


















## Scaling-up Locally Led Climate Action Programme (World Bank)

<b>Key results:</b> <ul style="list-style-type: none"><li>Scaling up locally led climate adaptation actions in 65 covering 30% of Local Governments in Tanzania mainland and 100% in Zanzibar.</li><li>Enhanced climate resilience for local communities through performance-based investment grants.</li><li>Strengthened local government systems to implement national climate strategies based on established participatory approaches.</li><li>Strengthened national government systems to support local climate action and access global climate finance.</li></ul> <b>Justification for support:</b> <p>The programme addresses an urgent need to redirect global and national financial flows to local levels in countries most vulnerable to climate change. The programme is based on request from the Tanzanian government and is aligned with national climate change strategies and the NDC. The programme accords with the objectives of the Danish Development Strategy ‘The World we Share’ in terms of redirecting climate finance to the local level and local communities most affected by climate change. Support to the programme is also aligned with the recent strategy for strengthened Danish engagement in Africa and the ambition of increased support for climate adaptation in African countries. World Bank is a well-known partner with long experience with strengthening government systems and decentralisation. The World Bank is partner in FLLoCA in Kenya that builds on the same approach with positive results.</p> <b>Major risks and challenges:</b> <p>The main risk is a lack of sufficient capacity in local government institutions to support the selection, screening, and implementation of investments at community level. Another significant risk relates to programme delays caused by time demanding processes in terms of validation and flow of finance from national to local level.</p>	<b>File No.</b>	24/49846					
	<b>Country</b>	Tanzania					
	<b>Responsible Unit</b>	KLIMA					
	<b>Sector</b>	Climate adaptation					
	<b>Partner</b>	World Bank					
	<i>DKK million</i>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
	<b>Commitment</b>		30	30			
	<b>Projected disbursement</b>		30	30			
	<b>Duration</b>	2025-2030					
	<b>Previous grants</b>	None					
	<b>Finance Act code</b>	06.34.01.75					
	<b>Head of unit</b>	Anne Hougaard Jensen					
	<b>Desk officer</b>	Henning Nøhr					
	<b>Reviewed by CFO</b>	Rie Høygaard Jensen					
<b>Relevant SDGs</b> 1, 2, 5, 13							
							
No Poverty	No Hunger	Good Health, Wellbeing	Quality Education	Gender Equality	Clean Water, Sanitation		
							
Affordable Clean Energy	Decent Jobs, Econ. Growth	Industry, Innovation, Infrastructure	Reduced Inequalities	Sustainable Cities, Communities	Responsible Consumption & Production		
							
Climate Action	Life below Water	Life on Land	Peace & Justice, strong Inst.	Partnerships for Goals			

<b>Strategic objectives</b>				
<i>The programme will contribute to increase Tanzania’s climate resilience and sustainable development.</i>				
<i>It can enhance the visibility of the Danish Representation and support to the government and represents an opportunity for the Danish MFA to gain additional experience on locally-led climate finance initiatives.</i>				

<b>Environment and climate targeting - Principal objective (100%); Significant objective (50%)</b>				
	<b>Climate adaptation</b>	<b>Climate mitigation</b>	<b>Biodiversity</b>	<b>Other green/environment</b>
<b>Indicate 0, 50% or 100%</b>	<b>100%</b>	<b>50%</b>	0	0
<b>Total green budget (DKK)</b>	DKK 60 million	0	0	0

<b>Budget (engagement as defined in FMI):</b>	
<b>Total</b>	<b>DKK 60 million</b>

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## Abbreviations

APA	Annual Performance Assessment
CFU	Climate Finance Unit
CSI	Corporate Scorecard Indicator
CSO	Civil Society Organization
DCAT	District Climate Action Team
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result
E&S	Environmental and Social
EHS	Environment, Health, and Safety
eProZ	eProcurement Zanzibar
ESHS	Environmental, Social, Health, and Safety
ESRM	Environmental and Social Risk Management
ESSA	Environmental and Social System Assessment
FM	Financial Management
FSA	Fiduciary System Assessment
FVPO	First Vice President's Office
FY	Fiscal Year
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GRM	Grievance Redress Mechanism
IAG	Internal Auditor General
IAGZ	Internal Auditor General Zanzibar
IPF	Investment Project Financing
IRR	Internal Rate of Return
JICA	Japan International Cooperation Agency
LCAP	Local Climate Action Plan
LGA	Local Government Authority
LoCAL	Local Climate Adaptive Living
M&E	Monitoring and Evaluation
MAC	Minimum Access Condition
MDA	Ministries, Departments, and Agencies
MDTF	Multi-Donor Trust Fund
MoF	Ministry of Finance, Tanzania
MPC	Minimum Performance Condition
NCCRS	National Climate Change Response Strategy
NeST	National e-Procurement System of Tanzania
NITC	National Inter-agency Technical Committee
NPV	Net Present Value
O&M	Operation and Maintenance
O&OD	Opportunities and Obstacles to Development
OM	Operations Manual
OPRC	Operational Procurement Review Committee
PAP	Program Action Plan
PDO	Program Development Objective

PforR	Program-for-Results
PIT	Program Implementation Team
PM	Performance Measure
PO-FP	President's Office - Finance and Planning
PO-RALG	President's Office - Regional Administration and Local Government
PO-RALG-SD	President's Office - Regional Administration and Local Government and Special Departments
PPRA	Public Procurement Regulatory Authority
PSC	Program Steering Committee
RA	Results Area
SCALE	Scaling-up Locally Led Climate Action Program
SSI4ALL	Social Sustainability Initiative for All
TA	Technical Assistance
TZS	Tanzanian Shilling
UNCDF	United Nations Capital Development Fund
VMG	Vulnerable and Marginalized Group
VPO	Vice President's Office
ZCCS	Zanzibar Climate Change Strategy

# 1 Introduction

The present project document outlines the background, rationale and justification, objectives, and management arrangements for development cooperation concerning Danish support to the World Bank (WB) programme (2025-2030) “Scaling-up Locally Led Climate Action Programme” (SCALE) in the Republic of Tanzania. The programme objective is to: *“strengthen national and local government systems to implement national climate strategies and deliver Locally led climate resilience actions in selected districts”*.

SCALE will be financed by a USD 100 million credit to the Government of the Republic of Tanzania from the International Development Association (IDA) and a grant of USD 10 million from the Multi-Donor Trust Fund (SSI4All) of which the Danish contribution is DKK 60 million. The Nordic Development Fund and Sweden are also donors to the programme.

The documentation refers to the World Bank Programme Appraisal Document (PAD), 21 May 2025 hereby attached.

## 1.1 Programme overview

SCALE will be implemented as two separate but interrelated components Programme for Results (PforR) and as an Investment Project Financing (IPF). The Danish grant of DKK 60 million will be distributed between the two components.

The IPF component focus on capacity enhancement at national level and in this way lay the groundwork for effective implementation of the PforR that focuses on local level in the selected 65 LGAs.

The figure below is intended to provide an easy overview of the two programme components.

Component	Investment Project Financing (IPF)	Program-for-Results (PforR)
<b>Objective</b>	Strengthen national government systems to implement national climate strategies	Strengthen local government systems to implement national climate strategies and deliver Locally led climate resilience actions in selected districts
<b>Activities under component</b>	<ul style="list-style-type: none"><li>• Consultancies and training</li><li>• Update and implement guidelines for climate adaptation action</li><li>• Technical assistance (TA) to relevant Ministries, Departments and Agencies to enhance their ability to support Local Governments.</li><li>• Support mechanisms, consultancies and goods for the establishment and operationalisation of Climate Finance Unit (CFU) in the Ministry of Finance</li><li>• Develop national dashboard to map donor-funded and government-funded climate interventions to ensure their coordination.</li></ul>	Results Area 1: <ul style="list-style-type: none"><li>• Establishment of operational District Climate Action Teams (DCATs) to guide, facilitate, and implement climate action based on guidelines developed under the IPF component to ensure locally identified priorities.</li><li>• Participatory climate risk assessments at the ward/community level and ward-level locally led Local Climate Action Plans that address the identified climate vulnerabilities Collection, storage, analysis, and application of climate change data with linkages to national level climate data.</li><li>• Awareness raising programs for Local Government staff and communities on local climate risks and adaptation options</li></ul>

