



ADAPTATION FUND

8 July 2014

Adaptation Fund Board

Approval of Terms of Reference for Phase I of the Adaptation Fund's Overall Evaluation

Having reviewed the revised terms of reference presented by the Independent Review Panel for the Adaptation Fund's Overall Evaluation, the Board approves the ToR for Phase I of the Fund's Overall Evaluation, as contained in the annex to this decision

Decision B.23-24/10

Annex: ToR for Phase I AF's Overall Evaluation

BRIEF INTRODUCTION

The Adaptation Fund was established “to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol” (Decision 10/CP.7)- and those that “are particularly vulnerable to the adverse effects of climate change” (Paragraph 15 of Decision 17/CP.7). Since 2010 the Fund has dedicated US\$ 226 million to climate adaptation initiatives in 34 countries. Grant finance is accessed by developing countries Parties to the Kyoto Protocol through Implementing Entities that have been accredited by the Adaptation Fund Board (the Board or AFB). At present, 11 multilateral implementing entities (MIEs), four regional implementing entities (RIEs) and 16 national implementing entities (NIEs) have been accredited and are eligible to access finance from the Adaptation Fund. The Adaptation Fund (the Fund) is supervised and managed by the Board. The World Bank serves as the Fund’s trustee on an interim basis, and the Global Environment Facility (GEF) as the interim AFB Secretariat.¹

BACKGROUND INFORMATION AND RATIONALE

At its thirteenth meeting (March 2011), the Board approved the Fund’s evaluation framework and discussed to implement an “overall² evaluation” (Decision B.13/20). At the time there were questions about the best time to launch such an evaluation given the portfolio’s lack of maturity.³ The Independent Evaluation Office (IEO) of the Global Environment Facility (GEF), in its capacity as interim evaluation function for the Fund, submitted a document at the Board’s request for options to conduct an overall evaluation for the Fund. The GEF IEO proposed the interim evaluation function either implement “an overall comprehensive evaluation” or oversee the evaluation conducted by another entity (p. 2 AFB/EFC.12/4).

Given general agreement in the EFC (AFB/B.21/8/Rev.1) concerning costs and length of a comprehensive evaluation of the Fund, the Board subsequently decided to request the Secretariat to prepare a document containing: a) options for terms of reference for possible evaluations of the Fund covering different scopes; b) a proposal regarding the timing of each option taking into account the status of the Fund's active portfolio; c) costs associated with each option; and d) options for commissioning the evaluation (Decision B.21/17). Document AFB/EFC.14/5, delineates options for a possible evaluation of the Fund.

The Board decided to a) Approve a two - phase evaluation as outlined in the document, with the aim of completing Phase I in time for discussion at the twenty-fourth Board meeting (October 2014); b) Request the Chairs and Vice - chairs of the Board and EFC to propose for consideration by the Board during the intersessional period an independent review panel consisting of three members (i) an evaluation specialist (ii) an adaptation specialist, and (iii) a representative from civil society for a decision by the end of April 2014, and c) Request the secretariat to issue a request for proposals following the World Bank procurement rules and procedures (AFB B.23/7; AFB/EFC.14/10).

The two-phase evaluation approved by the Board in its 23rd meeting (18-21 March, 2014), includes a Phase 1 and a Phase 2 as presented in the document “Options for an Evaluation of the Fund” (AFB/EFC.14/5). It responds to 1) the opportunity to present preliminary results of an evaluation to UNFCCC meetings in December 2014 as presented by GEF EIO in document AFB/EFC.12/4 and 2) the concern the AFB had on the lack of portfolio maturity. Therefore, Phase 1 of the evaluation could focus on institutional/fund level processes, leaving Phase 2 to focus on the Fund’s on-the-ground interventions and its overall outcomes. Arbitrarily delimiting the evaluation in two Phases brings challenges and risks, already identified in document “Options for an Evaluation of the Fund.” Both phases should consider such risks.

¹ Annex A and document AFB.B.11.Inf.3 contain further information

² “Overall evaluation” was the term used to denote an evaluation that would assess “the overall performance, efficiency and effectiveness of an entire institution, organization, fund or programme” (p.2 AFB/EFC.12/4). It was used as a synonym of “comprehensive evaluation.”

