

Country Framework LoCAL Project Document

Tuiwezeshe Pwani Yetu Programme - Promoting Resilient Coastal Communities and Local Economies in Tanzania

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

**This initiative supports the Vertical Integration of Tanzania's
Nationally Determined Contributions and National Adaptation Plan
Process**

Government of Tanzania

**Prepared with support from United Nations Capital Development Fund
(UNCDF)**

August 2023

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This project is funded by the Belgian Government/ Ce projet est financé par le Gouvernement Belge

PROJECT DOCUMENT/ DOCUMENT DE PROJET

1 Project Summary Table/ Tableau Récapitulatif Du Projet

Country/ Pays	Tanzania
Project Title/ Titre du projet	Promoting Resilient Coastal Communities and Local Economies in Tanzania through the Local Climate Adaptive Living (LoCAL) Mechanism
Implementing organisation/ Organisme de mise en œuvre	UN Capital Development Fund in partnership with the Government of Tanzania
Geographic zone/ Zone géographique	Sub-Saharan Africa
Project duration in months & Starting and End date Durée du projet en mois & date de début et de fin	48 months through October 2023 to October 2027
Contribution to Country Program Framework¹ Contribution au cadre du programme de pays	
Priority areas according to DAC CODES (OECD) ² Domaines prioritaires selon les CODES CAD (OCDE)	DAC 151 (Government & Civil Society-general) DAC 15111 (PFM) DAC 15112 (decentralization) DAC 140 (water supply and sanitation) DAC 310 (Agriculture, Forestry, Fishing) DAC 410 (General Environment Protection) DAC 43060 (disaster risk reduction) DAC 74020 (Multi-hazard response preparedness)
RIO-Markers applicable ³ Marqueurs RIO applicables	2 (adaptation) 1 (mitigation)
SDG Goals ⁴ / Objectifs ODD	Main SDG:

¹ Refer to main country program framework documents and link with the project objectives/ results

² Check following link/ Excel file :
<https://www.oecd.org/fr/developpement/financementpourledeveloppementdurable/normes-financement-developpement/listesdecodesducadetsnpc.htm>

³ Check following document/ link: [Revised climate marker handbook FINAL.pdf \(oecd.org\)](#)

⁴ Check following document/ link: [THE 17 GOALS | Sustainable Development \(un.org\)](#)

	<p>SDG 13 'Take urgent action to combat climate change and its impacts'</p> <p>Other significant SDGs: SDG 5 'Gender equality and women's empowerment' SDG 11 'Make cities and human settlements inclusive, safe, resilient and sustainable'; SDG 16 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels'</p>
Project Gender Marker Score ⁵ Score du marqueur de genre	OECD Gender marker G1
Project Risk Marker score ⁶ Score du marqueur de risque	1
Total Budget/ Budget global	<p>Total estimated cost: EUR 6,000,000</p> <p>Total amount of Belgium budget contribution EUR 4,000,000</p> <p>This action is co-financed in joint co-financing by:</p> <ul style="list-style-type: none"> • EU for an amount of EUR 2,000,000
Summary ⁷ / Résumé	<p>Climate change is likely to jeopardize achievement of Tanzania's socioeconomic master development plan (i.e. Third Five Year Development (FYDPIII), SDGs, National Vision 2025) aimed to lead the country towards reaching a middle-income developing country status. Relatively high poverty levels, low diversity of income and livelihoods, mainly dependant on rain fed agriculture and on ecosystem services, insecurity and weak institutions, COVID-19 economic impacts, among other things, are all key factors heightening Tanzania's vulnerability to climate change, lowering its resilience and adaptive capacity.</p> <p>Sea-level rise on Tanzania's coasts, which stretches some 1,424 km, has already degraded natural ecosystems, damaged wells with saltwater, and wrecked infrastructure, impacting crucial ecosystem and marine services that sustain livelihoods and socioeconomic activities of coastal communities. The predicted increases in cyclones and sea-level as a result</p>

⁵ **Score 3** for projects that have gender equality as a principal objective, **Score 2** if a significant objective and **Score 1** if the project contributes in some way to gender equality (less than 15% of the budget)

⁶ **Risk marker 0** = low risk to achieving outcomes, **Risk marker 1**: medium risk, **Risk marker 2**: high risk

⁷ Maximum 500 words

of climate change will also lead to coastal erosion and the submergence of small islands and human settlements. And yet coastal areas are home to 25% of the country's population, 75% of the industries and 32% of its national income (UNEP, 2019). Without adaptation, the physical, human, and economic impacts of global warming induced sea level rise will be significant; with expected number of people at risk of annual flooding estimated at 0.3 to 1.6 million people per year by 2030, rising to 1.0 to 2.1 million people per year by 2050. Global warming induced sea-level rise in Tanzania is expected to be between 0.5 and 1.4 feet by 2050, and the costs projected to be in the tune of \$200 million (UNEP, 2019). Urgent action is needed to increase the adaptive capacity and promote the resilience of coastal vulnerable populations in the country.

Local authorities are increasingly seen as key actors in the promotion of climate change adaptation and in building resilience to climate change at the local level. Yet, they frequently lack the technical capacity and resources to fulfil this mandate – especially in a way which is aligned with established decision-making processes and public planning and budgeting cycles. This is no exception in Tanzania. 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, as opposed to using existing country systems and institutional infrastructures.

In this context, the proposed programme, building on the Local Climate Adaptive Living (LoCAL) facility, supported globally by the Government of Belgium and the European Union, aims to increase the resilience of coastal communities and local economies across Tanzania, with a focus on local adaptation interventions and investments, including through integrated management of coastal natural resources, sustainable water and waste/plastic management, sustainable fisheries and climate-smart agriculture (CSA) techniques and solutions to local development, as well as nature-based solutions.

The programme is expected to achieve its overall objective through increased local governments authorities (LGA) access to climate finance to implement climate change adaptation investments in the above target sectors in coastal ecosystems across Tanzania (Outcome 1); and by consolidating and further institutionalizing a standard and internationally

	<p>recognized country mechanism of performance-based climate resilience grants in Tanzania that can attract further finance (Outcome 2).</p> <p>To this end, the programme will raise awareness and strengthen capacities for subnational climate change adaptation at national, subnational and community levels (output1); support the integration of climate change into local planning and budgeting processes and finance local adaptation interventions and investments in target sectors in coastal ecosystems (output 2) and further consolidate an effective performance-based climate resilience grant system (financing mechanism) that can attract various sources of climate finance for locally led adaptation (output 3).</p> <p>Based on a whole-of-society approach, the programme will be fully aligned with and contribute towards achievement of goals under Tanzania’s Third Five Year Development - FYDP III, in particular the target of “Resilience for Climate Variability/Change and Natural Disasters Mainstreamed by 2025” and of “building capacity of local government authorities on climate change adaptation”. In addition, the action contributes to the National Climate Change Response Strategy by strengthening national capacity to mobilize additional and appropriate financial resources at both national and international levels. Likewise, the programme will advance implementation of the Nationally Determined Contributions and National Adaptation Plan processes at subnational level. The present note covers the expansion to Phase II of the performance-based climate resilience grant (PBCRG) mechanism in Tanzania across its coastal area and up to 18 coastal districts councils and municipalities.</p> <p>This initiative builds on the lessons learned and experiences from the LoCAL pilot in Dodoma region, supported by the European Union (EU), bringing PBCRGs to target coastal LGAs for investments in local adaptation solutions. LoCAL also builds on the experience from the UN Capital Development Fund (UNCDF) with decentralization programmes globally and particularly in Tanzania, as well with the implementation of the LoCAL Facility in 18 countries across Asia, Africa and the Pacific, including the LoCAL pilot in Tanzania, supported by the EU, and the Uganda and Mozambique country programmes, supported by the Government of Belgium.</p>
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	<p>The programme also builds on the Global Climate Change Alliance Plus (GCCA+) experience in Tanzania, supported by the European Union (EU), to advance transformational community-led adaptation interventions which are impactful and transformational to local communities.</p> <p>This programme is aligned with and contributes to achievement of goals under the Blue Economy Team Europe Initiative, supported by the European Union and the Government of Belgium.</p>
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Internal Draft

2 List of Abbreviations

ACCAF	Assessing Climate Change Adaptation Framework
AfDB	African Development Bank
AG	Accountant General
CSA	Climate smart agriculture
CDR	Council Development Report
CFR	Council Financial Report
CRA	Climate risk assessments
CSOs	Civil society organizations
DPs	Development Partners
EU	European Union
FY	Financial year
FYDPIII	Third Five Year Development Plan
GCCA+	Global Climate Change Adaptation Alliance Plus
IGFT	Intergovernmental fiscal transfer
IRDP	Institute of Rural Development Planning
LoA	Letter of Agreement
LoCAL	Local Climate Adaptive Living Facility
LGAs	Local Government Authorities
MoA	Ministry of Agriculture
M&E	Monitoring and evaluation
MoF	Ministry of Finance
MoLF	Ministry of Livestock and Fisheries
NAP	National Adaptation Plan
NAO	National Audit Office
NBS	Nature-based solutions
NCCRS	National Climate Change Response Strategy
NCCSC	National Climate Change Steering Committee
NDCs	Nationally Determined Contributions
NEMC	National Environment Management Council

O&OD	Opportunities & Obstacles to Development
PBCRG	Performance-based climate resilience grant
PFM	Public Financial Management
PlanRep	Planning and reporting platform
PO-RALG	President's Office – Regional Administration and Local Government
PS	Permanent Secretaries
RS	Regional Secretariats
UNITAR	United Nations Institute for Training and Research
UNSDCF	United Nations Sustainable Development Cooperation Framework
VPO	Vice President Office
WRI	World Resources Institute

Internal Draft

3 Justification

3.1 National context

3.1.1 Geographical and development context

The United Republic of Tanzania is a sovereign state in Eastern Africa within the African Great Lakes region. With a population of around 61.5 million, it is categorised by the World Bank as a lower middle-income country, with 44.9% of the population reported to be living on less than \$2.15 a day. The World Bank considers the country's economic outlook as favourable, "with downside risks that are largely under government control". According to the UN Food and Agriculture Organization (FAO), agriculture accounts for approximately 28% of GDP and employs most of the population. Other major sectors include financial and business services, trade and tourism, manufacturing.

According to the Economic Outlook issued by the African Development Bank (AfDB), rising food and energy prices due partly to the impacts of the Russia's invasion of Ukraine and as a result of severe drought pushed inflation in Tanzania to 4.3% in 2022 from 3.7% in 2021, slowing down GDP growth to 4.7% in 2022 from 4.9% observed in 2021⁸. Moreover, the country experienced an increase in poverty rates jumping from 26.1% in 2019 to 27.7% in 2020 mainly due to the economic slowdown induced by the COVID-19 pandemic, according to the AfDB study. The World Bank, in the Tanzania Economic Update published in 2023, further notes "that reversing this pandemic effect could prove challenging amidst considerable development and reform challenges that have been exacerbated by the pandemic shock and spillovers from the war in Ukraine".

Climate change represents a major threat to the country's development efforts, particularly due to economic and life losses ahead of major weather events such as droughts and floods. According to the National Environmental Master Plan for Strategic Interventions (2022-2032), the adverse impacts of climate change impacts include: "extreme precipitation that cause flooding; prolonged droughts; sea level rise leading to submerging of small Islands, coastal and low-lying areas, spread of bush fires and invasive species; ocean acidity and decreases in oxygen levels, which pose great risks to marine biodiversity, biome or ecosystem shifts or transformation."⁹

Despite the threatening climate change impacts, the five coastal regions namely, Tanga, Coast, Dar es Salaam, Lindi and Mtwara, contribute about one third of the national Gross Domestic Product (GDP).¹⁰ Currently, 75 percent of the country's industries are in these coastal regions. Newly initiated activities in the coastal region, including coastal tourism, mariculture development and natural gas exploitation, are some of potential resources for national economic development.

3.1.2 Climate change

Climate change is already being observed in Tanzania. Statistically significant increasing temperature trends have already been observed in both mean and annual maximum temperature, as well as a slight declining trend in rainfall¹¹. The mean temperature has already risen more than half a degree from 22.45°C in 1986 to 23.03°C for the year 2020¹². Future climate projections show

⁸ AfDB (2023). African Economic Outlook (AEO) 2023. Available from <https://www.afdb.org/en/countries-east-africa-tanzania/tanzania-economic-outlook>

⁹ URT (2022). National Environmental Master Plan for Strategic Interventions (2022-2032), p.83

¹⁰ URT (2000). Tanzania Coastal Management Partnership: Draft National Integrated Coastal Management Policy. Working Document: TCMP 5028

¹¹ Vice President's Office. 2014. Second National Communication to UNFCCC of Tanzania.

¹² World Bank Group: Climate Change Knowledge Portal. 2021. United Republic of Tanzania. <https://climateknowledgeportal.worldbank.org/country/tanzania-united-republic/climate-data-historical>.

continuing trends in rising temperatures for Tanzania. For RCP 4.5, the mean temperature is predicted to rise from the current temperature of 23.03°C to 24.32°C by 2050 and 24.83°C by 2100. For RCP 6.0, the mean temperature is predicted to rise to 24.18°C by 2050 and 25.48°C by 2100: a rise in temperature of nearly 2.5°C¹³.

