



REPUBLIC OF MOZAMBIQUE
MINISTRY of ECONOMY and FINANCE

Project of Support to District Infrastructure

Local Mechanism of Climate Adaptation to Finance Socio-economic
Infrastructure

- Local Climate Adaptive Facility -

Concept Note

June 2021

Acronyms

ACCD	Catalan Agency for Development Cooperation
APA	Annual Performance Assessment
CB	Capacity Building
CBO	Community Based Organizations
CC	Climate Change
CCA	Climate Change Adaptation
CSO	Civil Society Organization
CUT	Unified Treasury Account
DDP	District Development Plan
DRR	Disaster Risk Reduction
DSEA	District Service for Economic Activities
DSPI	District Service for Planning and Infrastructures
DTT	District Technical Team
EU	European Union
EIA	Environmental Impact Assessment
GoM	Government of Mozambique
HRBA	Human Rights-based Approach
IGFT	Inter-Governmental Fiscal Transfer
LAP	Local Adaptation Plans
LCC	Local Consultative Councils
LoA	Letter of Agreement
LoCAL	Local Climate Adaptive Living Facility
MADER	Ministry of Agriculture and Rural Development
MGCAS	Ministry of Gender, Child and Social Action
MC	Minimum Conditions
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finances
MoU	Memorandum of Understanding
MTA	Ministry of Land and Environment
NDCC	National Directorate of Climate Change
NDE	National Directorate of Environment
NDPB	National Directorate of Planning and Budgeting
NDT	National Directorate of the Treasury
NGO	Non-Governmental Organization
PBCRG(S)	Performance Based Climate Resilient Grant (System)
PD	Provincial Directorate
PDLE	Provincial Directorate of Land and Environment
PDPF	Provincial Directorate of Planning and Finances
PESOD	District Annual Budgeted Social and Economic Plan
PFM	Public Financial Management
PM	Performance Measures
PSE	Provincial Service of Environment
PSEF	Provincial Service of Economy and Finance
PSI	Provincial Service of Infrastructure
SDG	Sustainable Development Goals
SDC	Swiss Agency for Development Cooperation
SIDA	Swedish International Development Cooperation Agency
SISTAFE	National Financial Administration System
TA	Technical Assistance

1. Rationale and Background

LoCAL, or Local Climate Adaptive Facility, is a funding mechanism for Local Governments tested in Mozambique under the leadership of the Ministry of Economy and Finance (MEF) in collaboration with the Ministry of Land and Environment (MTA) through its decentralized governance structures -provinces and districts-, with technical support from UNCDF.¹ The initiative was conceived in 2014, at the suggestion of the funding partners and in close dialogue with the then Ministry of Planning and Development² and the then Ministry of Coordination of Environmental Action.³ The objective is to empower local governments to finance the current challenges of local development - which are at great risk as a result of cumulative climatic changes -, to enhance the involvement of communities, and the effective inclusion of gender. LoCAL favours the use of existing governmental systems (e.g., e-SISTAFE – the National Financial Administration System), decision-making processes and decision-makers at local level. Also, where relevant, in order to give more dynamics in pursuit of defined programmatic and sectoral objectives, innovations and good practices are introduced from international experiences from countries facing similar situations. Since 2014, building on the ongoing experiences in Gaza and Inhambane provinces, the initiative has contributed to national decentralization policies and strategies, aimed at strengthening local governance and responsible management of public financial resources allocated to local socio-economic development.

This concept note takes into account the initial programmatic project of the LoCAL programme, planned in 2014 as outlined above, and its intermediate objective which establishes a gradual expansion of existing development and funding interventions through local governments to other provinces. LoCAL takes into account a decentralized participatory approach with local communities to plan, budget, and ensure the sustainability of public investments.

As is well known, Mozambique is one of the countries most affected by climate change and natural disasters. Its vulnerability is on account of its location and geography, with large areas of the country exposed to tropical cyclones, droughts and floods with increasing regularity. As a result of climate change, the exposure to natural disaster risks in Mozambique will increase significantly over the coming 20 years and beyond (INGC 2012). The increased frequency and severity of intense storms, droughts and floods exacerbate the already considerable development challenges facing the Mozambique Government and threaten to reduce economic growth, as well as limit the poverty reduction efforts and numerous local development initiatives underway in the country.

According to the 2020 Population Census, two thirds of Mozambicans live in rural areas. Rural livelihoods are primarily based on agriculture and livestock keeping, and are highly climate dependent. Agriculture accounts for more than 25 percent of Mozambique's GDP and employs more than 75 percent of the country's workforce. Most producers are subsistence, smallholder farmers, and the majority of production is rainfed, vulnerable to rising temperatures and variable rainfall. Due to the fragility of their production systems, and the inadequacy of supporting productive and protective infrastructure, their vulnerability to climatic extremes is high. Increased risk of floods and droughts are likely to impact the value chains of key food and cash crops - such maize, beans, peanuts and cassava - as well as crops with good export potential - such as soya, pigeon pea and sesame -, thereby disrupting local markets' and farmers' income. It has been

¹ Financial resources will initially be received, managed and counted by UNCDF in ongoing consultation with the beneficiaries.

