LGs, and mainstreaming of CC in the new planning guidelines and certificates for compliance by LGs. NPA will support development and implementation of guidelines and planning at the LG level, including CC mainstreaming.

The Ministry of Finance, Planning and Economic Development (MoFPED) of Uganda is mandated with public financial management, planning and budgeting, as well as monitoring of use of funds and compliance with budget requirement and accountability, being also responsible for the release of grants to LGs. MoFPED is also tasked with coordination of fund mobilization in the area of CC and is one of the three NDC focal points institutions in Uganda. Under LoCAL, MoFPED will be responsible for the financial circuit management, and related fund flows to LGs.

Local Governments are responsible for local service delivery and implement development plans at the district level. LGs in Uganda have the mandate and the responsibility for providing a range of climate change relevant investments such as drainage, irrigation, smaller road networks and the maintenance of paths, bridges and other public utilities. In addition, Councils formulate local legislation (bylaws) and provide checks and balances through political oversight on the Local Government operations, as representatives of the people. LGs make adequate provisions in LG development plans, annual plans and budgets for the implementation of the climate change policy. Under the proposed programme, District Councils will be supported in the planning, budgeting and implementation of interventions, as well as in the monitoring and evaluation process.

Civil society organizations (CSOs) in Uganda focus on service delivery and citizens' economic and social empowerment, and only more recently have been engaging in policy advocacy work or holding Government accountable on a number of issues with support by the donors. Overall, CSOs are generally close to the beneficiaries, have diversity of skills and competencies and are highly committed. NGOs are increasingly involved in trilateral meetings with donors and government on major policy priorities. The voice of civil society is beginning to be heard more loudly on issues, including environment, climate change, human rights, basic needs and people's marginalization. LoCAL will ensure CSO participation and engagement in various stages of implementation.

Whilst efforts are being made to encourage broader public private partnerships in service delivery, the private sector at present mainly interacts with LGs as contractors for the construction of infrastructure projects, with efforts for maintenance in certain sectors (e.g. water). For private sector engagement, it should be ensured that the private sector has the capacity and accountability to adhere to the technical standards to be put in place to make infrastructure more climate resilient.

This proposed initiative will be implemented with the United Nations Capital Development Fund (UNCDF). Building on 10 years of experience with PBCRG across 14 countries and 304 local governments, UNCDF will provide technical assistance and quality assurance throughout the programme as well as ensure financial accountability. UNCDF will be responsible for the payment of the Performance-based climate resilience

grants (PBCRGs) to the Government of Uganda that will be channeled to local governments through existing intergovernmental fiscal transfer systems and for providing capacity building support for the successful deployment and institutionalization of the LoCAL mechanism in Uganda. It will be further supporting monitoring, evaluation and learning (MEL) through the deployment of the “Assessing Climate Change Adaptation Framework” (ACCAF) developed with the World Resource Institute for supporting access to state-of-the-art expertise for climate risk assessments as well as access to further climate finance. The Government of Uganda will have a seat in the LoCAL global Board, ensuring south-south exchange and joint efforts. Belgium is already observer member of the LoCAL global Board, together with EU, Sweden, Green Climate Fund and UNFCCC.

## 2.6 Complementarities, synergies and donor coordination

The proposed initiative will actively facilitate and support cross-agency collaboration at the District and community levels, and will be closely linked and aligned with relevant national and sectoral programs, goals and initiatives such as the Third NDP and Vision 2040, the National Climate Change Policy, strengthening their implementation; the National Adaptation Programmes of Action (NAPA), the Nationally Determined Contribution (NDC), National Adaptation Plan (NAP) process, as well Public Sector and PFM reforms and other relevant initiatives. The initiative will also utilize the framework to guide ministries and LGs on how to prioritize CC interventions and how to report on their progress. The Programme will localize and directly support achievement of SDG 1, SDG 11 and SDG 13, and indirectly SDG 5 and SDG 8.

The programme will build synergies and establish active collaborations with the Belgium Non-Governmental Actors (BNGAs) to support implementation and achievement of the 2022-2026 Joint Strategic Framework. More specifically, under Strategic Objective 3: Human Rights, Governance and Justice, LoCAL will seek coordination with Avocats Sans Frontières (ASF) in their support to empower communities in their relationship and negotiations with local authorities (with a focus on the natural resources sector). Under Strategic Objective 4: Sustainable Agriculture and Food Systems, LoCAL will establish active coordination with Broederlijk Delen, Rikolto, SOSFaim, VSFBelgium, TRIAS and IDP by engaging target districts in training and support to communities and smallholder farmers and local food system actors to transition towards sustainable production methods, including agro-ecology, agro-forestry, regenerative farming systems and sustainable management of natural resources for crops and livestock value chain improvement. Likewise, under JSF Objective 6 “Gender, Age and Inclusion”, LoCAL-Uganda will work closely with Humanity & Inclusion and BRC-FL to develop awareness raising and advocacy activities regarding vulnerable groups, particularly women and youth with a view to increase their participation in local decision-making processes. Presence of BNGAs initiatives will be used as criteria to identify and select target districts under LoCAL, particularly the Acholi, Lango, Karamoja, Rwenzori Districts, and West Nile sub-regions of Uganda.