In terms of rainfall, a declining trend has been observed in the past few decades. Droughts have led to the drying out of some water bodies, with a consequent loss of biodiversity and grazing lands and a reduction in hydropower capacity¹⁴. Marked drying areas have been observed in many parts of Tanzania between 1981 and 2016, with devastating effects to agriculture, water resources and energy production¹⁵. Even though future projections predict higher rainfall for Tanzania as a whole, they still indicate water stress, with below 1,700 cubic metres of water available per person per year¹⁶.

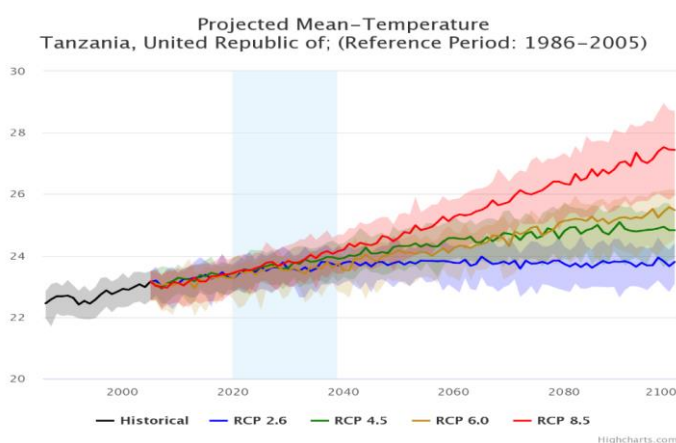


Figure 1 Historic and Projected Mean Temperature Changes for Tanzania (Source: WB: CC Knowledge Portal 2021)

Climate change is having an impact on the frequency and severity of natural disasters in Tanzania. Droughts and floods constitute around half of all natural disasters over the past decade (see **Error! Reference source not found.**), and they have the largest impacts in terms of the number of people they affect. Droughts have been increasing in frequency in recent years: one analysis found that the extremely dry years from 1979 to 2009 were recorded to be 2000, 2001, 2003, 2005, 2007, and 2009¹⁷. Climate change is already having detrimental effects to the environment, economy, and livelihoods of the people of Tanzania, which are already vulnerable to climate change exacerbated by an increasing population and related pressure on natural resources.

¹³ World Bank Group: Climate Change Knowledge Portal. 2021. United Republic of Tanzania. <https://climateknowledgeportal.worldbank.org/country/tanzania-united-republic/climate-data-historical>.

¹⁴ United Republic of Tanzania. 2014. Fifth National Report on the Implementation of the Convention on Biological Diversity.

¹⁵ United Republic of Tanzania Vice President's Office. 2021. Tanzania's Nationally Determined Contribution.

¹⁶ Vice President's Office. 2014. Second National Communication to UNFCCC of Tanzania.

¹⁷ Loisulie, S. 2010. *Vulnerability of the Tanzanian Hydropower Production to Extreme Weather Events*, Sokoine University of Agriculture Faculty of Science.

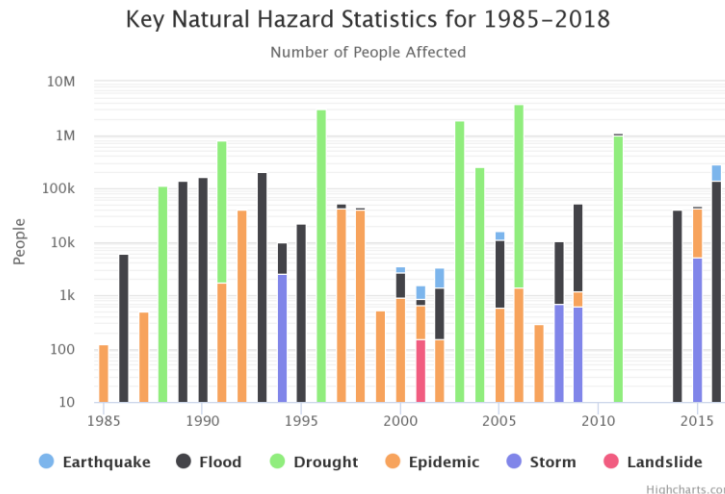


Figure 2: Key Natural Hazards for Tanzania for 1985-2018 (Source: World Bank Group: Climate Change Knowledge Portal 2021)

Coastal and Marine Ecosystem

Tanzania’s Indian Ocean coastline is approximately 1,424 km long, stretching from the northern side in Tanga Region (latitude 40 49’S) to the southern end in Mtwara region (latitude 100 28’S). The coastline is endowed with a significant diversity of coastal and marine ecosystems in both coastal and marine setups. Coastal and Marine ecosystems in the country are crucial for human well-being and sustainable development and their conservation safeguards the long-term productivity of economic and social activities such as fisheries, mariculture, tourism, and coastal development.

The impact of climate change includes sea level rise and erratic precipitation and saline intrusion to groundwater along the coastal areas of Tanzania. In Dar es Salaam, for example, sea level rises at a rate of 0.492, equivalent to 6mm per annum from 2002 to 2018 as indicated in the below Figure. The increase in sea level for Tanzania mainland has led to beach erosion and destruction of coastal infrastructure (e.g. Mbweni JKT in Kinondoni Municipality and Mikadi Beach in Kigamboni Municipality); intrusion of salty water into settlement and agricultural land (Bagamoyo, Rufiji), inundation of low-lying islands such as Maziwe (Tanga); Fungu la Nyani (Rufiji); salinization of fresh water well. Figure 2-1 shows impacts of sea level rise (beach erosion) along coast of Dar es Salaam.¹⁸

Coastal areas in mainland Tanzania, which include Tanga, Dar Es salaam, Coast, Lindi and Mtwara regions, with a total population of 12,853,247 (of whom 6,233,201 are male and 6,620,046 female¹⁹), are home to the high concentration of human populations, highlighting the need to support people living in these areas adapt. The combination of rising sea levels, coastal erosion, and extreme weather events, such as tropical cyclones, means that coastal areas will be particularly vulnerable to the effects of climate change. How communities adapt depends on the context of the area. In some cases, ecosystem-based adaptation measures could be explored including enhancing sustainable and integrated management of coastal ecosystems and promotion of productive use of the marine and coastal ecosystem.

¹⁸ URT (2022). National Environmental Master Plan for Strategic Interventions (2022-2032), p.87

¹⁹ 2022 Population and Housing Census

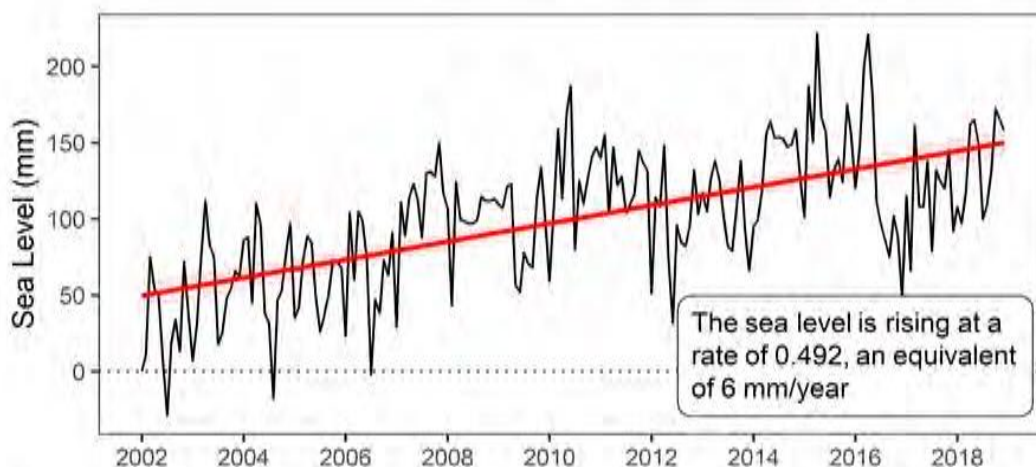


Figure 2-1: Sea level rise trend in rise in Dar es Salaam coastline since 2002.

Source: National Environmental Master Plan for Strategic Interventions²⁰

Tanzania recognizes that climate change is a serious threat to the country's developmental plan and to the future of both its livelihoods and main economic sectors (e.g. agriculture and tourism). In fact, the National Climate Change Response Strategy (NCCRS 2021-2026) states that climatic factors such as incidences of sporadic extreme weather events and slow onset events are increasing in many parts of the country with severe consequences on food production, water access and energy generation. The strategy mentions the recent food shortages which resulted in widespread hunger, water scarcity and acute power shortages as examples of what could be like as climate change impacts intensify in the future and in the absence of sound coping strategy.

In its Nationally Determined Contributions submitted to the UNFCCC, the Government of Tanzania (GoT) states that current climate variability and change resulting in extreme weather events, particularly droughts and floods, already lead to major economic costs in Tanzania. According to the NDC, every annual event has economic costs in excess of 1% of GDP, and occurs frequently, reducing long-term growth and affecting millions of people and their livelihoods. Climate change impacts are affecting coastal zones, public health, energy supply and demand, infrastructure, water resources, agricultural production and availability of ecosystem goods and services. Climate change impacts are likely then to curtail Tanzania from achieving key economic growth, development and poverty reduction targets for reaching middle income developing country status.

The country's NDCs estimate that the net economic costs of addressing climate change impacts could be equivalent to a 1 to 2% of GDP per year by 2030. In addition, about USD 500 million per year is needed to address climate change adaptation and building resilience, increasing up to USD 1 billion per year by 2030. These costs are likely to increase further depending on global mitigation efforts.

An assessment commissioned by the GoT²¹, with support from UKAid, indicates that "without adaptation, the physical, human, and economic impacts of global warming induced sea level rise will be significant; with expected number of people at risk of annual flooding estimated at 0.3 to 1.6 million people per year by 2030, rising to 1.0 to 2.1 million people per year by 2050". Other impacts include loss of land and forced migration (potentially up to hundreds of thousands of people), as well as approximately 8% of Tanzania's wetland disappearing by 2050.

²⁰ VPO (2022). National Environmental Master Plan for Strategic Interventions (2022 – 2032), United Republic of Tanzania. Available from https://www.vpo.go.tz/uploads/publications/en-1654509088-MASTER%20PLAN-English_eBOOK_FINAL.pdf

²¹ http://www.economics-of-cc-in-tanzania.org/images/Final_report_launch_vs_3.pdf

3.1.3 National development and decentralisation policies and structures

Tanzania's major current development strategies, i.e., the Third Five Year Development (FYDPIII) and National Vision 2025, recognize the negative impacts of climate change were among the key challenges the previous FYDPII faced, which contributed to slowing down attaining its intended targets. FYDPIII outlines new interventions to enable Tanzania to industrialise in a way that will transform its economy and society. The FYDPIII emphasises that the impacts of climate change are felt in all economic sectors – and particularly the agricultural sector. The plan highlights that local actions are needed to address such impacts, which is the entire foundation of the LoCAL model. FYDPIII informs national planning across all sectors and is an important document for the formulation and review of climate change and development projects and programmes such as this initiative. This initiative will contribute to achieving FYDPIII targets, in particular the objective on “Resilience for Climate Variability/Change and Natural Disasters Mainstreamed by 2025”, that will be achieved through increased numbers of i) LGAs with climate resilience capacities and ii) which adopted climate smart agriculture practices and technologies.

3.1.4 Government policy and strategy for fiscal decentralization and (local) Climate Change Adaptation

Tanzania's decentralization policy aims 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. Local Government District Authorities Act, 1982 and Local Government Urban Authorities Act, 1982 define the general functions of the LGA in both rural and urban areas. These include (i) maintenance of peace, order, and good government (ii) social welfare and economic well-being (iii) social and economic development in line with national policies (iv) regulation and improvement of agriculture, trade, commerce and industry (v) furtherance and enhancement of the health, education, and the social, cultural and recreational life of the people, and (vi) relief of poverty and distress, and for the assistance and amelioration of life for the young, the aged and the disabled or infirm.

Tanzania is divided into 31 regions: 26 on the mainland and 5 on Zanzibar. 169 districts have been created to further increase local authority. These districts are also now referred to as local government authorities. Currently there are 196 councils operating in the 169 districts, 34 are urban and 135 are rural. The 34 urban units are classified further as city, municipal and town councils. Local government authorities are classified into two major categories: urban authorities (responsible for the administration and development of urban areas ranging from townships, municipalities and cities) and rural authorities (commonly known as District Councils).

Most of LGAs budget in Tanzania is derived from transfers from the central government, while the balance comes from local revenue sources that include fees (taxi registration, bus stands, forestry products); licenses (road and liquor); property taxes and rents. Government transfers and donor basket funds are the most significant income sources for local authorities. The bulk of these resources are conditional grant transfers, which are linked to sector ministries responsible for education, health, water, roads and extensions services, which are also the key services provided, by local governments, a.k.a. recurrent grants. Other smaller transfers are in the form of unconditional grants and equalization grants, a.k.a. development grants.