² In the 2015-2019 governance cycle, the Ministries of Planning and Development and Finance was abolished and replaced by the Ministry of Economy and Finance, created by Presidential Decree No. 1/2015, of January 16. Prior to the period 2006-2014, the previous double cycle of governance, these bodies have already constituted what was designated by the Ministry of Planning and Finance (1995-2004).

³ Ministry of Coordination of Environmental Action was also abolished, replaced by the Ministry of Land, Environment and Rural Development (MITADER, PT acronym), created through the same Presidential Decree referred to above. In 2022, MITADER changed to Ministry of Land and Environment (MTA, PT acronym)

estimated that by 2050 the combined effects of climate change could reduce the agricultural GDP by between 4.5-9.8%.

Mozambique's vulnerability is intensified by its 2,700 km of coastline, its socioeconomic fragility and its low adaptive capacity to extreme climatic events. More than 60 percent of the population lives in low-lying coastal areas, where intense storms from the Indian Ocean and rising sea level put infrastructure, coastal agriculture, key ecosystems and fisheries at risk.

In 2019 Mozambique was severely hit by two consecutive cyclones; Idai, in the central region, and Kenneth, in the north. These cyclones brought mass disruption and destruction, interrupted the delivery of basic services such as water and electricity, damaged roads and bridges - that are essential for commercial activity - and destroyed houses, shops and other buildings. Cyclones Idai and Kenneth assailed 7 provinces and 64 districts, caused the death of 648 people, injured nearly 1,700 people; displaced 400,000 people, damaged or destroyed more than 277,700 homes; and fully or partially destroyed more than 4,200 classrooms. Following Cyclone Idai's landfall, more than 715,000 hectares of staple crops were destroyed together with plant nurseries and irrigation systems, while Cyclone Kenneth affected nearly 55,500 hectares, uprooted over 100,000 cashew and coconut trees, and caused loss of livelihoods, including fishing and aquaculture. The cyclones left 2.2 million people in need of life-saving and life-sustaining humanitarian assistance. The estimated cost of recovery and reconstruction was calculated as US\$ 3.2 billion.

Again in 2020 and 2021, Mozambique faced Tropical Storm Chalane and Tropical Cyclone Eloise, respectively. The recurrence of these climatic shocks in shorter cycles, challenges local government's efforts to reduce vulnerability and demands stronger efforts and prioritization of investments in resilience and adaptation to climate change. Exactly this forms the foundation of the rationale behind this concept note. Successful adaptation to climate change in Mozambique is intrinsically linked to sustainable economic development; without one, the other will not be possible. To address climate change adaptation and promote resilient communities and economies, it is important to:

- **develop nature-based development solutions;**
- **finance small to medium sized adapted infrastructures,**
- **protect and strengthen productive assets and**
- **diversify and strengthen rural livelihoods.**

This includes, but is not limited to, responsibilities for:

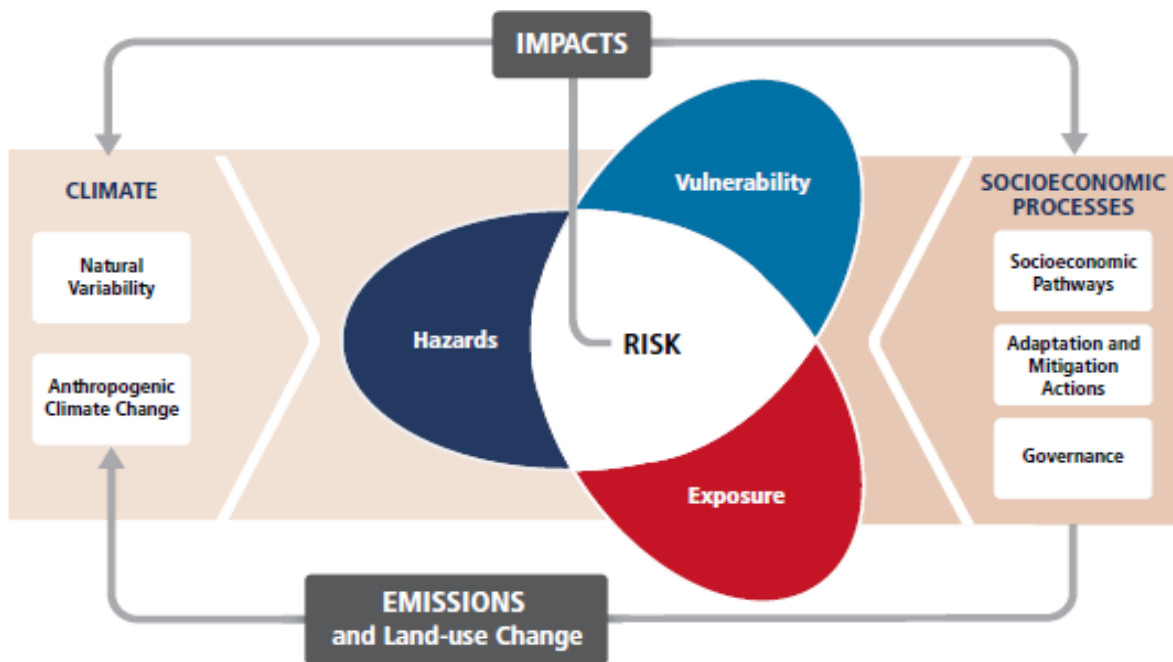
- **the development of knowledge and confidence in nature-based solutions:** mangrove repopulation, diversification of plants, role in conserving ecosystems.
- **sustainable water management:** irrigation, drainage, river-sea defences, water harvesting storage, coastal erosion control .
- **land use planning and construction regulation:** zoning, planning, building standards enforcement
- **support to the local sustainable agriculture-based economy:** agricultural extension, changing cropping patterns, climate smart agriculture, harvesting, storage and marketing, sustainable forestry and biodiversity;
- **promotion of off-grid energy sources:** solar and wind power.

