



ADAPTATION FUND

AFB/B. 43-44/2
1 November 2024

Adaptation Fund Board

**REQUEST FOR EXTENSION OF PROJECT COMPLETION
DATE: NATIONAL ENVIRONMENTAL MANAGEMENT
COUNCIL (TANZANIA)**

Background

1. The Adaptation Fund Board (the Board) at its thirty-fifth meeting, approved a three-year project titled “Enhancing Climate Change Adaptation for Agro-Pastoral Communities in Kongwa District”, submitted by the National Environmental Management Council (NEMC) of Tanzania for a requested amount of US\$ 1,200,000 (Decision B.35.a-35.b/14).
2. The objective is to enhance the climate resilience of more than 320,000 people living in the area and improve livelihood actions towards climate adaptation and transformed environmental actions. This is enabled through implementing a suite of interventions that focus on enhancing climate resilient rural water supply system in vulnerable agro-pastoral communities at Mtanana and Ugogoni wards, supporting transformation of exploitive agro-pastoral practices to diversified climate smart and sustainable livelihoods, improving ecological functions to sustain climate sensitive livelihoods in Kongwa District, and strengthening capacities of institutions, extension services and trainers to reduce risks associated with climate-induced livelihood failures in Kongwa district.
3. As mandated by the decision, an agreement was prepared and signed between the Board and NEMC on 20 May 2019 and the programme started implementation on 12 October, 2021.
4. The project Implementing Entity submitted two project performance reports (PPRs), with one already cleared by the secretariat and the other still under review. As of 08/03/2022 the total project funding for an amount of US\$ 848,030 including the programme fees, has been disbursed by the trustee, which corresponds to 70.67% of the approved grant.
5. On 25 September 2024 NEMC submitted a request for a regular 12-month no-cost extension of the project completion date, from 11 October 2024 to 10 October 2025 in line with the the Adaptation Fund Project/Programme Delay Policy (AFB/B.34-35/6). The Policy states that an implementing entity may request for a project/programme extension beyond the original completion date for up to 18 months for a concrete adaptation project/programme if (i) no additional funds are required; (ii) the project/programme’s originally approved scope will not change; and (iii) the entity provides reasons and justifications for the extension. The DA must be notified of an extension request.
6. The reasons for this request, as outlined in the memo shared by NEMC, are three-fold:
 - I. The government sought to understand if NEMC could exceptionally sign the Grant Agreement with the Adaptation Fund, contrary to government procedures for external finance (loans or grants), which can only be signed through a government ministry: the Ministry of Finance. This contributed to the delays.
 - II. The Funds were transferred to NEMC’s bank account when the government transitioned to a new D-Fund system. This centralized government system manages and tracks funds received from development partners. Therefore, NEMC had to go through the D-Fund registration and approval process, which further delayed the release of funds. This D-Fund system approval, which involves a total of 22 approvals, is a requirement for every tranche of funds transferred to NEMC each year.
 - III. Further delays in project implementation are due to delays in the subsequent transfer of funds from AF, which are subject to long cycles of reviews and

corresponding responses to review comments of Project Performance Reports (PPR).

Secretariat's review of the request

7. Following a review of the request by the secretariat and considering the explanation provided by NEMC, the secretariat is of the view that the extension request is justified for 12 months. As evidenced by the memo provided by NEMC (Annex 1), it is noted that this request would allow sufficient time for the project to compensate for accumulated delays encountered due to different challenges and constraints faced in the project start and implementation; and ensure the fulfillment of the project outputs and outcomes for enhanced sustainability.

8. Finally, the secretariat acknowledges that this no-cost programme extension request has been agreed with the Executing Entity and endorsed by the Designated Authority, in accordance with the Adaptation Fund Policy for Project/Programme Delays, as specified in Annex 1.

Recommendation

9. The Board may consider and decide to approve the request for a 12-month no-cost extension of the project completion date from 11 October 2024 to 10 October 2025 for the project "Enhancing Climate Change Adaptation for Agro-Pastoral Communities in Kongwa District," as requested by NEMC.

Annex 1: REQUEST FOR AN EXTENSION OF THE PROGRAMME COMPLETION DATE

Implementing Entity Name	NEMC	National Environment Management Council (NEMC)
AF Project/programme ID:	N/A	
Project/programme Title:	Enhancing Climate Change Adaptation for Agro-Pastoral Communities in Kongwa District	
Project/Programme Approval (date)	June, 1 st 2020	
Expected Project/programme Completion (date)	October 11 th , 2024	
Proposed Revised Completion (date):	October 10 th , 2025	

Reasons/justifications for the extension of project/programme completion:

Upon the signing of the Grant Agreement (GA) between the Adaptation Fund Board (AFB) and the Implementing Entity (NEMC), the funds for Year 1 were transferred by the AF Secretariat to NEMC's account at the Bank of Tanzania, in compliance with government regulations. However, accessing the funds required approval from the Ministry of Finance (MoF), which was delayed by approximately one year due to the following reasons:

1. Initial Misunderstanding by the Ministry of Finance (MoF):

The MoF did not initially understand why NEMC had to sign the GA with the Adaptation Fund (AF), as it was contrary to standard government procedures for external financing. According to these procedures, external financing (both grants and loans) should be facilitated through a government ministry, with the MoF signing on behalf of departments and agencies. However, after multiple communications between NEMC, MoF, and AF, the MoF came to understand that the AF can only sign a GA with its accredited entities. Consequently, the MoF granted NEMC the necessary instruments to proceed with the signing of the Grant Agreement.

2. Transition to the D-Fund System:

The funds were transferred to NEMC's account during the government's transition to the D-Fund system, a centralized system for managing and tracking funds received from development partners. As a result, NEMC had to undergo the D-Fund registration and approval process, which further delayed the release of funds. Ultimately, funds were transferred to the Executing Entity (EE) in the first week of October 2021, allowing for the project inception workshop to be held on October 12, 2021.

The D-Fund system, which requires 22 approvals for each tranche of funds transferred to NEMC, must be followed annually, and this process, coupled with technical issues with the system, has

contributed to delays. On average, once funds from AF are received, it takes approximately 2-3 months to get clearance and approval in the D-Fund system before they are disbursed to the EEs.

3. Quarterly Transfers and Verification Delays

As a control mechanism, NEMC does not transfer the full yearly amount to the EE all at once. Transfers are made quarterly, with each subsequent transfer contingent upon the receipt of quarterly reports from the EE and verification by the Implementing Entity (IE) of the project's progress. This process often adds to delays in project implementation.

4. Delays Due to Review of Project Performance Reports (PPR):

Further delays in project implementation have been caused by the prolonged back-and-forth review process of Project Performance Reports (PPRs). For example, clearance for PPR2 has not yet been received, resulting in a delay in the release of funds for Year 3.

5. Request for extension

Due to the reasons stated above, a request for extension of this project for a period of 12 months from October 11th 2024 to October 10th 2025.

Implementing Entity certification

This request has been prepared in accordance with Adaptation Fund policies and procedures, has been agreed by participating executing entities, and the designated authority (DA) has been notified



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Date: April 12th, 2024

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