LGDG System and Fiscal Decentralization

The Local Government Development Grant (LGDG) system was designed in 2004 as a modality for devolution of development funding to LGAs: a discretionary development grant that LGAs could

locally plan and budget for in accordance with local budget priorities. The LGDG allocation to LGAs were partly based on a need-based formula (population, land and poverty) and partly on the performance of LGAs (their compliance to good PFM and governance criteria). The system became nationally operational from 2005 with funding of approximately 1.5 USD per capita as a general discretionary grant and with additional sector windows. Total transfers amounted approximately 100 million USD per year up to 2011 when the system for various reasons was disbanded. Except for some WB supported urban LGAs, there has since 2011 not been a performance-based grant system in place in Tanzania, although GoT in its budget has maintained the LGDG as a budget code for some fiscal transfers (currently only for selected LGAs and only for predetermined strategic investments – and no longer based on formula or performance assessments).

Development funding for LGAs is currently mainly in the form of a variety of discrete project interventions rather than part of a proper intergovernmental fiscal transfer (IGFT) system. Below are some remarks as evident from analysing this sector:

- The fiscal resources available for LGAs have generally been reduced (when considering inflation and population growth) over the last 7 years from around 52 USD per capita to about 48 USD per capita: and these transfers cater increasingly mainly for payment of staff salaries (including teachers and health workers).
- From IGFTs, there is no longer any real discretionary development funding available for LGAs as development funding now is entirely in the form of sector specific (mainly project funding) transfers.
- Total development funding from transfers has declined from 12 USD to 3.4 USD per capita over the period from 2015 to 2021.
- Own source revenues have generally increased over the period 2006 – 2021 – also when population growth and inflation is considered. Urban LGAs collect the most revenue (10 USD/capita) and rural LGAs collect on average 4.7 USD/capita.

Another worrisome trend (from a devolution perspective) has been the centralisation (deconcentration) of functions like rural water supply from LGAs to deconcentrated agencies such as Rural Water and Sanitation Agency (RUWASA²²). Government policy on (fiscal) decentralization is in a form of transition: the LGDG system has effectively been phased out and the previous Local Government Reform Policy (of 1999) is widely recognised as in need of an overhaul. PO-RALG undertook work in support of a new policy in (July 2019) that included an updated Decentralisation Policy and Strategy, but these have not yet progressed through Cabinet.

3.1.5 Climate related policies and frameworks

Tanzania 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. Tanzania has two main climate change policies: the National Climate Change Response Strategy (2021–2026). With regards to the revised National Climate Change Response Strategy (2021–2026), it has been aligned with national and international development plans such as the country's current (Third) Five-Year Development Plan, nationally determined contributions under the Paris Agreement, and the Sustainable Development Goals (SDGs) in the context of the National Vision 2025. Importantly, the strategy triggers the integration of climate change adaptation and mitigation issues into sector policies and plans by providing guidance for enhancing adaptation and resilience measures as well as harnessing mitigation opportunities for economic and development growth. The new strategy also considers that Tanzania, since 2020, has largely been a lower middle-income country emphasizing industrialization. This emphasis may have implications on energy and

²² Created in July 2019 by the new Water Supply and Sanitation Act No. 5 of 2019.

water demand and subsequent greenhouse gas emissions sources and sinks, necessitating climate change intervention strategies at both the policy and community levels.

These policy documents comprehensively elaborate adaptation and mitigation actions and aim to, *inter alia*, enhance adaptive capacity to climate change to ensure long term resilience; resilience of ecosystems to climate change; and enhanced participation in climate change mitigation activities to contribute to international efforts while ensuring sustainable development. The strategies also outline the importance of the establishment of institutions and policies at national level for climate change planning including a climate change finance mechanism, as well as implementation of climate change (CC) actions at the local level. The LoCAL mechanism, which in Tanzania has been named “Local Climate Finance Initiative (LCFI)”, is referenced in the National CC Response Strategy as a mechanism that supports the financing and implementation of locally led adaptation across Tanzania in support of achieving agreed climate goals.

Other climate related policies, legislations, strategies, plans and programmes aimed to addressing climate change in Tanzania include: the National Communications to the UNFCCC (2003 and 2015); the National Adaptation Programme of Action (2007); Natural Gas Policy (2013); the Renewable Energy Strategy (2014); the Natural Gas Act (2015); the National Forestry Policy (1998); the National Agriculture Policy (2013); the National Transport Master Plan (2013); the National Environmental Policy (2021); the National Environmental Action Plan (2012 – 2017); the National REDD+ Strategy and Action Plan (2013) and the National Environment Management Act (2004).

3.2 Stakeholder analysis

The programme's Technical Committee contributes to the National Climate Change Steering Committee (NCCSC) through the President's Office – Regional Administration and Local Government (PO-RALG), the Vice President's Office (VPO) and the Ministry of Finance (MoF). The National Climate Change Steering Committee (NCCSC) is an inter-ministerial committee which comprises Permanent Secretaries (PS) from 13 ministries responsible for Energy, Finance, Industry, Natural Resources, Justice and Constitutional Affairs, Land, Agriculture, Livestock Development, Foreign Affairs, and International Cooperation. The NCCSC reports to the Vice President's Office. Together with the National Climate Change Technical Committee (NCCTC) the NCCST is responsible for overseeing and guiding the implementation of climate change activities in the country.

The President's Office – Regional Administration and Local Government (PO-RALG) is responsible for guiding, mentoring, supervising, inspecting, monitoring, and supporting LGs, as well as for overseeing decentralization and devolution processes, coordinating line ministries at LGA level. UNCDF signed a Letter of Agreement (LoA) with PO-RALG to provide it with resources to support the implementation, monitoring, and reporting of LCFI activities. 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 coordinates closely with the Ministry of Finance, Accountant General Office, for transfers to the councils (e.g., transfers), accounting and reporting, and works with the Auditor General for the annual audits, as part of the annual performance assessments. PO-RALG also works closely with the Institute of Rural Development Planning (IRDP) for the LGAs capacity building initiatives.

The Ministry of Finance (MoF) manages the overall revenue, expenditure, and financing of the Government of the United Republic of Tanzania and provides the Government with advice on the broad financial affairs of Tanzania in support of the Government's economic and social objectives. The MoU signed between UNCDF, PO-RALG and MoF set out the legal framework for the establishment of the PBCRG mechanism in Tanzania, aligned with the existing intergovernmental fiscal transfer system. Under the MoU, MoF is responsible for the financial circuit management, fund flows to LGs, monitoring and coordination of reforms of the IGFTS including support on the reporting system. They will also support the annual auditing through the office of Auditor General.

The Vice President's Office (VPO) is the National Focal Point/NDA for climate change activities in Tanzania and mandated to provide policy and technical guidance as well as climate change coordination. A LoA was also signed with VPO for the provision of operational grant coordination of climate change actions at subnational level, provision of policy, technical and strategic guidance related to implementation of the National Climate Change Response Strategy (NCCRS).

The National Environment Management Council (NEMC) in Tanzania plays a crucial role in developing integrated coastal management plans for districts. Through its expertise and mandate, NEMC facilitates the formulation and implementation of comprehensive strategies that address the environmental, social, and economic aspects of coastal areas. By collaborating with local districts, NEMC ensures the integration of sustainable practices, coastal conservation, and community engagement, promoting the long-term resilience and well-being of coastal ecosystems and communities in Tanzania. NEMC will be a strategic partner in the process of developing integrated coastal management plans in the identified LGAs.

The Ministry of Agriculture (MoA) aims to provide technical support to implement quality climate smart agriculture practices among coastal communities, provide a conducive environment to stakeholders, build capacity of local government authorities, and facilitate private sector contribution to sustainable and climate smart agricultural production. The MoA has representatives sitting on the

National REDD+ Task Force. At the Local Government level, the MoA is key partner in identifying and implementation of climate smart agriculture (CSA). In the current LoCAL/UNCDF assistance in Chamwino, the climate finance support is technically guided by the District Agriculture Office and an extension worker has been assigned to ensure quality implementation of climate smart agriculture practices.

The Ministry of Livestock and Fisheries (MoLF) has the mandate of overall management and development of livestock and fisheries resources for sustainable achievement of the Sustainable Development Goals, National Strategy for Growth and Reduction of Poverty, Improved Livelihood of Livestock and Fisheries Dependent Communities, Food Safety & Security without compromising Animal Welfare and Environmental Conservation. Under this programme, MoLF will be engaged through the District Agricultural Officers in the process of identifying key innovative areas for support at the LG level.

Local Government Authorities (LGAs) are responsible for local service delivery and implement development plans at the LG level. LGAs in Tanzania have the mandate and the responsibility for providing a range of climate change relevant investments such as coastal protection, 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. LGAs make adequate provisions in LGA development plans, annual plans and budgets for the implementation of the climate change policy. Under this 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 Tanzania 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. The programme will engage with target NGOs for community awareness and for participation in identifying and monitoring adaptation priorities for financing, while promoting integration of gender considerations.

Whilst efforts are being made to encourage broader public private partnerships in service delivery, the private sector at present mainly interacts with LGAs, for instance, as contractors in the construction of infrastructure projects. Under the proposed programme, the private sector may be engaged via procurement processes by LGAs for the delivery of specific/activities (based on the climate change adaptation strategies). 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.

3.3 Complementarities, synergies and donor coordination

This initiative will actively facilitate and support cross-agency collaboration at the LG and community levels, and will be closely linked and aligned with relevant national and sectoral programs, goals and initiatives such as the Vision 2025; the FYDPIII; the NCCRS, the NDC, the NAP process, as well Public Sector and PFM reforms and other relevant initiatives. The Programme, through the United Nations Sustainable Development Cooperation Framework (UNSDCF 2022-2027), contributes towards the direct achievement of SDG 1, SDG 11 and SDG 13, and indirectly SDG 5 and SDG 8. Specifically, the

programme contributes to the Planet Outcomes by building climate change resilience to the people in the United Republic of Tanzania, especially those most vulnerable, to adapt to, and thereby reduce the impacts of climate change and related shocks. In addition, the programme is aligned with and contributes to achievement of goals of Tanzania’s Blue Economy Programme, supported by the EU and the Government of Belgium.

The programme will also build on, complement, learn from, and augment the results of other projects listed in the table below:

No	Relevant Project / Programme	Description	Goals	Complementary potential	Project Timeline
1	European Union Global Climate Change Alliance Plus (GCCA+) Eco-Act project (EcoVillage Adaptation to Climate Change in Central Tanzania)	One of the 51 GCCA+ projects in Africa. The EcoACT project is the successor to the Chololo Eco-village project funded under the first phase of GCCA Tanzania. The project is implemented by a consortium led by the Institute of Rural Development Planning, in partnership with Dodoma and Chamwino District Councils.	The project aims at building resilience against climate change and reducing poverty. Activities range from training farmers in how to conserve water and prevent soil erosion, using bio-fertilisation, crop rotation, intercropping, using energy saving stoves, and enforcing by-laws to conserve water sources, among others.	Strengthening capacities to deal with climate change. One of the EcoVillages is in the same project area	2016-2019
2	Adaptation Fund Project: Strategic Water Harvesting Technologies for Enhancing Resilience to Climate Change in Rural Communities in Semi-Arid Areas of Tanzania (SWAHAT)	Project to implement strategic water harvesting technologies that will contribute to improved crops, aquaculture and livestock productivity, reforestation as well as combating emerging crops and livestock pests and diseases	The objective of proposed SWAHAT project is enhancing resilience and adaptation of semi-arid rural communities to climate change-induced impacts of drought, floods and water scarcity	Lessons can be learned about the most effective water harvesting technologies and the most appropriate tree species to plant in similar agro-ecological zones	2021-2024
3	Adaptation Fund Project: Enhancing Climate Change Adaptation for Agro-Pastoral Communities in Kongwa District	The project seeks to pilot practical and cost effective and community rooted solution to improve livelihood of poor people, restore and rehabilitate ecological systems, support	The goals of the project are to enhance climate resilient rural water supply systems, support climate-smart agriculture, improve ecological functioning and build local capacities.	Adaptation measures tested in Kongwa district can be considered for the PBCRG scheme	2021-2023

		agriculture and livestock production in Kongwa district.			
4	The Agricultural Sector Development Programme (ASDP) funded by the International Fund for Agricultural Development (IFAD) and co-financed by the Belgium Fund for Food Security (BFFS) and the Government of Tanzania	This project is being implemented in Dodoma and seeks to address challenges linked to the urban and rural water supply infrastructure, ameliorate water resource management and strengthen relevant sector institutions	The project seeks to improve the provision of water for both human and livestock consumption through the drilling of boreholes, the sound management of spring catchment areas, rainwater harvesting, capacity building of the water committee and through the promotion of sustainable rangeland management practices to support livestock production	The proposed project can be used to scale up activities of this project and will learn lessons about the most effective ways to implement water management technologies.	2018-2023
5	Local Climate Adaptive Living (LoCAL) mechanism - Pilot phase	The LoCAL and its PBCRG system, with support from the European Union and the Government of Sweden, has been introduced in Tanzania in 2021 and it is being piloted by three local government authorities in the Dodoma region (Chamwino, Kondo and Mpwapwa) to potentially benefit – directly or indirectly – more than 800,000 people, particularly women. The objective is to scale up the LoCAL mechanism to other districts from 2023 onwards, with support from development partners.	The Local Climate Adaptive Living Facility (LoCAL) in Tanzania is aimed at establishing a robust and effective mechanism to enable local government authorities in the country to ACCESS climate finance on a regular and sustained basis and to USE it effectively in building climate-resilient local economies and communities	This initiative builds on the lessons learned and experiences from the LoCAL pilot in Dodoma region, bringing PBCRGs to target coastal LGs for investments in target sectors.	2021-2023

It is worth noting that most programmes targeting local governments in Tanzania are focused on technical assistance/capacity development support and this initiative will provide the needed complementarity in form of funds for LGA investments in CC adaptation activities. The selection of LGA target areas will likewise consider the various geographical zones/conditions, vulnerabilities and risks, and opportunities identified from other initiatives 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 while promoting gender equality and women's empowerment.

