



Community of Practice of  
Direct Access Entities

Work Programme: Climate Project Development

SIX PAPERS FOCUSING ON CPDAE MEMBERS' LESSONS  
LEARNED AND EXPERIENCE SHARING ON VARIOUS TOPICS

# **PAPER #4:** **IMPLEMENTATION OF GCF AND AF PROJECTS**

Submitted by:  
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31<sup>st</sup> October 2023

## Management Guidance and Technical Oversight

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### Acknowledgements

This report was developed for the Community of Practice for the Direct Access Entities (CPDAE) Readiness Project implemented by GIZ as the delivery partner and co-financed by the GCF. The authors are grateful for the insights and input provided by various member entities of the CPDAE.

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### Disclaimer

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## 1. Introduction

The Community of Practice for Direct Access Entities (CPDAE) is a network composed of National Implementing Entities (NIEs) to the Adaptation Fund (AF) and Direct Access Entities (DAEs) to the Green Climate Fund (GCF). Membership is open to interested AF NIEs and GCF DAEs and the CPDAE is driven by its members, led by an elected Committee that coordinates its work.

The work package “Climate Project Development” under the CPDAE Readiness project implemented by GIZ under GCF contract aims to build capacities and share knowledge among the CPDAE members to advance their project pipelines and increase the number of quality funding proposals. One of the deliverables of this work package is the development of six papers focusing on CPDAE members’ lessons learned and experience sharing on various topics. This paper at hand focuses on the implementation of projects funded by the GCF and AF.

## 2. Green Climate Fund and Adaptation Fund Guidance on Project Implementation

### 2.1. Green Climate Fund Guidance

After the GCF Board decides to support a project or programme, the following project cycle stages apply:

- Post-approval and pre-implementation activities.
- Project implementation, including adaptive project management.
- Project monitoring and evaluation.
- Project closure

GCF guidance on the above stages as detailed in the [GCF Programming Manual](#) is summarized below.

**Post-approval activities** typically include the negotiation and signing of a Funded Activity Agreement (FAA). An FAA will be signed by the Accredited Entity (AE) and the GCF for each approved project. The standard timelines are up to 180 days for signing (“executing”) an FAA and after that, up to 90 days for FAA effectiveness. Legal effectiveness of an FAA is achieved once project-specific effectiveness conditions stipulated in the FAA are met. If these timelines cannot be met, the GCF Board will likely have to reconsider the Funding Proposal (FP). FAAs are tailored by the GCF Secretariat to each financial instrument offered by the GCF, such as grant, loan, sub-participation, trust arrangement, and REDD+ Result Based Payments. FAAs typically have the following structure:

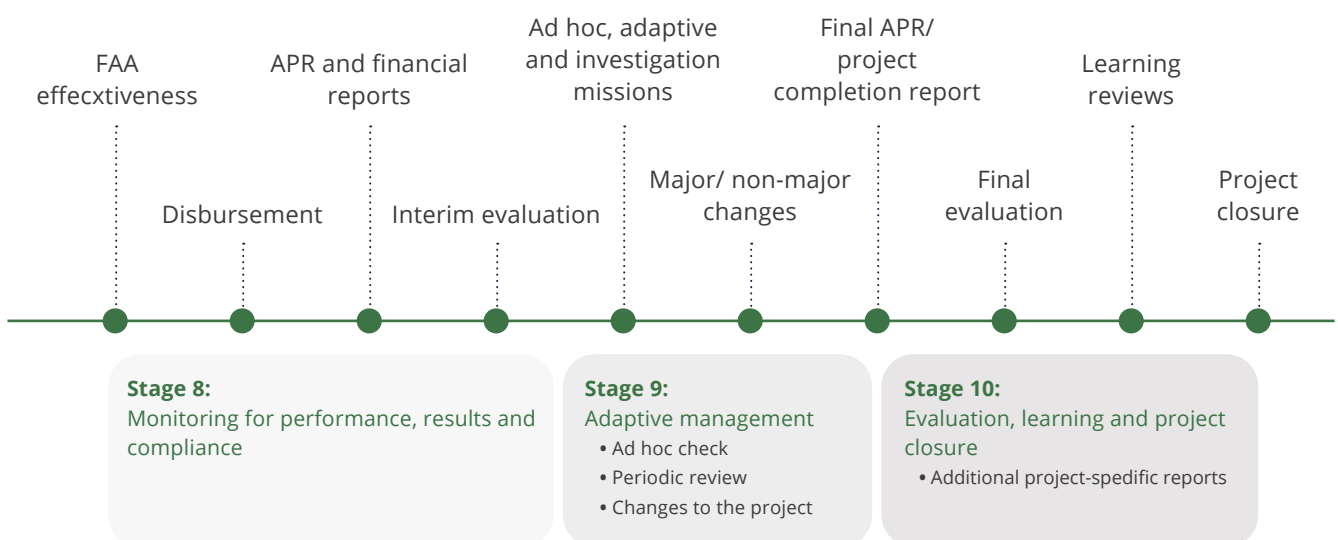
- Schedule 1: Description of the GCF Funded Activity
- Schedule 2: Budget and Disbursement Plan
- Schedule 3: Implementation Arrangements
- Schedule 4: Reporting Calendar
- Schedule 5: Implementation Plan
- Schedule 6: Request for Disbursement
- Schedule 7: Notice of Payment
- Schedule 8 and 9: Financial terms and conditions for the use/administration of GCF Proceeds
- Schedule 10: Eligibility Criteria, if any, depending on the project
- Schedule 11: Exclusion List, if any, depending on the project
- Annex 1: Approved FP

