



Adaptation Fund Board
Ethics and Finance Committee
Thirty-fifth Meeting
Bonn, Germany

REVISION TO THE POLICY FOR PROJECT/PROGRAMME IMPLEMENTATION AND DELAYS

Strategic issues

- a) The Adaptation Fund's portfolio of projects and programmes continues to grow steadily, with several facing implementation challenges, leading to a rise in the number of requests for post-approval changes.
- b) The current policies that set out the mechanism for decision-making in respect of an approved proposal do not fully address the wide range of requests for post-approval changes arising from implementation challenges.

Purpose

1. This paper presents to the Ethics and Finance Committee (EFC) revisions to the "Policy for Project and Programme Implementation" and to the "Policy for Project and Programme Delays" in line with decision B.43/28 with the request to the EFC to recommend revision for the Board's approval.

Recommendation Decision

2. The Ethics and Finance Committee, having considered document AFB/EFC.35/5, refers to its decision B.43/28 requesting the secretariat to propose revisions to the Policy for Project Implementation, as set out in annex 7 to the Operational Policies and Guidelines and to the Policy for Project/Programme Delays, as well as an action plan for implementation, and recommends to the Board the following decisions:
 - (a) Approve the Adaptation Fund's Policy for Project/Program Implementation, as contained in document AFB/EFC.35/5;
 - (b) Approve the Adaptation Fund's Policy for Project/Program Delays, as contained in document AFB/EFC.35/5; and
 - (c) Request the Secretariat to implement the action plan to facilitate the dissemination and understanding of the policy changes among all implementing entities.

Background

3. The Board first approved the Policy for Project and Programme Implementation (Annex 7 to the Operational Policies and Guidelines) and the Policy for Project and Programme Delays at its thirtieth meeting in October 2017 (Decision B.30/39). The latter policy was last updated in October 2019 during the Board's thirty-fourth meeting (Decision B.34/45).

4. As the Fund’s portfolio grew in volume and complexity, so did the volume of requests from Implementing Entities (IEs) for post approval changes. To provide the Board with a comprehensive overview of the nature, trends, and complexity of these requests, the secretariat conducted an analysis of all requests received since the Fund’s operationalization. Upon consideration, the Board requested the secretariat to prepare a gap analysis of the current policies pertaining to project post-approval requests for changes and propose options to address those gaps (Decision B.42/49).
5. The gap analysis was presented at the Board’s forty-third meeting, and the Board requested the secretariat to propose revisions to the Policy for Project Implementation¹, as outlined in Annex 7 of the Operational Policies and Guidelines (OPG), and the Policy for Project/Programme Delays². The full decision is as below:

Having considered the recommendation of the Ethics and Finance Committee, the Board took note of the review and analysis conducted by the secretariat, as contained in document AFB/EFC.34/8 and decided:

- (a) To endorse the approach outlined in option 3, contained in document AFB/EFC.34/8, including the delegation of approval of minor changes to projects and programs to the secretariat;
- (b) To request the secretariat to propose, for the consideration of the EFC at its thirty-fifth meeting and taking into consideration the discussion at the thirty-fourth meeting of the EFC;
 - (i) Revisions to the Policy for Project Implementation, as set out in annex 7 to the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (AFB/EFC.21/5), and to the Policy for Project/Programme Delays (AFB/B.34-35/6);
 - (ii) An action plan for the implementation of the present decision.

(Decision B.43/28)³.

6. In response, the secretariat has conducted a thorough review of the existing policies and proposed amendments to broaden their scope, covering the full range of requests for post-approval change. These amendments aim to improve clarity, streamline processes, and ensure consistency in addressing such requests.
7. The proposed amendments build upon document AFB/EFC.34/8 titled “Project Post Approval Policies Gap Assessment and Options for Policies Amendments” which incorporated the views and recommendations of IEs regarding the gaps in the policies and potential solutions to address them. The proposed amendments are annexed to this document for the Board’s consideration.

Summary of revision to the policies and proposed action plan

8. The proposed amendments provide greater clarity on the decision-making processes for post approval change requests, specifying the applicable funding windows, approval requirements, and delegated functions to the secretariat. The proposed amendments cover budget reallocations, modification to

¹ <https://www.adaptation-fund.org/document/opg-annex-7-projectprogramme-implementation/>

² <https://www.adaptation-fund.org/wp-content/uploads/2020/01/AFB-34-35.6-DRAFT-Updated-Policy-for-Project-and-Programme-Delays-2.pdf>

³ <https://www.adaptation-fund.org/wp-content/uploads/2024/10/FINAL-Board-Decisions-AFB43-October-2024-002.pdf>

results framework, changes to implementation arrangement, revisions in disbursement schedules, project target site adjustments, and revised criteria for determining a significant inception delay.

9. To ensure the effective rollout and application of these amendments, the secretariat proposes a structured action plan, also annexed to this document. This plan includes a series of activities designed to facilitate the dissemination and understanding of the policy changes among all IEs.
10. Tables I and II below provide a summary of the changes made to the Policy for Project and Programme Implementation (Annex 7 of the Operational Policies and Guidelines) and the Policy for Project and Programme Delays (updated in October 2019). They outline the various sections of the policies, the specific revisions made, and the rationale behind each change. Additionally, the tables indicate whether the revisions were approved or envisaged under Decision B.43/28, which mandated these updates.

Table I: Policy for Project and Programme Implementation (Annex 7 of the Operational Policies and Guidelines)

| Section | Revisions and rationale | Previous Board decision supporting such revision |
|--|---|---|
| Title of the policy | The title was revised from " <i>OPG Annex 7: Project/Programme Implementation</i> " to " <i>Policy on Project/Programme Post-Approval Requests for Changes</i> " (<i>Amended in April 2025</i>) to better reflect the policy's purpose and scope. | The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28. |
| Introduction | The original policy lacked an introductory section outlining its objective, scope, and applicability. The revision now includes an introduction that clarifies the policy's objective, its coverage (focused on post-approval decision-making), and the applicable funding windows. | The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28. |
| Requests for direct project/programme services | This section merges two previously separate but related parts, to provide clearer and more coherent guidance. Namely: 1) Implementing Entities Providing Execution Services and 2) Direct Project Services (DPS). It introduces a clear definition of direct services, outlines the request process, required documentation, and decision-making steps. A new requirement for a letter from the Executing Entity (EE) has been added, in addition to the existing letters from the Implementing Entity (IE) and Designated Authority (DA). A letter from the EE would affirm that the IE has been requested by the EE to provide DPS. | The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28. |

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| <p>Requests for budget reallocation (material and minor changes)</p> | <p>The title of this section has been revised from “material change” to “request for budget reallocation (material and minor changes)” to better reflect the intent and purpose of the policy. The threshold for material change has been raised from 10% to 20% of a cumulative output-level budget reallocation. It also introduces the concept of “minor changes” for output-level budget reallocations below 20%. The revision clearly indicates that material changes require Board approval while minor changes require just secretariat clearance.</p> <p>Furthermore, the new policy provides clearer guidance on calculating cumulative reallocations, including implementing entity (IE) fees and executing entity (EE) costs, and recommends the use of a standardized calculator tool to enhance consistency. Overall, the update improves transparency, efficiency, and procedural differentiation between minor and significant budget modifications.</p> | <p>The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28.</p> |
| <p>Requests for revising project/programme results frameworks</p> | <p>The title of this section has been revised from “Revision of the original target indicators for activities, outputs or outcomes” to “Requests for revising project/programme results frameworks” to align with the funding proposal template.</p> <p>In the previous version of the policy, any modification at the output level—including changes to targets and indicators—required a full technical review of the project, regardless of whether the revisions were substantial or minor. The revised policy introduces a clearer distinction between major and minor revisions, enabling a more proportionate level of oversight based on the nature and impact of the changes. Minor revisions can now be reviewed and cleared by the secretariat, easing administrative processes and supporting more agile portfolio management. Meanwhile, major revisions, generally defined as changes to the results framework that involve 20% or more of the total budget or significantly affect the expected</p> | <p>The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28.</p> |

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| | <p>outcomes, will continue to require a full technical review and Board approval.</p> <p>Additionally, the revision includes the process and documents required for initiating a request for changes to results framework</p> | |
| Requests for revising project/programme disbursement schedules | <p>This is a newly introduced section. The previous policy lacked guidance on revisions to disbursement schedules, despite recurring requests to that effect. This revision addresses that gap by providing a structured approach for submitting such requests</p> | <p>The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28.</p> |
| Requests for changes in project/programme target sites | <p>This is a new section, which addresses frequent requests to change approved project sites, which were not covered under the previous policy. The revision provides clarity and procedural guidance for handling such requests.</p> | <p>The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28.</p> |
| Requests for changes in implementation arrangements | <p>This is a new section which offers guidance on requests for changes in implementation arrangements. While such requests have become common, the previous policy did not provide a framework for reviewing or approving them. The revised policy fills that gap.</p> | <p>The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28.</p> |
| General summary | <p>The current version of the policy consists of only four sections as follows:</p> <ol style="list-style-type: none"> 1. Implementing entities providing execution services 2. Direct project services (DPS) 3. Material change 4. Revision of the original target indicators for activities, outputs or outcomes. <p>The revised policy expands and restructures the content into seven sections:</p> <ol style="list-style-type: none"> 1. Introduction 2. Requests for Direct Project/Programme Services (merging the original Sections 1 and 2) 3. Requests for Budget Reallocation (Material and Minor Changes) 4. Requests for Revising Project/Programme Results Frameworks 5. Requests for Revising Disbursement Schedules | |