³ “...an overall evaluation of the Fund should be conducted, but given that only one project is currently under implementation, the date of such an evaluation would be discussed during the seventh meeting of the EFC” (Decision B.13/20 in p.1, AFB/EFC.12/4 2013)

These draft or generic terms of reference (TOR) provide guidance to Phase 1 of the evaluation. The Board will decide when development and implementation of Phase 2 should occur.

The Evaluation in the Context of Other Reviews and Studies of the Adaptation Fund

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) is also currently undertaking a review of the AF. The CMP, in decision 1/CMP.3, paragraph 32 and 33, decided “that the interim institutional arrangements...shall be reviewed after three years at the sixth session” of the CMP. In 2010, the CMP decided to undertake such review at its seventh session (2011) and every three years thereafter (Decision 6/CMP.6, paragraph 1). The review was implemented in 2011 (see AFB/B.16/Inf.6). Decision 4/CMP.8 presents CMP guidance concerning the initial review of the Fund’s interim arrangements.

The CMP decided to undertake a second review of the Fund in accordance with the TOR contained in the annex to Decision 2/CMP.9 (See Box 2, below).

Box 2: Extract of the TORs for the second review of the Adaptation Fund (Decision 2/CMP.9)

I. Objective

1. The objective of the second review is to ensure the effectiveness, sustainability and adequacy of the operation of the Fund, with a view to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) adopting an appropriate decision on this matter at CMP 10.

II. Scope

2. The scope of the second review of the Adaptation Fund will cover the progress made to date and lessons learned in the operationalization and implementation of the Fund, and will focus on, inter alia:

- (a) The provision of sustainable, predictable and adequate financial resources, including the potential diversification of revenue streams, to fund concrete adaptation projects and programmes that are country driven and based on the needs, views and priorities of eligible Parties;
- (b) Lessons learned from the application of the access modalities of the Adaptation Fund;
- (c) The institutional linkages and relations, as appropriate, between the Adaptation Fund and other institutions, in particular institutions under the Convention;
- (d) The institutional arrangements for the Adaptation Fund, in particular the arrangements with the interim secretariat and the interim trustee.

Although the evaluation and second review are independent, their overall scopes and timelines overlap. Results of the Fund’s Phase 1 evaluation may inform the second review by the CMP and future reviews and evaluations of the Fund. The Board, in decision B.23/18, decided that the final TOR for the evaluation should include elements of the scope of decision 2/CMP.9 for the second review of the Fund.

The Fund has also been centre of studies completed by other institutions. These include studies of the Fund’s access modalities, governance structure, and comparative analyses with other adaptation and climate change funds (for example, Canales Trujillo and Nakhoda 2013; WRI 2013; Brown et al. 2013; CDKN 2012; CIS 2012; Kaloga 2012; Climate Focus 2011; Brown et al. 2010; ECBI 2010; Ratajczak-Juszko 2010; IIED 2009; and Hedger et al. 2008) and published peer-reviewed journal articles (Stadelmann et al. 2013; Barrett 2013; Oberlack and Eisenack 2013; Horstmann and Abeyasinghe 2011; and Grasso 2010).

Studies focus and scope vary according to the interest of each institution or researcher. Annex C presents main recommendations of studies found through an Internet search. These recommendations helped to develop specific sub-questions for the evaluation of the Fund and should be used, together with the findings of reviews and studies, during a more specific definition of these TOR and during analysis and triangulation of the Phase 1 evaluation.

The evaluation team should also use and consider findings and results from evaluations of other adaptation and climate change funds (i.e., LDCF, SCCF, CIF) during the design, compilation of information and analysis.

AUDIENCE OF THE EVALUATION

The main audience of the Phase 1 of the evaluation includes all the Parties to the Kyoto Protocol (CMP), development partners, AFB (Ethics and Finance Committee -EFC, Project and Programme Review Committee -PPRC and Accreditation Panel-AP), AFB Secretariat, Trustee, Implementing Agencies (MIEs, NIEs, RIEs), executing agencies, communities implementing and participating in interventions of the Fund, Designated Authorities for project / programme submission, and Fund's observers (UNFCCC Parties, NGOs and other Civil Society Organisations and International Organisations).