**Pre-implementation activities** typically include the hiring of project staff, including, for example, a project manager, project assistants and other project staff as required by the project and outlined in the FP.

In the **project implementation stage**, the project is being implemented as described in the approved FP and in line with the FAA. Each approved FP and FAA will have dedicated implementation timetables and milestones. A generic overview of such milestones is depicted in Figure 1 below. For every GCF project, Annual Performance Reviews (APRs) will need to be prepared and submitted – note that APRs need to be submitted using an online tool and that the preparation of all information for the APR requires considerable time and planning. APRs include:

- A narrative report (with supporting data, as needed) on implementation progress based on the investment criteria and logical framework indicators stated in the FP. The following need to be reported and discussed as well: disbursement and utilization rate of GCF proceeds vis-à-vis ex-ante expectations; implementation pace versus implementation timetable and milestones; GCF investment criteria; and target results as set out in the FAA.
- Financial management reports containing all dates and amounts disbursed for project activities.
- Calculations of the GHG emission reductions achieved during the reporting period and explanation of any changes in the assumptions and other aspects of the GHG estimation approach.
- Reporting on progress in implementing the project specific safeguards related to relevant GCF policies and standards, such as environmental and social safeguards and gender requirements. This also includes any grievances reported and actions taken to resolve related issues.

Figure 1: **Milestones during implementation of a GCF project**



Source: [GCF Programming Manual](#)

As part of adaptive project management, any changes that appear to be necessary in the originally foreseen and agreed project implementation need to be reported to and discussed with the GCF Secretariat. The purpose of adaptive project management is the prevention or timely resolution of issues and challenges as well as management of potential risks encountered during the implementation of the funded activity to help to ensure the appropriate use and management of GCF proceeds. In some cases, it is unavoidable that “major changes” occur during project implementation. The FAA defines “major changes” to a project under implementation and the process of addressing such major changes is defined by the GCF in the [GCF Policy on restructuring and cancellation](#). During project implementation it is also possible that allegations of fraud, corruption, misconduct, and other prohibited practices are made, or, that complaints are submitted by people who feel that they have been adversely affected by the GCF project. Such cases will be handled by the AEs respective policies and in some cases involve the GCF [Independent Integrity Unit](#), and/or the GCF [Independent Redress Mechanism](#) (IRM).

**Monitoring and evaluation (M&E) stage:** Next to monitoring for performance, results and compliance as part of APRs, each GCF project will also have an interim independent project evaluation and a final independent project evaluation. While interim and final project evaluations are managed by the AE in line with the AE and GCF evaluation policies, there may also be GCF level evaluations the project will need to participate in (example: country portfolio evaluation). Such GCF level evaluations are managed by the GCF [Independent Evaluation Unit](#). For details on M&E see our CPDAE Experience Sharing Paper #5: Monitoring and Evaluation.