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| | <p>6. Requests for Changes in Target Sites 7. Requests for Changes in Implementation Arrangements.</p> <p>The revision addresses existing gaps, and streamlines post-approval change request and decision making processes.</p> | |
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Table II: Policy for Project and Programme Delays

| Section | Revisions and rationale | Previous Board decision supporting such revision |
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| Title of the policy | No changes made to the title | |
| Introduction | The introduction of the current version of the policy lacks clarity on scope and applicability. The revised version clearly defines the scope of delays covered, which includes legal agreement signing, project start dates, inception delays, performance reporting, and project completion timeline. It also explicitly outlines the applicable funding windows. These improvements enhance clarity, streamline decision-making, and ensure consistent application of procedures across different project types and delay scenarios. | The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28. |
| Project start/inception dates | The current policy version had a subsection as “project start” which has now revised to “project start/inception date” to provide clarity on the intend of the subsection. The current version did not cover learning grants which are included in the revised version. | The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28. |
| Notification of project/programme start/inception | Though this subsection is new it does not have new content. This subsection was carved out of the preceding section on project inception date to ensure clarity. | The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28. |
| Project start/inception delays and request for extension | While the current version of the policy provided basic guidance and timelines for notifying delays, the revised version establishes defined procedures, timelines, and thresholds for requesting extensions, including criteria for review, maximum allowable extension periods, and clear distinctions between minor delays and “significant delays”. It introduces stricter requirements (e.g., updated assessments, | The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28. |

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| | revised implementation plans) for postponement of project inception beyond 18 months. For Project Formulation Grants (PFGs) and readiness grants, the policy maintains the 12-month extension ceiling but clarifies documentation and reporting expectations. | |
| Reporting on project/programme performance | The revised version introduces an enforceable compliance mechanism where implementing entities (IEs) that fail to submit all required reports within 12 months of their due date become temporarily ineligible to apply for new funding, adding greater accountability to reporting obligations. | The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28. |
| No cost extension of project and programme completion timeline | While the current version of the policy allows for project completion extensions, the process lacked clear thresholds and timelines. The revised version formalizes the procedure, indicating that extensions up to 18 months can now be cleared by the secretariat, while longer delays require Board approval. | The revisions follow Option 3 of document AFB.EFC.34/8 endorsed through decision B.43/28. |
| General summary | <p>The current version of the policy is organized into six subsections:</p> <ol style="list-style-type: none"> 1. Signing of legal agreement 2. Project start 3. Reporting on project/programme performance 4. Performance reports for concrete adaptation projects/programmes 5. Project monitoring reports for projects implemented through readiness grants 6. Project completion <p>The revised version expands and reorganizes the content into two sections and six updated subsections:</p> <ol style="list-style-type: none"> I. Project pre-inception stage <ol style="list-style-type: none"> 1. Signing of legal agreement 2. Project start/inception dates 3. Notification of project/programme start/inception 4. Project start/inception delays and requests for extension | |

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| | II. Project implementation stage 5. Reporting on project/programme performance 6. No-cost extension of project/programme completion timeline | |
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11. Annex A presents as appendix I the proposed amendments to the Policy for Project and Programme Implementation and as appendix II the proposed amendments to the Policy for Project/Programme Delays. Annex B presents the same appendices in tracked mode so the Board can see proposed edits to the policies. Annex C presents a proposed action plan for the implementation of the amendments to the policies. Annex D presents templates to be used by IEs to raise post-approval requests for changes.

Annex A

Appendix I: Proposed Amended Policy on Project Post-Approval Requests for Changes in Projects/Programmes

Introduction

1. To ensure resources are used effectively and align with stated objectives, the Adaptation Fund Board (the Board) has approved the Policy on Project Post-Approval Requests for Changes. The policy aims to facilitate the efficient implementation of projects/programmes while allowing for necessary revisions or changes in response to evolving circumstance after the projects/programmes are approved.
2. The policy provides a framework within which Implementing Entities (IEs) may raise requests to make changes to the originally approved project/programme document and related grant agreements to accommodate issues arising after Board approval. The policy applies to the following types of grants:
 - Action: Regular projects and programmes and Locally Led Adaptation (LLA) projects and programmes.
 - Innovation: Large innovation projects and programmes, small innovation grants and Adaptation Fund Climate Innovation Accelerator (AFCIA) programmes.
 - Learning and sharing: Learning Grants, including Learning-Innovation Bundled Grants.
 - Readiness: Project Scale-up, Readiness Package, Technical Assistance Grants for the Environment and Social Policy, and Gender Policy, and Technical Assistance Grants for the Gender Policy.
3. Post-approval requests for changes in projects/programmes should not be considered endorsed until formally approved by the Board and/or cleared by the secretariat, as applicable.
4. For those requests requiring Board approval, the secretariat will prepare the relevant documents assessing the request for change upon receipt of the required documents from the IE. These requests will be submitted to the Board for its consideration either intersessionally or at the Board meetings, as appropriate.

Requests for direct project/programme services

5. Direct project/programme services refer to services carried out by IEs on behalf of an Executing Entity (EE). They may relate for instance to procurement and payment management and may be identified either prior to project/programme approval or after approval (prior to the start of the project or during implementation).
6. The Board confirmed the separation between implementing and execution services as a key principle and decided (decision B.18/30) that execution services will only be provided by IEs on an exceptional basis, upon receipt of both a written request from the IEs providing rationale for the provision of direct services, and a letter from the designated authority(ies) endorsing such a request.
7. The Board has decided (decision B.17/17, subparagraph (f)) to cap execution costs for projects/programmes implemented and executed by the same entity at 1.5% of the project/programme cost. Regardless of being submitted prior or after project/programme approval, requests for direct project

services shall 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.

8. Projects and programmes approved by the Board shall, at the time of approval, present a viable implementation framework delineating the respective roles and responsibilities of IEs and EEs. Notwithstanding, circumstances may arise during implementation that necessitate a reassessment and potential revision of such roles.

9. Request for direct project/programme services submitted to the secretariat after Board approval of a project (either prior to the start of the project or during implementation of the project) will only be considered under exceptional circumstances and shall require Board approval.

10. Any IE wishing to submit requests for direct project services after Board approval must submit the following as part of the request, at minimum:

- (i) A letter from the IE justifying the request for direct project services and explaining how the costs associated with direct project services were established and detailing how they will be covered from the project execution cost;
- (ii) A letter from the Executing entity(ies) confirming that it has requested the IE to provide such direct project services;
- (iii) A letter from the designated authority(ies) endorsing the request for direct project services.

11. Requests for provision of direct project services shall be reviewed and cleared by the secretariat.

Requests for budget reallocation (material and minor changes)

12. A material change is defined as any cumulative total budget modification at the output level where the variance between the revised budget and the original budget amounts to twenty percent (20%) or more of the total project or programme budget.

13. Any budget reallocation request that results in a cumulative change of less than twenty percent (20%) at the output level is considered a minor change and does not constitute a material change under this policy.

14. In determining whether a proposed budget reallocation constitutes a "material change" or a "minor change," the IE shall calculate the cumulative sum of all reallocations at the output level in absolute terms, inclusive of the IE fee and EE costs. This total shall then be divided by the overall approved budget of the project or programme. It's recommended for Implementing Entities to use the budget reallocation [calculator tool](#) available online for accuracy and consistency in calculations.

15. An Implementing Entity requesting a budget reallocation shall submit a formal request to the secretariat for consideration. The request must include the following:

- (i) A revised budget at output level, presented in comparison to the original budget, including the output-level budget variance;
- (ii) A revised project/programme results framework, if applicable, with all modifications

- clearly indicated using track changes for comparison with the original framework;
- (iii) A letter from the IE detailing the material change and the reasons for its necessity; and
- (iv) A letter from the designated authority(ies) endorsing the material change.

16. The approved implementing entity fees and executing entity costs shall apply and shall not be exceeded due to budget reallocation.

17. Requests for budget reallocations less than twenty percent (20%) at the output level ('a minor change') will be reviewed and cleared by the secretariat, whereas any reallocation exceeding this threshold ('a material change') shall require approval from the Board.

Requests for revising project/programme results frameworks

18. Implementing Entities shall promptly inform the secretariat and the Designated Authority(ies) of any intended changes to the project/programme results framework. These changes may be classified as either major or minor revisions.