	<ul style="list-style-type: none"> <li>• Technical assistance to the government for the development of the national climate strategies.</li> <li>• Improve Tanzania's climate expenditure tracking and reporting systems</li> <li>• Develop and implement communication program related to SCALE</li> <li>• Enhancing Environmental, Social, Health and Safety Risk Management capacity on national level to support Local governments</li> <li>• Program coordination, management, oversight, technical support.</li> <li>• M&amp;E and learning activities</li> </ul>	<p>Results Area 2:</p> <ul style="list-style-type: none"> <li>• Implementation of the Local Climate Action Plans. Examples of investments: agroforestry, reforestation, and rehabilitation of degraded rangelands; investments in the water and sanitation sector that improve community access to water or promote climate smart water conservation through nature-based solutions; investments in the environment and natural resource sector, such as landscape and watershed management and community-based forest management; emergency preparedness and response; and investments in ocean-based practices, including growing seagrass/seaweed/mangroves, small to medium-scale infrastructure related to climate change adaptation in the coastal and marine environment, setting up early warning systems, and alternative livelihoods.</li> </ul>
Beneficiaries	<ul style="list-style-type: none"> <li>• Staff of relevant Ministries, Departments and Agencies. Indirectly benefitting local governments and communities because the enhanced capacity at national level is to support local levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Climate vulnerable communities in the 65 districts.</li> <li>• According to the Tanzania Population and Housing Census (2022), 19,741,453 people reside in these districts. At least a third (around 6,600,000 people) is expected to benefit directly from the Program</li> </ul>
Management	<ul style="list-style-type: none"> <li>• Executed by the Ministry of Finance</li> <li>• Hand-held by World Bank. The World Bank will provide adequate training and support to the units managing the IPF component to enhance their Financial Management capacity. Ministry of Finance will submit annual IPF work plans and budgets to the World Bank for deliberation by March 31 each year. Audited financial statements will be submitted to the World Bank by MoF and PO-FP within six months after the end of the financial year, that is by December 31 each year.</li> </ul>	<ul style="list-style-type: none"> <li>• Implemented by the President's Office - Regional Administration and Local Government</li> <li>• Performance-based Readiness Grants to the 65 local governments</li> <li>• Access to grants require LGAs to meet Minimum Access Conditions</li> <li>• Disbursements based on the achievement Disbursement linked indicators.</li> <li>• The implementing agency will submit evidence of results to the World Bank through Ministry of Finance.</li> <li>• Upon the World Bank's acceptance, funds will be disbursed to the SCALE Program</li> <li>• PO-RALG will transfer funds to the LGAs</li> </ul>

## 2 Context, strategic considerations, rationale and justification

### 2.1 Brief Contextual overview

**SCALE is aligned with the Government of Tanzania's national development goals and international commitments.** It supports the implementation of the government national climate programme composed by the National Climate Change Response Strategy (NCCRS, 2021-2026) for Tanzania mainland and the Zanzibar Climate Change Strategy (ZCCS, 2014-2030) for Zanzibar.

**The need for climate action on local level is clear** due to the varied yet pronounced impacts on local communities. Tanzania is ranked as the 47<sup>th</sup> most vulnerable country to climate change; yet, in 2022, the country ranked 150<sup>th</sup> out of 191 countries on readiness to cope with climate change. Floods and droughts affect a large share of the country's population, and most climate models predict future increases in temperature, with wide-ranging impacts across Tanzania's varied topography and economy, including droughts, floods, landslides, and wildfires.

**Projections indicate that climate change will have a negative impact on the economy** due to reduction of crop yields, reduced labour productivity, and inland flooding. The impact can be significant as the country relies on agriculture for about 28 percent of its Gross Domestic Product (GDP) and 70 percent of rural employment. Further, climate impacts will affect vulnerable groups including poor, rural, and marginalized communities and women disproportionately.

**The country's governance and institutional settings are conducive to addressing climate change risks at the sub-national level.** Tanzania is a democratic unitary republic with both a national government and a devolved government of Zanzibar, which has autonomy for non-union matters. Tanzania mainland's 26 regions are administratively divided into 184 Local Government Authorities (LGAs), 570 divisions, add 3,956 wards (rural and urban) while Zanzibar is divided into five regions, 11 LGAs, and 110 wards that are managed by administrative structures and elected councils.

**By targeting 65 Local Government Authorities (LGAs) – 54 in Tanzania mainland and 11 in Zanzibar** - representing 30 percent of the LGAs in Tanzania mainland and 100 percent of the LGAs in Zanzibar. Ideally the programme will work as a 'proof of concept' that can be further scaled up by the government of Tanzania to the rest of the country in this way **acting catalytically**.

**The sub-national governance system** is under central purview of the President's Office - Regional Administration and Local Government (PO-RALG) in Tanzania mainland and the President's Office - Regional Administration, Local Government and Special Departments (PO-RALG-SD) in Zanzibar. Due to their importance in relation to the local governance system, PO-RALG and PO-RALG SD will be the implementing partners to the programme.

**Despite this enabling environment, there are institutional, capacity, and financing gaps that prevent the country from meeting its climate priorities.** At the national level, there is insufficient capacity in key ministries, departments, and agencies (MDAs) to cascade reforms and expertise to the local level, ineffective coordination and clarity over roles and responsibilities and communication to the public on the climate agenda, and inconsistent and incomplete documentation of climate finance and action to allow coordination and national-level aggregation and reporting.

**At the local level,** LGAs have been unable to systematically translate national climate targets into local integrated and multi-sectoral actions in their development plans because of a lack of implementation and integration of nationally determined guidelines to ensure that local governments and communities are involved and participates in taking climate action. There is also a lack of technical skills related to climate change and action locally as well an institutional architecture that can address the multi-sectoral and multi-layered impacts of climate change. There are also no systems in place to monitor expenditures on local climate action, with a nascent Integrated Financial Management Information System (IFMIS) in place, whose capabilities require improvement.

**All estimates point to an acute financing gap<sup>1</sup>** as the financial requirements for climate action in Tanzania reveal a significant gap between the government's allocated budget and the actual financing needs. According to Tanzania's Climate Adaptation Compact (2023), approximately USD 9.9 billion is required over the next five years to support climate action, while the government has allocated an average of only USD 214.7 million per year over the past eight years. The programme is therefore a contribution to bridge the gap.

**Closing this financing gap will require substantial private climate finance.** For this purpose, the programme will provide support to strengthen the recently established Climate Finance Unit in the Ministry of Finance and Planning (MoFP) to access global climate finance such as from the Adaptation Fund, Green Climate Fund and explore opportunities within the bond market such as CRDB Bank's USD 300 million medium-term bonds and NMB Bank's USD 400 million five-year bond<sup>2</sup>.

## 2.2 Strategic Framework

**The programme's objective is aligned with the Paris agreement and the SDGs** by directing climate finance to support climate resilience and in some cases transition to a low emission economy (see annex 3 for examples of expected adaptation and mitigation investments at community level). Further, programme activities and approaches are aligned with the international framework for Locally led climate adaptation and the eight LLA principles endorsed by both the Danish MFA and the World Bank<sup>3</sup>. Locally-led approaches have proven effective in Africa and elsewhere in generating significant adaptation benefits for households and communities, while also strengthening local government institutions and improving responsiveness to Local needs<sup>4</sup>.

**On a global scale,** as of 2023, less than 17 percent of climate finance was allocated to local resilience<sup>5</sup> and SCALE contributes to filling this gap. A large part of the global climate finance has further been allocated as non-concessional loans, which has been heavily criticised by developing countries'

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<sup>1</sup> There are various calculations of the country's climate finding needs for different time horizons and sectors. Tanzania's Climate Adaptation Compact report (2023) estimates adaptation financing at USD 9.9 billion for the next five years (USD 1.98 billion annually). Estimates from several studies note that about USD 500 million is required annually to reduce current vulnerability to climate change, and a further USD100-150 million per year would be required to build capacity and enhance resilience to future climate change (World Bank, 2023). Yet, the government's budget allocation for climate adaptation activities in 2014-2022 was USD 215.2 million on average (Pauline et al., 2023. Climate Change Adaptation Relevance of Tanzania's National Budget And Its Level Of Devolution. [www.diiis.dk](http://www.diiis.dk), ISBN 978-87-7236-106-2).

<sup>2</sup> Denmark holds shares in CRDB Bank

<sup>3</sup> WRI: Available at: <https://www.wri.org/initiatives/locally-led-adaptation/principles-locally-led-adaptation>

<sup>4</sup> Bedelian, C. et al. 2024. Locally-led Climate Adaptation works: Here are eight ways to support it. DIIS Policy Brief. 9.april 2024.

