



ADAPTATION FUND

25 February 2026

Adaptation Fund Board

Accreditation Panel Recommendation on the Re-accreditation of the National Environment Management Council (NEMC), Tanzania as a National Implementing Entity (NIE) of the Adaptation Fund

Having reviewed the re-accreditation application of the National Environment Management Council (NEMC), Tanzania the Accreditation Panel recommended that NEMC be re-accredited as a National Implementing Entity (NIE) of the Adaptation Fund.

A summary of the review is presented in Annex I below.

Re-accreditation Decision:

Having considered the recommendation of the Accreditation Panel, the Adaptation Fund Board decided to re-accredit the ***National Environment Management Council (NEMC), Tanzania*** as a National Implementing Entity (NIE) of the Adaptation Fund for five years, as per paragraph 39 of the operational policies and guidelines for Parties to access resources from the Adaptation Fund. The accreditation expiration date is 25 February 2031.

Decision B.45-46/15

ANNEX I

REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE NATIONAL ENVIRONMENT MANAGEMENT COUNCIL OF TANZANIA (NEMC) FOR REGULAR RE-ACCREDITATION AS A NATIONAL IMPLEMENTING ENTITY (NIE) OF THE ADAPTATION FUND

BACKGROUND

The National Environment Management Council of Tanzania (NEMC) was initially accredited with the Adaptation Fund in 2017 (Decision B.30/3) and submitted its application for regular re-accreditation in 2022. Since accreditation, NEMC has received grant approvals totaling USD 4.88 million to fund four Adaptation Fund (AF) projects, all of which are currently under implementation.

THE APPLICANT

NEMC is a public entity initially established by a 1983 Act of Parliament of the United Republic of Tanzania, which was replaced by its current governing legislation, the Environmental Management Act, 2004. The objective and purpose for which NEMC is established is to undertake environmental enforcement, compliance, review and monitor environmental impact statements, research and awareness raising. NEMC is within the portfolio of the Minister of State in the Vice President's Office (Union and Environment), who has overall responsibility for matters relating to environment and for articulation of policy guidelines necessary for promotion, protection, and sustainable management of environment in Tanzania. NEMC is governed by a Board of Directors which is composed of 8 non-executive directors appointed for a term of 3 years and one executive director (Director General) who is the secretary of the Board. The Board has three sub-committees (Audit; Technical; and Finance, Human Resources and Training).

In addition to implementing AF projects NEMC is implementing World Bank and UNEP projects.

SCOPE OF ASSESSMENT FOR RE-ACCREDITATION

The assessment for regular second-time re-accreditation was conducted on the criteria reflected in the Fund's Operational Policies and Guidelines and as adopted in Board Decision B.34/3 on 11 October 2019 based on AFB/B.34/5 on re-accreditation; Decision B.31/26 (use of external sources as complementary information) based on AFB/B.31/7/25 of March 2018); and Decision B.32/36 (Accreditation standards related to anti-money-laundering/countering the financing of terrorism) based on AFB/EFC.23/4 of September 2018.

These decisions require an assessment for re-accreditation to be conducted against all criteria, except where the entity has implemented or is in the course of implementing an Adaptation Fund-approved project. In the case of NEMC, it is implementing 4 projects, none of which has yet reached closure stage. Thus the detailed analysis for criteria 6-8

have been excluded from the Panel review. In their place, NEMC's performance regarding quality at entry and project/program implementation on AF projects were assessed.

The assessment was based on the completed application form submitted and the relevant supportive documents provided, a review of the quality-at-entry and performance of the current AF projects, as well as on the responses by NEMC to the inquiries of the Panel, and an online meeting. To ensure the Panel had a comprehensive view, this was complemented by a review of other documents obtained from NEMC and third party websites. One third-party review by a bilateral donor was reviewed and the Panel noted that gaps identified in the review had subsequently been addressed by NEMC.

SUMMARY ASSESSMENT

Legal Status

NEMC continues to meet the criterion. There has been no change in status since the last re-accreditation, although a Parliamentary procedure which is expected to change substantially the nature of the Council is ongoing. Under its enabling legislation, and evidenced by a demonstrated track record, the applicant has the necessary legal personality, capacity to receive funds directly, enter into contracts or agreements with international organizations and serve as a defendant or plaintiff in a court of law.