LoCAL has experience in financing and encouraging these types of investments in Mozambique as well as in the 14 countries where the programme is operational, which were selected as being among the most climate change vulnerable areas in the world.

2. Vulnerability Assessment:

Mozambique is particularly vulnerable to climate change, because of its geographical location. The coastal districts of Mozambique are directly exposed to these climate related stresses. As Mozambique's entire coastline borders the Indian Ocean - the Mozambiquan Channel, an Inter-Tropical Convergence Zone - it faces a constant cycle of tropical storms and cyclones, which appears to increase in frequency and severity. Additionally, Mozambique's coastal area is a river drainage basin, with not only water flowing from the interior of the country but also from Mozambique's up-stream neighbours. With heavy rainfall, river banks and basins break, thus also flooding the area. Taking this hostile - but beautiful - environment into account with the area's fragile socioeconomic conditions and high levels of poverty and underdevelopment, the impact to the regions is devastating. Also, with the region's inability and lack of time to recuperate between the different extremities just heightens its sensitivity to extreme climatic effects. Vulnerability to climate change is a function of the following variables:

Figure 1: Conceptualization of how climate change poses risks for human and natural systems.



Source: IPCC, 2014b.

Note: Risk of climate-related impacts results from the interaction of climate-related hazards (including hazardous events and trends) with the vulnerability and exposure of human and natural systems. Changes in both the climate system (left) and socioeconomic processes including adaptation and mitigation (right) are drivers of hazards, exposure and vulnerability.

The majority of the Mozambican population does not have ready access to resources, including productive assets and finance that could increase resilience to the effects of climate change. The adaptive capacity of the population and the government is thus generally low. In annex 1, a desk-top, rapid climate change vulnerability assessment - analysing agriculture, food production and certain social and economic infrastructures - summarizes the nature of the multidimensional poverty-based problems facing the millions of Mozambicans who are forced to confront cyclones and other climate change influenced extreme events as part of their daily lives

of intense rain and strong wind. From the perspective of this Concept Note, the areas to be targeted, as a result of the two recent, very severe, climatic events – Cyclones Idai and Kenneth – are the **coastal districts**. Seen together this would provide a comprehensive approach to addressing the different climate change impacts and adaptations in different parts of Mozambique.

All the provinces of the country - except for Manica, Tete and Niassa - will be contemplated in the coming future, covering 43 coastal districts. The common characteristic of all these districts is that they are a gateway for tropical storms/cyclones, strong winds and rain passing through the Mozambique Channel that often result in serious risks to vulnerable communities and threaten the whole fabric of economic and social infrastructures.

Rural and remote districts along the coast are hardest hit by these extreme climate events, and will be central to this exercise. They also represent an area of programmatic specialization within the scope of the local governance and public financial management (PFM) performance methodology, which is the core of the MEF-MTA climate finance interventions, technically assisted by UNCDF in Mozambique. The focus is therefore strictly on rural districts and, above all, the most remote areas with less access to resources and communication.

Table 1: Geographical scope of programme: coastal provinces and districts of Mozambique.

	PROVINCE	N ° DISTRICTS	DISTRICTS
1	Cabo Delgado	8	Chiúre, Ibo, Macomia, Mecúfi, Mocímboa da Praia, Palma, Pemba_Metuge and Quissanga
2	Nampula	7	Angoche, Mongicual, Moma, Mossuril, Memba, Nacala, Mozambique Island
3	Zambézia	6	Chinde, Inhassunge, Maganja da Costa, Namacurra, Nicoadala, Pebane.
4	Sofala	6	Buzi, Cheringoma, Dondo, Machanga, Marromeu and Muanza
5	Inhambane	8	Govuro, Inharrime, Inhassoro, Jangamo, Massinga, Morrumbene, Vilankulo e Zavala
6	Gaza	5	Bilene, Xai-Xai, Chongoene, Limpopo and Manjacaze
7	Maputo	3	Manhiça, Marracuene and Matutuíne
	Total	43	

The expansion of the LOCAL initiative embraces all coastal districts of the country, but for this particular call for support to the Belgian Development Cooperation, the interventions shall focus on the Gaza and Inhambane provinces, in the following districts in: **a)** Gaza: Limpopo; **b)** Inhambane: Morrumbene and Vilankulo.