<sup>5</sup> United Nations Environment Programme. 2023. Adaptation Gap Report 2023: Underfinanced. Underprepared. Inadequate investment and planning on climate adaptation leaves world exposed. Nairobi. <https://doi.org/10.59117/20.500.11822/43796>.



representatives and others<sup>6</sup>. The loan from IDA to the government is highly concessional and **the Danish grant will further the amount that can be used to strengthen the benefits and results from the programme without adding to the burden of debt.**

**The Danish support to SCALE accords with the objectives of the Danish Development Strategy** ‘The World we Share’ in terms of redirecting climate finance to the local level and inclusion of local communities and indigenous people most affected by climate change. Support to the programme is also aligned with the **recent strategy for strengthened Danish engagement in Africa** and the ambition of increased support for climate adaptation in African countries in close collaboration with local populations.

**The Danish grant** will support activities to strengthen national and local government systems to implement national climate strategies and deliver locally led climate resilience actions in selected districts. Ideally the programme will work as a ‘proof of concept’ that can be further scaled up by the government of Tanzania to the rest of the country.

#### **Strategic perspectives:**

- A large part of the current Danish ODA that is tagged as climate finance is directed through global climate funds, some of which have been ineffective in delivering climate finance to the most vulnerable countries<sup>7</sup>.
- SCALE is an opportunity for the Danish MFA to gain more knowledge and learning from locally led approaches, which can inform future interventions and cross-learning. This includes FLLoCA<sup>8</sup>, SCALE and LoCAL in Uganda.
- Part of the Danish grant will be allocated to finance a climate finance advisor to the World Bank in Tanzania, who can be a useful link for the Danish Embassy.
- For the Danish Representation in Tanzania, SCALE is an opportunity to flag Danish priorities and engagement to the government both nationally and locally.

### **2.3 Key stakeholders in the programme**

#### **SSI4ALL**

The Danish funds will go to the World Bank’s Multi-donor Umbrella Trust Fund (MDTF) SSI4ALL. The development objective of SSI4ALL is to foster the development of inclusive, climate resilient, and empowered societies. The Danish support to FLLoCA is also through SSI4ALL. The MDTF is currently supported by Denmark, Sweden, the Netherlands, Canada, NDF and the United Kingdom.

#### **World Bank (WB) Office Tanzania**

At country level, the WB’s Tanzania country office provides coordination and management support, while WB Headquarters supports the programme centrally. The programme lead at the WB country office

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<sup>6</sup> European Union (2023). BRIEFING Towards climate neutrality - International Climate Finance. Status quo, challenges and policy perspectives. European Parliament Research Services.

<sup>7</sup> European Union (2023). BRIEFING Towards climate neutrality - International Climate Finance. Status quo, challenges and policy perspectives. European Parliament Research Services.

<sup>8</sup> SCALE builds on the approach and methodology of FLLoCA in Kenya part of the Kenyan Bilateral Programme 2021-2025 and likewise implemented by the World Bank.

has previously been involved in the design and implementation of FLLoCA in Kenya which has facilitated the integration of lessons learned from FLLoCA to SCALE<sup>9</sup>.

### **Government of Tanzania**

Given their legal mandate to manage the sub-national governance system, including climate action, the President's Office - Regional Administration and Local Government (PO-RALG) in Tanzania mainland and the President's Office - Regional Administration, Local Government and Special Departments (PO-RALG-SD) in Zanzibar will be responsible for implementing SCALE. Further, the Vice president's office responsible for environmental issues will be an important stakeholder in the programme for example supporting capacity development at local level regarding environmental guidelines.

The Ministry of Finance and Planning (MoFP) for Tanzania mainland and the President's Office for Finance and Planning (PO-FP) in Zanzibar are also important stakeholders as they are responsible for the financial execution and transmitting resources to the local government authorities.

### **Sweden**

Sweden has committed USD 2.5 million to SCALE and may add more in the future. The details of how the support will be allocated are not yet clear as the decision is very recent and talks between the Swedish embassy and the World Bank are ongoing. Sweden has previously been supporting a UNCDF/LoCAL pilot programme in Tanzania.

### **Nordic Development Fund**

The Nordic Development Fund (NDF) is an anchor donor to SSI4ALL and has committed EUR 10 million to Scaling Up Locally-led Climate Action programmes to be distributed between Tanzania, Rwanda, Nepal, Bangladesh and 3-5 additional countries<sup>10</sup>. For SCALE USD 1.3 million of NDF's contribution will be deployed to the programme, government executed while USD 700 thousand will be Word Bank executed<sup>11</sup>.

### **Japan International Cooperation (JICA)**

Part of SCALE will finance an enhancement of the 'Improved Opportunities and Obstacles to Development' (O&OD) guidelines with climate aspects that will guide the Local Government Authorities' climate action. The O&OD methodology has benefited from support of the Japan International Cooperation Agency (JICA) and the International Institute for Environment and Development (IIED). Studies of the Improved O&OD methodology<sup>12</sup> point to its potential to effectively mobilize communities around participatory local development processes and foster ownership of interventions.

## **2.4 Coherence and Synergies**

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<sup>9</sup> See also annex 1 of this document: Partner Assessment

<sup>10</sup> Nordic Development Fund (2024). C157 - Multiple Regions Scaling up Locally Led Climate Action Final Project Proposal.

<sup>11</sup> Interview with Margaret Arnold, World Bank, DC Washington April 23, 2025.

<sup>12</sup> Kapwani, J. C and Lesso, T. O. 2021. The Efficacy of Improved Opportunities and Obstacles to Development (Improved O&OD) on the Sustainability Community Project: A Case of Mseyu Village. *Tengeru Community Development Journal* ISSN 1821-9853(Print) ISSN 2665-0584 (online) Vol. 8, No.2, 2021; Chongela, J., Sawala, M. & Shemkambi, H. 2021. The role of improved opportunities and obstacles to development actors in sustainability of community-based development initiatives: A case of Morogoro District Council, Tanzania. *Journal of Research Innovation and Implications in Education*, 5(3), 225 – 234.

## External coherence

Danmark is providing funding to the global programme LoCAL under the UNCDF for the period 2022-2026. In addition, Denmark will support a LoCAL programme in Uganda implemented by UNCDF for the period 2025-2028. There is also a LoCAL programme (2021-2026) being implemented in Tanzania supported by the EU and Norway. As SCALE and LoCAL have the same objective in terms of directing climate finance and action to local governments and especially as the capacity in Local Government Authorities is limited, coordination is important.

During the formulation phase, meetings between the World Bank and UNCDF, KLIMA and the Danish embassy have been held to discuss opportunities for coordination. As a result, the World Bank, in agreement with the government, has changed three of the districts/Local Governments where SCALE was planned to operate but where LoCAL is operating to avoid overlap.

Forward looking, it has been agreed that the World Bank will ensure that one or more technical meetings will be held with UNCDF and the government to align templates and guidelines as much as possible to avoid re-inventing the wheel and burdening government entities with different formats.

The World Bank has likewise during the formulation phase ensured coordination with their other climate related programmes in Tanzania. In addition, Denmark in Tanzania has supported the EU funded Green and Smart Cities programme (SASA) 2025-2028 with DKK 150 million. The embassy will pay attention to relevant coordination between SCALE and SASA.

## Internal coherence

The Department of KLIMA in the Danish MFA can through SCALE in Tanzania, FLLoCA in Kenya and LoCAL in Uganda accumulate more knowledge and learning on locally led approaches, which can be useful for future programmes of this kind. Both FLLoCA and LoCAL have informed the design of SCALE (see Lessons learned in section 2.4 of this document). KLIMA together with the embassy in Dar es Salaam have held a meeting with the embassy in Nairobi to benefit from their knowledge and experiences with FLLoCA. This kind of informal knowledge sharing will continue with KLIMA as an important initiator to ensure that knowledge is harvested.

## 2.5 Past results and Lessons learned

The lessons learned and integrated into the SCALE programme design derive from the Decentralised Climate Finance pilot programme (2016-2018) financed by UK Aid, a LoCAL pilot programme (2021-2023)<sup>13</sup> in Tanzania together with an impact evaluation of locally led climate finance activities in Kenya including FLLoCA<sup>14</sup>, as well as a growing body of good practices from the Locally-led adaptation community of practice<sup>15</sup>.

Lessons learned from Kenya point to the success of local climate finance activities as they led to significant adaptation benefits for households and communities, while also strengthening local

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<sup>13</sup> See Greene S. 2019. Lessons from Piloting the Decentralised Climate Finance Programme, Tanzania. Decentralising Climate Finance Project (DCFP).

