



ADAPTATION FUND

AFB/EFC.11/3  
25 March 2013

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Adaptation Fund Board  
Ethics and Finance Committee  
2-3 April, 2013

Agenda item: 7

## **ANALYSIS OF PROJECT DELAYS**

## Background

1. At its 19th meeting in December 2012, the Adaptation Fund Board (the Board), after having reviewed and approved the Adaptation Fund's (the Fund) Annual Performance Report (APR) for fiscal year (FY) 2012 (AFB/EFC,10/4), requested the secretariat to:

*"... Provide at the 11th EFC meeting an analysis of project delays and in the future include an analysis on any delays as a section in the APR ..."*

*(Decision B.19/22)*

2. Given that the Fund's portfolio is in an early phase, the discussion at the 10<sup>th</sup> EFC meeting centered on delays to project start. The secretariat has therefore prepared the following document to analyze in greater detail the time that projects/programmes have taken from the first transfer of funds to project start.

3. Each implementing entity has its own internal project cycle with different definitions for various milestones, including project start dates. Some may consider project start to be the date an implementing entity's board approves a project, others the date of first disbursement, still others the date of the signed agreement between the entity and government. Without a Fund level definition, it would be difficult to compare project start times across the portfolio. The Board therefore agreed in its 18th meeting that the start date shall be considered to be the first day of the project/programme's inception workshop (Decision B.18/29).

4. To date, the average elapsed time from first cash transfer to project start is 5.8 months. This falls within the six month target the Board set for the Fund and is an indication that the majority of the Fund's projects have not faced long delays in commencing execution.

5. The current document describes common reasons for delays to project start, provides additional information on specific delays as sent to the secretariat from implementing entities, and details the elapsed time from project approval to project start for the Fund's portfolio.

### Project Start-up Delays

6. Reasons for lengthy delays in projects start-ups are often related to country-specific reasons rather than general project design issues. Examples of issues that may cause delays include:

- (a) delays in appointing a project manager;
- (b) local elections or other changes in government;
- (c) lengthy local procedures for project approval;
- (d) political unrest or upheaval; and
- (e) delays in establishing institutional arrangements for project implementation.

7. Implementing entities can work to mitigate some of these delays by working with the government, during project design, to ensure a mutual understanding and commitment on how

to proceed once a project is approved. There are, however, many factors that are situation-specific and may be outside the control of the implementing entity.

8. In the Fund's project portfolio, specific reasons for delays to project start include<sup>1</sup>:
- (a) *IFAD, Lebanon project (Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL):* In Lebanon grants must be approved by the Council of Ministers, a mandatory procedure before any project is executed. While waiting for this process, IFAD is in parallel, discussing implementation issues and proceeding with the recruitment of project staff.
  - (b) *WFP, Mauritania (Enhancing Resilience of Communities to the Adverse Effects of Climate Change on Food Security in Mauritania):* The Mauritania project has been delayed because of the diversion of attention of the government and the WFP Country Office to the refugee and security situation in the country (a situation which does not affect people in the project area). The situation is stabilizing and WFP is aiming for an inception workshop in May 2013.
  - (c) *UNDP, Eritrea (Climate Change Adaptation Programme in Water and Agriculture in Anseba Region, Eritrea):* The Eritrea project to date experienced the longest delay from first cash transfer to project start (18.3 months). The signature of the project document by the Ministry of Finance to begin implementation was delayed due to a cross-government planning exercise that was taking place within the Government of Eritrea. All ministries within the government developed short and medium sector plans to provide the framework for projects. UNDP in a letter to the Board, dated 5 August 2011, explained that the planning exercise "will provide clear policy direction on the Government's priorities and guide partners on where to allocate their resources." The project eventually started in November 2012 and the secretariat will expect the first performance report for the project by January 2014.
9. To date, for the Fund's projects the secretariat has not seen any systemic issue causing delays in project start.

### **Fund Elapsed-Time Analysis**

10. The Board has set a target of six months from the first cash transfer to project start. Projects exceeding six months are therefore considered to have a delayed start. For all projects that have started implementation prior to March 2013, the average time from the first cash transfer to project start is 5.8 months. Table 1 provides the elapsed time from first cash transfer to start for all projects approved through 30 June 2012.

11. Out of the 23 projects, under implementation, 13 started within six months (56%), six projects started within six to eight months (26%), and only four took longer than eight months to start (17%).

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<sup>1</sup> As articulated to the secretariat by the implementing entities.