Evaluation results will be relevant to inform the Fund's second review, processes and future development of the Fund and other climate change financing mechanisms (LDCF, SCCF, CIF), specially the Green Climate Fund. Evaluation results can be useful by Parties to the Kyoto Protocol, the UNFCCC at large, developing countries, donors, and agencies and institutions working on adaptation to climate change and climate finance.

PURPOSE AND OBJECTIVES OF THE EVALUATION

Introduction and scope of the evaluation

The evaluation constitutes the first phase in a two-phase approach to a comprehensive evaluation of the Fund. Phase 1 is a process evaluation intended to inform discussions and decisions on the Fund's operational aspects. It will communicate how well the Fund's implicit or assumed logic and the design are working in relation to key processes (see below), identify early challenges in reaching beneficiaries and allow early adjustments to its working modalities as required.

The evaluation will focus on the following main processes of the Adaptation Fund:⁴

- Resource mobilisation related processes: Adaptation Fund CER proceeds, approaches taken by Fund management for acquisition of financial support from multi- and bi-lateral agencies, etc.
- Decision-making processes: the governing structure of the Fund and the functions of its component parts, including institutional linkages and relations (cooperation, transparency, etc.) with regard to the interim host organization and trustee.
- Resource allocation: Design and application of strategic priorities and objectives (Results Based Management)
- Access to funding
 - Access modalities
 - Accreditation process
- Project/programme cycle
 - Funding windows: One step and two step processes
 - Projects and programmes approval (project cycle performance)
 - Knowledge management processes at project/ programme level: Monitoring and evaluation
- Knowledge management processes at the Fund level: Fund's reviews, comprehensive evaluations, etc.

The Fund is more than just the sum of these processes. Therefore, the evaluation should also focus on the function of the Fund in its entirety with linkages among processes and the context in which the Fund is embedded and operates.

Expected depth and general time frame

⁴ Annex A of these TOR presents an overview of the Fund's main processes

The evaluation will cover the first four years of the Fund’s operations, from 2010 until the launch of the evaluation. It should cover ongoing and completed processes and, to understand its evolution, briefly examine aspects and events towards its establishment and operationalization.

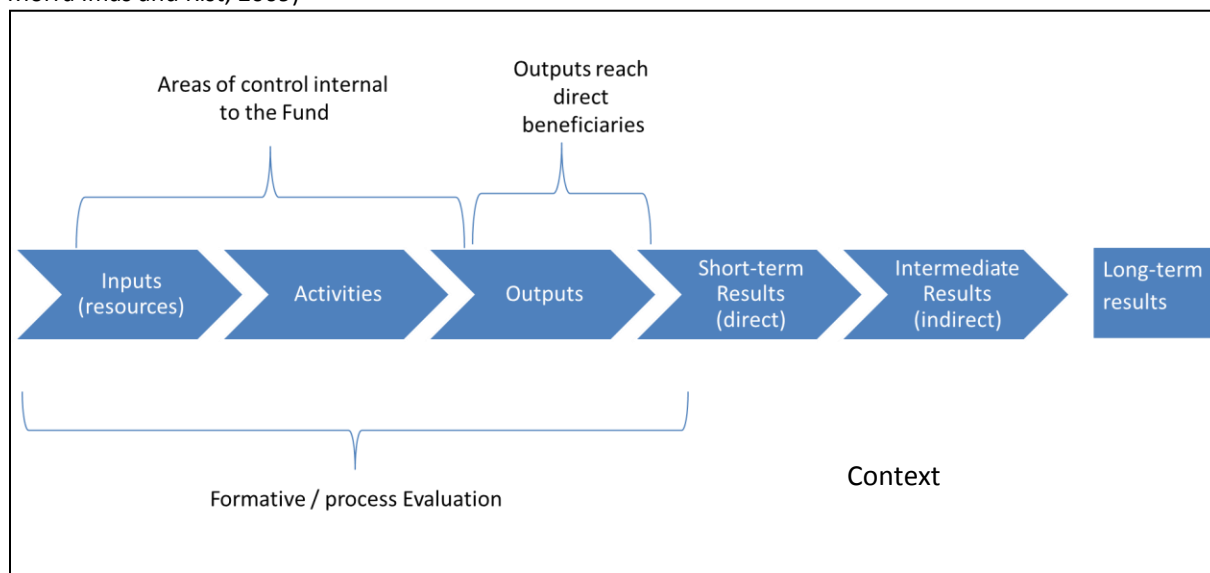
Objective of the evaluation

The **objective** of the evaluation is to examine and assess the Fund’s design and implicit logic against its implementation to identify and strengthen good practices, to indicate processes that require improvement, and to recommend how these can be carried out.