<sup>14</sup> See Crick, F., Hesse, C., Orindi, V., Bonaya, M. and Kiiru, J. 2019. Delivering climate finance at local level to support adaptation: experiences of County Climate Change Funds in Kenya. Ada Consortium, Nairobi.

<sup>15</sup> Including the ongoing Kenya Financing Locally-Led Climate Action Programme (FLLoCA, P173065) and the Burundi Colline Climate Resilience Project (P180864).

government institutions and improving the responsiveness to local needs, including of vulnerable and marginalized groups. This positive assessment echoes findings from Danish Institute of International Studies (DIIS 2024)<sup>16</sup>.

From the lessons learned, it is also clear that the locally led approaches are not a panacea. There are challenges of delays in activities, financing flows and results. Building government institutions' capacity to respond effectively to climate risk requires consistent investment. Likewise, recent lessons from LoCAL 2021-2023 show that the programme has faced delays in implementation. Although agreements were signed in 2023, funds have yet to be channelled to the local level by PO-RALG.

Lengthy processes call for consistency and a longer time span, which is reflected in the SCALE three-cycle timeframe of the providing grants over the five-year programme period. Further, there is in general low technical capacity in local governments to support the design and implementation of high-quality climate adaptation investments. This lesson has led to an emphasis on training and technical capacity support to local governments in SCALE. The first programme cycle of performance-based grants consists therefore of 'performance readiness grants' to be used for capacity building and training.

Further, disbursement linked indicators have been built into the programme meaning that local governments can only get access to funds when they have implemented certain requirements defined by the programme. In the second and third cycle 'performance-based investment grants' can be attained to undertake investments in meeting climate change challenges as prioritised by local communities.

## **2.6 Gender, HRBA and cross cutting issues**

The Program's beneficiaries are climate vulnerable communities in the 65 districts, including women, men, youth, and vulnerable groups, who will benefit from investments that will enhance their resilience to climate change risks and improved local government systems to manage climate risks. At least a third (around 6,600,000 people) is expected to benefit directly from the programme through participation in the preparation of the Local Climate Action Plans and/or through the benefits of their implementation, and about a third of the Local Climate Action Plans actions is expected to affect the resilience of local communities' livelihoods and jobs – around 2,200,000 people.

The O&OD guidelines<sup>17</sup> that will be further developed and implemented during the programme will adopt measures to enhance social inclusion through the involvement of women, youth, persons with disabilities, and marginalized and vulnerable groups, targeting their representation in consultations and their appropriate representation in structures of engagement.

Women experience increased vulnerability to the impacts of climate change due to their concentration in sectors and jobs that are highly affected, such as water, agriculture, and energy. Women are also impacted because of men's migration to urban areas in search of new jobs and income generating opportunities. To ensure women's voices are heard, the programme will provide intensive outreach and communication on adaptation options through women's groups, provision of childcare during meetings and stakeholder engagement, as well as workshops with local governments.

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<sup>16</sup> Bedelian, C. et al. 2024. Locally-led Climate Adaptation works: Here are eight ways to support it. DIIS Policy Brief. 9.april 2024.

<sup>17</sup> The climate-infused O&OD guidelines will be an enhanced version of the Improved O&OD guidelines and include guidelines and procedures to be used by ward and community facilitators to support the carrying out of Participatory Climate Risk Assessments, the development of Local Climate action Plans, and other relevant climate-related actions at the local level.

Further, indicators that measures change in communities' resilience included in the results framework, is disaggregated to female and youth. Further, one performance indicator for Local Governments to receive grants is that they have prepared a Local Climate Action Plan within the allocated budget envelope that reflects community priorities, including females.

## 2.7 Assessment against DAC criteria

OECD-DAC Criteria	Application
Relevance	The programme is addressing an urgent need to redirect global financial flows to local levels in countries most vulnerable to climate change. The programme is designed based on the request from the Tanzanian government and is aligned with Tanzanian national climate change strategies and needs as the country is highly vulnerable to climate change. The programme accords with the objectives of the Danish Development Strategy 'The World we Share' in terms of redirecting climate finance to the local level and inclusion of local communities most affected by climate change. Support to the programme is also aligned with the recent strategy for strengthened Danish engagement in Africa and the ambition of increased support for climate adaptation in African countries.
Coherence	External coherence: World Bank will coordinate implementation of SCALE with UNCDF who is implementing a similar locally led programme titled 'LoCAL' in Tanzania. The embassy in Dar es Salaam and KLIMA will engage in Internal coherence to ensure that lessons learned can benefit other locally led programmes supported by Denmark.
Effectiveness	World Bank is a partner with important experience from FLLoCA to manage SCALE effectively. Effectiveness will be facilitated through performance-based grants to Local Government Authorities that live up to minimum conditions set by the programme.
Efficiency	In terms of operational efficiency, the World Bank has well established procedures and resources to support the government in the implementation of the programme. The programme set-up with national and local governments and the objective of the programme is expectedly complex and time-consuming but within this framework, the structuring of the programme by the World Bank based on experience from FLLoCA can increase efficiency.
Impact	The programme will contribute to improving Tanzanian communities' resilience to climate change impacts, reduce greenhouse gas (GHG) emissions, and contribute to the country's sustainable development.
Sustainability	The Danish grant is combined with a concessional loan to the government of Tanzania. The programme is aligned with Tanzanian national climate strategies and the government plays an active role implementing the programme. The Program also assumes strong community participation in governance, ensuring that investments are directed towards subprojects that reflect local needs and priorities. Sustainability of investments can be reinforced by the programme demanding solid sustainability strategies for investments as part of the performance-based grant conditions. Financial

	sustainability of the locally led model and bridging the finance gap over the long-term will require mobilisation of additional resources such as access to global climate finance and e.g. bonds. The programme will therefore build the capacity of the newly established Climate Finance Unit in Tanzania.
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## 2.8 Assessment against the SDGs<sup>18</sup>

SDG	Target	Actions
<b>1 End poverty</b>	1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters 1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions	The Performance based grant investments <sup>19</sup> are targeted vulnerable communities with the objective of strengthening their resilience through e.g. investing in adoption of climate-resilient agricultural practices, with productivity gains of 5-10 percent annually.
<b>2 No hunger</b>	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality	Expected investments in climate-smart agronomic practices, including the use of drought-resistant crops and improved pest management, increase the resilience of farming systems to climate change, ensuring better food security and stable livelihoods for local communities.
<b>5 Gender Equality</b>	5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws  5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels	SCALE will contribute to these goals by supporting women's representation on local decision-making bodies and ensuring that their inputs to the LCAPs are prioritized. Two indicators that measure these changes are included in the results framework, namely (i) share of women on Local climate action decision-making bodies and (ii) share of LCAPs that address the climate vulnerabilities of women. The size of the grants given to Local Government will depend on performance measures including degree of inclusiveness, that women, youth, indigenous people, people with disabilities, and marginalised groups are well

<sup>18</sup> The assessment is based on provided information from the 'documentation'.

<sup>19</sup> See Annex 3 for examples of expected investments from the programme.

		represented. and transparency in the Local Climate Adaptation Planning preparation process.
<b>13 Climate Action</b>	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.2 Integrate climate change measures into national policies, strategies and planning	The objective of the programme is to <i>“strengthen national and local government systems to implement national climate strategies and deliver Locally led climate resilience actions in selected districts.”</i>

### 3 Project Objective

The programme has the **overall objective to “strengthen national and local government systems to implement national climate strategies and deliver Locally led climate resilience actions in selected districts.”**

It will be implemented as a Program-for-Results Financing (PforR) and Investment Project Financing (IPF). The PforR component will implement activities in support of “strengthening local government systems to implement national climate strategies and deliver locally led climate resilience actions in selected districts”. The IPF component will support the project objective in terms of strengthen national government systems to implement national climate strategies by building national capacity in both Tanzania mainland and Zanzibar.

### 4 Theory of change and key assumptions

The theory of change considers both the IPF and the PforR components in that the two should complement each other in creating change at national and local levels.

The Theory of change predicts that **IF** (the IPF component) is successful in **executing** activities that improve the mainstreaming of climate risk management and coordination in strategies, plans, and investments; strengthen the capacity of relevant Ministries and departments for supporting Local Government Authorities in the planning, implementation, monitoring, and reporting on local climate actions and climate finance; enhancing government capacity to track climate finance and action, and enhance stakeholder awareness of climate risks.