As the initiative progresses - booking positive results, depending on implementation absorption and local response – an opportunity may be presented within the project’s course to gradually extend the geographical scope to other districts and municipalities. The objective is that the support, its impact and the potential local development for the initially proposed localities of Limpopo, Morrumbene and Vilankulo continues to be effective in its reach and to avoid any fragmentation if the geographical scope is too broad.

4.2. Programme's Approach (Table 2)

INTERVENTION LOGIC	INDICATIVE ACTIVITIES	DEVELOPMENT INDICATORS	MEANS OF VERIFICATION	RESPONSIBLE PARTY
OBJECTIVE <i>Expected long-term impact</i>				
Improved capacity of district governments including optimized access to financial resources for adaptation to the negative impacts caused by climate change, especially in the coastal districts of Mozambique. Build resilience of communities, local governance and economies.		Increase in the capital of public services at the district level; details of number and types of economic activities in the community and district; Indicators of economic development to be defined; Upward trend in district tax revenue	Government annual reports (e.g. PESOD - District Annual Budgeted Social and Economic Plan - balance), Census Report from 2017, project baseline, progress, monitoring and evaluation reports	MEF; MTA, Ministry of State Administration and Public Service (MAEFP); Local-district government units.
OUTPUTS				
Output 1: Climate Change Adaptation (CCA) is effectively integrated into the planning and budgeting systems of local authorities through training and "on-the-job learning."	Support annual planning (based on community climate vulnerability and risk assessments) to identify and prioritize community and resilience projects to aligned target sectors (e.g. nature-based solutions, sustainable water management; and climate smart and sustainable agriculture) for funding under the Performance-Based	% increase in funds available for gender sensitive climate resilient infrastructure and economic productive assets and livelihoods in target districts both from LoCAL and other sources. <u>Target</u> by end of project is increase of minimum 30 % in the target areas.	Local-district annual reports, Provincial Services of Economy and Finance annual reports Project baseline report and annual progress reports	MEF, MTA, Local-district government units.

	Climate Resilient Grant System (PBCRGS);			
Output 2: Increased awareness and responsiveness to CCA needs and opportunities in areas under the jurisdiction of local authorities.	Capacity and needs assessments and baseline setting. Strengthen community engagement and participation in local development and decision-making processes.	Nr. of target districts that integrate Climate Change Adaptation issues in planning documents; Nr. of people in target area with access to weather forecast information;	Project baseline APA	MEF, MTA, Local-district government units.
Output 3: The Performance Based Climate Resilience Grant System (PBCRGS) is effectively established from ongoing experience in Gaza and Inhambane.	Baseline review of the local government capacity on climate change related performance areas.	Resources are allocated observing the principles of the PBCRGS <u>Target:</u> All districts	Project progress reports Site visits	MEF, MTA, Local-district government units.
Output 4: Local partners and district governments effectively, efficiently and transparently implement CCA interventions and investments in line with the PBCRGS.	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).	Nr. of local partners/associations/companies associated with local investments linked to CCA	Project progress reports Case studies	MEF, MTA, Local-district government units.
Output 5: Gender, social inclusion, participation and environmental sustainability are effectively integrated into the program	Support the inclusion of local voices, woman and men, into the governance decision making processes, i.e. gender-	Nr./list of gender and climate-sensitive activities implemented and accounted for according to LoCAL's investment	Project progress reports Case studies	MGCAS (Ministry of Gender, Child and Social Action)

	<p>responsive local planning dialogue.</p> <p>Reinforce local government capabilities to comply with environmental legislation, i.e. carry out the environmental impact assessments in all the adaptive development infrastructure finance.</p>	<p>menu, which benefit men and women (adults and youth) and other vulnerable groups.</p>		
<p>Output 6: Lessons learned, and best practices identified to inform international and national climate finance policies and development strategies.</p>	<p>Capacity development interventions between and across the provinces to learn from the best practices, i.e. adaptive development infrastructure, gender-responsive local planning and finances, locally led procurement practices.</p>	<p>Nr. of strengthened development policies and strategies;</p> <p>Nr. of Interventions that enhance local economic climate resilient development.</p>	<p>Project progress reports</p> <p>Case studies</p>	<p>MTA/MAEFP -PSEF</p>
OUTCOME				
<p>District authorities (government and communities) are better able to address adaptation priorities for climate change as a result of capacity building efforts, better access to climate finance, and support for effectively designing and implementing CCA</p>		<p>Nr. baseline of vulnerable families and communities, gender disaggregated</p> <p>Indicators of economic development (proxy if necessary)</p> <p><u>Target:</u> Reduced by 15 % in target districts by end of project.</p>	<p>Local-district annual reports; Census Report of 2017, other government data and statistics; project baseline report, project monitoring and evaluation reports.</p> <p>Field visits</p>	<p>MEF, MTA, MAEFP; Local-district government units.</p>