At global level, the proposed programme will benefit from technical partnerships in the field of climate change mainstreaming, local climate risk assessments, monitoring, evaluation, and learning, with selected organizations, in particular the UNITAR and the World Resources Institute (WRI). More specifically, UNCDF partnered with the United Nations Institute for Training and Research (UNITAR) to develop course modules/curricula on topics of relevance to local adaptation; and with the World Resources Institute on research evaluations in target countries to assess the likely impact of the mechanism on local adaptation benefits and shaping ecosystems for improved climate finance leverage potential processes.

Also, Tanzania will be a member 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

3.4 Problem analysis

Climate change poses significant threats to coastal ecosystems and local communities in Tanzania and is likely to jeopardize development and governance at the local and community levels. Rising sea levels, warming temperatures, and extreme weather events have profound impacts on the environment, livelihoods, and overall well-being of coastal communities across the country.

Current efforts to adapt to climate change and its associated impacts at subnational level in Tanzania are far from being transformational in scale and depth, and the need for adaptation across all sectors is immense, particularly in coastal areas. Consequently, it is important that adaptation to climate change is escalated to the local government authority (LGA) level to safeguard social and economic infrastructure, create opportunities for the communities living in the most vulnerable conditions so they meet their needs while becoming more resilient to withstand climate change related shocks and impacts.

Numerous studies and assessments have shown a strong need for local level adaptation interventions to address the increasing impacts of climate change and to strengthen local resilience. The current technical assistance support to LGAs in Tanzania is focusing on core governance, planning, public finance management (PFM), and human resources issues. In addition to these comprehensive initiatives, there is capacity building support in a few LGAs within climate related areas, but without linkages to the existing intergovernmental fiscal transfer system.

As climate change worsens, coastal communities' vulnerability to climate risks will continue to rise, compromising achievement of Tanzania's national development and climate goals. Medium to long term coordinated actions are needed to increase their adaptive capacity and promote the resilience of these vulnerable populations. Consideration should be given to investing in transformational adaptation for long-term betterment of these coastal communities.

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](#)). The 5th (2022) Biennial Assessment and Overview of Climate Finance Flows (BA) issued by the UNFCCC estimates that out of total climate finance delivered from developed to developing countries in 2019–2020 only 28% 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 Tanzania. 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.

Local authorities are increasingly seen as key in the promotion of climate change adaptation and in building resilience to climate change at the local level. They are in a unique position to identify the climate change adaptation responses that best meet local needs, and typically are mandated to undertake the small- to medium-sized adaptation and infrastructure investments needed for building climate resilience – e.g. land use and agriculture, water management, irrigation and drainage, environmental and natural resources management, and disaster risk management. Plus, they have the legitimacy and convening power to coordinate, co-finance and interact with stakeholders, including national level institutions, civil society bodies, the private sector and various local government departments. Yet, they frequently lack the technical capacity and resources to fulfil this mandate – especially in a way which is aligned with established decision-making processes and public planning and budgeting cycles. Local governments in Tanzania face the same challenges.

3.5 Lessons learned

The lessons from the EcoACT, implemented in Tanzania as part of the European Union Global Climate Change Alliance Plus (GCCA+) initiative, has provided valuable lessons and insights that can inform the efforts to promote sustainable development, climate resilience, and community empowerment in Tanzania. For instance, by involving local communities in decision-making processes, project planning, and implementation, EcoACT fostered a sense of ownership and empowerment and ensured that interventions were tailored to the specific needs, priorities, and knowledge of the communities; it demonstrated the effectiveness of integrated approaches to address climate change and sustainable development; by integrating nature-based solutions into adaptation strategies, the project demonstrated the effectiveness of EbA in reducing vulnerability and increasing community resilience; it recognized the significance of knowledge sharing and capacity building to enable communities to respond to climate change by facilitating training programs, workshops, and exchange visits to enhance local knowledge and build technical skills; it promoted gender equality and addressing gender-specific challenges to enhance the adaptive capacity of the entire community; it prioritized monitoring, evaluation, and learning processes to assess the effectiveness and impact of interventions through regular monitoring allowed for adaptive management and course correction, ensuring that activities remained aligned with project objectives. These lessons will inform and guide implementation of the proposed programme.

The programme also will build on the lessons from the Local Climate Adaptive Living (LoCAL) Facility, designed by UNCDF to promote climate change–resilient communities and local economies through a standard, internationally recognized country-based mechanism to channel climate finance to local governments in most climate vulnerable countries, in particular the least developed countries (LDCs), among which Tanzania. LoCAL 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). First piloted in Bhutan and Cambodia in 2011 with support from the Global Climate Change Alliance (GCCA) and the EU, LoCAL has been deployed across 18 countries and over 350 local governments, with another 16 country initiatives under preparation/ready to be deployed (see below map of LoCAL countries), including the Uganda and Mozambique country programmes, supported by the Government of Belgium.

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 built on 25 year’s work on performance-based grants (UNCDF, 2010).



In Tanzania, with support from the EU, via its GCCA+, the LoCAL/PBCRG mechanism is being piloted in three districts of the Dodoma region, i.e., Chamwino, Mpwapwa and Kondoa, potentially benefiting more than 800,000 people, particularly women. The pilot covers two fiscal cycles and will subsequently be scaled up to additional districts, based on results of the previous phases and lessons learned, and with support from development partners. The annual performance assessments inform grant allocations and aim to incentivize local governments to meet climate change adaptation objectives. LoCAL-Tanzania is fully aligned with the country’s climate change response strategy, the NDCs, the National Adaptation Plan process, financial systems for local governments, and related institutional and regulatory frameworks.

The identified districts have so far been able to access climate finance by using the established PBCRG mechanism, through the PO-RALG and MoF, to support implementation of climate change adaptation investments, mostly related to water and agricultural measures.

In collaboration with the PO-RALG, the IRDP developed Users’ Training Handbook for local government staff in Tanzania on mainstreaming climate change into local government authorities planning and budgeting systems. The initiative included training key LGA’s staff from the pilot districts on integrating climate change into LG planning and budgeting processes. UNCDF is also providing technical and financial support to PO-RALG for the GCF accreditation. It also involves building capacity of the PO-RALG (as an institution) to coordinate the PBCRG system and other local climate change efforts at the LGA level.

The LoCAL Programme builds on the lessons learned from previous experiences with performance-based grants being implemented in Tanzania, as well other international experiences. The former government’s Local Government Development Grant (LGDG) provided a viable foundation for the PBCRG in all districts.

Key lessons learned so far during inception phase (pilot phase) of the LoCAL-Tanzania can be summarized as follows, and will be taken stock of in the proposed phase 2:

- ✓ Despite renewed commitment towards LoCAL implementation by all stakeholders, lack of capacity of the LGAs to identify climate change adaptation priorities, accessing financial resources, and reporting are still pertinent challenges. Developing a sustained capacity building plan for the LGAs to understand climate change adaptation financing priorities would help the LGAs to develop medium- to long-term resource mobilization strategy to ensure the mechanism's sustainability after the pilot phase ends. More emphasis will be on building LGAs' capacity on planning and budgeting for climate change adaptation priorities and reporting.
- ✓ The Regional Secretariat and Councilors are key players in the local planning and budgeting processes hence the need to build their capacities on climate change adaptation. This will ensure comprehensive inclusion of climate change adaptation priorities in the regional and local government's planning, budgeting and reporting processes.
- ✓ Concerns raised over the *de facto* participation of women and marginalized groups in the local government authority planning process; the use of divisions as a planning forum, as opposed to districts (which are part of the public planning and budgeting system); and potential political bias in the planning process need to be addressed in future phases of LoCAL.
- ✓ Ensuring that grants are of sufficient size for fiscal sustainability is a key element in the design of LoCAL-Tanzania.
- ✓ Government procedures and protocols for approving and signing agreements need to be understood well in advance of project start dates in order to avoid delays in implementation. This requires close interaction with several government entities, particularly the Ministry of Finance, to ensure full understanding of project scope and objectives and alignment with government goals.
- ✓ The understanding of CC risks, vulnerability, and its impacts and adaptation responses are not commonly versed with most staff in the LGAs. It is clear that designing of feasible adaptation responses in line with the LoCAL Investment Menu will require skills development in a number of areas, including CC mainstreaming in local plans and budgets.
- ✓ As a new approach to adaptation financing in Tanzania, it will take time for partners to understand and apply the LoCAL mechanism. However, local government authorities acknowledge that LoCAL will sustain local climate change adaptation efforts and capacities.

It is the combination of the above experiences that constitute the set of lessons underpinning the proposed programme. Based on the LoCAL experiences, including performance-based climate resilience grants, annual performance assessment and improved capacity building and support, in support of investments towards vulnerable areas, may lead to strong national ownership and sustainability as evidenced by the national scale up in countries like Bhutan (100 gewogs out of 205) and Cambodia (50 districts out of 159), with more to join.

3.6 Rationale for the programme

The Government of Tanzania is currently unable to finance climate change adaptation additionality as central government budgets are still recovering following significant economic slowdown due to the impacts of the COVID-19 pandemic on key sectors such as tourism. As such, fiscal transfers to local government levels are greatly limited, meaning communities are unable to put in place resilient adaptation measures appropriate to projected climate impacts due to a lack of [technical and

financial] resources. This places added pressure on the capacities of local communities and economies to adapt to climate change impacts.

This LoCAL Programme aims to address the increasing vulnerabilities of coastal communities, in particular the most vulnerable such as women and youth, ahead of climate/weather related impacts, the limited adaptation financing at the local level, the need to support decentralisation and its actors at a critical time not to lose progresses 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, particularly through the Opportunities & Obstacles to Development²³ (O&OD).

This programme addresses such gaps while also considering key challenges facing the overall LGA system in Tanzania, such as the insufficient funding level compared with the mandated functions for climate sensitive sectors, quality and resilience of investments, and strengthen direction on their use to meaningful and impactful activities, targeting the local adaptation needs of the population. The proposed mechanism “plugs into” the existing intergovernmental fiscal transfer system to provide funds for climate proofing existing or new investments, and supports other adaptation related initiatives, in accordance with a clear “investment menu or eligible investments”.

LoCAL offers an opportunity for Tanzania to address climate change at the local level while investing in climate resilient development pathways to meet commitments and targets made in its Third Five Year Development (FYDPIII - 2021/22-2025/26), Nationally Determined Contributions (NDCs), the National Climate Change Response Strategy (NCCRS 2021-2026), SDGs, and other sector strategies and plans. 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 transformational and impactful solutions on the ground.

This initiative builds on the lessons learned and experiences from the LoCAL pilot in Dodoma region, bringing PBCRGs to target coastal LGAs for investments in target sectors. LoCAL focuses on the coastal communities in Tanzania, most of which living below the poverty line. The economy depends mainly on small holder farming, subsistence forestry, artisanal fishing, lime and salt production, seaweed farming, livestock husbandry and small-scale trade handicrafts. While most families in the coastal regions are involved in more than one economic activity, many remain well below the poverty line. Lack of food security, communication and transportation infrastructure, livelihood opportunities and social services, coupled with poor performance of agriculture and fishing are major concerns which have resulted in a substantial rural-urban migration, especially to Dar es Salaam. Such a situation needs concerted efforts of different stakeholders, across ministries, departments and sectors to address it.

The Programme therefore aims to strengthen the capacities of coastal local governments and their communities in Tanzania, 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 consolidation and further institutionalisation of the Performance-based Climate Resilience Grants system in the country. The support will include building capacities to develop integrated climate risk informed coastal management plans. The programme will support LGAs localize and align their planning to the National Climate Change Policy, Nationally Determined Contributions and National Adaptation Plan process.

²³ Opportunities & Obstacles to Development (O&OD) is a community planning methodology adopted by the government of Tanzania to strengthen LGAs' capacity to grasp the reality in villages/Mitaa and design community development projects based on reflection of the reality of communities in each LGA.

4 Description of the programme

Expected objectives and results

The **overall objective** of the programme is to increase the resilience of coastal communities and local economies in target coastal Districts in Tanzania, through regular, predictable, systemic and verifiable climate finance in support of locally led adaptation action, aligned with national planning processes.