And **IF** (through the PforR component) performance-based readiness grants are provided to the 65 Local Government Authorities to undertake certain actions such as to guide and implement climate planning and implementation activities locally, undertake participatory climate risk assessments, conduct training about climate risk and adaptation options to stakeholders.

And **If** performance-based Investments grants subsequently are made available, **then** it will incentivise, an increase in financial resources transmitted by the government to the selected local government authorities for realising adaptation and mitigation investments as selected by the communities, and their monitoring.

**Then** this will in the short-term lead to:

- an improved institutional architecture for climate action
- climate informed local planning and budgeting processes
- Improved local monitoring of climate expenditures and actions
- Enhanced local awareness of climate risk and adaptation options

**Which in turn will contribute to** the realisation of the programme objective “*strengthened national and local government systems to implement national climate strategies and deliver locally-led climate resilience actions in selected districts*”

**The underlying assumptions are:**

- Political enabling environment for multi-sectorial climate action is maintained.
- Strong community participation and communities receptive to climate science information.
- Participatory approaches, based on the O&OD guidelines will ensure that investments are directed towards subprojects that reflect local needs and priorities thereby enhancing the effectiveness and sustainability of climate adaptation efforts.
- Complementary government and third-party technical support is available of sufficient quality.
- Local Government Authorities systematically apply procedures to climate investments including screening, operations and maintenance.
- Implicitly, the underlying assumption is that the performance-based grants mechanism will be effective and lead to the desired change. Further, that capacity building and training and systems development at local and national levels will ‘correct’ current institutional voids in terms of delivering the needed finance to local levels to cope with climate change effects.



## 5 Summary of the results framework

Project Title	SCALING-UP LOCALLY LED CLIMATE ACTION PROGRAM
Project Objective	<i>Strengthen national and Local government systems to implement national climate strategies and deliver Locally led climate resilience actions in selected districts”</i>

<b>Outcome objective 1</b>		<b>Invest in locally led climate resilience actions in Selected Districts (PforR component)</b>	
Outcome indicator		➤ People benefitting from climate resilient planning, preparation, surveillance, and/or response (Number of people)	
Baseline	Year	2025	0
Target	Year	2030	6,600,000
Outcome indicator		➤ People benefitting from climate resilient planning, preparation, surveillance, and/or response - Female (Number of people)	
Baseline	Year	2025	0
Target	Year	2030	3,405,600
Outcome indicator		➤ People benefitting from climate resilient planning, preparation, surveillance, and/or response - Youth (Number of people)	
Baseline	Year	2025	0
Target	Year	2030	1,346,400
Outcome indicator		➤ People benefitting from increased resilience of livelihoods, jobs or firms (Number of people)	
Baseline	Year	2025	0
Target	Year	2030	2,200,000
Outcome indicator		➤ People benefitting from increased resilience of livelihoods, jobs or firms - Female (Number of people)	
Baseline	Year	2025	0
Target	Year	2030	1,135,200
Outcome indicator		➤ People benefitting from increased resilience of livelihoods, jobs or firms – Youth (Number of people)	
Baseline	Year	2025	0
Target	Year	2030	448,800
<b>Outcome objective 2.</b>		<b>Strengthen local government systems for increased climate resilience (PforR component)</b>	
Outcome indicator		➤ Local Government Authorities' capacity for climate resilience action strengthened (Number)	
Baseline	Year	2025	0
Target	Year	2030	65

<b>Outcome objective 3</b>		<b>Strengthen national government systems for increased climate resilience (IPF component)</b>	
Outcome indicator		➤ National government systems strengthened to track, monitor, and report on climate finance and climate resilience actions (Yes/No)	
Baseline	Year	2025	No
Target	Year	2030	Yes

## 5.1 Result Areas

As indicated by the Result Framework summary (section 5), the PforR and the IPF components constituting SCALE have different intervention focus. The IPF component focuses on enabling government systems at the national level to provide the needed support to local governments including to enhance climate finance and reporting systems at the national level. Tools developed under the IPF component will be utilized by the central government and the LGAs to implement the PforR, for example guidelines for engaging communities (the O&OD guidelines) in climate action planning and implementation and climate finance and action monitoring systems.

The PforR component includes two Results Areas (RAs) that will be implemented sequentially.

### Results Area 1: Strengthen local government systems to implement national climate strategies

This result area will be implemented at the district local government level in the 65 selected districts through three cycles of performance-based Readiness Grants averaging USD 30,000 provided to the Local government Authorities that meet a minimum criterion (See World Bank Programme Appraisal Document for details on the minimum criterium). The grants will be used to generate awareness raising concerning climate risks and adaptation options. District Climate Action Teams (DCATs) will be established to guide and implement activities. Activities will be based on collaboratively developed local climate adaptation plans that reflect findings of the participatory climate risk assessment and communities' priorities. There will be a system centred approach to improve the collection, storage, and analysis of climate change data and link them to national level data management.

Based on priorities aggregated investment plans for the district will be developed.

### Results Area 2: Deliver locally led climate resilience actions.

This result area will be implemented based on three cycles of performance-based Investment grants of average USD 517,000 to the Local Government Authorities that meet the Minimum Performance Conditions (See World Bank Programme Appraisal Document for details on the minimum performance conditions). The Investment Grant will support the implementation of Local Government Authorities' Local Climate Action Plans (developed under result area 1) - while efforts will be made to enhance their own financing for climate action. The size of the grant will depend on performance measures that incentivize proper data management, inclusiveness and transparency in the Local Climate Action Plan preparation process, as well as availability of a functioning grievance mechanism. Women, youth, indigenous people, people with disabilities, and marginalised groups must be well represented (as a minimum 60 percent of all participants) in community consultations regarding the investment grant.

The climate investments that receive a grant will be implemented with support of the relevant ministries and with the participation of communities as local labour to the extent possible. Committees will be established at community level to monitor the execution of the investments and report back to the District Climate Action Teams.

## 6 Budget

The budget for the Danish grant is DKK 60 million.

*Budget: DKK M*

Result area	2025 (DKK)	2026 (DKK)	Total	IDA Credit (USD M)	Other donor contributions (USD M)
Outcome 1 – Invest in locally led climate resilience actions in Selected Districts (PforR component)		15		93.3	0
Outcome 2 – Strengthen local government systems for increased climate resilience (PforR component)		15		5.7	0
Outcome 3 – Strengthen national government systems for increased climate resilience (IPF component)	22			1	10 <sup>20</sup>
<i>Subtotal outcome 1-3 – to be government executed</i>				<i>100</i>	<i>10</i>
Climate Finance Advisor to the World Bank (3 years)	8		8		
World Bank Programme Support					0,7 <sup>21</sup>
Subtotal of indirect costs to be WB executed	8				0,7
<b>Total</b>	<b>30</b>	<b>30</b>	<b>60</b>	<b>100</b>	<b>10</b>

The Danish grant is projected to be disbursed in 2025 and 2026. The funds will be disbursed by SSI4ALL to SCALE during the entire programme period 2025-2030.

<sup>20</sup> The USD 10 million to the IPF component through the MDTF SSI4ALL is not finally settled as it depends on the final decisions of Denmark and Sweden of where to allocate their grants as well as whether other donors decide to contribute to the programme during at a later stage. The total of grant money for the IPF component will be comprised of part of the Danish grant of DKK 60 million, the Swedish grant of 2.5 USD M, and 1.3 USD M from NDF.

<sup>21</sup> Besides the USD 0,7 million, the World Bank plans with allocating part of the Swedish grant for WB programme support but the talks with the Swedish embassy is still ongoing.

## **7 Institutional and Management arrangement**

### **Implementation arrangement**

In line with the government program's implementation strategy and PO-RALG and PO-RALG-SD's legal mandate to manage the sub-national governance system, including climate action by LGAs, they will be the Implementing Agency in Tanzania mainland and Zanzibar, respectively. Each will form a Programme Implementation Team (PIT) headed by a Program Manager and inclusive of staff and consultants with the following expertise: climate science, engineering, procurement, financial management (FM), environmental management, social risk management, community development/gender, M&E, data management, digital technologies, communication, and planning.

In addition, a joint Program Steering Committee (PSC) will be formed to provide oversight to the Program, including approval of annual work plans, budgets, Annual Performance Assessment findings, and Program progress reports. The PSC will thus ensure horizontal coordination among the two governments. It will meet quarterly during the first two Program years and semi-annually thereafter. At the regional level, coordination of Local Government Authorities' work will be carried out by the existing Regional Secretariats. At the district level, the existing District Implementation Committees will each mobilise a dedicated District Climate Action Team to manage Program district-level activities, and they will include staff from relevant climate-sensitive sectors.

