



**The World Bank**

Scaling-up Locally Led Climate Action Program(P180742)

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# Program Information Document (PID)

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Concept Stage | Date Prepared/Updated: 06-Dec-2024 | Report No: PIDPC00160



## BASIC INFORMATION

### A. Basic Program Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Tanzania	EASTERN AND SOUTHERN AFRICA	P180742	Scaling-up Locally Led Climate Action Program
Financing Instrument Program-for-Results Financing (PforR)	Estimated Appraisal Date  03-Feb-2025	Estimated Approval Date  31-Mar-2025	Practice Area (Lead)  Social Sustainability and Inclusion
Borrower(s)  Republic of Tanzania	Implementing Agency  First Vice President Office, President's Office - Regional Administration and Local Government , President's Office- Regional Administration and Local Government and Special Department		

### Proposed Program Development Objective(s)

Strengthen national and local governments' systems to manage climate risks and deliver locally led climate resilience actions in selected vulnerable areas

## COST & FINANCING (US\$, Millions)

### Maximizing Finance for Development

**Is this an MFD-Enabling Project (MFD-EP)?** No

**Is this project Private Capital Enabling (PCE)?** No

## SUMMARY

Government program Cost	9,900.00
Total Operation Cost	1,000.00
Total Program Cost	990.00



IPF Component	10.00
<b>Total Financing</b>	<b>1,000.00</b>
<b>Financing Gap</b>	<b>0.00</b>

**FINANCING**

<b>Total World Bank Group Financing</b>	<b>100.00</b>
World Bank Lending	100.00
<b>Total Government Contribution</b>	<b>890.00</b>
<b>Total Non-World Bank Group Financing</b>	<b>10.00</b>
Trust Funds	10.00

## Concept Review Decision

The review did authorize the preparation to continue

**B. Introduction and Context**

## Country Context

1. In 2022, Tanzania ranked 150<sup>th</sup> out of 191 countries on readiness to cope with climate change, and it is the 47<sup>th</sup> most vulnerable country to climate change with direct impacts on the economy. Floods and droughts are the two climate change threats that affect a large share of the country's population. Most climate models predict increases in temperature, with wide-ranging impacts across Tanzania's varied topography and economy. The Tanzanian economy relies on agriculture for about 28 percent of GDP and 70 percent of rural employment and is therefore highly vulnerable to climate impacts. Projections indicate that under a dry/hot future, inaction could lead to a 4 percent reduction in real GDP by 2050, compared to a baseline scenario that assumes no climate variability; however, implementing climate adaptation measures could reduce this decline to 3 percent, and under an aspirational scenario – to 2.7 percent. The vast majority of climate impacts on the economy under a dry/hot future are mostly due to reduction of crop yields, reduced labor productivity, and inland flooding. Climate impacts affect the vulnerable disproportionately and in different ways, including poor, rural, and marginalized communities, and women: 27.7 percent of the general population and 29.4 percent of the vulnerable population are exposed to at least one climate risk, including heat-related and waterborne diseases, reduced crop yields, impacts on livestock and fisheries production, human-wildlife conflict over resources, and weakening of tourism and infrastructure. As climate impacts affect people differently in different parts of the country, local climate action is an effective way to address these vulnerabilities, unlock the country's growth potential, and build a more prosperous, inclusive, and resilient economy.<sup>1</sup>

<sup>1</sup> World Bank Group. 2024. Tanzania Country Climate and Development Report (Draft). Washington, D.C.



## Sectoral (or multi-sectoral) and Institutional Context of the Program

2. In Tanzania mainland, the Vice President's Office (VPO) is the central coordinating agency for climate change plans and actions, while the President's Office - Regional Administration and Local Government (PO-RALG) coordinates and implements climate actions at the sub-national level. The Ministry of Finance and Planning (MoFP) is responsible for public finance matters. In Zanzibar, the First Vice President Office (FVPO) is the central coordinating agency for climate change plans and actions, the President's Office Regional Administration, Local Government and Special Departments (PO-RALG SD) implements sub-national climate actions, and the President's Office Finance and Planning (PoFP) is responsible for public finance matters. In both Tanzania mainland and Zanzibar, sectoral ministries coordinate climate actions relevant to their respective sectors, and both are in the process of establishing Climate Change Units (CCUs) within MoFP/PoFP to manage climate finance and formulate climate policies and strategies. Within this setting, the following gaps are identified: (i) inadequate mainstreaming of climate action within government guidelines and systems, (ii) insufficient capacity in key ministries, departments, and agencies (MDAs) to cascade reforms and systems to the local level, (iii) insufficient central technical backstopping for the design of integrated multi-sectoral solutions to climate risks, (iv) inconsistent and incomplete documentation of climate finance and action to allow national-level aggregation and reporting.