Project closure activities include ensuring proper recording and archiving of project documentation, handing over/disposing of project assets, making final payments, releasing project staff and reimbursing any unutilized resources to GCF. The AE will need to submit a project completion report or final APR. In addition, a final project audit is required to confirm that all GCF funds were properly utilized in line with the requirements of the FAA. The AE will also complete the exit strategy as defined in the FP exit strategy section. Note that repayments of GCF loans may be necessary after completing above project closure activities. In addition, the GCF IRM can receive complaints within two years from project closure.

## 2.2. Adaptation Fund Guidance

After approval of a project by the AF Board and as per the AF's [Operational Policies and Guidelines \(OPG, latest version of October 2022\)](#), the AF Secretariat drafts a **standard legal agreement** between the Board and implementing entity using the [template approved by the Board](#), and any other documents deemed necessary. The Secretariat will provide these documents for signature by the Chair or any other Board Member designated to sign. If an implementing entity does not sign the standard legal agreement within four 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. The standard structure of legal agreements includes the following sections:

1. Definitions
2. The project and the grant
3. Administration of the grant
4. Project/Programme implementation
5. Project/Programme suspension
6. Procurement
7. Records and reporting
8. Management fee
9. Ownership of equipment
10. Consultation
11. Branding
12. Communications
13. Effectiveness and amendment of the agreement
14. Termination of the agreement
15. Settlement of disputes

After signature of the legal agreement between the AF Board and implementing entity, **project implementation** starts on the first day of the project/programme's inception workshop. Implementing entities are required to submit project/programme inception reports to the Secretariat no later than one month after the inception workshop has taken place.

The AF Board, through the AF Secretariat, is responsible for strategic oversight of projects and programmes implemented with resources from the AF. Implementing entities are responsible for submitting annual status reports (Project Performance Reports - PPRs) to the Secretariat for all projects and programmes under implementation. PPRs must be completed using the [PPR template](#) approved by the Board. The PPR should be submitted on a rolling basis, starting one year after the start of project implementation (date of inception workshop). PPRs shall be submitted no later than two months after the end of the reporting year. The last PPR should be submitted six months after project completion, which will be considered the project completion report. In addition to the project completion report, a final audited financial statement of the project account, prepared by an independent auditor or evaluation body, must be submitted. Inception Reports and PPRs submitted by implementing entities and cleared by the AF secretariat are posted on the AF website under the relevant [Projects & Programmes](#).

Implementing entities are responsible for measuring and **monitoring** results of the executing entities at the country-level and then report monitoring information to the AF as part of PPRs. The AF Board, through the AF Secretariat, will oversee results at the fund-level. A **mid-term evaluation** must be undertaken for all projects/programmes that are under implementation for over four years. All regular size AF projects and programmes that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the implementing entity. Small size projects and programmes will only be subject to **terminal evaluation** if deemed appropriate by the Board. All evaluations are published on the AF website. For details on M&E see our CPDAE Experience Sharing Paper #5: Monitoring and Evaluation.

## 3. Experience of CPDAE members

In interviews conducted with 22 of 33 CPDAE members from January to March 2023, a specific question was "Which experiences and lessons learned does your institution have in the area of implementation of GCF and AF projects that could be shared with the CPDAE members?".

### 3.1. Positive experiences and common barriers

The following table summarizes positive experiences and major obstacles mentioned by different CPDAE members during the interviews.

Table 1: **Positive experiences and barriers mentioned by CPDAE members regarding project implementation**