Policies and procedures, screening and decision making related to anti-money laundering/countering the financing of terrorism (AML/CFT) on disbursements, procurement, and handling instances of non-compliance with policies and procedures, and laws

NEMC meets the criterion. It is subject to the national AML-CFT laws which are being progressively strengthened to meet Financial Action Task Force recommendations. NEMC is required by national regulations to undertake risk assessment and risk mitigation measures on money laundering, counter-terrorism financing and proliferation financing. Revenue-related risks are very low given the nature of NEMC's revenue. With regard to procurement, NEMC uses Government-wide systems which integrate KYC procedures and checking of external sanctions databases by the central procurement authority. NEMC relies on its financial institutions to provide an additional check at time of disbursements. There is a reporting process for suspicious transactions to the national Financial Intelligence Unit, although NEMC has not yet had any cases to report. NEMC advised that it plans to consolidate AML-CFT requirements in a stand-alone policy in its 2025-2026 fiscal year.

Financial statements, including project accounts statement and provisions for Internal and External Audits

NEMC continues to meet the criterion. There has been no change to the arrangements for financial statements and their independent audit. The applicant has updated its accounting systems and procedures to strengthen conformance to IPSAS standards and provided recent evidence that it produces unqualified financial statements in accordance

with IPSAS. It also provided examples of its ability to submit satisfactory project financial audits.

NEMC is externally audited by the National Audit Office of Tanzania in accordance with International Standards on Audit. It has updated its internal audit charter and has an active internal audit function which is functionally independent and is on a positive pathway to improve its implementation of international standards on internal auditing including risk based planning, it is implementing improvements recommended by a recent external quality review. NEMC provided examples of risk-based internal audit planning and reporting including of externally funded projects.

There is an active independent Audit Committee with an updated charter, reporting to the Board with an appropriate mandate. There is additional oversight from the Public Accounts Committee of the national parliament.

NEMC provided examples of its ability to submit satisfactory project financial audits.

Internal Control Framework with particular reference to control over disbursements and payments

NEMC continues to meet the criterion. It has developed and continues to improve a suite of documents that define procedures and the responsibilities and accountabilities of the Board, the Audit Committee and management in a clearly defined institutional structure. NEMC's disbursements are governed by its Financial Regulations and Accounting Procedures Manual and implemented through the government's mandatory MUSE accounting system. It has established a risk management framework in line with government guidelines and has begun implementation starting with completed general and fraud-specific risk registers.

Preparation of Business Plans and Budgets, and the ability to monitor expenditure in line with budgets

NEMC continues to meet the criterion. Using a five-year strategic plan as the base, it applies a Medium Term Expenditure Framework (MTEF) through a Planning and Reporting System to make financial projections for 3 years. NEMC implements the MTEF through annual budgets which are monitored through measurable performance indicators (objectives and targets), and adjustments are made during the year as needed. Expenditure has been managed to keep within reduced revenue, indicating close monitoring to ensure compliance with budget regulations

Government subventions and fees and fines under its regulatory functions ensure medium term solvency. Projections of fees and fine review have exceeded actuals in recent years.

Procurement

NEMC continues to meet the criterion. It applies the procurement policy framework and oversight arrangements for all public bodies in Tanzania, as set out in the Public Procurement Act, most recently amended in 2023 and related Regulations. These incorporate principles in line with international best practice including dispute resolution. Further enhancements are being pursued with donor support, such as the electronic government procurement system capacity development and implementation of sustainable procurement practice.

NEMC obtained a high rank on audited procurement procedures conducted by the Public Procurement Regulatory Authority (PPRA) in 2021. Procurement is subject to periodic review by NEMC's internal audit.

Project Closure and Final Evaluation

NEMC substantially meets the criterion. It has established internal guidelines on project closure and terminal evaluation. The guidelines provide the framework for NEMC to properly assess impact of the technical, financial, economic, gender and legal aspects of projects at closure. NEMC's capacity to implement the framework is still developing, with limited examples. It provided an example of a closure report prepared by an expert under NEMC supervision that demonstrates that NEMC has the ability to oversee the preparation of the technically satisfactory project completion report.