4.3. Lessons Learned from the LoCAL Development Initiative.

The LoCAL development initiative was designed building on the experience that local governments are uniquely placed to both identify and respond to community, socio-economic and climate change adaptation needs. LoCAL is a locally-driven and owned mechanism, where it works through existing government systems rather than project or parallel approaches. Hence giving it both its flexibility and sustainability, tailored to national circumstances and contextualised for local climate responses.

The LoCAL development initiative initially kicked-off in Mozambique with the support of the Belgian Government. This was in March 2015 with a funding of USD 2 million. From this pilot experience, the programme portfolio has grown throughout the country and is currently present in 5 provinces.

This proposal has developed from the lessons learned and good practices acquired in the last 7 years of the programme's implementation.

The following key messages were derived from these experiences:

1. The **inter-governmental dialogue** between the MEF and MTA is crucial, so to have an articulated development approach to planning and financing local adaptation. The programmatic experiences have observed the value added of having the **National Directorate of Planning and Budget** at MEF, and the **National Directorate of Climate Change** at MTA, working in a collaborative manner.
2. The importance of having local governments at the frontline of planning, budgeting and financing local adaptive development, taking into consideration the governance systems, processes and decision-making procedures.
3. The imperative need to keep on consulting local populations through the existing local consultative councils, which are the community platforms represented by woman and men within the community.
4. Experience has shown that local government capabilities in matters related to gender-responsive planning and finance should be reinforced and gender-mainstreaming (e.g. the need to systematically include gender perspectives within existing frameworks, local governance documentation and analysis) supported. Out of this lesson learned, a gender specialist was recruited to ensure that gender inclusion and women empowerment are part of and benefit from the local government capital grants to finance district adaptation plans.
5. It has become evident - throughout the 7 years of programme implementation – that the transferring of financial resources via the national treasury has reinforced the ownership and management accountability of financial resources allocated to local governments to finance local climate adaption. This in turn has propelled government's interest in consolidating, reinforcing and upscaling the LoCAL development initiative throughout the country.
6. The government's financial accountability is reinforced by the institutional checks and balances put in place by UNCDF, that is: a) codes within the public financial management system, to ensure the financial track of resources transferred via the national treasury; and b) the technical assistance (TA) established and embedded at the provincial level, Provincial Services of Economy and Finance (PSEF), to support the local government technical teams in managing and being accountable to the resources transferred via this system.
7. The Programme Board, usually chaired by the MEF or the MTA, is a crucial programmatic platform for strategic direction, management and approval of the performance-based capital grants to be allocated to the participating districts. The main responsibilities include analysis of progress and taking decisions on its programmatic implementation, including revision of the programmes criteria, and procedures if considered necessary, analysis and approval of the annual work plans and budgets as well as progress reports.

4.4. Quick Risk and Risk Management Analysis (Table 3).

RISK	PROBABILITY OCCURRENCE	ACTION TO MITIGATE	FREQUENCY	RESPONSIBLE PARTY
Districts fail to achieve the minimum conditions for awarding of the PBCRG	Low	Capacity building development interventions provided by the PSEF, with the support of the National Directorate of Planning and Finances, at MEF.	Throughout the baseline preparation and analysis.	Local Government and the TA embedded into the PSEF.
The planning system fails to deliver CCA strategies, and infrastructure development.	Low-Moderate	Technical support to be provided by the specialized TA managed and governed by the PSEF and the Provincial Services of Environment (PSE) in Gaza and Inhambane provinces.	As determined by the level of government TA required.	PDPF (Provincial Directorate of Planning and Finances) provincial technical teams, provincial and district-local government partners
COVID-19 response moves to level 4 throughout the country.	Low	The District Technical Teams will be assisted remotely by the PSEF project management unit; Management of the project will on virtual forms of communication.	Depends on government emergency response	All parties involved in the project
Supply side weaknesses for essential materials, equipment, consumables and project inputs	Low-Moderate	Regional or international procurement Efficient use, management and conservation of project related goods	If and when necessary	Suppliers/contractors assisted, as required, by UNDP procurement unit
Implementation is impeded by bottlenecks in financial management and implementation at local level.	Low-Moderate	The programmatic TA will be supporting the selected local governments to plan, budget and implement the locally led adaptation development interventions with the collaboration of the PSEF and PSE.	When and if identified the bottleneck.	Local governments, TA, PSEF, National Directorate of Planning and Budget.
Closure of provincial service provision companies that normally delivers public works and services for the programme	Moderate	National level procurement. Note: the larger, national level companies are more expensive.	If and when necessary	PDPF technical teams, TA at the PSEF, National Directorate of Planning and Budgeting.