Positive Experiences	Barriers
<ul style="list-style-type: none"> <li>● Implementation works fine if there is close co-operation between project beneficiaries, Executing Entities (EEs), the Accredited Entity (AE) and co-financing institutions. Maintaining cooperation between these key stakeholders is a key function of the Project Management Unit of a project.</li> <li>● Implementation of adaptive management is very important given the omnipresence of field constraints. The constant interaction with a multitude of actors is key, particularly with the beneficiaries, the administrative authorities, the government, the executing entities, etc. Hence it is necessary to be flexible at project management level to ensure the implementation according to plan.</li> <li>● The start-up phase of a project should be given great importance, as proper planning at start can pay out with smoother implementation thereafter.</li> <li>● A proper due diligence of the EEs pays out as well, as future problems can be avoided.</li> <li>● Ensuring and relying on appropriate legal advice is useful as GCF and AF agreements are complex and require strict adherence and compliance once signed.</li> <li>● It is useful if there is staff continuity during the project development and implementation phases.</li> <li>● Many problems can be avoided if the project team regularly carries out field trips and stays in regular personal contact with EEs and key stakeholders.</li> <li>● The GCF is flexible, but changes need to be justified well. Compared to other donors, the GCF allows to focus on work, rather than imposing unnecessary bureaucratic and administrative processes.</li> <li>● Some institutions are being overseen and audited strictly and regularly, which is welcomed, as this results in a high level of credibility and transparency.</li> <li>● Tools have been established to link expenses and technical reporting.</li> </ul>	<ul style="list-style-type: none"> <li>● Project management cost with (e.g. 8.5%) can be insufficient to cover the costs especially for small projects and in remote areas.</li> <li>● Given that project preparation and implementation times are often long for GCF projects (can be 2 and 5 years, for example), government composition and priorities may change which can lead to problems during implementation.</li> <li>● The AE fee percentage that is allowed by GCF can be insufficient to cover real costs.</li> <li>● Annual work plans can be overly ambitious or are not strictly followed, which leads to growing problems.</li> <li>● Political and bureaucratic constraints in beneficiary countries.</li> <li>● Change of project management teams.</li> <li>● Getting EEs to deliver in time and in compliance with all requirements can be hard. Hence, it is important to have capable and well-trained internal teams to reach out to EEs and beneficiaries throughout implementation.</li> <li>● Working with several or many EEs in one project can be administratively demanding and increase implementation risk.</li> <li>● Suboptimal terms of references for EEs, contractors, suppliers can lead to major problems.</li> <li>● A project manager and project team that is reactive rather than proactive.</li> <li>● Working with stakeholders that have insufficient knowledge of the processes and requirements of the AF and GCF.</li> <li>● Lacking information systems to systematically capture lessons learned and implementation knowledge management. Such systems can prevent repeat mistakes.</li> <li>● One respondent said: "The GCF simply has too many rules, making implementation reporting very complicated."</li> </ul>

## 3.2. Good practice tips and suggestions

Good practice tips for the implementation of projects funded by the AF and the GCF are highlighted in the following table.

Table 2: **Good practice tips for project implementation for projects funded by AF and GCF**

### **Establish and continuously develop solid, proactive, adaptive and efficient project management systems**

Advisable is forward looking project management that is based on regularly updated risk assessments and mitigation strategies, as well as preventing problems during implementation, rather than reacting to problems that have already manifested. Keeping in regular contact with EEs and key stakeholders is essential as well, as is timely and high-quality project monitoring and reporting. included in the CPDAE prioritization tool can be useful to this end.

### **Ensure continuous cooperation with EEs**

Carry out meaningful and proper EE due diligence before a project starts, identify capacity gaps and address these gaps with targeted training benefitting EEs. Ensure regular contact with and support of EEs during project implementation.

### **Knowledge management**

Avoid black outs when an experienced project manager leaves the organization – ensure that project management knowledge and responsibility is not dependent one or few employees. Develop and employ dedicated knowledge management.

### **Continuously build and maintain experienced project management staff**

Ensure and achieve the following: Continuous and long-term staff training; inclusive teamwork; competitive compensation of project staff; excellent working conditions. It is a great idea to secure budget for these in the project development phase (GCF FP or AF Project Proposal).

### **Welcome monitoring, oversight and control**

Design, perceive and live monitoring, oversight and control as a positive thing that is not only perceived as necessary, but helps preventing problems nobody wants to have. Strictly adhere to monitoring plans and ensure data and information are and will be available. Start early enough with monitoring and reporting, its important! Practice inclusive and prevention-based, as well as learning-oriented oversight and auditing: It all pays off eventually, in a high level of institutional credibility and transparency.

By following these good practice tips, NIEs and DAEs can hopefully achieve a more efficient implementation of projects funded by the AF and the GCF, leading to a more efficient use of resources, better record with meeting project milestones and deadlines, and ultimately increased recognition of GCF and AF as partners that can deliver projects in line with requirements.

## 4. Conclusion

DAEs and the NIEs are advised to keep up to date with the latest guidelines recommendations of the GCF and/or AF for project implementation. Notably, such guidelines undergo a continuous cycle of refinement and enhancement, hence it is useful to check the GCF and AF websites every few weeks for updates and news.