Complementarities and synergies will also be established with thematic JSFs with BNGAs members active in Uganda, particularly on resilient socioecological systems. More specifically, LoCAL will coordinate with BOS+ as it supports implementation of community-based forest management (CBFM) and agroforestry practices; and with Join For Water, BOS+, BD, IDP and SOS-Faim on joint capacity building efforts to local stakeholders and communities on climate change issues and agroecological techniques.

LoCAL-Uganda will coordinate and synergize with Enabel in its support to beneficiary institutes to the skills development of their human resources in Uganda, particularly subnational governments/partners and in the following areas: public financial management, good governance, green skills and technologies, CCA mainstreaming and participatory planning.

The initiative will complement other efforts being undertaken in Uganda to enhance adaptive capacity and resilience of local governments, communities and local economies to climate change, on the one hand, and to improve LG financing and overall capacity, on the other. For instance, the initiative provides good synergies with existing programs such as the Development Initiative for Northern Uganda (DINU), especially when it comes to capacity building for planning and budgeting, and various assessments, as well as the enhanced agriculture adaptation/resilience programmes in Uganda’s cattle corridor, implemented by the Food and Agriculture Organization (FAO) and financed by the European Union and the Belgian Government.



It is worth noting that programmes targeting local governments in Uganda mostly focus on technical assistance/capacity development support and the proposed initiative will provide the needed complementarity in form of funds for LG investments in CC adaptation activities. During design mission, close interaction with these programmes was undertaken to ensure that synergies can be achieved throughout implementation. The selection of LG target areas will likewise consider, in addition to the presence of BNGAs initiatives, the various geographical zones/conditions, vulnerabilities and risks, and opportunities identified from other initiatives so as to promote synergies and complementarities. The programme will seek to promote traditional local knowledge, reinforcing its central role in supporting local communities better adapt to climate change.

At global level, the programme will benefit from technical partnerships in the field of climate change mainstreaming, local climate risk assessments, monitoring, evaluation and learning, with selected organisations, in particular the World Resources Institute (WRI). Also, participating countries and development partners are members of the LoCAL Board, which provides strategic direction and facilitates exchanges between LoCAL participating countries and partners on the role and function of local governments in addressing climate change adaptation. It provides a south-south platform to share experiences and initiate joint efforts.

### 3 Rationale for the programme

Parties to the UNFCCC recognize the local and subnational dimensions of adaptation to protect people, livelihoods and ecosystems, country ownership including at subnational and local levels and the need to take into account the urgent needs of developing country Parties particularly vulnerable (Art. 7 and 11, [Paris Agreement](#)). Recent OECD study estimates that climate finance provided and mobilised by developed countries for climate action in developing countries reached USD 71.2 billion in 2017. However, of this amount only 19% was destined to finance adaptation actions, with the bulk targeting mitigation. In addition, of this meagre climate adaptation finance, only a small percentage target initiatives at subnational level, overlooking the potential role of local government authorities and communities as climate champions. This is no exception in Uganda. In fact, most of the current climate change and risks reduction activity support targets large-scale interventions and projects at the central and sector levels, and often through use of a project-based approach.

The Government of Uganda has expressed interest in deploying the Local Climate Adaptive Living (LoCAL) Mechanism, as part of their efforts to localize their NDCs, NAP process and climate related SDGs. The increasing vulnerabilities of local government authorities ahead of climate/weather related impacts, lack of adaptation and resilience financing at the local level, the need to support decentralisation and its actors at a critical time not to lose progress made, including in terms of capacity built at central and decentralised levels and the awareness raised in all councils and among communities for their taking charge of their development needs is raising demand for such initiative as the LoCAL Mechanism.

The LoCAL Mechanism will address such gaps while also considering key challenges facing the overall LG system in Uganda, such as the insufficient funding level compared with the mandated functions for climate sensitive sectors, quality and resilience of investments, and strengthen direction of their use to meaningful activities, targeting the local adaptation needs of the population. LoCAL will “plug into” the existing intergovernmental fiscal transfer system and block grants – i.e. the Discretionary Development Equalization Grant, by adding additional funding (top-up grants) for climate proofing of existing or new investments, and will support other climate change related initiatives, in accordance with a clear “investment menu or eligible investments” and ensuring traceability of funds.

The current reforms to LG financing, including strengthening the performance assessment framework, provides opportunities for mainstreaming LoCAL in the existing financing systems and for LoCAL to provide active support to this process. By being closely aligned with such IGFT reforms, the PFM (the new REAP) and performance-based transfer allocation reform framework, LoCAL will provide LGs with needed funds for addressing the increasing local CC challenges, while addressing related identified capacity gaps and needs at LG level.

LoCAL offers an opportunity for Uganda to address climate change at the local level while investing in climate resilient development pathways to meet commitments made in their Nationally Determined Contributions (NDCs), the National Climate Change Strategy, National Development and other sectoral strategies and plans (e.g. the NDC implementation plan). However, to be effective in delivering these commitments, climate finance must not only enhance development finance, but also reach the communities that need it most, so they can prioritise it to deliver solutions on the ground.