In doing so, the programme will focus on local adaptation interventions and investments while paying special attention to sustainable productive sectors in coastal ecosystems, including integrated management of coastal natural resources, biodiversity, sustainable water and waste/plastic management, sustainable fisheries and climate-smart agriculture (CSA) techniques and solutions to local development.

The programme is expected to achieve its overall objective through increasing target LGAs' capacities to access climate finance, through existing national systems, to plan, budget, and implement local adaptation strategies and interventions, while ensuring community participation.

The **specific objectives** are to:

- Increase target LGA (urban and rural) access to climate finance to implement local adaptation interventions and investments in coastal ecosystems across Tanzania;
- Consolidate and further institutionalize a standard and internationally recognized country mechanism of performance-based climate resilience grants in Tanzania 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 national, local and community levels;
- **Output 2:** Climate change adaptation is integrated into local governments' plans and budgets and climate change adaptation interventions and investments in target sectors in coastal ecosystems are implemented in line with government systems;
- **Output 3:** An effective performance-based climate resilience grant system (finance mechanism) is deployed in coastal Tanzania and operational for additional funding.

Indicative activities

Output 1: Awareness and capacities to respond to climate change adaptation are increased at national, local and community levels

Building the capacities of communities to climate change is a multi-faceted endeavor that requires a holistic and participatory approach. This initiative will increase awareness and sensitize communities on local adaptation strategies, and will provide accessible and accurate information about climate change, its causes, and its impacts, so that communities can develop a deeper understanding of the issue. It will encourage participatory processes involving community members, in particular the most vulnerable ones, local authorities, and experts to ensure effective local adaptation strategies, while being sensitive to community's needs. These strategies may include building resilient infrastructure, implementing early warning systems, promoting sustainable fisheries and land management practices, investing in nature-based solutions and diversifying livelihoods. The participation of coastal 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.

In collaboration with PO-RALG, the LoCAL Programme will also invest in building institutional capacities (national and subnational) not only to understand key climate change concepts and changing attitudes around local livelihoods but also to recognize imminent risks and financing needs and opportunities. At national level, the capacity enhancement will focus on key national institutions, in particular the PO-RALG and MoF, and on effective financing for climate change adaptation coordination, reporting and developing standards for monitoring. Key beneficiaries at the PO-RALG ministerial level will include, subject to the current structural set-up, the Regional Administration and Local Government Directorate, with direct engagement with Section of Regional Administration and Local Authorities. Other departments such as financial, M&E, policy and communication will have a supportive role. At the RS level, there will be direct engagement with the Assistant Regional Administration Secretary, the section of Regional Administration and Local Authorities.

At subnational and community levels, the programme will empower the Municipal and District Councilors for improved community participation and transparency, as well as encourage social accountability of LGA activities related to CCA. Target beneficiaries include Municipal and District officers and community members, in particular the most vulnerable ones, e.g. women, youth, indigenous communities. Target coastal municipalities, districts, local communities will be sensitized on climate change impacts and adaptation strategies, as well as on NBS, conservation and CSA solutions and techniques, sustainable water and waste/plastic management, while target Coastal LGs 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).

Building on the handbook for training local government staff on mainstreaming climate change adaptation in local government budgeting and planning processes, developed by Tanzania's Institute of Rural Development Planning (IRDP) with UNCDF support, climate risk assessments will be analysed together with quantitative and participatory approaches to inform the awareness raising and the subsequent integration of CCA into local plans and budgets and the implementation that follows. The CCA mainstreaming handbook is aligned with the Assessing Climate Change Adaptation Framework (ACCAF), a monitoring and evaluation (M&E) framework, co-developed by UNCDF and WRI, which focuses on the adaptation aspects of the PBCRG mechanism (ensuring strong climate rationale of identified investments).

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

- Develop climate risk assessments (CRA) for subnational adaptation to inform LGAs' adaptation plans and strategies;
- Sensitization of communities on climate change and on adaptation strategies to equip them with tools to make informed decisions and take appropriate actions to reduce their vulnerability to climate change;
- Strengthen community engagement and participation in local decision-making processes (e.g. through user groups) to ensure effective and culturally appropriate adaptation measures;
- Training sessions targeting LGA staff on climate change and on adaptation strategies in sectors such as fisheries, sustainable management of natural resources, biodiversity, ecosystems, nature-based solutions and climate smart agriculture, water management solutions and techniques;
- Training sessions targeting LGA staff on the PBCRG system, including eligible expenditures and related guidelines, as well as on public financial management and governance at subnational level, making use of the CCA mainstreaming handbook for LGs;

- Build institutional capacity of PO-RALG to coordinate, monitor, and report climate finance and interventions at the LGA level, building on capacity and needs assessments and baseline setting. This may include supplementing capacities of PO-RALG and provision of operational budget to execute specific activities (e.g. accompanying target LGAs throughout the entire PBCRG cycle, including support on planning, budgeting, costing, procurement, internal controls, audit, implementation and monitoring);
- Targeted capacity building support to local governments addressing weaker areas as identified during the local governments annual performance assessments (APA) under output 3.

Output 2: Climate change adaptation is integrated into local governments' plans and budgets and climate change adaptation interventions and investments in target sectors in coastal ecosystems are implemented in line with government systems

The programme will work with target coastal LGAs, communities and vulnerable groups such as women and youth to integrate climate change adaptation into LGAs' development plans and budgets, in particular integrated coastal management plans, based on the findings of the CRA (Output 1) and building on the CCA mainstreaming handbook. CSOs may also be engaged to support awareness raising and involvement of target communities in the identification of adaptation priorities at local level. Planning and budgeting of the performance-based grants will follow the existing government systems, timing and templates. The target Municipal and District Councils will ensure the implementation and the regular monitoring of the activities, supported by PO-RALG and UNCDF. Monitoring will include following up on physical progress as well as financial execution to ensure coherence.

Annual performance-based climate resilience grants (PBCRG) will be disbursed to target coastal LGAs which meet the minimum conditions of access²⁴. Each year, local interventions and investments will be identified, selected and implemented by LGAs, integrating gender issues, ensuring community participation and environmental sustainability and in compliance with the investment menu (please refer to Annex 2 for the full list of eligible investments/interventions). It will also follow the regular government planning process which starts at the Village level (O&OD), then Ward Level, then Municipal/District Councils, Regional Secretariats, TAMISEMI/PO-RALG, MoF, and finally the National parliament budget Committee.

Among others eligible interventions (see Annex 2) at the local level, a special attention will be given to sustainable productive sectors that can contribute to local economies while promoting adaptation results and preserving the environment. Some of these sectors (non exhaustive) may include:

- Sustainable Fisheries: Responsible and well-managed fisheries can provide a sustainable source of income and food for coastal communities. Implementing fishing practices that avoid overfishing, support local livelihoods, and protect marine biodiversity are crucial for long-term sustainability.
- Aquaculture: Responsible aquaculture practices, such as fish farming and shellfish cultivation, can be environmentally sustainable alternatives to wild fisheries. Proper management and monitoring ensure that aquaculture operations minimize negative impacts on coastal ecosystems and contribute to local economic development.
- Sustainable Agriculture: Coastal regions can support sustainable agriculture practices such as agroforestry, organic farming, and mangrove restoration. These practices promote soil conservation, reduce erosion, and protect water quality, while providing livelihood opportunities for coastal communities.

²⁴ Minimum Conditions and Performance Measures ensure that (i) basic safeguards are in place to ensure that funds are managed appropriately and (ii) that the performance of LGAs with regards to its quality of local adaptation planning and implementation is appropriately monitored and fiscally incentivized.

- **Renewable Energy:** Coastal areas often have high potential for harnessing renewable energy sources such as wind, solar, and tidal power. Developing sustainable energy projects can contribute to local economies, reduce reliance on fossil fuels, and mitigate climate change impacts.
- **Coastal Conservation and Restoration:** Investing in the conservation and restoration of coastal ecosystems, including mangroves, seagrass beds, and coral reefs, not only protects biodiversity but also supports sustainable sectors like ecotourism and fisheries. These ecosystems provide crucial services such as shoreline protection, carbon sequestration, and habitat for fish and other marine species.

Investments will be prioritized in line with an Investment Menu (see Annex 2) and the prioritization criteria at community and LGA level (see below box). Accordingly, building on the improved O&OD methodology²⁵, planning and budgeting at the lower local government level starts from the Village/Mtaa where communities participate in analyzing their perceived problems and needs. The planning process at this level, also called Community Planning Process (CPP), is led by Villages/Mitaa and the identified community investments (CIs) are further submitted to LGA level. Nature based solutions²⁶ will be prioritized and LGAs will benefit from support throughout the approach.

Local CSOs may be engaged to enhance gender inclusiveness and community participation at the Village/Mtaa level through the application of the O&OD approach (during planning and budgeting processes). In addition, gender and community participation related performance indicators will be included as part of the PBCRG's annual performance assessment system.

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

- Provide training on the improved O&OD (community participation in devising local adaptation strategies);
- Support annual adaptation planning by identifying and prioritizing gender-responsive and inclusive local adaptation projects to be funded. The programme will place particular focus on local adaptation interventions and investments in sustainable productive sectors in coastal ecosystems, and on nature-based solutions;
- Develop adaptation strategies, with a focus on the priority sectors, that are gender-responsive and inclusive into local governments' development plans and budgets for utilizing the allocated PBCRGs;
- Support target Coastal LGAs in programming targeted investments in line with the menu of eligible climate investments and provide training to LGA staff on identification, prioritization, planning, procurement and managing the selected climate investments;
- Transfer the annual allocation of performance-based climate resilience grant based on performance of LGAs. This will cover target LGAs with grants allocated depending on their performance in the annual performance assessment (output 3).
- Support to target LGAs on implementation of the approved adaptation projects and efficient utilization of funds, ensuring direct community benefits (via community contracting and procurement to local MSMEs);
- Support to target LGAs on monitoring and reporting on use of PBCR grants, review of investments and progress made (e.g. through regular monitoring missions, backstopping, etc).

²⁵ Improved Opportunities and Obstacles to Development (O&OD) is a methodology adopted by the GoT to build and sustain collaborative relationships between Local Government Authorities (LGAs) and communities in Tanzania for better service delivery and local development by empowering communities and promoting Community Initiatives (CIs). It requires LGAs in Tanzania to extensively consult communities so that their development needs are duly mirrored in public planning and interventions.

²⁶ According to UNEP, nature-based solutions are locally appropriate actions that address challenges such as climate change and provide human well-being and biodiversity benefits by protecting, sustainably managing and restoring ecosystems.

Box 1: Prioritization Criteria at Community and District Levels

Strategic Criteria refers to those conditions essential to building resilience

- Focus on public goods that benefit a large number of beneficiaries, including women and young people.
- Support the economy, livelihoods, or essential services depended on many people.
- Enhance resilience to climate change (adaptation) and, where possible, propose mitigation measures.
- Follow the resilient Investment menu to guide the nature of the eligible investment.
- Must not harm the environment.
- Must meet local development priorities, district and village plans that integrate climate change.

Technical Criteria refer to those conditions central to ensuring the successful implementation of the investment.

- A realistic and achievable work plan includes the technical support required for performance where appropriate.
- Evidence of stakeholders consultation including cross-boundary consultation where appropriate.
- Value for money and modalities for the sustainability of the achievement.
- A theory of change and M&E plan to track beneficiaries and achievement of objectives and benefits.
- The project is not duplicating other investments planned by the local government or other actors.

The above criteria are to be used in conjunction with the investment menu

Source: Mainstreaming Climate Change into Local Government Authorities Planning and Budgeting Systems. Users' Training Handbook for Local Government Staff in Tanzania

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

Lessons learned will inform adjustments to the PBCRG system design and to any policy or regulatory change needed to further institutionalise the mechanism in Tanzania. 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 (Annex 2). Annual performance assessments will be undertaken and will provide an incentive for improved performance by informing the subsequent year allocations (Output 2) and capacity building needs (Output 1).

National partners will be supported to consistently improve the quality of the PBCRG system 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 Green Climate Fund and Adaptation Fund. Efforts will be deployed under this programme to ensure that the districts supported in terms of planning are supported to access funding for implementation from other sources, In particular, in the context of Team Europe Initiative, Belgium and the EU intend to "pave the way" for other Member States or donors to commit additional funds to the programme for PBCRG deployment. The programme will support PO-RALG to integrate climate change adaptation in the existing planning and reporting platform (PlanRep) based on the ACCAF to ensure evidence-based adaptation gains made by the initiative. In addition, experiences and good practices emerging from the Tanzanian experience will be documented, shared and applied to ensure quality and work towards standardization of the PBCRG mechanism globally. The Government of Tanzania 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.

