

## **ANNEX 7: PROJECT/PROGRAMME IMPLEMENTATION**

### **Implementing entities providing execution services**

1. In the exceptional case when implementing entities are requested by governments to provide all or part of the execution services related to the project they seek to implement, the Adaptation Fund Board (the Board) had decided (decision B.17/17.f) to cap execution costs for projects/programmes implemented and executed by the same entity at 1.5% of the project/programme cost.

2. The separation between implementing and execution services was confirmed, as a principle, by the Board (decision B.18/30), which decided that execution services will only be provided by Implementing Entities on an exceptional basis and at the written request by the recipient country, involving designated authorities in the process, and providing rationale for such a request. The responsibility for these services shall be stipulated, their budget estimated in the fully developed project/programme document, and covered by the execution costs budget of the project/programme.

### **Direct project services (DPS)**

3. While projects/programmes approved by the Board are expected to present viable implementation arrangements with differentiated roles for implementing and executing entities, respectively, sometimes such roles need to be revisited during project implementation. Direct project/programme services are services provided by the implementing entity to an executing entity by undertaking some of its execution duties on its behalf. Such services could be identified prior to project approval or during implementation, as the executing entities that are to provide those services can estimate that they are unable to do so. Such services may relate for instance to procurement and payment management.

4. The Board has requested (decision B.26/33) that execution services provided by IEs be submitted for consideration by the Board at the time of project approval, and such submissions to comply with the Board Decisions B.17/17 and B.18/30 on such services. Implementing entities are expected to clarify with partner executing entities the services that may be requested of them before submission of fully-developed project/programme documents to the Board. The RDPS shall also be submitted to the secretariat before an agreement is signed between the IE and the government or executing entity for the provision of those services.

5. In cases where a RDPS is submitted to the secretariat for a project/programme that has been already been approved by the Board, which is only possible on an exceptional basis, the IEs shall submit all the relevant justification for the RDPS explaining how the costs were established, along with a letter from the Designated Authority of the Adaptation Fund for the country(ies) of the project/programme endorsing the RDPS.

## **Material change**

6. A material change is defined by the Board (decision B.29/31) as “any cumulative total budget change at output-level between the revised budget and the original budget that involves ten per cent (10%) or more of the total budget of the project/programme”.

7. Implementing entities wishing to submit a request for a material change shall do so through the secretariat prior to the implementation of the change described in the request. Such requests for a material change should include at least:

- a revised budget at output-level with comparison to the original,
- a revised results framework with comparison to the original,
- a written clarification on the material change itself and the reasons for the material change, and
- a letter from the designated authority endorsing the material change.

8. Lastly, the existing caps on an implementing entity's fees and execution costs shall apply and shall not be exceeded due to budget changes.

## **Revision of the original target indicators for activities, outputs or outcomes**

9. Implementing Entities are requested to inform the secretariat and the designated authority of changes in project activities or associated indicators or targets, including introductions, modifications and deletions, as soon as possible (decision B.29/32).

10. For changes in project outputs, including introductions, modifications and deletions, the implementing entities should:

- (i) obtain prior approval from the Board;
- (ii) communicate such changes to the secretariat; and
- (iii) submit a letter from the designated authority endorsing such changes to the secretariat, in order to obtain such approval.

11. For changes in project outcomes, including introductions, modifications and deletions, on the understanding that such changes would only be accepted in exceptional circumstances, the implementing entities should:

- (i) obtain prior approval from the Board following a full technical review of the revised fully-developed project/programme document by the Project and Programme Review Committee;
- (ii) communicate such changes to the secretariat; and
- (iii) submit a letter from the designated authority endorsing such changes to the secretariat, for the purposes of such technical review and approval; and

12. For changes in project output or outcome indicators and/or associated targets, including modifications and deletions, on the understanding that such changes would only be accepted in exceptional circumstances and up to the submission of the first Project Performance Report for the project/programme, the implementing entities should:

- (i) obtain prior approval from the Board following a full technical review of the revised fully-developed project/programme document by the Project and Programme Review Committee;
- (ii) communicate such changes to the secretariat; and
- (iii) submit a letter from the designated authority endorsing such changes to the secretariat, for the purposes of such technical review and approval.