At the national level, a joint National Inter-agency Technical Committee (NITC) will be formed with focal points of Ministries, Departments and Agencies managing relevant climate-sensitive sectors, as well as Tanzania Meteorological Authority, a representative of national CSOs, and a representative of the Tanzania Development Partner Group. It will be co-chaired by Vice President's Office and Ministry of Finance and meet quarterly during the first two years and semi-annually thereafter. The NITC will provide space for cross-learning between Tanzania mainland and Zanzibar and ensure technical advice to the LGAs in the different sectors. This is where the Danish representation will have a seat with the possibility to come with suggestions for specific agenda items/issues. The Danish funded Climate Finance advisor will also support the implementation of SCALE.

### **7.1 Financial management and reporting**

Financial management including procurement and reporting for the IPF component follows World Bank procedures and the World Bank will receive unaudited Interim Financial Reports within 45 days after the end of each quarter. Audited financial statements will be submitted to the World Bank by the Ministry of Finance for Tanzania mainland and Zanzibar within six months after the end of the financial year (December 31 each year). Under the IPF component, designated Program bank accounts within the Ministry of Finance will be maintained at the Bank of Tanzania.

For the IPF component Ministry of Finance will transfer funds to Ministries, Departments and Agencies for their respective work plans. Disbursement requests will be based on an approved six-month work plan and cash flow projections. Funds will be disbursed quarterly upon submission of Interim Financial Reports. The Operational Manual for SCALE will specify the frequency of fund transfers to other implementing agencies as well as the reporting requirements. Additional disbursement methods will be outlined in the Disbursement and Financial Information Letter.

Financial management for the PforR component follows procedures of the Government of Tanzania and is implemented by PO-RALG. The World Bank will receive an annual Performance Assessment and government audited financial report.

The financial flow of Performance based grants under the PforR is based on Disbursement Linked indicators. These indicators are grouped in relation to the outcome objectives of the programme as reflected in the results framework Section 5 in this document (See also Annex 1 in the World Bank Programme Appraisal document for a detailed overview of the indicators). When Disbursement linked indicators have been achieved, the implementing partners PO-RALG and PO-RALG-SD will submit evidence of results to the World Bank through Ministry of Finance. Upon the World Bank's acceptance, PO-RALG and PO-RALG-SD may request disbursement. Funds will be disbursed to the SCALE Program Accounts at the Bank of Tanzania in US dollars. Based on the performance of Local Government Authorities (LGAs), PO-RALG will transfer funds to the LGAs following the entitlement calculated on the basis of an established allocation formula, whereby transfers may be annual, half yearly, or quarterly depending on government's preference. For Zanzibar, Program activities will be paid for directly by PO-RALG-SD. PO-RALG and PO-RALG-SD will demonstrate through annual financial statements that Program expenditures equal or do not exceed the World Bank's financing by the end of the Program.

Details on financial management and plan for financial and results reporting will be spelled out in the contribution agreement between the World Bank and Danish Ministry of Foreign Affairs (as reflected in the World Bank's Project Appraisal Document (PAD)).

## **7.2 Monitoring and learning**

The Programme's M&E system will be anchored in the detailed results framework (see Annex 3), which will determine the level of programme objective achievement and implementation progress under the two Result Areas and the IPF component and inform corrective actions to enhance implementation.

Programme result indicators will be monitored by the government and the World Bank to identify risks and take remedial action. Focal points in the Regional Secretariats will use agreed reporting templates to report on progress in their respective Local Government Authorities as it relates to outputs and outcomes monitored by the results framework. This information, as well as information on the IPF component progress from Ministry of Finance, will be compiled by the two Programme Implementation Teams (PITs) and then aggregated into a semi-annual Program progress reports to be shared with the World Bank, the Programme Steering Committee and the National Interagency Technical Committee where the Danish embassy is represented.

The World Bank undertake Implementation Support Missions (ISM) twice a year during the programme where donors to the programme can participate. It is likewise an option to organise a briefing of the Head of Mission after an Implementation Support Mission. In addition, the ISS4ALL council where Denmark is a member, organises annual meetings where learnings can also be shared among donors to the Multi-donor Trust Fund.

An in-depth mid-term evaluation exercise will be carried out, recommending any adjustments to the Program's design, while a completion review will assess the level of objective achievement among other factors. Budgets for M&E activities are allocated under the IPF component.

The Danish MFA shall have the right to carry out any technical or financial supervision mission that is considered necessary to monitor the implementation of the project. After the termination of the project support, the Danish MFA reserves the right to carry out evaluations.

## **8 Risk Management**

Annex 4 presents an elaborated risk matrix, while this section presents three major risks to the programme that by the World Bank are categorised as ‘Substantial’.

One main risk is a lack of sufficient capacity in local government institutions to support the selection, screening, and implementation of investments at community level. To mitigate the risk, the District Climate Action Teams will include staff from relevant sectors with technical expertise, and the engagement of national experts is included in the menu of eligible activities under Result area 2 (Deliver locally led climate resilience actions).

Another significant risk relates to programme delays caused by time demanding processes in terms of validation and flow of finance from national to local level as well as limited internal audit capacity, affecting the timeliness and quality of the financial management monitoring. As a mitigation measure, a mainstreamed flow of funds scheme has been agreed where resources will flow directly from Treasury to the Local Governments, and the World Bank will engage with the Ministry of Finance’s budget process to ensure that the funds are captured in the budget.

A third risk relates to the absorptive capacity of the Local Government Authorities for the two grants, particularly the performance-based Investment Grant. A simulation exercise of the average grant amounts in each cycle informed the decision on the number of Program local governments so that they can absorb these resources while making sure that the grants are large enough to affect change.

### **Annexes:**

Annex 1: Partner Assessment

Annex 2: Theory of Change

Annex 3: Result Framework

Annex 4: Risk Matrix

Anex 5: Process Action Plan (PAP)

## Annex 1: Partner Assessment

The World Bank Group (WBG) is a trusted and well-known partner to Denmark. The Danish Organisation Strategy for the World Bank 2025-2030 pledges USD 762,69 billion in support to IDA and USD 1,375,58 billion to the World Bank Group as a whole<sup>22</sup>.

Through its policy-based lending, the WBG supports wide-ranging transformation of developing economies and their institutions and maximizes the impact of aid received from development partners such as Denmark bilaterally and multilaterally. Furthermore, it produces key knowledge and provides technical assistance to enable developing countries make informed choices.

Denmark exercises influence in the World Bank through participation in the Bank's Annual Meetings and Spring Meetings, and in the IDA replenishment process, where priorities for IDA's work are set.

World Bank has a long experience in supporting decentralisation efforts and governance programmes. The Bank has designed and implemented FLLoCA in Kenya through SSI4ALL and holds thereby unique insights and knowledge regarding the approach of locally led climate finance<sup>23</sup>.

The World Bank has been operating in Tanzania for a long time and with strong relations to the government and likewise deep insights into the institutions at local level as well.

Name of Partner	Core business  What is the main business, interest and goal of the partner	Importance  How important is the project/programme for the partner's activity-level (Low, medium high)	Influence  How much influence does the partner have over the programme (low, medium, high)	Contribution  What will be the partner's main contribution	Capacity  What are the main issues emerging from the assessment of the partner's capacity	Exit strategy  What is the strategy for exiting the partnership?
World Bank	Support to the Government of Tanzania during implementation of SCALE 2025-2030. Gathering of learning to strengthen the approach of locally-led climate finance, donor coordination with UNCDF in particular	High	High – the quality of the WB engagement in the implementation and support to the implementing partners as well as the bank's ability to coordinate effectively with UNCDF is of high importance to the effective execution of the programme as well as the ability to gain learning from it. Both for	Support in the implementation, fund raising from additional donors as well as private sector to co-finance the programme to ensure sustainability. , Training of government entities and learning as well as coordinating efforts effectively with UNCDF	N/A	No special requirements after end of contract