The Programme therefore aims to strengthen the capacities of Districts and their communities in Uganda, support the integration of climate risks and climate change adaptation in local development planning and budgeting systems, in a participatory and gender-responsive manner, and increase the level of local climate finance, through the deployment and institutionalisation of the Performance-based Climate Resilience Grants (PBCRG) system. LoCAL will help LGs localize and align their planning to the National Climate Change Policy, Nationally Determined Contributions and National Adaptation Plan process.

## 4 Lessons learned

The Local Climate Adaptive Living Facility was established by UNCDF to promote climate change–resilient communities and local economies, and has evolved into a standard, internationally recognized country-based mechanism to channel climate finance to local governments in least developed countries (LDCs). It seeks to contribute through local governments to country achievement of the Paris Agreement and the Sustainable Development Goals – particularly poverty eradication (SDG 1), sustainable cities and communities (SDG 11) and climate action (SDG 13).

The proposed regional initiative builds on lessons learned and on the successful experience of LoCAL deployment to Mozambique, whom, with financial support from the Belgium Development Cooperation, the Swedish International Development Cooperation Agency and the European Union, and technical assistance from UNCDF, was the first country in Southern/ Eastern Africa to introduce LoCAL (in 2015). LoCAL-Mozambique has expanded from four target districts in 2015 to 13 districts in 2020, having financed 49 CCA small scale projects/investments, which directly benefits more than 300,000 people.

LoCAL will also build on the lessons learned from previous experiences with performance-based grants and the LG Performance Assessments being implemented in Uganda since late 1990's, most recently through the DINU programme. In particular, LoCAL will be aligned with the new comprehensive country-wide system of annual performance assessments introduced as of 2017 with robust procedures for assessment and a comprehensive and clearly outlined assessment Manual – Local Government Performance Assessment Manual (2017), updated in June 2018.

It will further build on the experiences in the implementation of climate resilience related projects and programmes in the country such as FAO' Agriculture Adaptation to Climate Change in Uganda Programme, supported by the Global Climate Change Alliance, Ireland and Belgium, as well lessons from initiatives funded by Belgium/Enabel, and implemented by BNGAs.

At global level, based on the lessons learned in the first LoCAL pilots in Bhutan and Cambodia in 2011, LoCAL was expanded and deployed across 14 countries and currently engages with over 304 local governments, with more country initiatives under preparation. The collective lessons learned from linking performance-based climate resilience grants, capacity building support in climate change related areas and support to core systems and procedures on handling of climate change investments, eligible expenditures, etc. have been collected and documented in a set of guidelines now approved by the UNFCCC as supplementary materials to the NAP technical guidelines. LoCAL was itself building on 30 year's work on performance-based grants (UNCDF, 2010). Key lessons from the global expansion which will inform the LoCAL-Uganda include the following:

- **To increase country ownership and government support, LoCAL needs strong political anchorage.** Since Inception, LoCAL works closely with ministries and agencies dealing with climate change, decentralization and finance to ensure effective coordination and buy-in from key central level stakeholders involved in LoCAL deployment and institutionalization process. As a de facto public programme, LoCAL devolves strategic guidance and supervision responsibilities to the LoCAL Technical Committee, which, in addition to above-mentioned Institutions, brings together other sectoral ministries and directorates to ensure a holistic approach and shared trajectory on local resilience building through the mechanism as well as full ownership. At the regional and global level, LoCAL is developing political and technical anchorage across ministries dealing with local governments, finance and climate change/environment, including countries' GCF national designated authorities and UNFCCC national focal points, through in country dialogue and practical collaboration on the ground network of highly committed LoCAL Ambassadors.
- **Climate risk and vulnerability assessments should incorporate local-level indicators.** This is an important component in ensuring effective subnational adaptation via climate risk–informed planning and budgeting at the local level, as gaps exist in terms of production, use and dissemination of climate data at the sub-national level. LoCAL ongoing work on localized climate risk assessments and the development and establishment of a tailor-made LISA constitute useful resources to advance

awareness and understanding of climate trends and properly factor in climate and environmental risks into local decision-making. Such resources may also serve central Governments to account for sub-national climate risks and impacts and feed national climate agendas (including NAPs and NDCs) with evidence from local realities. A CRA report for subnational adaptation for Uganda is currently being developed with technical assistance from UNCDF and financial support from the EU, to be completed by the fourth quarter of 2021.

- **Effective involvement of communities can create short-term job opportunities, while enhancing ownership of resilience building interventions.** LoCAL learned from the experience in Nepal and Niger, where local governments have been pursuing community contracting schemes to construct local infrastructure and rehabilitate ecosystems and provided short-term job opportunities especially for youth, women and other vulnerable groups. Combined with skills development support and access to finance, LoCAL can be a vehicle to stimulate green local economies and job creation, as is being done in The Gambia and in Ghana, where cash-for-work interventions have been included in annual investments plans of participating local governments. In the Gambia, about 410 jobs have been created in two regions. Participants are acquiring skills while becoming increasingly involved in intra-household and community decision-making processes. Under LoCAL-Uganda, districts will be assessed annually on level of community participation in local decision-making processes and their relative performance in this area impacts on PBCRG's allocation size.

Based on regional and global experience, the full application of the LoCAL mechanism, including performance-based climate resilience grants, annual performance assessment and improved capacity building and support, in support of investments towards vulnerable areas, leads to strong national ownership and sustainability as evidenced by the earlier efforts in Cambodia as well as the national scale up in other countries like Bhutan (100 gewogs out of 205).