19. A major revision to the project/programme results framework refers to a change in the scope of the project/programme that results in a significant deviation from the project/programme expected adaptation outcomes or goals. While the classification of a revision as major or minor is based on the secretariat's assessment of the specific circumstances and nature of the project or programme, revisions are generally considered major when they involve changes of 20% or more of the total project or programme budget.

20. Major revisions shall require Board approval and may necessitate a comprehensive technical review of the revised fully developed project/programme document by the Project and Programme Review Committee.

21. The secretariat will review and clear all minor revisions to the results framework.

22. When requesting either a major or minor revisions to the results framework IEs must submit the following documents to the secretariat:

- (i) A revised fully developed project/programme document in track changes, reflecting all modifications induced by the proposed revisions in project/programme results frameworks throughout the project/programme document;
- (ii) A letter from the IE providing background information and an explanation on the proposed revisions, including details on updated Environmental and Social Policy (ESP) and Gender Policy (GP) screenings, as well as outcomes of the consultative processes, whenever relevant;
- (iii) A letter from the Designated Authority(ies) endorsing the proposed revision(s) in project/programme results framework.

23. Upon receipt of the request for the revisions to the project/programme results framework and the required documents, the secretariat will clear the proposed minor revisions or in the case of major revisions, prepare its assessment on the IEs' request for a major revision of the project/programme results framework and submit it to the Board for consideration.

24. Any changes at project activity level, or associated indicators or targets, including introductions, modifications and deletions, which do not impact the project/programme results framework, are categorized as minor revision, for which IEs are requested to inform the secretariat through the Project Performance Report (PPR).

Requests for revising project/programme disbursement schedules

25. Implementing Entities wishing to revise project/programme disbursement schedule shall submit their request to the secretariat and shall not implement the proposed change before the clearance by the secretariat and/or the Board's approval. The request shall include the following:

- (i) A revised fully developed project/programme document in track changes, reflecting all changes induced by the proposed revisions in disbursement schedule, including in Part III.G (detailed budget) and Part III.H (disbursement schedule) of the proposal template;
- (ii) A letter from the IE providing background information and an explanation on the proposed revision, using the template available as an annex to this policy;
- (iii) A letter from the designated authority(ies) endorsing the revision of project/programme disbursement schedule.

26. Upon receipt of the required documents, the secretariat will consider and clear the revision in the disbursement schedule. Once cleared by the secretariat, the revision of the project/programme disbursement schedule will trigger the process of amending the project/programme agreement signed between the Board and the IE.

Requests for changes in project/programme target sites

27. During project implementation the IE may request a change in the originally approved project site for several reasons. There could be exceptional circumstances that the originally approved project site would need to be changed. For instance, the risks that the project aimed to address at the original site may have significantly changed, rendering the initial location unsuitable for the project's objectives. Other factors, such as logistical challenges, may necessitate a relocation to ensure the project's successful implementation and alignment with its goals.

28. An entity wishing to change project/programme target sites must submit their request to the secretariat and should not implement the proposed change before the secretariate's clearance or Board's approval. The request shall include the following:

- (i) A revised fully-developed project/programme document in track changes, reflecting all changes induced by the proposed revisions in target sites, including the consultations carried out in the context of the intended change in target sites in Part II.H, revised ESP impacts and risks identified in Part II.K, related Environmental and Social Management

Plan, and measures for risk management in Part III.C, of the proposal template, as applicable;

- (ii) A letter from the IE providing background information and an explanation on the proposed change in target sites;
- (iii) A letter from the designated authority(ies) endorsing the change in target sites.

29. Upon receipt of the required documents, the secretariat will consider if the changes constitute a major or minor revision. Should the changes constitute a major revision the secretariat will present a request for revision in target sites to the Board for consideration and approval.

Requests for changes in implementation arrangements

30. The implementation arrangement constitutes the institutional framework for executing a project or programme as approved in the project proposal. All approved projects and programmes shall adhere to the arrangement established at the time of approval. Typically, the IE maintains fiduciary oversight, monitoring, and compliance, while the EE is responsible for day-to-day project execution. Any revision to the approved implementation arrangement, including changes to the EE(s), shall be subject to this policy.

31. An IE wishing to revise the project/programme implementation arrangement, shall submit a formal request to the secretariat and shall not implement any such proposed changes before the secretariat's clearance and/or the Board's approval. The request shall include the following:

- (i) A revised fully developed project/programme document in track changes, reflecting all changes induced by the proposed revisions in implementation arrangements, including in Part III.A;
- (ii) A letter from the IE providing background information and an explanation on the proposed changes in implementation arrangements, using the template available as an annex to this policy;
- (iii) A letter from the designated authority(ies) endorsing the change in implementation arrangements.

32. Should the change in implementation arrangements require the replacement of the EE or the addition of a new one, this would require Board approval. Upon the Board's approval, the project legal agreement signed between the IE and the Board will be amended accordingly.

33. Pursuant to the provisions set forth herein, the table below delineates the post-approval change requests within the secretariat's delegated authority and those requiring Board approval. Notwithstanding the delegated authority, the secretariat may bring requests to the Board for its consideration for guidance and approval.

Table 1: Summary of types of post-approval changes and decision process making process

| Authorized to clear/ approve post approval request | Type of post-approval request |
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| Secretariat | <ul style="list-style-type: none"> i. Minor changes (e.g., revisions to the project results framework). ii. Project budget reallocations which are not material (less than 20%). |

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| | <ul style="list-style-type: none"> iii. Minor changes to implementation arrangements. iv. Requests for direct project/programme services. v. Revisions to project disbursement schedule. |
| Board | <ul style="list-style-type: none"> i. Major changes (e.g., revisions to the project results framework). ii. Project budget reallocations which are material (equal or more than 20%). iii. Changes to the project site, requiring an update environmental and social risk screening iv. Major changes to implementation arrangement. |

Annex A

Appendix II: Proposed Amended Policy for Project/Programme Delays

I. Introduction

1. This policy on project/programme delays (hereafter referred to as "the Policy") sets forth the procedures for decision-making for an approved project/programme, with respect to one or more of the following issues:

- Signing of legal agreement
- Project start/inception dates
- Notification of project/programme start/inception
- Project start/inception delays and request for extension
- Reporting on project/programme performance
- No cost extension of project and programme completion timeline

2. The policy applies to the following grants:

- Action: Regular projects and programmes and Locally Led Adaptation (LLA) projects and programmes.
- Innovation: Large innovation projects and programmes, Small innovation grants and Adaptation Fund Climate Innovation Accelerator (AFCIA) programmes.
- Learning and sharing: Learning Grants, including Learning-Innovation bundled Grants.
- Readiness: Project Scale-up, Readiness Package, Technical Assistance Grants for the Environment and Social Policy, and Gender Policy, and Technical Assistance Grants for the Gender Policy.

II. Project Pre-inception Stage

a) Signing of legal agreement

3. The first milestone for a project/programme comes after the Adaptation Fund Board (the Board) approval, with the signing of the legal agreement between the Board and the implementing entity. The Board established a standard of a maximum time lag of four months from the date at which the Board notifies an implementing entity of a project/programme approval, and the signing of the legal agreement. The Operational Policies and Guidelines specify:

"If an implementing entity does not sign the standard legal agreement within four (4) months from the date of notification of the approval of the project/programme proposal, the funds committed for that project/programme will be cancelled and retained in the Trust Fund for new commitments (OPG para 58)."

b) Project start/inception dates

4. The Board has set a target of six (6) months from the first cash transfer⁴ to project/programme start⁵. Each implementing entity has its own internal project cycle with different definitions for various milestones, including project start dates.

⁴ This would be the first cash transfer from the Trustee of the Adaptation Fund to the implementing entity

⁵ Established through the *Annual Performance Report* as part of the Fund level management effectiveness and efficiency indicators

5. For single/regional projects/programmes the Board decided to define the start date the first day of the project/programme's inception workshop (Decision B.18/29).
6. Learning grants and the bundled learning-innovation grants are aligned with concrete adaptation projects/programmes in terms of when they start.
7. For project formulation grants (PFGs) project start should be considered to be the date of first disbursement towards an activity related to the grant.
8. For projects implemented through readiness grants for technical assistance, project start⁶ is considered to be the date when the first contract between the implementing entity and a consultant or service provider was signed, or the date when the first disbursement towards an activity related to the grant was made, whichever occurs first.
9. For projects implemented through Readiness Package grants, project start is considered to be the date of the project inception meeting held by the implementing entity with the recipient of peer support.
10. For learning grants, the date of first disbursement by the implementing entity towards an activity related to the grant is considered the start date of the project⁷.

c) Notification of project/programme start/inception

11. The IE must notify the Board the start of a project/programme (single-country, regional project/programme, learning grants, and bundled learning-innovation grants) by submitting the inception workshop report to the Secretariat.
12. For the PFG, the IE must submit a notification of project start to the secretariat, using the template in Annex C to this document within one month after the project start date.
13. For readiness projects for technical assistance grants, scale-up grants and readiness package grants, the IE must send a notification of project start to the secretariat using the approved template, within one month after the project start date.

d) Project start/inception delays and request for extension

14. For all projects/programmes financed by the Fund, implementing entities should mitigate delays by working with the government, during project/programme design, to ensure a mutual understanding and commitment on how to proceed once a project/programme is approved. There are, however, many situation-specific factors that may be beyond the control of the implementing entity. Approved project and programmes are therefore expected to start within six (6) months from the date of the first transfer of the Fund's grant, which is defined as the 'original inception target date'.
15. If a project/programme is not expected to start within six (6) months of the first cash transfer, the implementing entity must send a request for extension of project inception date to the secretariat within six (6) months after the first cash transfer. Such request shall include an explanation of the delay and an estimated start date using the form in Annex D to this document (Decision B.34/45). The implementing entity must also notify the Designated Authority (DA) with an explanation of the delay and an estimated start date.
16. Any request for an extension of project inception date which includes request for project

⁶ Project start is the same as project inception and the terms can be used interchangeably

⁷ https://www.adaptation-fund.org/wp-content/uploads/2019/03/AFB.B.33.5.-Arrangements-for-monitoring-and-reporting-criteria-for-learning-grants_FINAL.pdf

restructuring, disbursement schedule changes or other major changes in the project design and implementation shall be submitted following the process and requirements set out in the Policy for Project/Programme Implementation (OPG Annex 7).