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

- Baseline review of the LG capacity on climate change related performance areas;

- Consolidation and further 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;
- Consolidation of the expenditure tracking system under the IFMIS for eligible programme expenditures (decentralized climate budget code);
- Integration of the “Assessing Climate Change Adaptation Framework” into the PlanRep for quality assurance and strong adaptation rationale of investments linked to the national M&E framework;
- Build the capacity of PO-RALG to seek accreditation as a Direct Access Entity of the Green Climate Fund to fund further investments at scale. This will enable PO-RALG to access climate finance and establish fiduciary, project management and operating standards that will open access to other funding sources;
- Producing knowledge and resources mobilization products (including case studies, success stories and concept notes) based on the programme experience to further support the consolidation and scale up of the mechanism in current and additional LGs in Tanzania through new funding sources, particularly with PO-RALG, MoF, VPO and IRDP;
- Scoping for the possible deployment of the programme and PBCRGs in Zanzibar;
- South-south exchange of experience and international outreach to UNFCCC related events and conferences.

Flow of Funds

The Accountant General (AG) has opened a special account at the Central Bank for the PBCRGs and this will be used for all PBCRG related transfers. The AG will report to UNCDF within 48 hours of receiving the transfers and effecting transfers to target LGAs. The PBCRGs will flow from the treasury (Special Account at CB) to the pilot LGAs in accordance with their approved annual allocations, determined through the process of annual assessment of LGAs.

Upon approval of the results of the annual performance assessment, including allocations to target LGAs and the annual budget, PO-RALG will prepare schedules for disbursement (TFN 358) to Regional Secretariats (RS) and LGAs development accounts and submit them to MoF. The MoF will liaise with the Accountant General to confirm whether funds have been deposited in the account. The Accountant General will confirm availability of funds and transfer the funds to the Consolidated Fund – Revenue Account in local currency (Tshs) and from the Revenue Account to the Development Account, both maintained by the MoF at the Bank of Tanzania.

On receipt of disbursement schedules from PO-RALG, the MoF will prepare the Release Warrant (Form TFN 357A) and attach TFN 358 completed by PO-RALG and submit to the Accountant General. The Accountant General will then disburse the funds to the Development Accounts of respective LGAs. A copy of the release warrant together with TFN 358 is sent to the respective RSs, to notify the RSs that funds have been disbursed to LGAs and for what purpose.

Reporting

Reporting for the PBCRG will follow government reporting procedures and formats provided by the MoF, which requires RS and LGAs to report quarterly on both financial and physical progress. Physical progress is reported using the Council Development Report (CDR), whereas financial progress is reported using the Council Financial Report (CFR). In the format for CFR (Form 13 C2), PBCRG will be

reported as a separate line under Section III – Development Grants/Funds. A similar report will be prepared showing more detailed information by activities reflected in the approved budget. Likewise, for the CDR, a summary report will be prepared as per the budget guidelines, supported by detailed report by activity.

The reports will be submitted to the Full Council for consideration and approval, then submitted to PO-RALG through the Regional Secretariats and to the MoF to show accountability for funds disbursed to LGAs. The quarterly reports should include a narrative part providing details of progress milestone/priority interventions, emerging issues and constraints, and remedial actions. These should cover specific interventions funded by the PBCRG.

Auditing

One of the control mechanisms in LGAs is the existence of Internal Audit Units, which are required to carry out quarterly audits and submit reports to the Full Council. The PBCRG will be subjected to audits carried out by Internal Audit Units of RSs and LGAs as part of regular quarterly audits.

In addition to internal audits, the PBCRG will be audited by the National Audit Office (NAO) as part of the general audit of LGAs. The audit reports will be reviewed during the annual performance assessment of the LGAs and will have a direct bearing on the access to and amounts of future funds, as the general minimum conditions (MCs) for access to local development funds is that the audit reports are not of adverse or disclaimer opinion. Should it become necessary, PO-RALG will conduct an ad hoc audit on performance of the project at LGAs level. The DPs providing funds for the PBCRG reserve the right to put in place additional audit of the grant, coordinated by the NAO. Where this is done, the NAO will issue a separate audit report.

Identification of local governments for PBCRG (grants)

The programme 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 was initially designed for the rural context. In Tanzania, all district councils are rural ones and this forms the pool for selection of the first cohort of target coastal districts (up to 3 districts). The second cohort will be formed by city or town councils in the coastal areas of Tanzania (up to 2). Climate change adaptation falls within the core mandate of City, Town and 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.

Target LGAs will be identified during inception phase and the below criteria might be used to identify and select them:

1. Urban and rural councils;
2. Socioeconomic indicators as measured by incidence of poverty (national poverty rates);
3. Geographical diversity covering northern, central and southern coastal areas of Tanzania;
4. Diversity in projected climate change impacts and climate risk exposure, allowing for a diversity in adaptation and risk reduction measures to be tested;
5. Capacities of LGA already developed, as well as planned capacity development activities in LGAs to create leverage of investments (e.g. through previous experience with implementation of climate change projects);

6. Accessibility for project staff for LoCAL implementation and design support, monitoring and learning
7. Presence of development partners, -projects, private sector and civil society in LGAs with whom LoCAL could collaborate

Phased approach and sustainability

The PBCRG mechanism 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 funds and PFM support to be ready to enrolment).

The present note covers up to 18 coastal districts that will receive capacity building support for the development of locally led adaptation strategies and up to five coastal local governments that will receive PBCRGs (grants) to implement the identified locally led adaptation strategies. It is envisaged the support will encompass 2 grant cycles (rounds) of performance-based grant allocations to the target local governments.

The size of the grants 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.

4.1 Cross-cutting issues

The PBCRG system (through minimum conditions and performance measures) incentivize LGAs to further ensure inclusivity, accountability and transparency, placing emphasis on ensuring human rights are respected and promoted. The programme recognizes the different ways in which women and men can be affected by climate change, as well as the importance of their contribution to adaptation solutions. LoCAL will give due consideration to the diverse cultural, political and social norms within vulnerable groups such as women, youth, indigenous people, elderly, etc. This will inform approaches to involve wide community participation, in particular vulnerable groups, such as minorities, women and youth, in the capacity needs assessments and CRA and for participation in the decision-making process, the implementation of investments and the monitoring and oversight that follows.

Climate change risk, vulnerabilities and adaptation responses are identified and analysed at local level using both quantitative and participatory and gender-sensitive approaches. The assessment will provide gender-disaggregated findings and poverty alleviation linkages. Moreover, gender-responsive performance measures and indicators that encourage community participation are integrated in the PBCRGs design. At the stage of assessing annual performance, dedicated interviews with different communities and dedicated interviews with women and youth will be performed in line with the performance assessment manual. The menu of investments will include measures that are specifically targeted at women to further ensure concrete investments directly benefitting them. When communities and women are involved through community contracting, the programme will ensure they are paid according to national and/or international standards set by the International Labour Organisation.

Environmental protection represents one of the main responsibility sectors of LGAs in Tanzania. Performance measures that incentivize the inclusion of environmental consideration in the selection and design of investments are included in the PBCRG design. Legal provisions for Environmental and

Social Impact Assessments will be fully complied with, as per applicable national standards. It is also important to highlight that LGs in Tanzania have the basic administrative and policy-making structures in place, with regular positions for environmental management (District Environment Management Officers). The programme will build on these structures and provide additional technical assistance and capacity building support including on measures that mitigate environmental degradation. In addition, the Programme will seek to maximize environmental co-benefits for instance by harnessing the positive effects of nature-based adaptation solutions, environmentally-friendly agricultural practices, improved coastal ecosystem management which will further enhance the resilience of the land and promote resilient communities and local economies.

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 as performance measures that influence the score and subsequent year financial allocation), thereby contributing to enhanced local governance and public financial management. Existing public financial management practices in particular in terms of transparency and accountability are evaluated during the annual performance assessments (checks and balance system) to check selected LGAs' compliance with them. Weaknesses identified are addressed through tailored capacity building. Accordingly, the capacity building component will place an emphasis on ensuring that government officials have the capacity to correctly use government systems in order to avoid inadvertent misuse of funds. As a requirement in the MoU, signed with PO-RALG and MoF, yearly audits by the accredited government institution are compulsory on PBCRG funds transferred. This will reveal any misappropriation, if any, and corrective measures to be adhered towards.

The programme will align the menu of eligible investments with adaptation-related areas under Tanzania's Nationally Determined Contributions and National Adaptation Plan, with a view to localizing and highlighting the contribution of the subnational level to nationally agreed adaptation goals and commitments. 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.

5 Indicative logframe

An indicative logframe is included in appendix 1.

6 Risks and assumptions

The programme builds upon the successful implementation of UNCDF/ LoCAL in 18 countries and on UNCDF's long-term experience with performance-based grants in more than 25 countries. However, certain factors may impact negatively the programme's 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 ²⁷	Mitigation measures
LGAs fail to comply with the PBCRG safeguards and do not	M	<ul style="list-style-type: none"> The safeguards will be discussed with the LGAs as part of the design and implementation support.

²⁷ Low, Medium or High

Risks	Level of Risk ²⁷	Mitigation measures
have sufficient capacity to handle the funds		<ul style="list-style-type: none"> • Among the selection criteria will be that LGAs have the basic safeguards (i.e. no severe outstanding audit issues). • LGAs 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. • In the event that a LGA cannot comply with basic safeguards, funding for PBCRGs will be allocated to eligible LGAs in the subsequent year, and corrective measures will be triggered to support the poorly performing LGAs improve performance.
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 rate)	<ul style="list-style-type: none"> • The preparation for the LGAs' 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. • Locations where other programs are also operating, synergies can be achieved and risks reduced.
Delays in availability of funds for the LGAs	L	<ul style="list-style-type: none"> • In the first year, considering that LoCAL is aligned with Tanzania's fiscal year, which runs from 1 July to 30 June, there may be some delays in the integration of the PBCRGs into the GoT managed budget system, and in getting it all ready to go on-budget, but this is expected to run smoothly in the subsequent years. • The risk will be mitigated by close dialogue between UNCDF, MoF and PO-RALG to ensure that programme lines are established on time, and that funds are transferred quickly to the LGA level. There will be a continuous and minimum bi-annual follow-up on the allocations and use of funds from the UNCDF. • TA/CB will be rendered to the central as well as LGA level to support TA, coding, reporting follow-up, etc. • The programme will support monitoring and review of how the GoT reporting system to be linked with the PBCRG system can be better addressed to serve the reporting on CC related activities.
The planning and budgeting system fails to allocate funds to genuine priorities.	M	<ul style="list-style-type: none"> • Support to CRA and mandatory, -relevant selection criteria included in the LGA Strategy and Planning Process; • 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 LGA level, and the annual performance assessments; • Clear rules on misuse of funds, as spending within the investment menu is part of the access conditions and audit requirements;

Risks	Level of Risk ²⁷	Mitigation measures
		<ul style="list-style-type: none"> • 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; • Performance measures will be targeted to incentivize LGAs to focus on vulnerable areas /segments of the population.
Misuse of funds	M	<ul style="list-style-type: none"> • 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; • LGAs in Tanzania are familiar with conditional grants where targeting of funds is a key requirement, e.g. the Local Government Development Grant (LGDG). If there are cases of misuse of funds and these are documented, these imply clear sanctions, and the LGAs will not get access to the allocations in the following year (as defined in the MoU). The programme will follow up on a regular basis through quarterly reporting system of expenditures and quarterly progress and program reporting.; • The National Audit Office also will audit target LGAs, reviewing performance of the LGAs in PFM and governance as well as from regular field missions and monitoring activities.
Implementation is impeded by bottlenecks in financial management, procurement and implementation at local and central levels	M	<ul style="list-style-type: none"> • The LGAs have demonstrated capacity to implement investment projects with support from central and regional levels, especially PO-RALGA and Regional Secretariats, and have the basic staff in place to do so. • Through the PBCRG system and other initiatives the LGAs will receive further support to the entire PFM cycle. • Incentives in the performance-based PBCRG will enhance performance improvements in those areas. • The programme will work closely with other TA/CD initiatives and the PFM reform program to provide assistance to LGAs in all phase of PFM.
Inadequate technical capacity results in failed projects	M (to high)	<ul style="list-style-type: none"> • LGAs, especially at the district and municipal levels do some engineering capacity, but all LGAs face difficulties in accessing support from the central government and others in this area and the staff positions are not fully filled. • Some design work may be contracted to private sector consultants and LGAs are allowed to spend up to 10% on technical services of the grants allocated within core related areas, and this should provide the LGAs with some flexibility to hire genuine expert services from the private sector where needed for planning, design, budgeting, contracting monitoring as well as field-work monitoring. • The programme will ensure continuous monitoring and support.

7 Indicative budget

The estimated budget for a 4-year Programme (targeting up to 18 coastal districts for development of adaptation strategies and 3 districts and 2 municipal/town councils for the PBCRGs) is estimated at EUR 6 million.