4.5. Added Value: MTA-MEF-UNCDF

The LoCAL development initiative strives to reduce the multidimensional variables of poverty through **climate resilient, sustainable, inclusive and equitable local development**. In Mozambique, the MEF and the UNCDF development interventions aim to mobilize, allocate, invest and make accountable these increased financial flows through improved and strengthened local public systems and locally based planning and budgeting processes. This is the theoretical framework from which resources can be invested through various vectors, private and public initiatives, allowing for clear indicators for local development to become more efficient, remaining closer to the population, enhancing social inclusion and cohesion, as well as to reinforce localized resilience and multiplier economic dynamics.

In collaboration with MTA, the MEF-UNCDF's work on local development finance aims at ensuring that people in all regions and locations benefit from economic growth. This means dealing with the specific **local social, economic, cultural and environmental challenges** of and in remote rural locations. It involves investing domestic and international resources into local economies and services through, inter-alia, fiscal decentralization, climate finance and economic development interventions. The MEF, together with MTA, and with the technical support of UNCDF focuses its efforts towards strengthening PFM and local revenue, improving the quality of public and private investments for local development.

For this, a participatory approach to decentralized plans, budgets and investment cycles will be reinforced through the inclusion of the local consultative councils and other ways of community participations in the political economic dialogue with the local authorities. This shall reinforce in due course the inclusion of women and men voices and experiences into the local plans and budget, which will enhance the accountability and ownership of the public, resilient investments by the local communities.

LoCAL in Mozambique is currently supported by the **Swedish International Development Cooperation Agency (SIDA)** in Gaza and Inhambane, by the **European Union (EU) Delegation** and the **Catalan Agency for Development Cooperation (ACCD)** in Nampula and Zambezia, and, already started from March 2021 by the **Swiss Agency for Development Cooperation (SDC)** in the Niassa province. In this context, the Belgian Development Cooperation will come to particularly support the consolidation and expansion of the local government led interventions in some of the coastal districts of Gaza and Inhambane provinces.

Rational attached to the selection of the provinces:

- a) the existing government managed decentralized technical assistance in these provinces embraces PFM advisors, Gender specialist, two architects -one per province -, one civil engineer, and financial-administrative officers that ensure government management and its financial accountability
- b) the adaptive development interventions and finance have been implemented from 2015, and the government has duly absorbed and accounted for infrastructure development finance for local development;
- c) the current initiative will embrace the following localities in the Gaza and Inhambane province due to its climate vulnerability, which are being coastal-located and exacerbated by associated climate change effects. In Gaza province: district of Limpopo; in Inhambane province will be covered: district of Morrumbene and district/municipality of Vilankulo. The main reference for planning and budgeting will be the districts with a gradual inclusion of municipalities when needed to, the entire decentralized participatory process will be supported by the programme technical assistance located at the provincial level. **Gradual extension in the geographical scope is possible depending on the progress and course of the project's development and (support) impact.**

4.6. Gender-Responsive Local Development.

As the lessons learned have underlined there is a need to bring more awareness to gender equality issues, including the need to systematically include gender perspectives within existing local governance frameworks, documentation/planning, financing and analyses. There is large invisibility of women at the climate change debate and impact felt, as well as facing continuing structural as well as cultural barriers and patriarchal behaviour towards women and girls in Mozambique.

Three key areas for gender-responsive action:

- **Vulnerability:** the need to take account of the different forms of (and reason for) vulnerability of men and women and inequalities in the level of vulnerability between men and women, as well as compounding influences of other social characteristics.
- **Adaptive capacity:** the need to analyse the difference in options/potential and consequences for women and men in different areas of adaptive capacity.
- **Policy-making, institutional awareness and governance accountability:** how to ensure that women and men have an equal, or equitable influence in knowledge production and decision making at all levels, and the policymaking.

Climate change have specific impacts on women, and climate change adaptation projects' activities may affect women differently from men. Often women are managers for food production and food security (e.g. agriculture, sell at markets) and so have a vital role in adaptation responses, but at the same time are often the most vulnerable when it comes to climate change. Despite this, women have a limited voice in formal political and decision-making forums as well as in actual project implementation and supervision.

Recognizing that gender equality contributes to poverty reduction and climate change resilience, economic growth, human well-being and development effectiveness, gender issues have been included in the design of the LoCAL programme from the onset of the preparations in Mozambique. This will be carried through and further tailored in this specific initiative.

Gender will be incorporated through a concerted strategy with multiple entrances and interventions, to ensure that gender issues and gender equality is promoted in all phases from local planning, project identification, budgeting, implementation to supervision, monitoring and reporting. For instance, in the APA, gender is attached to a number of performance measures, thus rewarding districts that promote gender equality and inclusion. Additionally, participatory activities – especially in the form of local consultative councils/committees – are encouraged platforms where women's participation and voice on climate resilient projects' identification, selection and decisions will be central.