17. All requests for extension of project/programme inception date are processed based on the following criteria:

- (i) When IE expects that it cannot start the project within the 'original inception target date' defined as six (6) months from the date of the first transfer of the Fund's grant to the IE, the IE shall submit a request for an extension of inception date to the secretariat.
- (ii) The request for extension of inception date should be justified and include a proposed plan for improvement of the overall project implementation.
- (iii) The extension of inception date cannot exceed a maximum period of 12 months from the 'original inception target date'.
- (iv) Request for extension of inception date up to 12 months from the 'original inception target date' will be considered and cleared by the secretariat. An additional request for extension of inception date for up to six (6) months may be granted only under exceptional circumstances through Board approval.
- (v) Any further extension request, beyond the total of 18 months of inception date extensions granted, constitutes a 'significant delay.' A request for a 'significant delay' may be considered, if the IE, conducts and submit additional baseline studies, stakeholder consultations, environmental impact assessments, and/or any other assessments, as determined by the Secretariat. The IE shall also provide a revised project implementation plan. For extension request for a significant delay, the secretariat will conduct a comprehensive technical review and provide recommendations for the Board's approval.

18. If the Board does not approve the IE's request the for extension of project inception date for a 'significant delay' as defined in paragraph 16 (v), the IE may work to mitigate the 'significant delay' or withdraw from/terminate the concerned project or programme which must be consulted with the Designated Authority(ies) in advance.

19. When the Board decides to not approve the IE's request for project inception date for a 'significant delay,' the IE must communicate its decision on whether or not to proceed with implementing the originally approved project/programme within 120 calendar days from the date of the notification of the Board decision. Otherwise, it will be deemed that the IE has decided to withdraw from/terminate the project, and the Board, through the secretariat, will notify the termination of the project to the IE, the Designated Authority(ies) and the trustee. Upon such notification, the IE shall promptly refund to the AF Trust Fund, through the Trustee, any unused portion of the Grant, including any net investment income earned therefrom.

III. Project Implementation Stage

a) Reporting on project/programme performance

20. The secretariat will report to the Board through the Annual Performance Report (APR) on any

project/programme start delays⁸.

21. For projects/programmes funded by the Fund, an implementing entity is required to submit a project/programme performance report (PPR) on an annual basis to the Ethics and Finance Committee (EFC) through the secretariat⁹.

22. The PPR shall be submitted on a yearly basis one (1) year after the project inception and no later than two months after the end of the reporting year of each project. However, the last PPR can be submitted within six (6) months after project/programme completion. This last report will be considered the project/programme completion report¹⁰. Once the PPR is submitted, the secretariat reviews the report and upon its clearance, requests the Chair of the Board to authorize the transfer of additional funds as per the disbursement schedule of the project/programme (Decision B.16/21).

23. Delays in the submission of complete PPRs will result in delays in the Fund's transfer of subsequent funding tranches to the project/programme.

24. For readiness grants projects funded by the Fund, the IE is required to submit a project monitoring report to the Board through the secretariat (Decision B.29/42) no later than six (6) months from the project start date,¹¹ and every six (6) months thereafter from the date of the previous monitoring report.

25. Upon completion of projects approved by the Board, the IE shall submit all reports as required under the legal agreement for the project signed between the IE and the Board. If an IE does not submit the requested reports within 12 months after their due date will become non-eligible to apply for funding from the Board. The non-eligibility can be lifted once the reports are submitted to and cleared by the.

b) No cost extension of project and programme completion timeline

26. For all projects funded by the Fund, indicative project/programme completion time must be included in project/programme proposals for funding. These are usually general estimates and expected completion dates will depend on when a project/programme starts implementation.

27. If there are any delays in project/programme implementation, these shall be reported through the PPR.

28. If the IE anticipates any delay in the project completion date, the IE must submit a request for extension using the appropriate template annexed to this document. The request for extension should be submitted as soon as the IE becomes aware that there are obstacles to closing the

⁸ Whilst the secretariat may alert the Board to any delays outside of the APR and the project monitoring report, it should be noted that for concrete adaptation projects/programmes, implementing entities must provide an update at least once a year on project/programme status through the PPR, and for projects implemented through readiness grants, must provide an update at least twice a year on project status through the project monitoring report.

⁹ An annual report is the minimum requirement. There may be cases where the Board requests more frequent reporting or additional reports, as for example through requirements linked to the accreditation of an implementing entity.

¹⁰ The standard legal agreement requires a project/programme completion report: "including any specific [Project]/[Programme] implementation information, as reasonably requested by the Board through the Secretariat, within six (6) months after

¹¹ The project start date is the date when the contract between the Implementing Entity and the Consultant is signed, or the date when the first disbursement towards an activity related to the grant is made, whichever occurs first.

project/programme on time, and no later than six (6) months before the expected project/programme completion date. Project/programme completion date extensions of up to 18 months will be reviewed and cleared by the secretariat, while those of more than 18 months will require Board's consideration and approval.

29. The IE's request for a project/programme completion date extension should include reasons and justifications for the extension, and the DA must be notified of an extension request. However, the request shall not involve: (i) any request for additional fund; (ii) any change in the originally approved scope of the project/programme.

30. For the PFG, if the IE does not submit a full project/programme proposal to the Board within 12 months after disbursement of the PFG, the IE shall submit a request for completion date extension, including a revised completion date, the reasons why the IE could not submit a full proposal to the Board 12 months after PFG disbursement (Decision B.12/28). The request should be submitted to the secretariat using the notification of delay template annexed to this document, no less than two months before the project completion date that was communicated by the IE to the secretariat in the notification of project start.

31. An IE may request for extension of PFG completion date of up to 12 months 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 implementing entity should also notify the DA. The implementing entity should submit requests for additional time beyond 12 months for approval by the Board and such requests may only be granted under exceptional circumstances.

32. For readiness grants projects, the IE should indicate revised project start and project completion dates in the notification of project start and submit it to the secretariat. The dates specified in the project start notification will be used for tracking the project's progress.

33. The IE shall report any delays in the completion of readiness grants projects through the project monitoring report (Decision B.29/42), providing justification for the delays and the proposed new completion dates. No request for completion date extension is needed.

Table 1: Summary of types of post-approval changes and decision process making process

| Authorized to clear/ approve | Type of post-approval request |
|---|---|
| Secretariat | All project inception delays up to 12 months, provided that such delay would not lead/imply a major project change. |
| | All annual project performance reports (PPR) |
| | Requests for no-cost extension of project completion date up to 18 months |
| Board | Inception delays more than 12 months including any other delays that lead/implies a major project change |
| | No-cost extension of project completion date more than 18 months |

Annex B

Appendix I: **Proposed Policy on Project Post-Approval Requests for Changes in Projects/Programmes**

PROJECT/PROGRAMME IMPLEMENTATION

I.—Introduction

1. To ensure resources are used effectively and align with stated objectives, the Adaptation Fund Board (the Board) has approved the Policy on Project Post-Approval Requests for Changes. The policy aims to facilitate the efficient implementation of projects/programmes while allowing for necessary revisions or changes in response to evolving circumstance after the projects/programmes are approved.

2. The policy provides a framework through which Implementing Entities (IEs) may raise requests to make changes to the originally approved project/programme document and related grant agreements to accommodate issues arising after Board approval. The policy applies to the following types of grants:

- Action: Regular projects and programmes and Locally Led Adaptation (LLA) projects and programmes.
- Innovation: Large innovation projects and programmes, Small innovation grants and Adaptation Fund Climate Innovation Accelerator (AFCIA) programmes.
- Learning and sharing: Learning Grants, including Learning-Innovation Bundled Grants.
- Readiness: Project Scale-up, Readiness Package, Technical Assistance Grants for the Environment and Social Policy, and Gender Policy, and Technical Assistance Grants for the Gender Policy.