Budget	Year 1 (USD)	Year 2 (USD)	Year 3 (USD)	Year 4 (USD)	Total (USD)
Output 1: Awareness and capacities	338,321	286,917	261,917	149,417	1,036,571
Employee Salaries and Wages	133,667	143,667	143,667	143,667	564,667
Professional Fees (firms - CRA)	45,000	45,000	45,000	-	135,000
Travel Costs	7,240	5,750	5,750	5,750	24,490
Grants (institutional strengthening and capacity building)	75,000	75,000	50,000	-	200,000
Events and workshops	77,415	17,500	17,500	-	112,415
Output 2: CCA mainstreaming and interventions	231,867	1,618,537	1,618,537	149,417	3,618,358
Employee Salaries and Wages	133,667	143,667	143,667	143,667	564,667
Professional Fees (consultant - adaptation strategies)	93,600	9,750	9,750	-	113,100
Travel Costs	4,600	5,750	5,750	5,750	21,850
Grants (MoU with GoT for performance-based climate resilience grants)	-	1,459,371	1,459,371	-	2,918,741
Output 3: PBCRG system	230,812	224,412	212,412	183,412	851,047
Employee Salaries and Wages	163,667	173,667	173,667	173,667	684,667
Professional Fees (consultants)	57,000	44,000	32,000	5,000	138,000
Travel Costs	8,145	4,745	4,745	4,745	22,380
Events and workshops (annual technical committee meeting)	2,000	2,000	2,000	-	6,000
M&E and Learning	49,750	49,750	49,750	49,750	199,000
Employee Salaries and Wages	43,750	43,750	43,750	43,750	175,000
Travel Costs	6,000	6,000	6,000	6,000	24,000
Communications and visibility	14,700	19,700	9,700	9,700	53,800
Employee Salaries and Wages	8,200	8,200	8,200	8,200	32,800
Professional Fees (consultants)	5,000	-	-	-	5,000
Printing materials	1,500	11,500	1,500	1,500	16,000
Project office costs	126,700	46,700	45,550	42,100	261,049
Travel Costs	4,600	4,600	3,450	-	12,650
Office and supply costs	42,100	42,100	42,100	42,100	168,399
Capital assets	80,000	-	-	-	80,000
Total of the action (USD)	992,149	2,246,015	2,197,865	583,795	6,019,825
Total of the action (EUR)	907,063	2,053,397	2,009,376	533,729	5,503,564
				Total GMS (EUR)	456,832
				Total UN Levy (1%)	39,604
				GRAND Total (EUR)	6,000,000
Contribution by Partner					
EU Contribution (EUR)					1,860,000
GMS EU 7%					140,000
TOTAL EU (EUR)					2,000,000
Belgium Contribution (EUR)					\$ 3,643,564
GMS Belgium 8%					\$ 316,832
TOTAL Belgium (EUR)					\$ 3,960,396
UN Levy Belgium 1%					\$ 39,604
Grand Total contribution with levy (EUR)					\$ 4,000,000

9 Institutional and Management arrangement

The country team, hosted partially at UNCDF and PO-RALG, will provide regular support to the Government of Tanzania on the implementation of programme activities and will ensure quality and timely delivery of envisaged activities. At national level, the UNCDF team will comprise one Country Management Specialist, responsible for overall management, execution, and quality assurance, as well as monitoring and reporting of all activities, one National Coordinator, who will be responsible for the day-to-day coordination and the effective, efficient and transparent implementation of the activities, a LG Finance Specialist, a Project/Administrative Assistant, as well as a team of field officers that will be based in target LGAs. The Field Officers will work under the direct supervision of the National Coordinator and will support the LGAs' Teams with the overall implementation of PBCRG mechanism throughout all steps at sub-national level, working in close collaboration with PO-RALG, Regional Secretariats and other local stakeholders.

The national team will be supported by the UNCDF's LoCAL Facility staff, based both regionally and globally, and by the UNCDF programme management support unit in headquarters. Technical assistance and quality assurance will be delivered by UNCDF and in collaboration with long standing experts with whom UNCDF has already established Long Term Agreements. National and international experts will be mobilised according to programmatic needs.

The programme brings together the government and other key players to advance climate action at both the national level through PO-RALG, VPO, MoF and IRDP and local level through the LGAs, CSOs, and TASAF. Each partner is expected to be engaged based on their roles, functions, and mandate in the government structure. PO-RALG at the ministerial level, the RSs, LGAs and LG Councilors are all expected to play a pivotal in the implementation of the PBCRG at the local level and the mainstreaming of climate change adaptation in the planning and budgeting process.

The PBCRG (grants) will be implemented through MoU signed with MoF and PO-RALG, which details the financing mechanism of the PBCRG aligned with the existing intergovernmental fiscal transfer system. These transfers require reporting according to standard UNCDF procedures. In addition, the LoA previously signed between UNCDF and PO-RALG, the host and coordinator in Tanzania, will be amended to include additional operational budget for the overall execution of the programme; coordination of capacity development activities at both central and subnational levels; provision of technical and policy advice on PFM, governance, procurement, applicable government regulations and processes; support for overall operations and monitoring at LGA level (e.g. fuel for M&E purposes, etc); reporting on activities and inspection of compliance by participating districts. UNCDF also will support enhanced PO-RALG capacities to execute the LoCAL activities. More specifically, the roles and responsibilities of **PO-RALG** are as follows:

- To collaborate and facilitate coordination with other national institutions including the VPO and MoF, Regional Secretariats (RSs), LGAs and other partners.
- To proactively work with other partners to seek opportunities for additional funding to support the PBCRG mechanism in Tanzania.
- Take the lead in mentoring, supervising, inspection, and monitoring of LGA operations including budgets and sharing of lessons across LGAs through the RS support.
- To oversee and facilitate implementation of the D-by-D policy reform using various tools such as the Plan REP (LGA planning process) and the O&OD processes.
- To advice MoF on the release of the PBCRG to LGs.
- To review eligible LGAs annual plans and budgets on PBCRG funded investments prior to final adoption by the councils.

- To prepare annual schedules of transfers to the PBCRG for each LG, based on the agreed allocation formula and results from assessment.
- To monitor and control the use of the PBCRGs in accordance with guidelines and investment menu.
- To support the organization of the annual performance assessments of the PBCRG mechanism.
- To prepare and organise regular meetings including the programme Technical Committee (TC), and prepare regular reports to the TC.

The MoF will be the main conduit for funds transfer while enhancing accountability through audits. As the MoF are the key players in the national budgeting process, there will be capacity building efforts to enhance the understanding of climate change and its integration in the budgeting process. The MoF roles and responsibilities will mostly focus on the fiscal issues such as ensuring releases, fund flows, monitoring and support coordination of PBCRG roll-out under the programme. Specific responsibilities for **MoF** will be:

- To ensure issuance of annual planning and budgeting guidelines, which will be important for planning and support to LGAs.
- To facilitate availability of codes for PBCRG related funds reporting system to allow the funds to be transferred and to be tracked.
- To ensure timely disbursement of budgeted PBCRG funds to LGAs and facilitate requests to the Bank of Tanzania and the coordinating Ministry (PO-RALG).
- To support accountability on use of funds from the PBCRG.
- To ensure proper operations of the bank accounts and flow of funds in accordance with the MOU, and provide any information required on release of funds, cash – balances, etc.
- To provide the coordinating Ministry and UNCDF with key release information such as quarterly release, transfers and bank statements.

The VPO remains a key partner that UNCDF and PO-RALG will bring lessons learned and evidence from the local level to the national platform. VPO will serve as an entry point to the national CC dialogue, including contribution to NDC and NAPs process. The **VPO's** role in the support of the programme will be:

- To provide policy, technical and strategic guidance related to implementation of the National Climate Change Response Strategy (NCCRS) across ministries, and support capacity development in mainstreaming climate change adaptation initiatives in LGAs plans as prioritized in the NCCRS and the Nationally Determined Contributions (NDCs) at LG level.
- To provide a platform for local-national level synergies and learning on climate change implementation through existing structures such as the National Climate Change Technical and Steering Committees.
- To issue and share guidelines on sectoral and local level climate change activities and efforts.
- To provide technical assistance and guidance on performance measures for LGs within climate change adaptation and resilience work.
- Support development of guidelines for local level climate change resilience activities and rolling out of new procedures and guidelines.
- To provide support in identification and development of climate change relevant performance measures and monitoring systems.
- To facilitate domestication of international decisions on climate change and funding raising from global sources for upscaling of the PBCRG mechanism in Tanzania including the accreditation process of national institutions for direct access to GCF.

The **Regional Secretariats** will be responsible for:

- Provision of technical assistance and guidance to LGs on:
 - Use data and information on CC risks and vulnerability
 - Learning from other projects
 - Planning with population for adaptation, based on O&OD
 - Reviewing and updated the existing Adaptation Plans
 - Advising on eligibility based on menu of eligible investments
 - Reporting on annual activity plans and keeping evidence and support M&E efforts
- Support to the technical assistance provided by the programme Tanzania Committee and UNCDF.

The **Office of the Auditor General** will be responsible for:

- Annual audits of Councils including financial statements, use of funds and compliance to national public finance management rules;
- General control and assurance that funds are spent on LoCAL eligible expenditures.

The **LGAs** will be responsible for the following tasks:

- Development of the annual activity programmes in line with the adaptation plans for utilization of the PBCRGs as per eligibility criteria;
- Update of their Adaptation Plans with effective and inclusive participation of all wards/villages, based on O&OD approach;
- Organising inclusive planning, monitoring, reporting and evaluation sessions;
- Request and coordinate technical support;
- PBCRG grant management according to the investment menu, including, planning, costing, budgeting, accounting, procuring, implementing and reporting;
- Management of the allocated PBCRG in their Development Accounts and ordering payments;
- Prepare quarterly financial reports and execution progress reports in line with templates and rules issued by the Accountant General and PO-RALG on use of PBCRGs;
- Ensure that all documentation is available for the annual performance assessment.

UNCDF will be responsible for:

- Acting as secretariat to the programme Technical Committee;
- Timely transfer of funds to the special account designated by the Accountant General;
- Provision of technical expertise and support to operations ;
- Participate in the dialogue with key stakeholders such as PO-RALG and the programme's Committee;
- Support the elaboration of guidelines and manuals;
- Support CD/TA, especially at the District Councils level and coordinate with other DPs and stakeholders;
- Support and Quality Assurance (QA) of the annual performance assessments;
- Provide design support for LoCAL modification where required and for scaling-up;
- Conduct thematic studies and lessons learned;
- Provide strategic guidance.

The **Programme's Committee**²⁸ will be responsible for:

- Oversight and steering as Programme's Committee
- Coordination across stakeholders including ministries, CSO/NGOs and development partners at national and district levels;
- Policy and strategic guidance on climate change adaptation and resilience;
- Review and approval of annual work-plans and budgets for the programme;
- Overseeing allocations and transfers, including formulae;
- Overseeing annual assessments and the taking of corrective measures
- Coordinating capacity development and mobilising technical assistance for stakeholders;
- Provide overall recommendations, based on lessons learned, on improvement and scaling-up of the PBCRG system
- Mobilizing new resources to expand the PBCRG system.

The committee meets once to twice per year, based on needs.

CSOs may be engaged for the delivery of capacity building support to target LGAs on gender-inclusive and participatory adaptation planning and budgeting processes. A list of potential CSOs that could be engaged under this programme and their roles is presented in Annex 3.

The programme's country team will oversee the implementation of MoUs and LoAs and will be supported by the LoCAL Facility global team, which reports to the LoCAL Facility Global Manager.

10 Monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this programme will be a continuous process and part of UNCDF and the national and subnational implementing partner's responsibilities. To this aim, UNCDF and its national implementing partners will establish a permanent internal, technical, and financial monitoring system for the programme 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 log frame 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 initiative.

A final report, narrative and financial, will cover the entire period of the 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 the development partner 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 online through the action website. Development partners may undertake additional project monitoring visits both through their own staff and independent consultants recruited.

²⁸ The Programme's Technical Committee (LTC) comprises of representatives from the President's Office-Regional Authorities and Local Government (PO-RALG) – Chair; UNCDF Tanzania; Vice President's Office-VPO; Regional Secretariats; National Environment Management Council – NEMC; Ministry of Agriculture; Ministry of Finance - MoF; Institute of Rural Development and Planning – IRDP; Local Government Training Institute – LGTI; CSOs; District Coordinator; Development Partners supporting the PBCRG system.