## 5 Description of the programme

### *Expected objectives and results*

The **overall objective** of the programme is to contribute to increasing the resilience of communities and local economies in target Districts in Uganda, through regular, predictable, systemic and verifiable climate finance in support of NDC and NAP-aligned locally led adaptation action.

The **specific objectives** are to:

- Increase LG access to climate finance to implement NDC and NAP-aligned locally led adaptation action;
- Establish and institutionalize a standard and internationally recognized country mechanism of performance-based climate resilience grants in Uganda that can attract further finance (domestic and international).

The objectives will be addressed through three outputs:

- **Output 1:** Awareness and capacities to respond to climate change adaptation are increased at central and subnational levels;
- **Output 2:** Climate change adaptation is integrated into Districts plans and budgets and climate change adaptation interventions and investments in climate sensitive sectors are implemented in line with the PBCRG system;
- **Output 3:** An effective performance-based climate resilience grant system (finance mechanism) is deployed in Uganda and operational for additional funding.

### *Indicative activities*

**Output 1: The awareness and response capacities of local governments, communities and local actors are strengthened and promote local adaptation responses in order to enhance human security, livelihoods and wellbeing**

Indicative **activities** under this output will include:

#### National and subnational levels

- Capacity and needs assessments and baseline setting;
- Sensitization and training workshops for local governments, decentralized State services and communities are organized according to identified needs;
- Localized and spatialized analyses of climatic hazards, vulnerabilities and risks are realized and Local Information Systems for Adaptation (LISA);
- A local outreach and communication strategy is developed and implemented, also in partnership with partners present in the target countries where present (e.g. disaster management agencies, community-based organisations);
- Support to ensure strong links between CRAs, local adaptation strategies, planning and budgeting and selection of projects which have linkages with adaptation strategies;
- Strengthen community engagement and participation in local development and decision-making processes, to ensure demand- and asset-based development, empowerment of communities for self-action, and sustainability of investment (services);
- Awareness raising and training at central and LG levels;
- Support current up-date and roll-out of the climate change handbook for LGs (Uganda).

Each target District will benefit from tailored technical assistance departing from specific and identified gaps and needs, using a range of approaches (e.g. on-the-job learning; trainings; technical assistance; coaching). CRAs for subnational adaptation will be conducted and local climate information systems will be

implemented; quantitative and participatory approaches will be undertaken and will inform the awareness raising and the subsequent integration in local plans and budgets and the implementation that follows. Together with the menu of investments and the ACCAF, the CRA guarantees that the interventions and investments address climate change adaptation. In complement of existing early warning systems and climate information services, Local Information Systems for Adaptation (LISA), aimed at enhancing climate information availability, dissemination and accessibility for local actors, are also set up and handed over to local governments as additional planning tools. The participation of local communities and vulnerable groups such as women, youth and minorities in decision making, implementation and the management of the interventions (e.g. through user groups) foster ownership and future sustainability of the specific interventions and investments and will be core in achieving the expected results.

**Output 2: Climate change adaptation is integrated into local plans and budgets and climate change adaptation interventions and investments are implemented in selected local governments in line with the PBCRG system (including grants)**

Indicative **activities** under this output will include:

- Support annual planning (based on community climate vulnerability and risk assessments) to identify and prioritize community and resilience projects in NDC/NAP aligned target sectors (e.g. nature based solutions, sustainable water management; and climate smart and sustainable agriculture) for funding under the PBCRGs;
- Develop annual Climate Adaptation and Resilience (CAR) plans for utilizing the allocated PBCRGs;
- Support Districts in programming targeted investments in line with the menu of eligible climate investments (with focus on nature based solutions, sustainable water management; and climate smart and sustainable agriculture) and provide training to LG staff on identification, prioritization, planning, procurement and managing the CC resilient investments;
- Annual allocation of PBCR grant based on performance of LGs. This will cover target districts with grants allocated depending on their performance in the annual performance assessment;
- Implement approved CAR projects on an annual cycle basis, ensuring direct community benefits;
- Support from LoCAL to LGs for efficient utilization of funds along the support to targeted investment menu for CC linked investments in sustainable productive sectors in coastal ecosystems.
- Support to development and compliance with financial and physical outputs of PBCRG - monitoring and reporting on use of PBCR grants, review of investments and progress made (regular monitoring missions, + backstopping).

The project will work with Districts, communities and vulnerable groups, such as women and youth, to integrate climate change adaptation into local plans and budgets, based on the findings of the CRA. Annual performance-based climate resilience grants will be disbursed to Districts which meet the minimum conditions of access. Each year, local interventions and investments will be identified, selected and implemented by Districts in line with the PBCRG system, integrating gender issues, participation and environmental sustainability and in compliance with the investment menu. The menu which is part of the design of the PBCRGs (output 3) include investments in, *inter-alia*, nature-based solutions, sustainable water management; and climate smart and sustainable agriculture. Districts will benefit from support throughout the approach.