3. Post-approval requests for changes in projects/programmes should not be considered endorsed until formally cleared by the secretariat and/or approved by the Board, as applicable.

4. For those requests requiring Board approval, the secretariat will prepare the relevant documents assessing the request for change upon receipt of the required documents from the IE. These requests will be submitted to the Board for its consideration either inter-sessionally or at the Board meetings, as appropriate.

Requests for direct project/programme services

Implementing entities providing execution services

5. Direct project/programme services refer to services carried out by IEs on behalf of an Executing Entity (EE). They may relate for instance to procurement and payment management and may be identified either prior to project/programme approval or after approval (prior to the start of the project or during implementation).

6. The Board confirmed the separation between implementing and execution services as a key principle and decided (decision B.18/30) that execution services will only be provided by IEs on an exceptional basis, upon receipt of both a written request from the IEs providing rationale for the provision of direct services, and a letter from the designated authority(ies) endorsing such a request.

4.7. The Board has decided (decision B.17/17, subparagraph (.f)) to cap execution costs for projects/programmes implemented and executed by the same entity at 1.5% of the project/programme cost. Regardless of being submitted prior or after project/programme approval, requests for direct project services shall 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.

8. Projects and programmes approved by the Board shall, at the time of approval, present a viable implementation framework delineating the respective roles and responsibilities of IEs and EEs). Notwithstanding, circumstances may arise during implementation that necessitate a reassessment and potential revision of such roles.

9. Request for direct project/programme services submitted to the secretariat after Board approval of a project (either prior to the start of the project or during implementation of the project) will only be considered under exceptional circumstances and shall require Board approval.

2-10. Any IE wishing to submit requests for direct project services after Board approval- must submit the following as part of the request, at minimum:

- (iv) A letter from the IE justifying the request for direct project services and explaining how the costs associated with direct project services were established and detailing how they will be covered from the project execution cost;
- (v) A letter from the Executing entity(ies) confirming that it has requested the IE to provide such direct project services;
- (vi) A letter from the designated authority(ies) endorsing the request for direct project services.

11. Requests for provision of direct project services shall be reviewed and cleared by the secretariat.

~~While projects/programmes approved by the Board are expected to present viable implementation arrangements with differentiated roles for implementing and executing entities, sometimes such roles need to be revisited during implementation.~~

~~3. 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.~~

~~5. 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.~~

~~6.~~

Requests for budget reallocation (material and minor changes)

Material change

12. A material change is defined as any cumulative total budget modification at the output level where the variance between the revised budget and the original budget amounts to twenty percent (20%) or more of the total project or programme budget.

13. Any budget reallocation request that results in a cumulative change of less than twenty percent (20%) at the output level is considered a minor change and does not constitute a material change under this policy.

Through decision B.29/31, the Board defined a material change as “any cumulative total budget change at output-level between the revised budget and the original budget that involves cent (20%) of the total budget of the project/programme”, where output refers to a product, capital good and service which results from projects/programmes interventions. . All budget reallocation request less than 20% at output level constitute a minor change.

~~7.14.~~ In determining whether a proposed budget reallocation constitutes a "material change" or a "minor change,"; the IEs shall calculate the cumulative sum of all reallocations at the output level in absolute terms, inclusive of the IE fee and EE) costs. This total shall then be divided by the overall approved budget of the project or programme. It's recommended for Implementing EsEntities- to use the budget [reallocation calculator tool](#) available online for accuracy and consistency in calculations.

~~8.15.~~ An Implementing Entity requesting a budget reallocation; shall submit a formal request to the secretariat for consideration. The request must include the following:

- (v) A revised budget at output level, presented in comparison to the original budget, [including the output-level budget variance](#);
- (vi) A revised project/programme results framework, [if applicable](#), with all modifications clearly indicated using track changes for comparison with the original framework;
- (vii) A letter from the IE detailing the material change and the reasons for its necessity; and
- (viii) A letter from the designated authority(ies) endorsing the material change.

~~9.16.~~ The [approved](#) implementing entity fees and executing entity costs shall apply and shall not be exceeded due to budget reallocation.

17. Requests for budget reallocations less than twenty percent (20%) at the output level ('a minor change') will be reviewed and cleared by the secretariat, whereas any reallocation exceeding this threshold ('a material change') shall require approval from the Board.

~~Upon approval by the secretariat or by the Board, material changes will trigger the amendment of the project/programme agreement signed between the Board and the IE.~~

Requests for revising project/programme results frameworks

~~vision of the original target indicators for activities, outputs or outcomes~~

18. Implementing Entities shall promptly inform the secretariat and the ~~designated~~ Designated authorityAuthority(ies) of any intended changes to the project/programme results framework. These changes may be classified as either major or minor revisions.

19. A major revision to the project/programme results framework refers to a change in the scope of the project/programme that results in a significant deviation from the project/programme expected adaptation outcomes or goals. While the classification of a revision as major or minor is based on the secretariat's assessment of the specific circumstances and nature of the project or programme, revisions are generally considered major when they involve changes of 20% or more of the total project or programme budget.

20. -Major revisions shall require Board approval and may necessitate a comprehensive technical review of the revised fully developed project/programme document by the Project and Programme Review Committee.

21. The secretariat will review and clear all minor revisions to the results framework.

~~10-22.~~ When requesting either a major or minor revisions to the results framework IEs must submit the following documents to the secretariat as soon as possible:

(iv) A revised fully-developed project/programme document in track changes, reflecting all modifications induced by the proposed revisions in project/programme results frameworks throughout the project/programme document;

(v) A letter from the IE providing background information and an explanation on the proposed revisions, including details on updated Environmental and Social Policy (ESP) and Gender Policy (GP) screenings, as well as outcomes of the consultative processes, whenever relevant;

~~(iv)~~ A letter from the Designated Authority(ies) endorsing the proposed revision(s) in project/programme results framework.-

~~(vi)~~ _____

23. Upon receipt of the request for the revisions to the project/programme results framework and

the required documents, the secretariat will clear the proposed minor revisions or in the case of major revisions, prepare its assessment on the IEs' request for a major revision of the project/programme results framework and submit it to the Board for consideration.

24. Any changes at project activity level, or associated indicators or targets, including introductions, modifications and deletions, which do not impact the project/programme results framework, are categorized as minor revision, for which IEs are requested to inform the secretariat through the Project Performance Report (PPR).

Requests for revising project/programme disbursement schedules

25. Implementing Entities wishing to revise/change project/programme disbursement schedule shall submit their request to the secretariat and shall not implement the proposed change before the clearance by the secretariat and/or the Board's approval. The request shall include the following:

- (iv) A revised fully-developed project/programme document in track changes, reflecting all changes induced by the proposed revisions in disbursement schedule, including in Part III.G (detailed budget) and Part III.H (disbursement schedule) of the proposal template;
- (v) A letter from the IE providing background information and an explanation on the proposed revision, using the template available as an annex to this policy;
- (vi) A letter from the designated authority(ies) endorsing the revision of project/programme disbursement schedule.

26. Upon receipt of the required documents, the secretariat will consider and clear the revision in the disbursement schedule. ~~Upon clearance~~Once cleared by the secretariat, the revision of the project/programme disbursement schedule will trigger the process of ~~the amendment of~~amending the project/programme agreement signed between the Board and the IE.

Requests for changes in project/programme target sites

27. During project implementation the IE may request a change in the originally approved project site for several reasons.- There could be exceptional circumstances that the originally approved project site would need to be changed. For instance, the risks that the project aimed to address at the original site may have significantly changed, rendering the initial location unsuitable for the project's objectives. Other factors, such as logistical challenges, may necessitate a relocation to ensure the project's successful implementation and alignment with its goals.

44-28. An entity wishing to change project/programme target sites must submit their request to the secretariat and should not implement the proposed change before the secretariate's clearance or Board's approval. The request shall include the following:

- (iv) A revised fully-developed project/programme document in track changes, reflecting all changes induced by the proposed revisions in target sites, including the

consultations carried out in the context of the intended change in target sites in Part II.H, revised ESP impacts and risks identified in Part II.K, related Environmental and Social Management Plan, and measures for risk management in Part III.C, of the proposal template, as applicable;

- (v) A letter from the IE providing background information and an explanation on the proposed change in target sites;
- (vi) A letter from the designated authority(ies) endorsing the change in target sites.

29. Upon receipt of the required documents, the secretariat will consider if the changes constitute a major or minor revision. Should the changes constitute a major revision the secretariat will prepare a request for revision in target sites and submit it to the Board for consideration and approval. -

Requests for changes in implementation arrangements

30. The implementation arrangement constitutes the institutional framework for executing a project or programme as approved in the project proposal. All approved projects and programmes shall adhere to the arrangement established at the time of approval. Typically, the IE maintains fiduciary oversight, monitoring, and compliance, while the EE is responsible for day-to-day project execution. Any revision to the approved implementation arrangement, including changes to the EE(s), shall be subject to this policy.