3. Local Government Authorities (LGAs) are the primary decision-making body for climate change issues, with Regional Secretariats functioning as facilitators of LGAs in their areas of jurisdiction. The LGA is administratively divided into wards, each holding a Ward Development Committee comprising representatives from villages, *mtaa*, and *shehia* (for Zanzibar). These smaller administrative units communicate their priorities to the District Council, which compiles their needs and prepares annual budget requests to PO-RALG through Regional Secretariats, and then to Parliament for approval. The MoFP is responsible for disbursement to the District Councils. Landscape-level needs are addressed through zonal or national projects outside of district or regional boundaries or single sector allocations. Implementation is carried out by the LGAs under the supervision of the Regional Secretariat. In Zanzibar, despite the existence of 11 LGAs, implementation of climate action is more centralized, where funding is channeled from PoFP to the FVPO Department of Environment and then to regions and districts through PO-RALG SD. In 2019, the government introduced an improved "Opportunities and Obstacles to Development" (O&OD) mechanism to operationalize the decentralization process, including participatory community planning, with definition of roles and responsibilities, as well as processes. Yet, in both Tanzania mainland and Zanzibar, LGAs have been unable to systematically translate national climate targets into local integrated and multi-sectoral actions through the district plans that are also aligned with regional spatial plans because of insufficient technical and financial resources for participatory planning, budgeting, implementation, and monitoring of climate actions. LGAs also lack the appropriate policy, legal, and institutional architectures, and coordination and collaboration between national, regional, and local governments is insufficiently strong to address the multi-sectoral and multi-layered impacts of climate change.

There are various calculations of the country's climate financing needs for different time horizons and sectors. Tanzania's Climate Adaptation Compact report (2023) estimates adaptation financing at US\$9.9 billion for the next five years (US\$1.98 billion annually). Estimates from several studies note that about US\$500 million is required annually to reduce current vulnerability to climate change, and a further US\$100-150 million per year would be required to build capacity and enhance resilience to future climate change.<sup>2</sup> Yet, the government's budget allocation for climate adaptation activities in 2014-2022 has been US\$215.2 million on average.<sup>3</sup> This demonstrates a large financing gap. There are also

<sup>2</sup> World Bank. 2023.

<sup>3</sup> Source: Pauline et al., 2023. Climate Change Adaptation Relevance of Tanzania's National Budget And Its Level Of Devolution. [www.diis.dk](http://www.diis.dk), ISBN 978-87-7236-106-2 (pdf).



no systems in place to monitor actual expenditures against these budgets, with a nascent Integrated Financial Management Information System (IFMIS) in place, whose capabilities require improvement.

4.

#### Relationship to CAS/CPF

5. The proposed Scaling Up Decentralized Climate Actions Program (SCALE, the Program) will be aligned with the World Bank Group (WBG) Tanzania Country Partnership Framework (CPF) for the Period FY25- FY29<sup>4</sup>, particularly High-Level Objective 3: Enhanced Resilience to Shocks and Climate Impacts, Objective 9: Increased Climate Resilience by scaling up financing of structural and non-structural interventions across various sectors at the national and local levels. The project will also support the CPF's Cross-Cutting Priority 2: Empowerment of Women and Youth by ensuring that they participate in, and benefit from decision making processes on climate adaptation options and from increased access to climate investments. The proposed operation is also aligned with Tanzania's Nationally Determined Contributions (NDC) commitments, particularly on adaptation and whole-of-government systems to address climate change.

#### Rationale for Bank Engagement and Choice of Financing Instrument

6. The World Bank has been financing structural and non-structural sectoral interventions to strengthen both national and local governments' adaptation capacity, improve urban planning, introduce climate-resilient infrastructure and nature-based solutions, and enhance disaster response and preparedness. Key operations include the Tanzania Cities Transforming Infrastructure and Competitiveness (TaCTIC) Project (P171182), the Sustainable Rural Water Supply and Sanitation Program (P163732), the Second Tanzania Water Sector Support Project (P150361), the Tanzania Transport Integration Project (P16556), and the recently approved Tanzania Food Systems Security Program (P179818). With conducive programs, policies, and assessments, and a global shift toward locally led action, there is an opportunity for the World Bank to advance its support to Tanzania's climate agenda in a whole-of-government, multi-sectoral way for maximum development impact.