This initiative will also monitor the beneficiaries of the actions, broken down on gender, and will focus on ensuring that both actions targeting the vulnerable groups and the reporting, monitoring and follow-up is made from a gender perspective.

Within this setting, it is critically important to understand the institutional architecture and its associated development framework at the local level, including the local plans, budget and decentralized tools, governments have in place to address gender equality throughout its governance structures. In this regard, and with the ultimate objective of having an adequate development performance of the public sector, both at central and local level, the clarification of roles, responsibilities, decision-making power and accountability mechanisms become fundamental variables to ensure the mainstreaming of the gender component and its associated strategies and methodologies into government structures, systems and processes for local development.

Table 4: Proposed Gender Integration Activity Plan 2021-2022

EXPECTED OUTPUTS	ACTIVITIES	EXECUTION PERIOD 2021 - 2022			PARTNER/ RESPONSIBLE
		Q4	S1	S2	
Ensuring gender-sensitive local and financial governance by enhancing women participation in the locally based decision-making processes.	Provide capacity development support to local government officials in gender-sensitive planning and budgeting.				Decentralized TA in collaboration with PSEF of Gaza- Inhambane
	Technical support to districts in the integration of cross-cutting issues in Local Planning and Budgeting.				Decentralized TA in collaboration with PSEF of Gaza- Inhambane
	Revitalize Local Consultative Councils to increase women active participation in the district political economic dialogue: i.e. who receives what, and why?				Decentralized TA in collaboration with PSEF and Provincial Services Counsel of State Representation of Gaza-Inhambane
	Review of Local Adaptation Plans and inclusion of the Vulnerability Matrix desegregated-by-sex				Decentralized TA in collaboration with PSEF of Gaza & Inhambane
Gender-sensitive resilient climate change -services and infrastructure- local investments are managed efficiently, effectively and transparently and implemented through an inclusive, participatory approach in all districts.	Participate in the Assessment of Minimum Conditions and Performance Measures of the Districts of Inhambane-Gaza.				Decentralized TA in collaboration with PSEF of Gaza & Inhambane
	Quarterly Meeting of with partners working on gender equity and climate change at provincial and district level of Inhambane and Gaza				Decentralized TA in collaboration with PSEF of Gaza & Inhambane
	Participation in some phases of preparation of the Annual Economic and Social Plans of the districts of Inhambane and Gaza				Decentralized TA in collaboration with PSEF of Gaza & Inhambane
	Documentation of lessons learned and case studies				Decentralized TA in collaboration with PSEF of Gaza & Inhambane

4.7. Monitoring and Evaluation (M&E) Framework

Important for this initiative is the strong focus on documenting results at all phases of the programme, through regular semester (progress) reports, annual reports, APAs (annually) and more expanded Midterm reviews (MTR) and final assessments.

For regular information on the fiscal progress and use of funds, **quarterly reports -if needed to- from the e-SISTAFE** will be compiled from district-based information at the provincial government level (extract from the system, compiled) and shared with the Programme Manager for LoCAL and core stakeholders (including UNCDF) at the central level. These reports will inform about the transfer of funds, utilisation of funds across cost areas, types of expenditures and sources of funding, when demand arises.

To provide narrative, **progress reports on the outputs** will be derived from the progress reports on the PESOD (balance reports), also compiled at the provincial level for all participating districts and submitted to the MEF and the Programme Manager for LoCAL at the central level. Will make use of the reporting formats habitually used for this system, and provide information/support to the districts about how relevant information can be captured and specified in additional notes to the standard reporting formats.

To add tangibility to the reporting, **regular field missions** to the two provinces, the districts and municipality, will be carried-out to pick-up field implementation experience, stories from the ground, witness participatory activities and learn about the progress and possible challenges. This would be done by the provincial level coordination and support team, as well as from the central (and global) levels. These missions to the field can be jointly organized, including UNCDF and the Belgian Cooperation.

The APAs - **annual performance assessments** – provide a good indication of the districts' performance as well as implementation challenges under the programme. These objective assessments will inform MEF and MTA about the performance of the districts based on meeting minimum conditions so to ensure accountability and performance measures in relevant areas: PFM, local governance, including gender-responsiveness, and on climate change adaptation. The impact and results of the capacity building/TA support, as well as areas in need of more assistance/guidance, and incentives in the system are also assessed. Every year, a synthesis of the performance assessment reports will be available with district specific assessments.

Under output 6 of this initiative, special focus will be given to the **collection of lessons learned and good practices from implementation**. These will be documented and elaborated on so to provide support and improve the regulatory and policy framework for local level climate change adaptation activities, including guidelines, manuals etc., detailing for instance PFM, local governance, gender, local level climate change adaptation elements.

The **MTR** will play a central role in identifying to what extent the initiative has progressed in achieving its stated objectives and outcomes, the good practices as well as advise in any necessary corrective action to improve the further implementation and maximise the impact. It will thus assess the relevance, coherence, effectiveness, efficiency, impact and sustainability of the initiative also within the country context.