Implementation of the four AF projects in its portfolio have all been assessed as satisfactory overall, demonstrating competence to execute or oversee execution of projects. NEMC has a fully-fledged Planning, Monitoring and Evaluation Unit indicating capacity. It provided one example of an independent terminal evaluation report, which was conducted in accordance with a UN agency evaluation guidelines, but NEMC appears not to have been the commissioner but rather a participant in the evaluation. NEMC advised that no other more recent terminal evaluations of its projects are available.

Policies and Framework to deal with fraud, financial mismanagement, and other forms of malpractice

NEMC continues to meet the criterion. The "zero tolerance" stance is contained in NEMC's Anti-fraud policy in the case of fraud and financial management, and the Public Service Act requires accountability in case of evidence or complaints "indicating mismanagement or non-performance of mission". It has in place policies and procedures that ensure adherence to the framework of laws, regulations and guidelines for public sector entities enacted by the Government of Tanzania for combatting corruption and promoting good governance. There is a structured process for ensuring complaints of misconduct are objectively considered and determining if they should be investigated internally or referred to external bodies responsible for investigating criminal allegations. There is also a structured approach to decision-making on the results of investigations by either the Director General or the Board depending on the level of staff involved.

Commitment by the entity to apply the Fund’s Environmental and Social Policy (ESP) and Gender Policy.

NEMC substantially meets the criterion. It provided a top-level management statement confirming its commitment to observe the requirements of the AF ESP and Gender Policy, available on its website. NEMC’s institutional environmental and social and gender (ES&G) policies are high level and NEMC acknowledges weaknesses in the policies. It has committed to updating these to address these weaknesses by June 2026. While there has been a learning curve in terms of ES&G aspects of quality-at-entry of the AF projects submitted, as indicated in successive PPRs, NEMC has so far fulfilled the AF ESP and Gender Policy requirements in three of the AF projects under implementation. One project had additional ES&G challenges and adaptive management measures were introduced, including the development of an ESP remedial action plan.

Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs

NEMC continues to meet the criterion. It maintains complaint channels for environmental harms generally in its role as regulatory agency. This provides it with the commitment and the capability to receive complaints regarding environmental, social and gender harms caused by its programs and projects, and have them independently reviewed and remedial action taken, where appropriate. It also provided evidence of implementation of grievance processes at project level.

Status of Quality at Entry and Performance of AF Funded Projects

Across the four projects, the following recurrent issues were observed during the initial technical review process including: fees, risk management, especially in terms of environment and gender, sustainability, monitoring & evaluation, implementation and budget. Timelines from concept to approval improved over time, with the most recent project moving through the process faster, likely due to increased experience and better initial submission.

Overall progress across the portfolio has been steady; however, all the projects have experienced delays that required changes to implementation timelines, with no-cost extensions approved for each. While the Adaptation Fund Trust Fund has fully disbursed the approved grant amounts to NEMC, onward disbursement to Executing Entities reflects varying levels of implementation progress.

The projects experienced both inception and implementation delays which were mainly associated with country level administrative processes in finalizing project agreements, central governance financial management reforms which impacted the receipt and use of donor funding, and additional verification requirements introduced under the revised financial management framework. Overall ratings for the Bunda and Zanzibar projects have been satisfactory. The most recent project progress report for the Strategic Water

Harvesting Technologies for Enhancing Resilience to Climate Change in Rural Communities in Semi-Arid Areas of Tanzania (SWAHAT) project has an overall rating of marginally satisfactory due to some implementation delays but the project is considered “on track”. There were a range of highly satisfactory, satisfactory and marginally satisfactory ratings for sub-components.

CONCLUSION AND RECOMMENDATION

Based on the results of the Panel’s assessment of the application, it is concluded that NEMC continues to meet all the standards and criteria required for regular re-accreditation, the Panel recommends for the AF Board to re-accredit NEMC as a National Implementing Entity of the Adaptation Fund.