7. The World Bank has a large financial portfolio that supports countries in implementing performance-based programs through country systems and channeling funds to local governments. Over the past two decades, the World Bank has provided more than US\$8 billion in financing for such programs, covering a few thousand local governments in developing countries. The improved institutional performance achieved by local government using this mechanism has been encouraging, which has led to increased mobilization of funding and gradual expansion of such programs from urban to rural local governments, such as the ongoing Financing Locally Led Climate Action Program in Kenya (FLLoCA, P173065) and the pipeline Indonesia Locally Led Climate Action Program (Indonesia LLCA, P505948). The Program will be implemented as a hybrid Program for Results (PforR)/Investment Project Financing (IPF). Given that most of the funds will be used for climate adaptation grants to local governments to finance several smaller sub-projects, the precise nature of which is not known upfront, a PforR instrument, for both Tanzania mainland and Zanzibar, is the preferred option. A small IPF component will fund capacity development of central agencies to support the local governments in the execution of the PforR component – both falling outside the government's expenditure framework.

#### C. Program Development Objective(s) (PDO) and PDO Level Results Indicators

##### Program Development Objective(s)

<sup>4</sup> Report No. CPF0000021.



8. The Program Development Objective (PDO) is strengthen national and local governments' systems to manage climate risks and deliver locally led climate resilience actions in selected vulnerable areas.<sup>5</sup> This is consistent with the overarching objective of the government program and its strategic approach while succinctly capturing the Program boundaries.

#### PDO Level Results Indicators

- (i) National systems in place to budget, transmit, and monitor climate finance to local government authorities (Text)
- (ii) Local systems in place to plan, budget, implement, and monitor locally led climate actions (Text)
- (iii) People benefitting from enhanced resilience of terrestrial and aquatic systems (Number of people, disaggregated to female and youth) (Corporate Scorecard Indicator [CSI])
- (iv) People benefiting from increased resilience of livelihoods, jobs or firms (Number of people, disaggregated to female and youth) (CSI)
- (v) People benefitting from climate resilient planning, preparation, surveillance, and/or response (Number of people, disaggregated to female and youth) (CSI)

9. The definition of “resilience” for the purpose of indicators (iii), (iv), and (v) will follow the World Bank CSI guidelines and methodologies.

#### D. Program Description

##### PforR Program Boundary

10. The Government of Tanzania has piloted a decentralized climate finance mechanism with good results that it wishes to scale up, and it is finalizing climate vulnerability reports to inform adaptation interventions. A 2016-2018 pilot of the United Nations Capital Development Fund’s Local Climate Adaptive Living (LoCAL) Facility in Tanzania was managed by PORALG and implemented by the International Institute for Environment and Development (IIED) in three districts, where it established a Climate Adaptation Fund held by the LGAs, with actions prioritized by elected community representatives at the division level and successfully implemented, overseen, and maintained by the LGAs and village-level committees. The pilot generated important lessons on key requirements of a sustainable locally led climate action process, and the government is keen on scaling it out nationally. The VPO and FVPO with the support of the United Nations Development Program and the Green Climate Fund are finalizing an assessment of climate vulnerability hotspots across nine key sectors in Tanzania mainland and Zanzibar to inform adaptation options. Concurrently, the PMO is working on climate vulnerability maps that project climate scenarios for the country’s territory in 2030, 2050, and 2080 with a focus on risks from flooding, landslides, mudslides, drought, and sea level rise. This work is supported by the Global Centre of Adaptation and follows the approval of the International Monetary Fund Board of a Resilience and Sustainability Facility (RSF) in June 2024. Both reports are expected in early 2025 to inform the geographic and thematic focus of future adaptation interventions across the country.