**Table 1: Elapsed Time from First Cash Transfer to Project Start (Months)**

| Country         | Sector             | NIE/ MIE | Project Approval (Date) | First cash transfer (Date) | Project Start (Date)  | Elapsed Time in Months (First Cash Transfer to Start) |
|-----------------|--------------------|----------|-------------------------|----------------------------|-----------------------|---|
| Senegal         | Coastal Management | CSE      | 9/17/2010               | 11/19/2010                 | 1/21/2011             | 2.1   |
| Solomon Islands | Food Security      | UNDP     | 3/18/2011               | 4/26/2011                  | 6/28/2011             | 2.1   |
| PNG             | DRR                | UNDP     | 3/16/2012               | 4/2/2012                   | 6/23/2012             | 2.7   |
| Jamaica         | Multi-sector       | PIOJ     | 6/28/2012               | 8/10/2012                  | 11/2/2012             | 2.7   |
| Cook Islands    | DRR                | UNDP     | 12/14/2011              | 4/2/2012                   | 7/3/2012              | 3.0   |
| Georgia         | Water Management   | UNDP     | 12/14/2011              | 4/2/2012                   | 7/4/2012              | 3.1   |
| Nicaragua       | Water Management   | UNDP     | 12/15/2010              | 3/14/2011                  | 6/21/2011             | 3.2   |
| Honduras        | Water Management   | UNDP     | 9/17/2010               | 3/8/2011                   | 6/27/2011             | 3.6   |
| Egypt           | Food Security      | WFP      | 6/28/2012               | 11/26/2012                 | 4/3/2013 <sup>2</sup> | 4.2   |
| Cambodia        | Rural Development  | UNEP     | 6/28/2012               | 10/24/2012                 | 3/5/2013              | 4.4   |
| Madagascar      | Agriculture        | UNEP     | 12/14/2011              | 6/4/2012                   | 10/25/2012            | 4.7   |
| Tanzania        | Coastal Management | UNEP     | 12/14/2011              | 6/4/2012                   | 10/30/2012            | 4.9   |
| Turkmenistan    | Water Management   | UNDP     | 6/22/2011               | 11/22/2011                 | 5/22/2012             | 6.0   |
| Mongolia        | Water Management   | UNDP     | 6/22/2011               | 11/22/2011                 | 6/5/2012              | 6.4   |
| Ecuador         | Food Security      | WFP      | 3/18/2011               | 5/12/2011                  | 11/29/2011            | 6.6   |
| Maldives        | Water Management   | UNDP     | 6/22/2011               | 11/22/2011                 | 6/20/2012             | 6.9   |
| Djibouti        | Rural Development  | UNDP     | 6/28/2012               | 8/7/2012                   | 3/12/2013             | 7.2   |
| Colombia        | DRR                | UNDP     | 6/28/2012               | 8/7/2012                   | 3/20/2013             | 7.4   |
| Pakistan        | DRR                | UNDP     | 12/15/2010              | 3/24/2011                  | 11/15/2011            | 7.7   |
| Mauritius       | Coastal Management | UNDP     | 9/16/2011               | 12/23/2011                 | 8/30/2012             | 8.2   |
| Uruguay         | Agriculture        | ANII     | 12/14/2011              | 1/25/2012                  | 10/22/2012            | 8.9   |
| Samoa           | Coastal Management | UNDP     | 12/14/2011              | 4/2/2012                   | 1/24/2013             | 9.7   |
| Eritrea         | Agriculture        | UNDP     | 3/18/2011               | 4/26/2011                  | 11/6/2012             | 18.3  |
| Lebanon         | Agriculture        | IFAD     | 6/28/2012               | 1/24/2013                  | Not started           | 2.2 (as of 3/31)                                      |
| Mauritania      | Food Security      | WFP      | 6/28/2012               | 11/26/2012                 | Not started           | 4.2 (as of 3/31)                                      |

12. For the cohort of projects under implementation, the Eritrea project implemented by UNDP is an outlier, taking a full eight months longer to start than the next longest elapsed time

<sup>2</sup> Planned date of inception workshop (Email from WFP 3/10/2012)

(Samoa at 9.7 months). If the Eritrea project were removed from consideration, the Fund's average elapsed time from first cash transfer to project start would reduce from 5.8 to 5 months.

13. The secretariat did a web search to compare how the Fund's project start-up average compares to other funds. Unfortunately, it was difficult to find comparable data on a similar indicator, either because the milestones are defined differently or other funds are not tracking this data. For example, the GEF only publishes elapsed time from project approval to CEO Endorsement (19 months average in GEF-4 2007-2010).<sup>3</sup>

14. The secretariat was able to find data from the Global Agriculture and Food Security Program (GAFSP) and the Climate Investment Funds Pilot Program for Climate Resilience (PPCR). Both programs report on elapsed time between the implementing entities' internal approval of a project and the first disbursement.

(a) For the GAFSP, out of 10 projects that have disbursed funds through the end 2012 the average time from the internal approval of the project by an implementing entity to first disbursement is 6.7 months.<sup>4</sup>

(b) For the PPCR, out of seven projects that have disbursed funds through September 2012, the average time from multilateral development bank approval (MDBs) to first disbursement is 6.9 months.<sup>5</sup>

15. While the milestone dates used by the GAFSP and PPCR are not fully comparable to that of the Fund, they do provide a general benchmark by which the Fund's progress to date can be assessed. For implementing entities that do have an internal approval process, such as UNDP, that milestone is captured in the time from first cash transfer to inception workshop. The fact that not all of the Fund's implementing entities must go through an internal approval process could potentially account for the slightly faster average to date in project start-up times.

## Conclusion

16. Overall, the Fund has not experienced extensive delays to project start. There have been a few specific issues with a small number of projects but these have all been resolved and these projects are now fully under implementation.

17. The secretariat will continue to monitor and report on elapsed time, not only for project start but also project implementation and closure. This analysis will be provided in detail through the Fund's Annual Performance Report (APR).

<sup>3</sup> *Annual Monitoring Review (AMR) FY 2012: Part I*, p. 32. The GEF project cycle differs from that of the Fund, in that project concepts are approved by the GEF Council and resources committed based on the concepts. The indicator therefore measures the time it takes from the approval of a concept to the development of a full project proposal.

<sup>4</sup> *Global Agriculture and Food Security Program: Project Implementation Report*. January 2013. (pp. 9-10)  
[http://www.gafspfund.org/sites/gafspfund.org/files/Documents/ImplementationUpdate\\_January2013\\_Final.pdf](http://www.gafspfund.org/sites/gafspfund.org/files/Documents/ImplementationUpdate_January2013_Final.pdf)

<sup>5</sup> *PPCR Semi-Annual Operational Report*. November 2012. (pp.12-13)  
[https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/PPCR\\_3\\_%20Semi\\_Annual\\_Operational\\_Report\\_2.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/PPCR_3_%20Semi_Annual_Operational_Report_2.pdf)