31. An IE wishing to revise the project/programme implementation arrangement, shall submit a formal request to the secretariat and shall not implement any such proposed changes before the secretariat's clearance and/or the Board's approval. The request shall include the following:

- (iv) A revised fully developed project/programme document in track changes, reflecting all changes induced by the proposed revisions in implementation arrangements, including in Part III.A;
- (v) A letter from the IE providing background information and an explanation on the proposed changes in implementation arrangements, using the template available as an annex to this policy;
- (vi) A letter from the designated authority(ies) endorsing the change in implementation arrangements.

32. -Should the change in implementation arrangements require the replacement of the EE or the addition of a new one, this would require Board approval. Upon the Board's approval, the project legal agreement signed between the IE and the Board will be amended accordingly.

42.33. Pursuant to the provisions set forth herein, the table below delineates the post-approval change requests within the secretariat's delegated authority and those requiring Board approval.

Table 1: Summary of types of post-approval changes and decision process making process

| Authorized to clear or approve post approval request | Type of post-approval request |
|---|--|
| secretariat | vi. Minor changes (e.g., revisions to the project results framework). vii. Project budget reallocations which are not material (less than 20%). viii. Minor changes to implementation arrangements. ix. Requests for direct project/programme services. x. Revisions to project disbursement schedule. |
| Board | v. Major changes (e.g., revisions to the project results framework). vi. Project budget reallocations which are material (equal or more than 20%). vii. Changes to the project site, requiring an update environmental and social risk screening viii. Major changes to implementation arrangement. |

Annex B

Appendix II: Proposed Policy for Project/Programme Delays

I. Introduction

1. This policy on project/programme delays (hereafter referred to as "the Policy") sets forth the procedures for decision-making for an approved project/programme, with respect to one or more of the following issues:

- Signing of legal agreement
- Project start/inception dates
- Notification of project/programme start/inception
- Project start/inception delays and request for extension
- Reporting on project/programme performance
- No cost extension of project and programme completion timeline

1.2. The policy applies to the following grants:

- Action: Regular projects and programmes and Locally Led Adaptation (LLA) projects and programmes.
- Innovation: Large innovation projects and programmes, Small innovation grants and Adaptation Fund Climate Innovation Accelerator (AFCIA) programmes.
- Learning and sharing: Learning Grants, including Learning-Innovation bundled Grants.
- Readiness: Project Scale-up, Readiness Package, Technical Assistance Grants for the Environment and Social Policy, and Gender Policy, and Technical Assistance Grants for the Gender Policy.

II. Project Pre-inception Stage

a) Signing of legal agreement

3. The first milestone for a project/programme comes after the Adaptation Fund Board (the Board) approval, with the signing of the legal agreement between the Board and the implementing entity. The Board established a standard of a maximum time lag of four months from the date at which the Board notifies an implementing entity of a project/programme approval, and the signing of the legal agreement. The Operational Policies and Guidelines specify:

If an implementing entity does not sign the standard legal agreement within four (4) months from the date of notification of the approval of the project/programme proposal, the funds committed for that project/programme will be cancelled and retained in the Trust Fund for new commitments (OPG para 58).

b) Project start/inception dates

~~4. _____ The Board has set a target of six (6) months from the first cash transfer¹² to project/programme start¹³. 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 the Board approves the implementing entity's project, others the date of first disbursement, still others the date of signing the legal agreement with the Board~~

~~*If an implementing entity does not sign the standard legal agreement within four (4) months from the date of notification of the approval of the project/programme proposal, the funds committed for that project/programme will be cancelled and retained in the Trust Fund for new commitments (OPG para 58).*~~

b) Project start/inception dates

The Board has set a target of six months from the first cash transfer¹⁴ to project/programme start¹⁵. 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 the Board approves the implementing entity's project, others the date of first disbursement, still others the date of signing the legal agreement with the Board:

~~2.5. _____~~ For ~~concrete single/regional adaptation~~ projects/programmes the Board decided to ~~consider~~ define the start date the first day of the project/programme's inception workshop (Decision B.18/29).

Learning grants and the bundled learning-innovation grants are aligned with concrete adaptation projects/programmes in terms of when they start.

~~3.6. _____~~ For project formulation grants (PFGs) project start should be considered to be the date of first disbursement towards an activity related to the grant.

~~4. _____~~ For projects implemented through readiness grants for technical assistance, project start¹⁶ is considered to be the date when the first contract between the implementing entity and a consultant or service provider was signed, or the date when the first disbursement towards an activity related to the grant was made, whichever occurs first.

~~7. _____~~

~~8. _____~~ For projects implemented through Readiness Package grants, project start is considered to be the date of the project inception meeting held by the implementing entity with the recipient of peer support.

~~9. _____~~ For learning grants, the date of first disbursement by the implementing entity towards an

¹² This would be the first cash transfer from the Trustee of the Adaptation Fund to the implementing entity

¹³ Established through the *Annual Performance Report* as part of the Fund level management effectiveness and efficiency indicators

¹⁴ This would be the first cash transfer from the Trustee of the Adaptation Fund to the implementing entity

¹⁵ Established through the *Annual Performance Report* as part of the Fund level management effectiveness and efficiency indicators

¹⁶ Project start is the same as project inception and the terms can be used interchangeably

[activity related to the grant is considered the start date of the project](#)¹⁷.

c) Notification of project/programme start/inception

~~5.10.~~ Notification of, Tthe IE -must notify the Board the start of a project/programme by the implementing entity(single-country, regional project/programme, learning grants, and bundled learning-innovation grants) by submitting the inception workshop report to the Secretariatwhen it comes to for a concrete single country/regional.

~~6.~~ For the PFG, the IE must submit a notification of project start ~~should be sent~~ to the secretariat, using the template in Annex C to this document not more than within one month after the project start date. The notification should be sent using the template in Annex C to this document.

~~11.~~

~~7.12.~~ For readiness projects implemented throughfor technical assistance grants, scale-up grants and readiness package grants, the Board decided that the implementing entitythe IE must should send a notification of project start to the secretariat using the approved template. The notification of project start should be sent not more than within one month after the project start date.

d) Project start/inception delays and request for extension

~~13.~~ For all projects/programmes financed by the Fund, implementing entities should mitigate delays by working with the government, during project/programme design, to ensure a mutual understanding and commitment on how to proceed once a project/programme is approved. There are, however, many situation-specific factors that may be beyond the control of the implementing entity. Approved project and programmes are therefore expected to start within six (6) months from the date of the first transfer of the Fund's grant, which is defined as the 'original inception target date'.

~~8.~~ If a project/programme is not expected to start within six (6) months of the first cash transfer, the implementing entity must send a request for extension of project inception date to the secretariat within six (6) months after the first cash transfer. Such request shall include with an explanation of the delay and an estimated start date using the form in Annex D to this document(Decision B.34/45). The implementing entity must also notify the Designated Authority (DA) with an explanation of the delay and an estimated start date.

~~14.~~

~~9.15.~~ Any request for an extension of project inception date which includes request for project restructuring, disbursement schedule changes or other major changes in the project design and implementation shall be submitted following the process and requirements set out in the Policy for Project/Programme Implementation (-OPG Annex 7).

¹⁷ https://www.adaptation-fund.org/wp-content/uploads/2019/03/AFB.B.33.5.-Arrangements-for-monitoring-and-reporting-criteria-for-learning-grants_FINAL.pdf

16. All requests for extension of project/programme inception date are processed based on the following criteria:

- (vi) When IE expects that it cannot start the project within the 'original inception target date' defined as six (6) months from the date of the first transfer of the Fund's grant to the IE, the IE shall submit a request for an extension of inception date to the secretariat.
- (vii) The request for extension of inception date should be justified and include a proposed plan for improvement of the overall project implementation.
- (viii) The extension of inception date cannot exceed a maximum period of 12 months from the 'original inception target date'.
- ~~(vi)~~(ix) Request for extension of inception date up to 12 months from the 'original inception target date' will be considered and cleared by the secretariat. An additional request for extension of inception date for up to six (6) months may be granted only under exceptional circumstances through Board approval.
- (x) Any further extension request, beyond the total of 18 months of inception date extensions granted, constitutes a 'significant delay.' A request for a 'significant delay' may be considered, if the IE, conducts and submit additional baseline studies, stakeholder consultations, environmental impact assessments, and/or any other assessments, as determined by the Secretariat. The IE shall also provide a revised project implementation plan. For extension request for a significant delay, the secretariat will conduct a comprehensive technical review and provide recommendations for the Board's approval.

17. If the Board does not approve the IE's request the for extension of project inception date for a 'significant delay' as defined in **paragraph 16 (v)**, the IE may work to mitigate the 'significant delay' or withdraw from/terminate the concerned project or programme which must be consulted with the Designated Authority(ies) in advance.