11. The proposed Program would be grounded in the government’s National Climate Change Response Strategy (NCCRS) and the Zanzibar Climate Change Strategy (ZCCS). These specify objectives, strategic pillars, activities, results, and

<sup>5</sup> The vulnerable areas (regions/districts) will be selected based on the results of ongoing government-led vulnerability assessments, and will reflect vulnerability to key climate impacts, such as drought and floods, as well as poverty.



implementation arrangements for tackling climate change in Tanzania mainland and Zanzibar. The Program's boundaries within the government program will follow the three dimensions:

- (i) *Level* – the government program focuses on both national and local climate actions. The SCALE Program, given its limited financial envelope, would focus on strengthening institutions for, and investments in, local climate action at the local-level, specifically LGAs. These climate actions will directly contribute and be linked to Tanzania's national ambitions on climate change, including the NDC.
- (ii) *Results Areas* – consistent with the proposed Program's focus on the local level, the Program will focus on supporting achievements of results under two of the government program's three main pillars: (i) climate adaptation investments, focusing specifically on vulnerable key sectors, including water, natural resource management, including coastal and marine resources, agriculture, environment; and (ii) cross-cutting issues, focusing specifically on five of the eight cross-cutting issues at the local-level: climate financing, capacity building, community, education and awareness, gender mainstreaming, and technology transfer as it relates to local climate adaption. There will also be a strong focus on livelihoods and jobs.
- (iii) *Geographic focus* - a dual approach will be applied: support for strengthening local systems would cover all LGAs, while the support for scaling-up local climate actions (the climate adaptation investment grants) would focus, at least initially, on selected LGA priority hotspots with high vulnerability to climate risks. Preliminary results of government-led national vulnerability assessments indicate that climate vulnerability was highest in the north and south coastal areas, the central area, and the north and western areas, including around Lake Victoria as well as Zanzibar's coastline. There will be additional focus on vulnerable and marginalized communities in critical watersheds and around protected areas in the southern part of the country, specifically the Usangu Catchment. However, the Program will not work inside national parks.

**12. The SCALE Program will be financed by a US\$100 million IDA Credit and a US\$10.0 million Multi-Donor Trust Fund (SSI4All) over a five-year period.** The PforR would focus on two main Results Areas:

**13. Results Area 1: Strengthened Local System.** Results Area 1 would provide annual performance-based Readiness grants for a period of three years to build LGA capacities to prepare climate action plans in partnership with communities. The Readiness grants will incentivize raising community awareness of climate risks and the processes and practice of the government's O&OD participatory planning mechanism, including its focus on climate related opportunities and obstacles, climate risks and priorities of women and youth, and quality of facilitation and technical backstopping. The grants may also support capacity building for LGA planning and budgeting processes and practices, including the technical review of community priorities and their alignment with regional spatial plans, e.g., integrated coastal plans; and monitoring, innovation, and learning arrangements, including the extent to which LGAs document, disseminate, and adopt new technology and innovation relating to local climate action. The results of this RA will be enhanced LGA and community awareness of climate risks, district climate change units (DCCUs), and locally led climate action plans to address climate risks.

**14. Results Area 2: Scaled-up Locally Led Climate Action.** This Results Area would provide four cycles of performance-based Investment grants to LGAs – trailing the readiness grant by one year - to implement their climate action plans prepared with support under the Readiness grants. Performance indicators (to be further identified) would incentivize LGAs to: (a) increase their overall level of investment in local climate actions, including from their own source revenue and unprotected financing sources, (b) increase scale-out of integrated, multi-sectoral, low emission climate resilient investments that tackle local climate impacts holistically, (c) focus on income generation and livelihoods in the design of local climate actions by ensuring the hiring of local labor and financing investments that create jobs in local communities, and (d) prioritize cross-



ward and cross-district collaboration in the identification and resolution of shared climate risks. Given the possibility of communities selecting a high number of water-related investments, LGAs will work closely with regional bodies and specialized agencies, such as the Rural Water Supply and Sanitation Agency (RUWASA), Rufiji Basin Water Authority, and others, whose mandates apply and are required. The results of this RA will be investments in community-prioritized climate actions in sectors such water, environment, natural resource management, including coastal and marine resources, livestock, and agriculture.

**15. IPF component (US\$10.0 million).** The Program will include an IPF component for both Tanzania mainland and Zanzibar financing: (a) strengthening of Tanzania mainland and Zanzibar's Climate Finance Units; (b) required reforms to relevant national guidelines and systems; (c) scale-out of national capacity building to MDAs, including with the involvement of Regional Authorities, e.g., cascading training reform tools and systems; (d) development of digital platforms and tools for enhanced documentation and dissemination of local climate innovation and technology; (e) improvement of guidelines for LGA climate action planning and budgeting processes and practices; (f) strengthening the country's climate expenditure tracking and reporting systems; (g) strengthening E&S systems, including gender mainstreaming; (h) engaging NGOs to support Program implementation; and (i) supporting the Tanzania Metrological Authority to provide climate information services to communities.