**Output 3: An effective performance-based climate resilient grant system (finance mechanism) is deployed across Uganda and operational for additional funding**

Indicative **activities** under this output will include:

- Baseline review of the LG capacity on climate change related performance areas;
- Deployment and institutionalization of the PBCRG system, including financial flow, minimum conditions, performance measures, formula for the PBCRG, investment menu and related manual for annual performance assessments (APA), aligned with existing intergovernmental fiscal transfer system;

- Guidelines for the LG Performance Assessment (LG PA) with climate change performance measures, support to current up-date of the LG performance assessment manual with focus on CC relevant PMs, and training of teams under the direction of the LG PA inter-ministerial Task Force;
- Support to the LG PA Task Force and to the Office of the Prime Minister (OPM) with inclusion of CC performance measures;
- Establishment of expenditure tracking system for LoCAL expenditures within the accounting and reporting system linked to the existing Performance-based System under the Ministry of Finance and Planning;
- Development of a brief PBCRG guideline (linked with the DDEG) for use of LoCAL describing the modalities for allocations and use;
- Deployment of the “Assessing Climate Change Adaptation Framework” for quality assurance, ME and reporting linked and complementary to the national M&E frameworks;
- Preparation of concept notes and project proposals with the Government of Uganda, particularly with MoFPED, MoLG, MAAIF and MoWE;
- South-south exchange of experience and international outreach to UNFCCC related events and conferences.

LoCAL lessons learned will inform adjustments to the LoCAL/PBCRGs design and to any policy or regulatory change needed to institutionalise the mechanism in Uganda. Specific elements include the size of grants and the alignment and use of country systems to ensure the scalability and sustainability of the mechanism, as well as the development of a list of eligible investments, the so-called investment menu. Annual performance assessments will be undertaken and will provide an incentive for improved performance by informing the subsequent year allocation and capacity building needs. National partners will be supported to consistently improve the quality of the PBCRGs and use the demonstration effect to attract further financial flows for local adaptation, including national fiscal transfers and to work towards direct access to international climate funds, such as the GCF. LoCAL will benefit from the ACCAF as the standard M&E adaptation system to assess and evidence the adaptation gains made by the initiative. In addition, experiences and good practices emerging from Uganda will be documented, shared and applied to ensure quality and work towards standardization of the LoCAL mechanism globally. The Government of Uganda will be supported to communicate in international fora its work with local authorities on climate change adaptation/resilience and will sit in the LoCAL Board as a full member.

### ***Identification of Districts***

LoCAL seeks to test adaptation financing closest to the most vulnerable and where capacity can be built. Because the needs are very specific for municipalities and the cost of adaptation measures can be very high, LoCAL is initially designed for the rural context. In Uganda, district councils are rural ones and this forms the pool for selection. Climate change adaptation falls within the core mandate of District Councils: Land Use Planning, Natural Resources Management, Infrastructure developments etc. CC adaptation requires effective coordination of various stakeholders and Districts Councils, which groups wards and villages, are gateways for development facilitation at the local level as well as custodians of all developments, therefore are strategically positioned to fulfil the coordination role.

The identification of the target districts may consider the below criteria:

1. Geographical diversity covering northern, central and southern LGs (if possible and if the sample is larger than the current expected level);
2. LG physical conditions, including diversity in soil conditions, water availability, ecosystems, and mountainous terrain; risks of flooding, etc;
3. Diversity in projected climate change impacts and climate risk exposure, allowing for a diversity in adaptation and risk reduction measures to be tested;
4. Vulnerability of existing livelihoods strategies to climate change and risks, including poverty, LG specific health and income/subsistence vulnerabilities and the presence of disadvantaged groups;

5. Capacities of LG already developed, as well as planned capacity development activities in LGs to create leverage of investments as measured through the LG PA in Uganda;
6. Availability of current DDEG and additional resources from GoU and development partners on specific LGs, which could be leveraged for the LoCAL design and implementation;
7. Accessibility for project staff for LoCAL implementation and design support, monitoring and learning;
8. Presence of development partners, particularly BNGAs/Enabel, projects/initiatives in LGs with whom LoCAL could collaborate;
9. Availability of other grants, such as Local Government Excellence Funds (which will then be an excluding factor in the up-start phase) to avoid funding duplication and increased inequality, meaning that if areas are already getting top-up grants, this will be an argument for selection of other areas.

Based on the above, six target districts will be identified for phase 1 of the proposed initiative, with another 6 districts to be identified as the country transitions to phase II, as of year 3 of the programme.

### ***Phased approach and sustainability***

LoCAL is typically planned to be rolled out in basically 3 main phases: Phase 1, which is the initial pilot covering a few local governments, will also prepare the way for the gradual up-scaling in the second phase, and ensure that this is ready for roll-out. The second phase typically covers 2-3 additional years and can support the transition to the national up-scale. Additional local governments will thus be identified during the course of implementing of LoCAL phase 1 (pilot) with a view to provide substantial support (e.g. risk and vulnerability assessments, adaptation planning, plan identification of use of LoCAL funds and PFM support to be ready to enrolment).

The present note covers three cycles of performance-based grant allocations to target local governments under Phase I and one PBCRG cycle under a bridging phase as the country transitions to LoCAL Phase 2.