Annex 1 – Indicative Logframe Matrix

	Results chain	Indicators	Baselines (2022)	Targets (Year 4)	Sources and means of verification	Assumptions
Overall objective: Impact	To increase the resilience of coastal communities and local economies in target Districts in Tanzania, through regular, predictable, systemic and verifiable climate finance in support of locally led adaptation action, aligned with national planning processes and in support of the Paris Agreement Goals and SDGs, especially the SDG 1 and 13	Population impacted by the resilient interventions undertaken, disaggregated by sex and age group		1 million beneficiaries (of which 150,000 are direct beneficiaries) 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)	<p>1- Increase LG access to climate finance to implement climate change adaptation investments, with a focus on local adaptation interventions and investments in sustainable productive sectors in coastal ecosystems across Tanzania;</p> <p>2- Consolidate and institutionalize a standard and internationally recognized country mechanism of performance-based climate resilience grants in Tanzania that can attract further finance (domestic and international).</p>	<p>Number of LGAs covered by the programme</p> <p>Number of sources of climate finance channelled through UNCDF-designed PBCRG mechanism (disaggregated by source)</p>	<p>0</p> <p>1</p>	<p>18 (of which at least 5 LGAs receiving PBCRGs)</p> <p>3</p>	<p>Memoranda of Understanding or equivalent with participating local governments;</p> <p>National financial report</p>	
Outputs	Output 1: Awareness and capacities to respond to climate change adaptation are increased at national, local and community levels	<p>Percentage of participating local governments meeting the minimum conditions without need for corrective action</p> <p>Number of local authorities that regularly collect/update and analyze/use climate change information</p>	<p>0%</p> <p>0</p>	<p>75 percent on average, 100 percent by year 3.</p> <p>18 coastal LGAs</p>	Annual performance assessments	

	Output 2: Climate change adaptation is integrated into local governments' plans and budgets and climate change adaptation interventions and investments in target sectors in coastal ecosystems are implemented in line with government systems	Number of coastal LGAs with climate change adaptation strategies developed Number of climate- interventions and investments implemented under the PBCRG system (disaggregated by type, sector and ecosystem)	0 3	18 coastal LGAs At least 30 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 in coastal Tanzania and operational for additional funding	Amount of grants (PBCRG and capacity building grants) disbursed to Tanzania and local governments Number of high-level initiatives actively attended by the government of Tanzania for regional/global advocacy on scaling up the PBCRGs	USD 140,000 (annual) 2	Over USD 2.9 million (over 4 years) 4	Annual financial reports Annual progress reports	Other development partners will contribute to the effort.

Internal

Annex 2 – Investment Menu²⁹

Two sets of criteria are used to prioritise PBCRG funding for investments at district and sub-district levels:

Strategic criteria which refer to those conditions essential to building resilience. These criteria include:

- Focuses on public goods that benefit a large number of beneficiaries, including women and young people.
- Supports the economy, livelihoods or important services on which many people depend.
- Enhances resilience to climate change (adaptation) and, where possible, propose mitigation measures. A **climate adaptation investment menu** (see below) is used to guide the nature of eligible investments.
- Encourages harmony and builds social relations between people to foster peace.
- Must not have a negative impact on the environment.
- Must meet local development priorities, districts and village plans that integrate climate change.

Technical criteria which refer to those conditions central to ensuring the successful implementation of the investment. These criteria include:

- A realistic and achievable work plan including the type of technical support required for implementation where appropriate.
- Evidence of stakeholder consultation including cross-boundary consultation where appropriate.
- Value for money and modalities for the sustainability of the achievements.
- A theory of change and M&E plan to track beneficiaries and achievement of objectives and benefits.
- Evidence the project is not duplicating other investments planned by local government or other actors.

These criteria are to be used in conjunction with the investment menu below.

Focus Area	Investment Menu
Coastal, Marine Environment and Fisheries	Strengthening management of coastal resources and beach erosion/sea level rise control systems
	Promoting livelihood diversification for coastal communities to adapt to climate change impacts
	Improving monitoring and early warning systems and building climate adaptive capacity
	Mangrove and shoreline restoration
	Enhancing conservation and fishery resource management for community climate resilience
	Strengthening fisheries management services and management for resilience creation
Agriculture	Introduction of climate adaptive crop varieties suited to adverse conditions brought about climate change
	Promoting best indigenous knowledge and scientific knowledge for increased climate resilience
	Climate proofing of agricultural facilities i.e. irrigation schemes, storage and market centres and diffusion of appropriate, efficient technologies that address climate trends
	Facilitate climate change learning centres and outreach through district infrastructures. Demonstrating climate change threats and methods to improve capacity to conduct research into applied climate resilient agriculture, crop weather-indexed insurance packages
	Capacity building for farmers, extension workers and other stakeholders in all aspects of existing/new/improved climate resilient / climate smart agriculture practices
	Establish farming cooperatives to enable collective responses to climate change and climate related shocks
	Monitoring systems for crop, livestock diseases and pests affected by climate change
Livestock	Dissemination of climate and market information to livestock keepers
	Improvement and climate proofing of livestock infrastructures, cattle dips and market systems

²⁹ The menu will be further adjusted at inception phase to cater for eligible sectors for coastal ecosystems in Tanzania.

Focus Area	Investment Menu
	<p>Establish livestock keeper cooperatives to enable livestock trading and group coordinated response to variability and/or predicted climatic changes</p> <p>Facilitate functioning of climate responsive traditional institutions and systems for sustainable land management and support coordination village and district wide land use planning, enabling adaptive land management that is responsive to short term hazards and slow onset changes in resources</p> <p>Capacity building on livestock husbandry to respond to climate change (drought tolerance and climate sensitive disease resistance)</p> <p>Develop capacity for extension services to pastoralist and facilitate enforcement of by-laws onto grazing areas and community rangeland management</p> <p>Removal of climate related invasive / alien species on rangelands that undermine resilient productivity / mobility</p> <p>Facilitate reduction of conflict to increase rangeland access – enabling flexible mobility</p> <p>Establish veterinary centres, education and livelihood diversification to respond to climate change</p>
Land use and Natural Resource Management	<p>Land use and resource mapping to support land use planning for climate change adaptation</p> <p>Disseminate land/resource maps to support traditional land/natural resources management practice/indigenous land management practices with farming and grazing areas in response to climate change</p> <p>Reviewing and enforcing land use master plans/land use plans</p> <p>Exploring and promoting sustainable land management technologies</p> <p>Promoting and supporting effective land use planning at all levels</p>
Forestry	<p>Implementation of forestry legislation, enforcement of by-laws on deforestation/poor forest management and support improvement of community forest governance</p> <p>Re-forestation / tree planting programmes where identified as resilience building</p> <p>Facilitate implementation of agroforestry systems appropriate to different soils/agro-ecological zones and climate trends</p> <p>Promoting reduction of charcoal consumption and efficient wood fuel utilisation technologies to reduce deforestation for climate adaptation and mitigation</p> <p>Awareness raising on deforestation and impacts of climate change</p>
Water	<p>Climate proofing of existing natural water sources and catchments</p> <p>Capacity building and support functioning of water resources management and investment on adaptive climate change approaches such as water resources harvesting</p> <p>Researching long-term water supply risks and availability</p>
Disaster Risk Reduction and Climate information	<p>Construction of climate proof flood prevention structures in areas identified to be at high risk of flash flooding due to heavy rainfall caused by climate change</p> <p>Develop tools to support vulnerable communities and establish systems to respond to climate related emergencies including early warning systems</p> <p>Establish and support implementation of indigenous/community flood prevention strategies</p> <p>Undertake risk assessment and develop district disaster risk reduction strategies</p> <p>Establish and integrate indigenous knowledge for early warning systems and farmer/livestock keeper decision making</p> <p>Timely dissemination of relevant, climate information services, feedback and evaluation using approaches such mobile phone based climate information systems</p> <p>Infrastructure development, integrated weather observation tools and support forecast downscaling</p> <p>Development and implement strategy on early warning systems and emergency preparedness</p> <p>Capacity building on forecast interpretation and dissemination</p>
Energy	<p>Promoting use of energy efficient technologies and behaviour that increase climate change adaptation</p> <p>Enhancing the use of renewable energy potential (mini-hydro, solar, wind and biomass)</p>

NON-ELIGIBLE EXPENDITURES – (tentative list)
CARS, MAINTENANCE OF CARS/ VEHICLES, SECURITY AND CLEANING – includes cleaning, security staffing, fuel, purchase of cars and purchase of caterpillars and tractors.
RELIGIOUS ACTIVITIES
ADMINISTRATION BUILDINGS AND STAFF HOUSES
CARS & TRANSPORT MEANS FOR STAFF/ POLITICIANS
POLITICAL ACTIVITIES, CAMPAIGNS AND PARTIES
PRIVATE GOODS and BUSINESS - Private goods, e.g. good which only benefit one or few persons (<25), e.g. grants, loans to individual farmers or businessmen, large irrigation equipment for the benefits of only 1 or a couple of farmers, or improvement of individuals houses (if not part of a community up-grading for all). Fiscal support to individual enterprises, e.g. fiscal support to a farmer or a private company
PRIVATE BUSINESS COMPANIES - The PBCRG cannot be used to set up private business companies or similar companies for the sack of generating income/surplus, such as agriculture farms, industrial production companies or shops.
ALL KINDS OF FINANCE AND CREDIT SCHEMES – loans, insurance and guarantees
RECURRENT COSTS (except as permitted under maintenance Services for Climate Change Adaptation and Investment Servicing Costs – includes salaries, allowances, executive or assembly meeting costs, paper, fuel, stationary, operating cost for facilities and personnel. Planning and data collection, monitoring costs etc. (NB these may be paid under Technical Services and can be funded up to 10 % of the grants, i.e. as part of the investment servicing costs). Investment services costs, which are allowed within the limit of 10 %, are defined as: Costs for planning, resilience and vulnerability assessments, adaptation planning and strategies, monitoring and evaluation, community consultations etc. can be funded by up to maximum 10 % of the total annual PBCRG.
PROJECTS WHICH FALL OUTSIDE OF LGs PERMITTED FUNCTIONS ACCORDING TO THE LAWS - Projects with unsettled land issues, any project that requires the use of land, that is encumbered in a way - land must already belong to the LG or it must be known that legal ownership can and will be transferred to the LG prior to the commencement of intended project. Projects are disallowed, if they deal with land that is occupied, unless the current occupants can and will be satisfactorily resettled . Projects detrimental to the environmental and /or social impact e.g. complete drainage of lakes, wetland areas, pollution of the ecosystem, and unsustainable extraction of water for irrigation or systematic clearing of forests areas for agriculture.

Annex 3 – Indicative list of NGOs and their potential roles under the programme

Name	Vision & Mission	Objectives	Areas of Focus	Current Programme Focus (<i>few examples</i>)
FORUM-CC 2018	<p>Vision: FORUMCC strives to see Tanzania that is a resilient nation ensuring sustainable economic growth and dignified futures for its people in the face of increasing impacts of climate Change.</p> <p>Mission: To enhance the effectiveness of Tanzanian CSOs to promote low carbon and adaptive sectors' growth for the benefit of vulnerable people and ecosystems</p>	<p>1.Enhancing Climate Change Adaption and Mitigation</p> <p>2.Promoting Green social entrepreneurship including circular economy</p> <p>3. Mentorship (women and Youth) to engage in action and ventures that address climate change</p>	<p>1.Lobbying and advocacy at the policy level</p> <p>2. Implementation of actions at the community level</p> <p>3. Information generation, demystification, and dissemination.</p>	<p>1.Renewable Energy & Energy Efficiency</p> <p>2.Water resource management, Sanitation & Hygiene.</p> <p>3.Agriculture and Livestock.</p> <p>4.Coastal & Urban Resilience</p> <p>5.Forestry And Land Use Infrastructure</p>
CAN-TZ (Climate Action Network-TZ) 2011	<p>Vision: Ensuring and realizing socio-economically powerful and climate resilient community that takes actions to mitigate climate change impacts whilst exploring natural resources wisely</p> <p>Mission: To support and bring together Tanzanian civil society and stakeholders to influence and advocate for the development and implementation of effective national policies which respond to, and prevent, further climate change impacts whilst reducing poverty and ensuring long term sustainable development.</p>	<p>To inform, mobilize, advocate, and empower the Tanzanian community to collectively raise the national voice in the international climate change debate and take smarter actions to reduce dangerous activities that lead to harmful climate change and adapt to current climate change impacts.</p>	<p>i. Low carbon initiatives</p> <p>ii. Capacity building</p> <p>iii. Sustainable and Climate Smart Agriculture (including agroecological food system)</p> <p>iv. Water resources management, access and use</p> <p>v. Productive use of renewable energy</p> <p>vi. Climate financing</p> <p>vii. Gender mainstreaming</p> <p>viii. Climate services</p>	<p>1. Aligning Climate Resilience, Sustainable Development and Poverty Reduction in Tanzania (Phase II)</p> <p>2. Participatory NDCs for a climate-just response in a COVID-19 world</p> <p>3. Promoting Community-Led Nature-Based Solutions through Reforestation Efforts in Pangani District, Tanga Region and Same District, Kilimanjaro Region: PRO-NDC-ACT</p>
SEMA (Sustainable)	<p>Vision: A socially and economically empowered</p>	<p>To support communities' initiatives to</p>	<p>i. Villages empowerment in terms</p>	<p>1. Water, sanitation and</p>

<p>Environment Management Action) 1998</p>	<p>society able to manage its environment sustainably.</p> <p>Mission: Promoting socio-economic and environmental improvement of rural communities through natural resources management, water & sanitation, Health, Education and rural development interventions</p>	<p>tackle their own economic, social, and environmental problems.</p>	<p>of organization,</p> <ul style="list-style-type: none"> ii. Improved health and availability of safe and sustainable water, iii. Improved attitudes towards environmental protection, iv. Increased household income and economic activity, and; v. Enhancing preventive skills and measures against HIV/AIDS spreading among rural Communities 	<p>hygiene (WASH)</p> <ul style="list-style-type: none"> 2. Local Climate Resilient Water and Planning 3. Technical vocational educational training (TVET) 4. Community managed saving groups (CMSSG) 5. Bonga Girls & Boys 6. Empowerment Program 7. Accountable Climate Actions And Finance Transparency Initiative (ACATI)
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Internal