



ADAPTATION FUND

AFB/B. 43-44/4
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 Resilience of Coastal Communities of Zanzibar”, submitted by the National Environmental Management Council (NEMC) of Tanzania for a requested amount of US\$ 1,000,000 (Decision B.35.a-35.b/16).
2. The objective is to build the capacity of smallholder farmers in tackling climate change impacts through practical and innovative solutions; that have concrete and tangible outputs. This is enabled through implementing a suite of interventions that focus on constructing water harvesting infrastructures for supplying water throughout the year in selected sites, promoting soil and water conservation techniques for improved water protection and crop productivity, developing integrated climate resilient livelihoods diversification systems in selected sites, and institutional capacity building of local government authorities and communities in planning , implementation of climate change adaption actions and dissemination of project results and lessons learnt.
3. As mandated by the decision, an agreement was prepared and signed between the Board and NEMC on 6 January 2020 and the programme started implementation on 12 January 2022.
4. The project Implementing Entity submitted two project performance reports (PPRs), one has been cleared by the secretariat, and the other one is under review by the secretariat. As of 07/20/2022 the total project funding for an amount of US\$798,600 including the programme fees, has been disbursed by the trustee, which corresponds to 79.86% of the approved grant.
5. On 12 September 2024 NEMC submitted a request for a regular 18-month no-cost extension of the project completion date, from 11 January 2025 to 9 July 2026. As outlined in the Adaptation Fund Project/Programme Delay Policy (AFB/B.34-35/6), 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 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 (a centralised system). This new tracking centralized government system manages and tracks funds received from development partners. Therefore, NEMC had to go through a D-Fund registration and approval process, further delaying funds' release. This D-Fund system approval, which involves 22 approvals, is required 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, which are subject to cycles of review and corresponding responses to review comments to the Project Performance Reports (PPR).

Secretariat's review of the request

7. Following the review of NEMC's request and considering the provided explanation, the secretariat is of the view that the extension request for 18 months is justified. 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 an 18-month no-cost extension of the project completion date from 11 January 2025 to 9 July 2026, for the project "Enhancing Climate Change Resilience of Coastal Communities of Zanzibar," 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 Resilience of Coastal Communities of Zanzibar	
Project/Programme Approval (date)	June, 1 st 2020	
Expected Project/programme Completion (date)	January 11 th , 2025	
Proposed Revised Completion (date):	July 9 th , 2026	

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

Following the signing of the Grant Agreement (GA) between the Adaptation Fund Board (AFB) and NEMC, the Year 1 funds were successfully transferred by the AF Secretariat to NEMC's account at the Bank of Tanzania, in line with government regulations. However, accessing these funds was delayed by approximately one year due to the following factors:

1. Ministry of Finance (MoF) Approval Delays

Initially, the MoF had concerns regarding why NEMC had entered into the GA directly with the AF, as this process seemed to conflict with established procedures for external funding. According to these procedures, external funding, whether grants or loans, is channeled through a government ministry, and the MoF is expected to sign on behalf of agencies and departments. After extensive communication between NEMC, MoF, and the AF, it was clarified that the AF is only permitted to sign agreements with its accredited entities. Subsequently, the MoF provided the necessary authorization for NEMC to sign the GA.

2. Transition to the D-Fund System

The transfer of funds occurred during the government's shift to the new D-Fund system, a centralized platform for managing and tracking funds from development partners. This required NEMC to complete the registration and approval processes for the D-Fund, causing further delays. The funds were finally transferred to the Executing Entity (EE) in early October 2021, allowing for the project's inception workshop on January 12, 2022.

The D-Fund system, which requires 22 separate approvals for each tranche of funds transferred annually, has further slowed the process. Additionally, the system occasionally experiences technical difficulties, further prolonging the process. On average, after the AF disburses the funds, it takes 2-3 months to complete the clearance and approval processes within the D-Fund system before the funds are sent to the EEs.

3. Staggered Fund Transfers and Report Verification

NEMC does not transfer the full annual funding allocation to the EE in one go. Instead, funds are transferred quarterly, and each subsequent transfer is dependent on the receipt of quarterly reports from the EE, followed by verification of project progress by the Implementing Entity (IE). This process often leads to additional delays in project execution.

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

Additional delays have been caused by the prolonged review process for Project Performance Reports (PPRs). For instance, clearance for PPR2 is still pending, which has prevented the release of funds for Year 3.

5. Zanzibar's Autonomous Structure

Zanzibar, being a semi-autonomous region of the United Republic of Tanzania, operates with its own internal controls, which have added further delays to the process of transferring funds from NEMC and receiving them through the central bank. The coordination between the Mainland and Zanzibar is influenced by a variety of political and structural challenges, which need to be managed to ensure smooth implementation of the project.

6. Request for extension

Due to the reasons stated above, a request for extension of this project for a period of 18 months from January 11th, 2025 to July 9th, 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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Date: June 18th, 2024

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