The size of the grants is an estimated 30% of the current total size of DDEG allocations for a district area allocation and is designed in a way to balance need for incentives, sufficient to ensure meaningful and high impact investments with the view to ensure future sustainability and scaling-up opportunities. Other costs will be related to support for CRA, mainstreaming of climate change in all local governments processes, awareness raising, APA, capacity building, development of systems and procedures, etc.

## **5.1 Cross-cutting issues**

The project recognizes the different ways in which women and men can be affected by climate change, as well as the importance of their particular contribution to solutions. Consideration is given to diverse cultural, political and other norms across Uganda, affecting the role of women and vulnerable groups. This will inform approaches to involve women and other vulnerable groups in the capacity needs assessments, Climate and Community Risk and Vulnerability Assessments, annual planning process, for participation in the decision-making processes, the implementation of investments and the monitoring and oversight that follows. Climate change risk, vulnerabilities and adaptation responses will be identified and analysed at local level using both quantitative and participatory approaches. The assessment will provide gender- disaggregated findings and poverty alleviation linkages.

Gender-sensitive performance measures and performance measures that promote participation are integrated in the PBCRGs upgraded design. At the stage of assessing performance, dedicated interviews with different communities and separate interviews with women and youth will be performed in line with the performance assessment manuals. Menu of investments will include measures that are specifically targeted at women to further ensure concrete investments directly benefitting them.

Transparency and accountability are integrated in the design of the PBCRG system (in the form of minimum conditions to access the grants at local level and/or performance measures that influence the score and subsequent year financial allocation).



LoCAL will align the menu of eligible investments with adaptation-related areas under the Nationally Determined Contributions and National Adaptation Plan process, with a view to localizing and highlighting the contribution of the subnational level to nationally agreed adaptation goals and commitments, as well will be focused on sustainable productive sectors such as agriculture, small infrastructure, nature-based solutions, tourism, fisheries in coastal ecosystems. Performance measures that incentivize the inclusion of environmental consideration in the selection and design of investments will further be included in the design. Legal provisions for Environmental and Social Impact Assessments will be fully complied with.

## **6 Indicative logframe**

An indicative logframe is included in appendix 1.

## 7 Risks and assumptions

Introduction of LoCAL in Uganda builds upon the successful implementation of LoCAL in 14 other countries, among which Mozambique, and on UNCDF's long-term experience with performance-based grants in more than 25 countries. However, certain factors may impact negatively the LoCAL implementation if not addressed or not addressed sufficiently. This section identifies these factors, assesses the degree of risk and describes project design features that will be put in place to mitigate the risks.

Risks	Level of Risk <sup>5</sup>	Mitigation measures
LGs fail to comply with the PBCRG safeguards and do not have sufficient capacity to handle the funds	M	<ul style="list-style-type: none"> <li>The safeguards will be discussed with the LGs as part of the design and implementation support.</li> <li>Among the selection criteria will be that LGs have the basic safeguards (i.e. no severe outstanding audit issues).</li> <li>LGs will be assisted in areas of planning, PFM, reporting, etc. in the first year of implementation and will get support to undertake climate risk assessments, adaptation strategic planning within the identification of eligible and relevant projects within the investment menu.</li> <li>In the event that a LG cannot comply with basic safeguards, funding for LoCAL will be allocated to eligible LGs in the subsequent year, and corrective measures will be triggered to support the poorly performing LGs improve performance.</li> </ul>
The planning system fails to deliver coherent climate change adaptation strategies and plans and to mainstream CC considerations in the PFM procedures	L (to moderate)	<ul style="list-style-type: none"> <li>The preparation for the LGs' CRA and support to strategies and ongoing initiatives and plans under related programs will follow carefully designed procedures and benefit from expert inputs on overall climate trends, vulnerability and potential adaptation measures as well as skilled support.</li> <li>Locations where other programs are also operating, synergies can be achieved and risks reduced.</li> </ul>
Delays in availability of funds for the LGs	L	<ul style="list-style-type: none"> <li>In the first year, there may be some delays in the establishment and integration of LoCAL into the governments' managed budget system, and in getting it all ready to go on-budget, but this is expected to run smoothly in the subsequent years.</li> <li>The risk will be mitigated by close dialogue between UNCDF and key national partners (e.g. MoLG in Uganda) to ensure that programme lines are established on time, and that funds are transferred quickly to the LG level. There will be a continuous and minimum bi-annual follow-up on the allocations and use of funds from the LoCAL facility.</li> <li>TA/CB will be rendered to the central as well as LG level to support TA, coding, reporting follow-up, etc.</li> <li>LoCAL will support monitoring and review of how the governments reporting system to be linked with the PBCRG system can be better addressed to serve the reporting on CC related activities.</li> </ul>
The planning and	M	<ul style="list-style-type: none"> <li>Support to CRA and mandatory, -relevant selection criteria included in the</li> </ul>