~~10.18.~~ When the Board decides to not approve the IE's request for project inception date for a 'significant delay,' the IE must communicate its decision on whether or not to proceed with implementing the originally approved project/programme within 120 calendar days from the date of the notification of the Board decision. Otherwise, it will be deemed that the IE has decided to withdraw from/terminate the project, and the Board, through the secretariat, will notify the termination of the project to the IE, the Designated Authority(ies) and the trustee. Upon such notification, the IE shall promptly refund to the AF Trust Fund, through the Trustee, any unused portion of the Grant, including any net investment income earned therefrom.

III. Project Implementation Stage

a) Reporting on project/programme performance

~~19. The secretariat will report to the Board through the Annual Performance Report (APR) on any project/programme start delays^{18, 4}. The Board may decide, on a case-by-case basis to cancel a project/programme if start-up delays are significant.~~

~~3. —~~

Performance Reports for Concrete Adaptation Projects/Programmes

~~20. For concrete adaptation projects/programmes funded by the Fund, including learning grants and bundled learning-innovation grants, once a project/programme is approved and the first funds are transferred for the project/programme, an implementing entity is required to submit a project/programme performance report (PPR) on an annual basis to the Ethics and Finance Committee (EFC) through the secretariat^{19, 5}.~~

~~11. The PPR shall be submitted on a yearly basis one (1) year after the project inception and no later than two months after the end of the reporting year of each project. The PPRs should be submitted on a rolling basis, one year after the start of project/programme implementation (date of inception workshop) and the However, the last report PPR should can be submitted within six (6) months after project/programme completion. This last report will be considered the project/programme completion report^{20, 6}.~~

~~12. ⁴Whilst the secretariat may alert the Board to any delays outside of the APR and the project monitoring report, it should be noted that for concrete adaptation projects/programmes, implementing entities must provide an update at least once a year on project/programme status through the PPR, and for projects implemented through readiness grants, must provide an update at least twice a year on project status through the project monitoring report.~~

~~13. ⁵An annual report is the minimum requirement. There may be cases where the Board requests more frequent reporting or additional reports, as for example through requirements linked to the accreditation of an implementing entity.~~

~~14. ⁶The standard legal agreement requires a project/programme completion report: "including any specific [Project]/[Programme] implementation information, as reasonably requested by the Board through the Secretariat, within six (6) months after [Project]/[Programme] completion."~~

~~15. —~~

~~16. — 2~~

~~17. 21. All PPRs are due no later than two months after the end of the reporting year. The Board made the decision to link the disbursement schedule to the submission of the PPR (Decision B.16/21). Once the PPR is submitted, the secretariat reviews the report and upon its clearance, requests the Chair of the Board to authorize the transfer of additional funds as per the disbursement schedule of the project/programme (Decision B.16/21).~~

¹⁸ Whilst the secretariat may alert the Board to any delays outside of the APR and the project monitoring report, it should be noted that for concrete adaptation projects/programmes, implementing entities must provide an update at least once a year on project/programme status through the PPR, and for projects implemented through readiness grants, must provide an update at least twice a year on project status through the project monitoring report.

¹⁹ An annual report is the minimum requirement. There may be cases where the Board requests more frequent reporting or additional reports, as for example through requirements linked to the accreditation of an implementing entity.

²⁰ The standard legal agreement requires a project/programme completion report: "including any specific [Project]/[Programme] implementation information, as reasonably requested by the Board through the Secretariat, within six (6) months after

~~18-22.~~ Delays in the submission of complete PPRs will result in delays ~~of in the Fund's transfer of~~ subsequent funding tranches to the project/programme.

~~19.~~ For ~~projects implemented through readiness grants projects funded by the Fund s, once a project is approved by the Board and project implementation starts~~⁷²¹, the IE is required to submit a project monitoring report to the Board through the secretariat (Decision B.29/42) . ~~Monitoring reports for projects implemented through readiness grants are due no later than~~ six (6) months from the project start date,²² and every six (6) months thereafter from the date of the previous monitoring report.

~~20-23.~~

~~24.~~ Upon completion of ~~concrete adaptation projects approved by the Board, including learning grants and the bundled learning-innovation grants, the IE shall submit all reports as ing requirements as set forth in required under the legal agreement for the project signed between the IE and the Board.~~

~~25.~~ An ~~implementing entity which~~ If an IE does not submit the requested reports within 12 months after their due date will ~~temporarily be~~ become non-eligible to apply for funding from the Board. The non-eligibility can be lifted once the reports are submitted to and cleared by the ~~secretariat and cleared.~~

b) No cost extension of Pproject and programme completion timeline

~~26.~~ For all projects funded by the Fund, indicative project/programme completion time must be included in project/programme proposals for funding. These are usually general estimates and expected completion dates will depend on when a project/programme starts implementation.

~~24-27.~~ If there are any ~~delays in project/programme implementation delays~~, these ~~should shall~~ be reported through the PPR, ~~where applicable, and the implementing entity must submit a request for project/programme extension.~~

~~28.~~ If ~~the IE anticipates any delay in the project completion date for a concrete adaptation project/programme the implementing entity expects that additional time would be required to close the project/programme~~, the IE must submit a request for extension using the appropriate template annexed to this document. The request for extension should be submitted as soon as ~~the IE becomes aware it becomes clear~~ that there are obstacles to ~~closing~~ closing the project/programme ~~on time, and no later than six (6) months prior to before~~ the expected project/programme completion date. ~~Project/programme completion date extensions of up to 18 months will be reviewed and cleared by the secretariat, while those of more than 18 months will have to be submitted to the Board through the secretariat for require Bonard's consideration and approval.~~

~~22.~~ ~~An implementing entity may submit a~~ The IE's request for a project/programme ~~completion date extension beyond the original completion date for a concrete adaptation project/programme if should include reasons and justifications for the extension, and the DA must be notified of an extension request. (i) However, the request shall not involve: (i) any request for additional fund no additional funds are required; (ii) any change in the originally approved scope of the~~

²¹ ~~Project implementation begins on the date of project start~~

²² ~~The project start date is the date when the contract between the Implementing Entity and the Consultant is signed, or the date when the first disbursement towards an activity related to the grant is made, whichever occurs first.~~

project/programme. ~~;~~ (iii) ~~'s originally approved scope will not change; and not.~~

~~23. —~~

~~24-29.~~ change; and (iii) the entity provides reasons and justifications for the extension. The DA must be notified of an extension request. Additional time beyond the 18 months stated above may be granted under exceptional circumstances.

~~25. —~~

~~26-30.~~ For the PFG, if ~~there is a delay in completion of work~~ the IE does not submit a full project/programme proposal to the Board within 12 months after disbursement of the PFG, the IE shall submit a request for completion date extension, including a revised completion date, ~~including~~ the reasons why the ~~implementing entity~~ IE could not submit a full proposal to the Board 12 months after PFG disbursement (Decision B.12/28). ~~The request~~ should be submitted to the secretariat using the notification of delay template annexed to this document. ~~The notification should be submitted to the secretariat not no~~ less than two months before the project completion date that was communicated by the ~~implementing entity~~ IE to the secretariat in the notification of project start. ~~A notification of delay in project completion for PFGs is not required if the implementing entity submits a full project/programme document to the Board 12 months after disbursement of the PFG. In such case, any relevant information regarding the PFG is expected to be captured in the project/programme fully developed project/programme document~~

31. An IE may request for extension of PFG completion date of up to 12 months 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 implementing entity should also notify the DA. The implementing entity should submit requests for additional time beyond 12 months for approval by the Board and such requests may only be granted under exceptional circumstances.

~~27-32.~~ For readiness grants projects implemented through readiness grants, the IE should indicate revised project start and project completion dates ~~should be indicated~~ in the notification of project start ~~that is sent to and submit it to~~ the secretariat ~~by the implementing entity~~. The dates specified in the project start notification will be used for tracking the project's progress.

~~28-33.~~ The IE shall report ~~A~~any delays in the completion of readiness grants projects implemented through readiness grants ~~should be reported~~ through the project monitoring report ~~approved by the Board (Decision B.29/42-), providing justification~~ Explanations should be given as to the reason(s) for the delays and the proposed new completion dates ~~should be stated~~. No request for completion date extension ~~would be required~~ is needed.

For PFGs and for projects implemented through readiness grants, an IE may report an extension of the completion date of up to 12 months 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 implementing entity should also notify the DA. The implementing entity should submit requests for additional time beyond 12 months for approval by the Board and such requests may only be granted under exceptional circumstances.