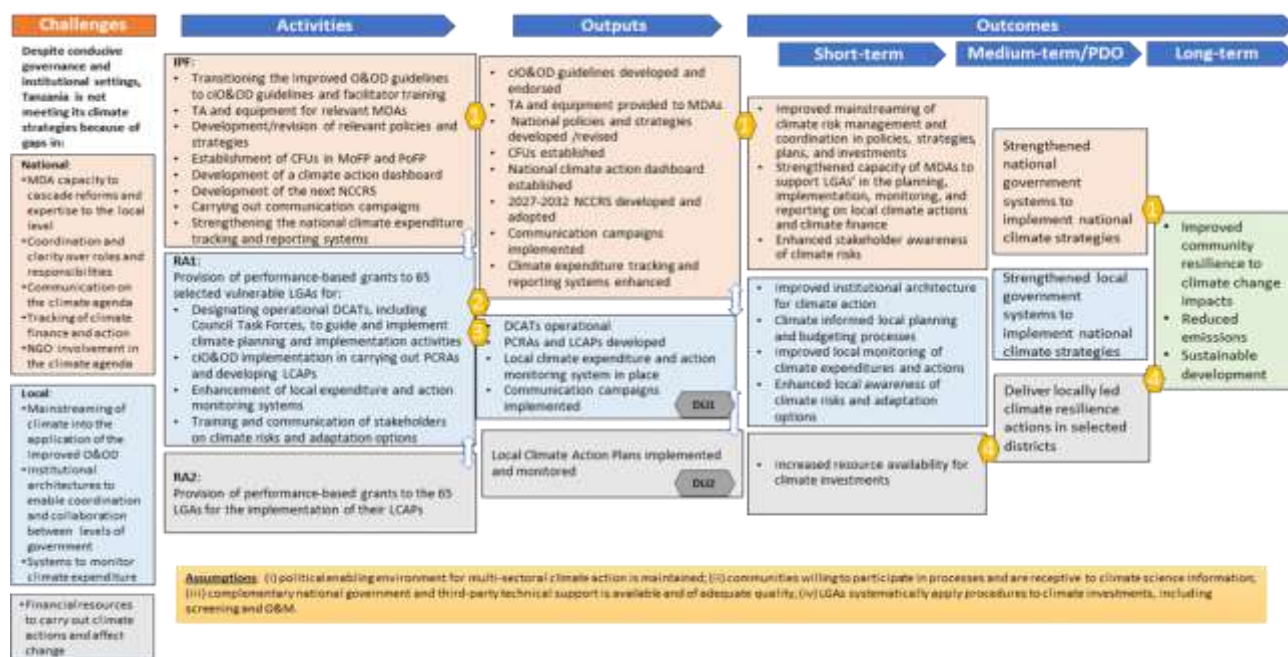
<sup>22</sup> Danish Organisation Strategy for the World Bank 2025-2030. Danish MFA.

<sup>23</sup> Kenya Strategic Framework 2021-2025: Development Engagement Document: Strengthening Environmental Governance through the Financing Locally-Led Climate Action Program

			the WB as well as for the Danish MFA.			
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## Annex 2: Theory of Change



The operations theory of change is structured around the three PDO outcome statements, which together are expected to improve Tanzanian communities' resilience to climate change impacts, reduce greenhouse gas (GHG) emissions, and contribute to the country's sustainable development.

The first outcome (strengthened national government systems to implement national climate change strategies) will be achieved by financing activities that improve the mainstreaming of climate risk management and coordination in policies, strategies, plans, and investments; strengthen the capacity of relevant MDAs for supporting LGAs in the planning, implementation, monitoring, and reporting on local climate actions and climate finance; and enhance stakeholder awareness of climate risks.

The second outcome (strengthened local government systems to implement national climate strategies) will be attained by incentivizing, through a performance-based Readiness Grant, the improvement of the selected LGA's institutional settings for climate action, locally led and science-informed climate action planning and budgeting processes, improved monitoring of climate expenditures and action, and enhancement of local awareness of climate risks and adaptation options.

The third outcome (delivery of locally led climate resilience actions) will be achieved by incentivizing, through a performance-based Investment Grant, an increase in financial resources transmitted by the government to the selected LGAs for adaptation and mitigation investments that were selected by the communities, and their monitoring.

The **main assumptions** underpinning the theory of change (though not made explicit in the document) is that the financial performance-based motivation mechanism will be effective and lead to the desired change and further that capacity building and training and systems at local and national levels will 'correct'

the current institutional voids in terms of delivering the needed finance to local levels to cope with climate change effects. Considering the lessons learned from locally led approaches indicate that changes materialise but that it takes time and efforts and that there is a need to continuously evaluate the programme and adapt if necessary.

In addition, it is assumed by the programme that:

- Political enabling environment for multi-sectoral climate action is maintained.
- Communities are willing to participate in processes and are receptive to climate science information.
- Complementary national government and third-party technical support is available and of adequate quality.
- LGAs systematically apply procedures to climate investments including screening and O&M.

## Annex 3: Result Framework

### Program Development Objective(s)

Strengthen national and local government systems to implement national climate strategies and deliver locally led climate resilience actions in selected districts

### PDO Indicators by Outcomes

Baseline	Period 1	Period 2	Period 3	Period 4	Closing Period
<b>Strengthen national government systems for increased climate resilience</b>					
<b>National government systems strengthened to track, monitor, and report on climate finance and climate resilience actions (Yes/No)</b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
No	No	No	Yes	Yes	Yes
<b>Strengthen local government systems for increased climate resilience</b>					
<b>DLI 1: LGAs' capacity for climate resilience action strengthened (Number) <sup>DLI</sup></b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	62	63	65	65	65
<b>Invest in locally led climate resilience actions in Selected Districts</b>					
<b>People benefitting from climate resilient planning, preparation, surveillance, and/or response (Number of people) <sup>CRI</sup></b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	300,000	600,000	2,500,000	4,000,000	6,600,000
<b>➤ People benefitting from climate resilient planning, preparation, surveillance, and/or response - Female (Number of people) <sup>CRI</sup></b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	154,800	309,600	1,290,000	2,064,000	3,405,600
<b>➤ People benefitting from climate resilient planning, preparation, surveillance, and/or response - Youth (Number of people) <sup>CRI</sup></b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	61,200	122,400	510,000	816,000	1,346,400
<b>People benefitting from increased resilience of livelihoods, jobs or firms (Number of people) <sup>CRI</sup></b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	0	300,000	600,000	1,500,000	2,200,000
<b>➤ People benefitting from increased resilience of livelihoods, jobs or firms - Female (Number of people) <sup>CRI</sup></b>					

Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	0	154,800	309,600	774,000	1,135,200
➤ People benefiting from increased resilience of livelihoods, jobs or firms - Youth (Number of people) <sup>CRI</sup>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	0	61,200	122,400	306,000	448,800

## Intermediate Indicators by Results Areas

Baseline	Period 1	Period 2	Period 3	Period 4	Closing Period
<b>Results Area 1: Strengthening local government systems</b>					
<b>LGAs with LCAPs developed through participatory methodologies and approved by the District Council (Number)</b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	32	58	65	65	65
<b>LGAs maintaining an up-to-date database of climate action and climate finance data (Number)</b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	0	32	65	65	65
<b>LGAs with DCATs formally designated by the District Council (Number)</b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	65	65	65	65	65
<b>Share of district-level LCAPs under implementation that achieve at least one specific action aimed at reducing climate vulnerabilities of women (Percentage)</b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	0	30	50	80	85
<b>Community satisfaction with the Program's participatory process (Percentage)</b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	0	0	80	0	80
<b>Results Area 2: Invest in locally led climate resilience actions</b>					
<b>DLI 2.1: LGAs meeting the Minimum Performance Conditions (Number) <sup>DLI</sup></b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	0	58	64	65	65
<b>DLI 2.2: Performance Measures implemented by LGAs that have met the Minimum Performance Conditions the same Year (Number) <sup>DLI</sup></b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	0	210	256	325	325
<b>LGAs for which at least 66% of district-level LCAP actions address adaptation to climate change impacts on crop yields, labor productivity, flooding, and/or drought (Number)</b>					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	32	58	58	58	58

IPF Component: Strengthen national government systems					
Climate-infused O&OD guidelines developed and endorsed by PO-RALG and PO-RALG SD (Yes/No)					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
No	Yes	Yes	Yes	Yes	Yes
National climate action dashboard in place (Yes/No)					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
No	No	No	Yes	Yes	Yes
CFSs formally designated, staffed, and operational (Number)					
Mar/2025	Jul/2026	Jul/2027	Jul/2028	Jul/2029	Jul/2030
0	1	2	2	2	2

### Disbursement Linked Indicators (DLI)

Period	Period Definition
Period 1	FY 25/26
Period 2	FY 26/27
Period 3	FY 27/28
Period 4	FY 28/29
Period 5	FY 29/30