<sup>5</sup> Low, Medium or High

Risks	Level of Risk <sup>5</sup>	Mitigation measures
budgeting system fails to allocate funds to genuine priorities.		<p>LG Strategy and Planning Process;</p> <ul style="list-style-type: none"> <li>• Clear eligible list of PBCRG eligible expenditures (in sustainable productive sectors in coastal ecosystems), which will be checked in terms of compliance in the planning, budget and budget execution process, especially during the review of budget and accountability requirements for the performance of contracts at LG level, and the annual performance assessments;</li> <li>• Clear rules on misuse of funds, as spending within the investment menu is part of the access conditions and audit requirements;</li> <li>• TA and capacity development support on the entire PFM cycle including CC implementation process, supported by a strong performance incentive system in the PFM areas and directly in climate change targeted performance measures;</li> <li>• Performance measures will be targeted to incentivize LGs to focus on vulnerable areas /segments of the population.</li> </ul>
Misuse of funds	M	<ul style="list-style-type: none"> <li>• Safeguards (including management of funds in separate, ring-fenced in terms of account codes and current reporting, and regular auditing of expenditures) will be applied to the PBCRGs;</li> <li>• LGs in Uganda are familiar with conditional grants where targeting of funds is a key requirement, e.g. the DDEG. If there are cases of misuse of funds and these are documented, these imply clear sanctions, and the LGs will not get access to the allocations in the following year (as defined in the MoU). LoCAL will follow up on a regular basis through quarterly reporting system of expenditures and quarterly progress and program reporting.;</li> <li>• The National Audit Office also will audit target LGs, reviewing performance of the LGs in PFM and governance as well as from regular field missions and monitoring activities.</li> </ul>
Implementation is impeded by bottlenecks in financial management, procurement and implementation at local and central levels	M	<ul style="list-style-type: none"> <li>• The LGs have demonstrated capacity to implement investment projects with support from central and regional levels, and have the basic staff in place to do so.</li> <li>• Through LoCAL and other initiatives the LGs will receive further support to the entire PFM cycle.</li> <li>• Incentives in the performance-based PBCRG will enhance performance improvements in those areas.</li> <li>• The LoCAL will work closely with other TA/CD initiatives and the PFM reform program to provide assistance to LGs in all phase of PFM.</li> </ul>
Inadequate technical capacity results in failed projects	M (to high)	<ul style="list-style-type: none"> <li>• LGs, especially at the district and municipal levels do some engineering capacity, but all LGs face difficulties in accessing support from the central government and others in this area and the staff positions are not fully filled.</li> <li>• Some design work may be contracted to private sector consultants and LGs are allow to spend up to 10% on technical services of the grants allocated within core related areas, and this should provide the LGs with some flexibility to hire genuine expert services from the private sector</li> </ul>

Risks	Level of Risk <sup>5</sup>	Mitigation measures
		<p>where needed for planning, design, budgeting, contracting monitoring as well as field-work monitoring.</p> <ul style="list-style-type: none"> <li>● LoCAL will ensure continuous monitoring and support.</li> </ul>

## 8 Indicative budget

The estimated budget for a 4-year Programme (targeting up to 12 districts) is estimated at EUR 6,435,644, inclusive of overhead administrative costs.

LoCAL-Uganda Phases I/II Budget	Y1	Y2	Y3	Y4	Total Budget (EUR)
<b>ACTIVITY 1: Awareness and capacity building</b>	<b>152,007</b>	<b>223,588</b>	<b>150,565</b>	<b>147,368</b>	<b>673,529</b>
Employees salaries and wages	52,118	34,608	48,616	48,616	183,958
Professional fees (consultants)	19,776	19,776	19,776	19,776	79,104
Professional fees (firms)	-	105,060	-	-	105,060
Travel	9,888	1,236	1,236	1,236	13,596
Grants (NAO)	30,900	30,900	30,900	30,900	123,600
Trainings/CB workshops/events	2,472	4,944	4,944	7,416	19,776
Office costs and supplies	22,149	16,480	38,629	32,960	110,218
Publication and printing	3,992	3,992	3,992	3,992	15,969
Capital assets	10,712	6,592	2,472	2,472	22,248
<b>ACTIVITY 2: Mainstreaming and Investments</b>	<b>667,535</b>	<b>780,871</b>	<b>792,045</b>	<b>1,380,663</b>	<b>3,621,114</b>
Employees salaries and wages	113,199	95,689	109,697	109,697	428,282
Professional fees (consultants)	11,124	11,124	11,124	11,124	44,496
Travel	1,854	1,854	1,854	1,854	7,416
Grants (PBCRG)	389,116	583,674	583,674	1,167,348	2,723,811
Grants (Operational grant)	61,800	61,800	61,800	61,800	247,200
Trainings/CB workshops/events	2,472	4,944	4,944	9,888	22,248
Office costs and supplies	27,818	19,315	16,480	16,480	80,093
Capital assets	60,152	2,472	2,472	2,472	67,568
<b>ACTIVITY 3: PBCRG Mechanism</b>	<b>276,978</b>	<b>266,142</b>	<b>208,462</b>	<b>237,158</b>	<b>988,739</b>
Employees salaries and wages	112,610	95,100	95,100	95,100	397,911
Professional fees (consultants)	57,845	64,519	64,519	84,542	271,426
Travel	15,883	15,883	15,883	21,259	68,907
Grants (NDA support)				-	123,600