#### E. Initial Environmental and Social Screening

**16. Environmental and Social System Assessment (ESSA).** The overall environmental and social (E&S) risks are preliminarily assessed as substantial. The scope of subprojects to be undertaken under the Program will range from small to medium scale infrastructure related to climate change adaptation in the sectors of agriculture, water, forestry, livestock, fisheries, and coastal and marine environment, among others. The Program will not fund any activities that have high E&S risks under the Environmental and Social Framework (ESF) and an exclusion list will be developed for types of investments that would be considered ineligible. An ESSA for both Tanzania mainland and Zanzibar will be undertaken for the proposed PforR operation and disclosed prior to appraisal. The ESSA will assess the institutional capacity and systems for managing E&S risks of the MoFP, PoFP, VPO, FVPO, PO-RALG, PO-RALG SD, and the LGAs in Tanzania mainland and Zanzibar, particularly as they relate to the Program's investment menu. Measures identified by the assessment will be incorporated into the PAP and may also be reflected in DLIs or Program conditions/measures, insofar as they contribute to the creation and/or strengthening of PO-RALG, PO-RALG SD, and LGAs' E&S risk management systems. Recent ESSAs have been undertaken in Tanzania mainland in the education, health, and agriculture sectors and in Zanzibar - in public financial management and procurement systems. The mainland ESSAs indicate capacity gaps within MDAs, including PO-RALG, PO-RALG SD, the LGAs, and other key agencies in managing E&S risks. These environmental, social, health and safety (HS) risk management gaps and challenges have also been identified in a country E&S client capacity assessment carried out in 2023 in both Tanzania mainland and Zanzibar. As part of the Technical Assistance subcomponent, the Program will support the building of country systems focusing on operational and technical capacity building, and the institutionalization of E&S risk management (ESRM) at the national and local government levels, including PO-RALG, PO-RALG SD, LGAs, NEMC, ZEMA, OSHA, DOSH, and the ministries in charge of gender and community development, among others, to guide the management of E&S risks and impacts.

**17. Citizen engagement, stakeholder engagement, and grievance mechanisms.** The Program will build on the O&OD initiatives on citizen engagement and grievance management with the aim to strengthen existing mechanisms to prioritize citizen and stakeholder involvement and engagement in climate decision making. The Program will support the establishment of Program investment dashboards with online citizen feedback interfaces, and gender-inclusive and sensitive platforms that encourage female participation. The Program will also support the enhancing of the existing Government of Tanzania grievance management/complaints handling structures and systems, including promoting digital grievance



management through the government's e-mrejesho platform, as well as the strengthening of grievance and complaints committees from village to regional levels to promptly respond to concerns, grievances, and feedback from local communities and Program beneficiaries.

#### Legal Operational Policies

Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

#### Summary of Screening of Environmental and Social Risks and Impacts of the IPF Component

18. The TA proposes to strengthen MoF, PoFP, and LGAs' capacity to manage environmental risk issues based on the risk mitigation plan. Such capacity strengthening will support the ability of the implementing entities to implement projects and avoid or minimize environmental and health & safety risks. However, while the capacity building will need to be aligned with the requirements of the ESF, the main activities of the Program will be implemented under a PforR, which is subject to national requirements. Tanzania has ample environmental and OHS legislation, however, enforcement is weak and the many entities participating in the Program have shown low capacity to assess, manage and report on environmental and health and safety issues. This poses as a major challenge to supervision and risk management. The capacity building activities, which themselves may have limited social or environmental impacts, are likely to involve providing support to implementing entities to carry out or monitor activities under the PforR component that do have potentially significant social and environmental implications. These implications will need to be considered in the design and implementation of the capacity support. The Program will also need to ensure meaningful engagement with all stakeholders about the TA activities of the Program in line with ESS10. Such engagement will need to begin as early as possible and involve a range of stakeholders who work on climate change, human rights and environment. Failure to undertake meaningful engagement is likely to negatively affect the acceptability of the Program. Grievance redress mechanisms will also need to be established and maintained. These activities will also be considered under the capacity building element.

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