Baseline	Period 1	Period 2	Period 3	Period 4	Period 5
1:DLI 1: LGAs with stronger participatory planning, budgeting, and implementation systems for climate action (Number )					
0	58	62	65	0	0
0.00	1,860,000.00	1,890,000.00	1,950,000.00	0.00	0.00
DLI allocation		5,700,000.00	As a % of Total DLI Allocation		2.96%
2:DLI2: LGAs with enhanced resilience through locally led climate action investments (Number) (Number )					
0	0	58	64	65	0
0.00	0.00	12,500,000.00	28,800,000.00	52,000,000.00	0.00
DLI allocation		93,300,000.00	As a % of Total DLI Allocation		48.52%
3:DLI 2.1: LGAs meeting the MPCs (Number )					

0	0	58	64	65	
0.00	0.00	7,250,000.00	16,000,000.00	26,000,000.00	0.00
DLI allocation		49,250,000.00	As a % of Total DLI Allocation		25.61%
4:DLI 2.2: LGAs meeting specific PMs (Number )					
0	0	58	64	65	0
0.00	0.00	5,250,000.00	12,800,000.00	26,000,000.00	0.00
DLI allocation		44,050,000.00	As a % of Total DLI Allocation		22.91%

## Types of investments that benefit and increase climate resilience of communities<sup>24</sup>: Climate adaptation

- Adoption of climate-resilient agricultural practices, with productivity gains of 5-10 percent annually. Full benefits will be realized within five years. reduced climate-related risks (for example, drought and floods) and greater long-term profitability due to improved productivity and resilience.
- Co-benefits: The Program is expected to improve ecosystem services, such as water retention and biodiversity, reducing long-term environmental and disaster recovery costs.
- Climate-smart agronomic practices, including the use of drought-resistant crops and improved pest management, increase the resilience of farming systems to climate change, ensuring better food security and stable livelihoods for local communities.
- Integrated nutrient management improves soil fertility and enhances crop yields while reducing the environmental impact of chemical fertilizers.
- Sustainable tillage and residue management techniques preserve soil health, reduce erosion, and improve water retention, further supporting agricultural resilience.
- Agroforestry practices enhance biodiversity, restore degraded lands, and increase carbon sequestration.
- Climate-smart water management optimizes water use through efficient irrigation systems and rainwater harvesting, ensuring increased access to clean water and resilience to droughts. Additionally, these practices positively influence livestock productivity by improving grazing conditions, while also boosting exports due to enhanced agricultural output. Furthermore, the frequency of extreme weather events that damage infrastructure has decreased, while the adoption of clean energy technologies has reduced carbon emissions and promoted environmental sustainability, contributing to long-term climate resilience.
- Proposed investments will include locally led drought and water management solutions, climate-proofing small infrastructure, nature-based flood proofing solutions, strengthening community-based climate early warning systems, and sustainable forestry and landscape management - all considered Paris aligned. For example, locally led investments such as nature-based solutions for flood risks, terracing, afforestation, and integrated watershed management, can protect watersheds. Increasing uphill vegetation cover provides crucial protection from landslides during heavy rains, prevents erosion, and protects bare soils during low rain episodes, as well as drought management investments that promote climate smart agriculture, water conservation, and more efficient use of water.

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<sup>24</sup> The Program will conduct a participatory, science, and traditional knowledge-based process to identify site-specific climate change risks and other hazards to minimize these risks and enhance climate resilience.

## **Mitigation**

- Agroforestry and reforestation efforts contribute significantly to carbon sequestration, capturing CO<sub>2</sub> from the atmosphere and storing it in trees and soils, which helps mitigate climate change.
- Low-carbon farming practices, such as reduced tillage, cover cropping, and organic farming, enhance productivity while minimizing GHG emissions.
- Sustainable land and livestock management further reduces emissions by optimizing resource use and minimizing methane and nitrous oxide emissions.
- Additionally, the adoption of renewable energy and clean cooking solutions lowers carbon emissions by reducing reliance on traditional biomass fuels and fossil energy sources. Efforts to reduce deforestation and land degradation also play a critical role in mitigating GHG emissions, as healthy forests and soils act as vital carbon sinks. Investments in climate-resilient infrastructure and waste management systems help further mitigate climate risks by cutting emissions associated with energy use and waste disposal, contributing to a more sustainable and low-carbon future.



## Annex 4: Risk Management

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
<b>Contextual Risk</b>					
Political priorities change to focus less on investments in climate change adaptation measures	Likely	Significant	The ongoing negotiations regarding the credit terms will also specify elements of use of the credit. Non the less, if the government does not prioritise the programme, it will create delays	The global political atmosphere is currently very focused on security and trade issues.	Current global political situation
Presidential election in Tanzania 28 of October 2025	Likely	Minor	Elections have already been integrated into the PAP for the programme	As it is a government executed programme, the elections will imply that decisions can not be made for a period up to the election and until after the new government and people are in place.	Upcoming elections
<b>Programmatic Risk</b>					
Delays in payment of Performance-based grants from Treasury to LGAs and implementation delays	Likely	Significant	A mainstreamed flow of funds scheme has been agreed where resources will flow directly from Treasury to the local government and the World Bank will engage with Ministry of Finance to ensure that the funds are captured in the budget.	Due to the institutional lengthy internal processes and liquidity constraints the risk of delays is still present.	The Documentation (World Bank Programme Appraisal Document – PAD)
Lack of sufficient technical capacity in LGAs to design and implement investments considering the eligible menu's wide range of interventions.	Likely	Significant	As mitigation, the District Climate Action Teams will include staff from relevant sectors and local CSOs with technical expertise.	Despite technical support the lack of technical capacity in LGAs is not likely to change in the short term.	Ibid.
Another risk is the absorptive capacity of the LGAs for the two	Likely	Significant	Grant size has been tailored to the absorptive capacity of local	Absorptive capacity of local governments remains limited	Ibid.

grants, particularly the Investment Grant.			governments + Continued donor coordination especially with UNCDF and LoCAL programme in Tanzania		
At the national level, a lack of overarching guidelines for climate action planning might result in delays and inconsistent approaches to community participation	Likely	Significant	The IPF component will finance the enhancement of the Improved O&OD guidelines with climate aspects that will guide the Local governments in participatory approaches. + training will be provided to the LGAs as needed by relevant Ministries and departments, also financed by the IPF component.	High variation among local governments in terms of resources and skills	Ibid.
Fiduciary risk related to financial management and procurement risks related to the IPF component	Likely	Significant	Continuously mitigated with the support of the World Bank, including through training and hands-on support to the executing agencies during and in-between implementation support missions.	Existing fiduciary system weaknesses	Ibid.
Environmental, Social, Health and Safety risks of local community investments, and the generally low capacity to manage these risks at local level.	Likely	Significant	This will be mitigated through the investment exclusion list including high risk projects. While building local capacity to assess and identify environmental, social, health and safety risks in investment projects.	Existing low capacity	Ibid.
<b>Institutional risks</b>					
Criticism of the programme for lack of donor coordination	Unlikely	Minor	Use the institutional set-up in the programme to keep monitoring the efforts of the World Bank to ensure effective coordination with UNCDF and the LoCAL programme	Climate finance is an area where many donors are active, and it can be difficult to stay informed about all initiatives working in this space	
Criticism for the programme adding to the debt burden of Tanzania	Unlikely	Minor	Emphasise that it is a highly concessional loan + that the Danish contribution is a grant.		

Any 'misuse of funds' scandal			WB mitigating measures related to Financial management risk.		
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## Annex 5: Process Action Plan

Activity	Responsible	Dates
Submission of internal draft MFA Pro-Doc to the Programme Committee	KLIMA	21 <sup>st</sup> of May
Dialog with World Bank related to the World Bank updated Programme Appraisal Document (received 16 <sup>th</sup> of May)	KLIMA	May
World Bank negotiations with the government related to the terms of the IDA credit and SCALE programme	World Bank	May
Presentation at Programme Committee Meeting	KLIMA	3 <sup>rd</sup> of June
World Bank presentation to WB board for approval	World Bank	Beginning of June
Submission to Appraisal	KLIMA	TBD with LÆRING
Appraisal	LÆRING	5-9 <sup>th</sup> August 2025
Revision of docs based on Appraisal recommendations	KLIMA and Consultant	
Submission of final docs to Council for Development Policy	KLIMA	25 <sup>th</sup> August 2025
Council for Development Policy meeting	KLIMA	11 <sup>th</sup> September 2025
Programme start	World Bank	Q3 2025