	61,800	61,800	-		
Trainings/CB workshops/events	11,124	11,124	11,124	18,540	<b>51,912</b>
Office costs and supplies	16,480	16,480	16,480	16,480	<b>65,920</b>
Capital assets	1,236	1,236	5,356	1,236	<b>9,064</b>
<b>Sub-total Activities</b>	<b>1,096,520</b>	<b>1,270,602</b>	<b>1,151,072</b>	<b>1,765,189</b>	<b>5,283,383</b>
<b>Programme Management, coordination and MEL</b>	<b>112,173</b>	<b>133,196</b>	<b>116,304</b>	<b>116,114</b>	<b>477,786</b>
Employees salaries and wages	51,341	58,690	58,690	58,690	<b>227,409</b>
Professional fees (consultants)	30,900	43,672	30,900	30,900	<b>136,372</b>
Travel	21,218	21,218	21,218	21,218	<b>84,872</b>
Publication and printing	573	190	190	-	<b>952</b>
Capital assets	2,472	6,592	2,472	2,472	<b>14,008</b>
Office equipment	5,669	2,835	2,835	2,835	<b>14,173</b>
<b>Evaluation and Audits</b>	<b>-</b>	<b>98,880</b>	<b>-</b>	<b>98,880</b>	<b>197,760</b>
Professional fees (consultants)	-	98,880	-	98,880	<b>197,760</b>
<b>Total Programmable</b>	<b>1,208,693</b>	<b>1,502,677</b>	<b>1,267,376</b>	<b>1,980,183</b>	<b>5,958,929</b>
Indirect costs/ GMS overhead (8%)	96,695	120,214	101,390	158,415	476,714
<b>Total</b>	<b>1,305,389</b>	<b>1,622,892</b>	<b>1,368,766</b>	<b>2,138,597</b>	<b>6,435,644</b>
<b>UN Levy (1%)*</b>	<b>64,356</b>				
<b>GRAND TOTAL</b>					<b>6,500,000</b>

*\*To help fund the UN Development System, UN Member States decided to introduce a "1 per cent coordination levy on tightly earmarked third-party non-core contributions to United Nations development-related activities [...]." This Levy applies to Member States and private sector contribution and is calculated on top of total contribution amount, inclusive of GMS, and it is not part of the cost of implementing a project*

An additional financing is expected, in particular to allow for an expansion to additional districts. As the co-financing is secured, targets of the log frame will be revisited accordingly.

## **9 Project performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate annual progress reports and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, lessons learned as well as the degree of achievement of its results (results and outcomes) as measured by corresponding indicators, using as reference the indicative logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation. In addition to the annual global progress report (narrative and financial), annual country reports (narrative and financial) will be developed and made available to development partners on demand, together with the annual performance assessments of the participating local authorities. Country fiches that build on the annual country reports and specify the phase in which the country is in will be produced and shared yearly. Country fiches and other communication materials like case studies will be made available on line through the action website.

Development partners may undertake additional project monitoring visits both through their own staff and independent consultants recruited.

## Appendix 1 – Indicative Logframe Matrix

	Results chain	Indicators	Baselines (2020)	Targets (Year 4)	Sources and means of verification	Assumptions
Overall objective: Impact	Increased resilience of communities and local economies across Uganda, through regular, predictable, systemic and verifiable climate finance in support of NDC and NAP aligned locally led adaptation action	Number of direct and indirect beneficiaries (disaggregated by sex)	0	1.3 million beneficiaries (of which 198,848 are direct beneficiaries) at least 50% percent women	National Statistical Institute and project reports	The population of the target local governments benefit directly or indirectly from the grants
Specific objective(s): Outcome(s)	1- Increased LG access to climate finance to implement climate change adaptation investments in Uganda;	Number of LGs covered by PBCRG and size of PBCRG transferred	0	12 LGs	Memoranda of Understanding or equivalent with participating local governments; National financial report	
	2- Established and institutionalized standard and internationally recognized country mechanism of performance-based climate resilience grants in Uganda that can attract further finance (domestic and international).	Number of sources of climate finance channelled through UNCDF-designed PBCRG mechanism (disaggregated by source)	0	At least 2		
Outputs	Output 1: Awareness and capacities to respond to climate change adaptation are increased at District and central levels	Percentage of participating local governments meeting the minimum conditions without need for corrective action	0	75 percent on average, 100 percent in year 4.	Annual performance assessments	
		Number of local authorities that regularly collect, update and analyze climate change information	0	12		



	Output 2: Climate change adaptation is integrated into Districts plans and budgets and climate change adaptation interventions and investments are implemented in line with the PBCRG system.	<p>Number of target LGs, which have mainstreamed climate change into the annual plans and budgets</p> <p>0</p> <p>Number of climate-interventions and investments implemented under the PBCRG system (disaggregated by type, sector and ecosystem)</p> <p>0</p>	0	12 LGs	At least 28 small scale investments (over 4 years)	Annual performance assessments; Field visits; ACCAF evaluation, database of investments	Other development partners will contribute to the effort.
	Output 3: An effective performance-based climate resilient grant system (finance mechanism) is deployed across Uganda and operational for additional funding	<p>Amount of grants (PBCRG and capacity building grants) disbursed to national and local governments annually</p> <p>0</p> <p>Number of high-level initiatives actively attended by the governments of Uganda for global advocacy on scaling up the PBCRGS</p> <p>N/A</p>	0	Over EUR 3.9 million (over 4 years)	2	Annual financial reports  Annual progress reports	Other development partners will contribute to the effort.