The **annual status report** will be on the overall implementation, including overview of use of funds, activities, plans, and lessons learned for discussions/deliberations at the Programme board sessions at the national as well as global (LoCAL) level.

This embedded and regular reporting cycle provides for opportunities to monitor, evaluate but also ensure follow-up of the implementation, progress and future of the initiative and overall LoCAL programme.

4.8. Indicative Budget and **UNCDF Co-finance (Table 5)**.

OUTCOME	INPUTS AND ACTIONS	TERM	BUDGET EURO
District/ Municipalities authorities (government and communities) are better able to address adaptation priorities for climate change as a result of capacity building efforts, better access to climate finance, and support for effectively designing and implementing climate change adaptation interventions and investments.			
Output 1: CCA is effectively integrated into the planning and budgeting systems of local authorities through training and "learning by doing". UNCDF and partners co-finance	Equipment, TA, Training at central, provincial and local level.	All	250,000 250,000
Output 2: Increased awareness and responsiveness to climate change adaptation needs and opportunities in areas under the jurisdiction of local authorities. UNCDF and partners' co-finance:	Equipment, TA, Training at provincial and local levels.	All years	250,000 500,000
Output 3: The Performance Based-Climate Resilience Grant System (PBCRGS) is effectively established and consolidated from ongoing experiments in Gaza and Inhambane. UNCDF and partner's co-finance:	TA, Training at central, provincial and local level	All years	250,000 250,000
Output 4: Local partners and agents of district governments effectively, efficiently and transparently implement AMC interventions and investments in line with the PBCRGS. UNCDF and partner's co-finance:	TA, Training at central, provincial and local level + <i>Capital Grant for climate resilient public infrastructure, equipment and goods</i>	All years	2,750,000 3,800,000
Output 5: Gender, social inclusion, participation and environmental sustainability are effectively integrated into the program. UNCDF and partner's co-finance:	Capital Subsidies	3 years of Performance Based Grants at the district level.	400,000 250,000
Output 6: Lessons learned from the country and best practices identified to inform international and national climate finance policies and development strategies. UNCDF and partner's co-finance:	TA, Training at central, provincial and local levels.	All years	225,412.54 200,000
Subtotal Belgian Contribution:			4,125,412.54
Subtotal UNCDF Contribution:			5,250,000
+ <i>General Management Services (GMS, 8%) to Belgian Contribution</i>			330,033
+ <i>UN Coordination Levy (1%) to Belgian Contribution</i>			44,554.46
Total Belgians:			4,500,000
Total UNCDF:			5,250,000
TOTAL BUDGET			9,750,000

4.9. Budget Management (Table 6)

WHEN DISBURSEMENT	BUDGET TRANCHE AMOUNT	TIME-FRAME	OBSERVATIONS
October 2021	EURO 2,000,000 <i>(includes UN Coordination Levy amount)</i>	15 months	To ensure that local government do have the capacity in place to deliver.
December 2022	EURO 1,000,000	12 months	Regular programmatic implementation
December 2023	EURO 1,000,000	12 months	Regular programmatic implementation
December 2024	EURO 500,000	12 months	Regular programmatic implementation

4.10. Indicative Work-Plan for the First Financial Year.

Below is an indicative work-plan for the required activities within the Building Local Climate Resilience program in Mozambique for the First Financial Year.

Table 7: Work-Plan First Financial Year

ACTIVITIES	INDICATIVE TIME-FRAME	IMPLEMENTING PARTNER
Launching workshop with awareness and discussions of the 2021-2022 work-plan	October 2021	Local Governments, Ministry of Economy and Finance, Ministry of Land and Environment.
Quick vulnerability assessment support and support to development and planning on climate change adaptation, project identification	October-November 2021	Provincial Service of Environment supporting the local government technical team's districts with involvement of the province and TA at this level.
Review of compliance with minimum access conditions and baselines for the performance measures to determine eligible districts.	November 2021	Provincial Service of Economy and Finance and the selected local governments in Gaza and Inhambane.
Grant simulations using the results of the assessments and the capital grant allocation formula	November-December 2021	PSEF and the selected local governments Gaza and Inhambane.
Awareness and programmatic guidelines, M&E and operations supporting government systems and processes.	February-March 2022	Provincial Service of Economy and Finance, PS of Environment and the selected local governments Gaza and Inhambane.
Support to the local planning process to ensure that all resilient development and funded projects are prioritised and incorporated in the local plans and budgets for 2022	January 2022	Provincial Service of Environment and selected local-district government units in Gaza and Inhambane provinces
Plans reviewed and consolidated	April-May 2022	Local Governments level and submission to National Directorate of Planning and Budgeting-MEF who will liaise with MTA
Transfer of funds from UNCDF to the FOREX account in Bank of Mozambique (holding account) upon request from MEF.	June 2022	UNCDF upon request from the Ministry of Economy and Finance
Funds available for the districts and transfer from holding account to the treasury/CUT	June-July 2022	MEF request funds to be available for eligible districts/municipalities