



ADAPTATION FUND

AFB/B. 43-44/3  
1 November 2024

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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-sixth meeting, approved a three-year project titled “Bunda Climate Resilience and Adaptation Project”, submitted by the National Environmental Management Council (NEMC) of Tanzania, for a requested amount of US\$ 1,400,000 (Decision B.36/6).
2. The objective of the project is to develop and implement concrete adaptation actions at grass root levels to increase community livelihood resilience to climate change effects and cover the following sectors: water resources and supply, agriculture, fisheries and aquaculture, livestock, forestry, and ecosystems and gender in relation to climate change. This is enabled through implementing a suite of interventions that focus on enhancing climate resilience through water supply system of the drought prone agro-pastoral communities, improving agricultural productivity, livelihood and enhancing agro-ecosystem resilience, promoting paradigm shift of small scale fishers for sustainable income and climate resilience livelihood through fish farming innovations in selected villages of Bunda District, improving ecological and environmental services and functions to sustain climate sensitive rural livelihoods in selected rural communities of Bunda District, and strengthening institutional capacity and knowledge management on climate change adaptation.
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 04 March, 2022.
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 07/01/2023 the total project funding for an amount of US\$ 1,157,870 including the programme fees, has been disbursed by the trustee, which corresponds to 82.71% of the approved grant.
5. On 12 September 2024, NEMC submitted a request for a regular 12-month no-cost extension of the project completion date, moving it from March 3, 2025, to March 2, 2026, in line with 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. NEMC's memo requesting for the no-cost extension of project completion date outlined three key reasons for the request:
  - I. The government sought clarification on whether NEMC could sign the Grant Agreement with the Adaptation Fund directly, despite government procedures requiring all external finance agreements (loans or grants) to be signed by the Ministry of Finance. This caused significant delays.
  - II. The funds were transferred to NEMC’s bank account during the government's transition to a new system, the D-Fund, a centralized platform for managing and tracking funds from development partners. NEMC had to complete the D-Fund registration and approval process, further delaying the release of funds. The D-Fund approval requires a total of 22 approvals for every tranche of funds transferred to NEMC each year.

- III. Additional delays in project implementation occurred due to prolonged reviews of Project Performance Reports (PPRs), which slowed the release of subsequent funding from the Adaptation Fund.

#### **Secretariat's review of the request**

7. Following the review of NEMC's request and the explanation provided, the secretariat finds the 12-month extension request to be justified. As outlined in NEMC's memo (Annex 1), the extension would provide sufficient time to address the delays caused by various challenges encountered during the project's start and implementation. This additional time would also help ensure the successful completion of the project's outputs and outcomes, enhancing its long-term 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 for the Bunda Climate Resilience and Adaptation Project from 03 March 2025 to 02 March 2026, as requested by NEMC.

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

<b>Implementing Entity Name</b>	NEMC	National Environment Management Council (NEMC)
<b>AF Project/programme ID:</b>	N/A	
<b>Project/programme Title:</b>	Bunda Climate Resilience and Adaptation Project, Mara Region at Bunda District council, Tanzania	
<b>Project/Programme Approval (date)</b>	January 17, 2021	
<b>Expected Project/programme Completion (date)</b>	March 3 <sup>rd</sup> , 2025	
<b>Proposed Revised Completion (date):</b>	March 2 <sup>nd</sup> , 2026	

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

After the signing of the Grant Agreement (GA) between the Adaptation Fund Board (AFB) and NEMC, the Year 1 funds were disbursed by the AF Secretariat into NEMC's account at the Bank of Tanzania, in line with government procedures. However, accessing these funds was delayed by almost one year due to the following reasons:

**1. Delays in Approval by the Ministry of Finance (MoF)**

Initially, the MoF did not understand why NEMC signed the GA directly with the AF, as it seemed to contradict established protocols for external financing. According to government regulations, external funds (whether grants or loans) must be processed through a relevant ministry, with the MoF signing on behalf of agencies and departments. Following several rounds of communication between NEMC, MoF, and the AF, the MoF eventually recognized that the AF only signs agreements with its accredited entities. The MoF then granted NEMC the necessary instruments to finalize the agreement.

**2. Introduction of the D-Fund System**

During this period, the government transitioned to the D-Fund system, a centralized platform for managing and tracking funds from development partners. NEMC had to complete the registration and approval process for the D-Fund, which further delayed the release of funds. Funds were finally transferred to the Executing Entity (EE) in early October 2021, which allowed the project inception workshop to take place on October 12, 2021.

The D-Fund system, which requires 22 separate approvals for each tranche of funds, must be followed annually. In addition, technical challenges with the system have occasionally caused further delays. On average, once the AF disburses the funds, it takes 2-3 months to get the necessary clearances and approvals before the funds are transferred to the EEs.

### 3. Quarterly Disbursement and Report Verification

NEMC does not release the full yearly funds to the EE all at once. Instead, transfers are made quarterly, and each subsequent disbursement is conditional upon the submission of quarterly reports by the EE and verification of project progress by the Implementing Entity (IE). This process often contributes to delays in project execution.

### 4. Delays Related to Project Performance Report (PPR) Reviews

Additional delays have occurred due to the extended back-and-forth review process for Project Performance Reports (PPRs). For example, clearance for PPR2 is still pending, which has prevented 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 March 3<sup>rd</sup>, 2025 to March 2<sup>nd</sup>, 2026.

#### *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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