Table 1: Summary of types of post-approval changes and decision process making process

| Authorized to clear or approve | Type of post-approval request |
|---------------------------------------|---|
| Secretariat | All project inception delays that are 12 months and below. Such delay should not lead/imply a major project change. |
| | Requests for no-cost extension of project completion date up to 18 months |
| Board | Inception delays more than 12 months including any other delays that lead/implies a major project changes |
| | No-cost extension of project completion date more than 18 months |

Annex C: Proposed Action plan for the implementation of the amendments to the policy for project/programme implementation and delays

| Theme | Expected action | Timeline |
|--|--|--|
| Capacity building sessions/webinars for internal and external stakeholders | <p><u>Organize a webinar session for all the Fund’s IE to provide guidance on the amendments made to the two post approval policies.</u></p> <p>Organize an in-person session as part of the NIE annual seminar to provide further guidance.</p> | <p><u>May -June 2025</u></p> <p>August 2025</p> |
| Development of standardized templates | <u>Develop and socialize standardized templates for all post-approval requests to ensure consistency and clarity. In the next phase, the Secretariat will work on implementing an online submission process (1-2Q FY26).</u> | <u>May -June 2025</u> |
| Regular reporting | <u>Implement a reporting mechanism where the secretariat provides regular updates to the Board on all delegated approvals, to ensure transparency and accountability.</u> | <u>Annually, as a section in the bi-annual Secretariat’s activities reports to the Board</u> |
| Development of a single comprehensive guidance for the two post approval policies | <u>Create a single comprehensive guidance document that includes clear and further guidance on significant vs. minor project changes, restructuring guidelines, significant delays, changes implementation arrangement, changes in site, project cancellation, etc. This will help stakeholders understand the scope and implications of the policy changes.</u> | <u>By end of 2025</u> |
| Communication plan | <p><u>Replace all the old version of the two policies on the Fund’s website with the amended versions.</u></p> <p><u>Circulate the amended policies to implementing entities and provide useful updates needed to create awareness.</u></p> | <u>May -June 2025</u> |

Annex D: Templates to be used by IEs to raise post-approval requests for changes

A. REQUEST FOR CHANGE IN PROJECT/PROGRAMME DISBURSEMENT SCHEDULE

| | | | |
|--|--|---|--|
| Implementing Entity Name: | | | |
| AF Project/programme ID: | | | |
| Project/programme Title: | | | |
| Country(ies): | | | |
| Project/Programme Approval (date) | | Expected Project/programme Completion (date) | |

Reasons/justifications for the change in project/programme disbursement schedule (also attach to this template the disbursement schedule template):

| |
|--|
| |
|--|

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(ies) (DA) has been notified. | |
| <i>Name & Signature</i> | |
| Project/programme contact person | |
| Date: (Month, Day, Year) | Tel. and Email: |

B. REQUEST FOR PROJECT/PROGRAMME BUDGET MATERIAL CHANGE

| | | | |
|--|--|---|--|
| Implementing Entity Name: | | | |
| AF Project/programme ID: | | | |
| Project/programme Title: | | | |
| Country(ies): | | | |
| Project/Programme Approval (date) | | Expected Project/programme Completion (date) | |

Reasons/justifications for the project/programme budget material change (also attach to this template the reallocation calculator sheet):

| |
|--|
| |
|--|

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(ies) (DA) has been notified.

Name & Signature

Project/programme contact person

Date: (Month, Day, Year)

Tel. and Email:

C. REQUEST FOR CHANGE IN PROJECT/PROGRAMME TARGET SITES

| | | | |
|--|--|---|--|
| Implementing Entity Name: | | | |
| AF Project/programme ID: | | | |
| Project/programme Title: | | | |
| Country(ies): | | | |
| Project/Programme Approval (date) | | Expected Project/programme Completion (date) | |

Reasons/justifications for the change in project/programme target sites:

Please describe the consultative process carried out, including the list of stakeholders consulted, in the context of the change in project/programme target sites:

Please describe the revised Environmental and Social Policy related risks screening process carried out in the context of the change in project/programme target sites, and revised mitigation measures. A revised ESMP must be provided.

| |
|--|
| |
|--|

Implementing Entity certification

| | |
|--|------------------------|
| <u>This request has been prepared in accordance with Adaptation Fund policies and procedures, has been agreed by participating executing entities, and the designated authority(ies) (DA) has been notified.</u> | |
| <u>Name & Signature</u> | |
| <u>Project/programme contact person</u> | |
| <u>Date: (Month, Day, Year)</u> | <u>Tel. and Email:</u> |

D. REQUEST FOR CHANGE IN PROJECT/PROGRAMME IMPLEMENTATION ARRANGEMENTS

| | | | |
|--|--|---|--|
| Implementing Entity Name: | | | |
| AF Project/programme ID: | | | |
| Project/programme Title: | | | |
| Country(ies): | | | |
| Project/Programme Approval (date) | | Expected Project/programme Completion (date) | |

Reasons/justifications for the change in implementation arrangements, including the process through which the new Executing Entity(ies) was/were selected, as relevant:

| |
|--|
| |
|--|

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(ies) (DA) has been notified. | |
| <i>Name & Signature</i> | |
| Project/programme contact person | |
| Date: (Month, Day, Year) | Tel. and Email: |

E. REQUEST FOR EXTENSION OF CONCRETE ADAPTATION PROJECT/PROGRAMME

Request for no-cost extension of project/programme completion date

| | | | |
|---|---|--|--|
| Implementing Entity Name: | | | |
| AF Project/programme ID: | | | |
| Project/programme Title: | | | |
| Country/<u>ies</u>: | | | |
| Project/Programme Approval (date) | | | |
| Expected Project/programme Completion (date) | <i>[provide the original project completion date and also the revised completion date if this is the 2nd or subsequent no-cost extension request]</i> | Proposed Revised Completion (date): | |

Reasons/justifications for the no-cost extension of project/programme completion:

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/ <u>ies</u> (DA) has/ <u>have</u> been notified. | |
| <i>Name & Signature</i> | |
| Project/programme contact person | |
| Date: <i>(Month, Day, Year)</i> | Tel. and Email: |

F: NOTIFICATION OF DELAY IN PROJECT COMPLETION FOR THE PROJECT FORMULATION GRANT

NOTIFICATION AT LEAST TWO MONTHS BEFORE PROJECT COMPLETION DATE FOLLOWING THE FIRST DISBURSEMENT OF THE GRANT BY THE NIE

Adaptation Fund Project ID:

Country:

Title of Project/Programme:

Grant Type: [Project Formulation Grant]

Implementing Entity Name:

Executing Entity/ies:

| List of Proposed Project Preparation Activities | Expected Output of the PFG Activities | Output Achieved/Not Achieved | Comment/Explanation (also explain any deviation from initial plan) |
|---|--|------------------------------|--|
| | | | |
| | | | |
| | | | |
| Budget | State whether overall expenditure due to the delay is expected to be over or under the planned budget and give brief explanation for material changes in budget. | | |
| Overall outcome | State the reasons why the full project document cannot be submitted to the Board within 12 months of disbursement of the PFG and state the proposed new completion date. | | |

General Comment: [any comment on process or to the secretariat]

Implementing Entity Contact Person: _____

Email: _____

G: NOTIFICATION TEMPLATE FOR START OF PROJECT FORMULATION GRANT IMPLEMENTATION

Implementing entity address
Address

[Date]

The Adaptation Fund Board
1818 H Street NW
MSN N7-700
Washington DC, 20433
USA
Email: afbsec@adaptation-fund.org

Subject: Notification of Project Formulation Grant (PFG) inception

This letter is to inform you that implementation of the PFG approved by the Adaptation Fund Board on [Date] for formulation of a concrete adaptation project/programme has officially started. Details of the project inception are below:

Implementing Entity:

Country:

Description of Concrete Adaptation Project: [Title of Project] in [name of country]

PFG Start Date: [Date]

Expected PFG Completion Date: [Date]

Sincerely

[Name]

[Position]

[Email]

[Telephone]

H: ~~REQUEST FOR NOTIFICATION OF DELAY OF PROJECT~~ OR PROGRAMME INCEPTION

*Notification of delay of project/programme start (As per Decision B.18/29, for concrete adaptation projects/programmes, the Board decided to consider the start date to be **the first day of the project/programme's inception workshop**)*

| | | | |
|--|--|---|--|
| Implementing Entity Name: | | | |
| AF Project/programme ID: | | | |
| Project/programme Title: | | | |
| Country(ies): | | | |
| Project/Programme Approval (date) | | | |
| Expected Project/programme Start (date) | | Proposed Revised Inception (date): | |

Reasons/ justification for delay in the project's/programme's inception and the number of months of delay from the project approval date

Approaches/ mitigation measures to ensure the start of project/programme implementation

Challenges (in addition to those mentioned in section 1) that may extend the project/programme completion date)

Please confirm whether the Environmental and Social Policy related risks screening presented in Part II.K of the project document and the associated mitigation measures presented in Part III.C and related Environmental and Social Management Plan are still valid, or provide a revised fully-developed project/programme document in track changes highlighting the revised elements if necessary.

Please describe the consultative process carried out, including the list of stakeholders consulted and the consultation outcomes, –in the context of the request for delay in project/programme inception.

Implementing Entity certification

| | |
|---|-----------------|
| This request for notification for delay on project/programme inception has been prepared in accordance with Adaptation Fund policies and procedures, and delay on project/programme start has been agreed by participating executing entities and has been notified to the designated authority(ies) (DA). | |
| Name & Signature | |
| Project/programme contact person | |
| Date: (Month, Day, Year) | Tel. and Email: |