Specifically, it will assess for the Fund as a whole and for each process identified above, and as possible and needed, the relevance, efficiency, effectiveness and sustainability of the elements of a process evaluation (see Figure 1):

- Inputs (resources: proceeds from CER and funds from donors, data and information, human resources, CMP guidelines, policy and other instruments in general, etc.);
- Activities –management practices and service delivery mechanism (the Fund’s management and governance: disbursement and risk management, investment allocation practices – including accreditation, direct access modality, transparency, resource mobilization, M&E and knowledge management activities), which is also an area of control internal to the organization;
- Outputs (for example, provision of financial resources to beneficiaries, NIEs, adaptation interventions);
- Linkages and dynamics among inputs, activities, and outputs of processes and entire Fund;
- Main short-term results/outcomes, as possible; and
- Evolving context of adaptation support and how that context has changed.

Figure 1. Fund level simplified logic model to frame evaluation objective and questions (Adapted from p.223, Morra Imas and Rist, 2009)



EVALUATION QUESTIONS

The main question to be asked by the evaluation include: What have been the overall relevance, efficiency, effectiveness and sustainability (technical, institutional, and financial) of the Fund’s intended and actual operations and what are the main lessons and recommendations that can be drawn for its future operation?

Main sub-questions of the evaluation: Main sub-questions were developed and structured using the OECD DAC criteria (relevance, efficiency, effectiveness, results and sustainability), document AFB/EFC.12/4, adapting sub-questions of previous evaluations of other programmes, funds, etc., for example, FCPF evaluation, SCCF and LDCF evaluations, CIF evaluation, among others, and reviewing frameworks and results of studies presented in Annex C.

Relevance of Fund's processes

- How relevant⁵ are the Fund's intended and actual operations to the CMP guidance, national sustainable development strategies, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments? What are the identified gaps between the relevance of intended and actual operations?
- What is the relevance of the Fund's intended and actual operations within the context of adaptation to climate change at the global and national levels?

These questions build the context in which the Fund operates. Relevance is the extent to which intended and actual operations are suited to the priorities and policies of beneficiary countries, the CMP guidance, and other Fund key stakeholders, and the degree in which the Fund's operations (inputs, activities and outputs) remain valid to achieve its intended objectives.

Efficiency of the Fund's processes⁶

- To what extent have the Fund's operations been efficient in achieving desired and actual outputs and short-term results and objectives?
- What has been the level of cooperation among Fund's stakeholders and with other financial mechanisms to address adaptation to climate change?

These questions assess the efficiency in the management and resource use, planning and implementation of activities (including their cost-efficiency), and Fund's technical and operational service delivery (on time delivery of outputs), including the level of the cooperation among Fund's stakeholders (for example, among implementing entities, etc.). Given the existence of synergies and overlaps with other Funds and mechanisms that address adaptation to climate change, the evaluation will also assess the level of cooperation of the Fund with these mechanisms. When answering these questions, the evaluation team should consider and account for the different perspectives of Fund's stakeholders.

Effectiveness of the Fund's processes⁷

- What is the effectiveness of the Fund's intended and actual operations? Is the Fund operating as designed and on track to meet and deliver its intended institutional objectives and short-term results?
- What are the major factors enabling or hindering the effectiveness of operations?

These questions assess how effective are the design and actual processes (operations, including service delivery), and transparency and accountability.

Sustainability/ including among others, technical, institutional and financial viability

- What has been the progress made to date towards the sustainability of the Fund's operations?
- To what extent has the institution provided relevant, efficient, effective, and sustainable grants to developing country Parties to the Kyoto Protocol?

⁵ Relevance (as defined by OECD DAC): "The extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor."

⁶ Efficiency, as defined by the OECD DAC, "measures the outputs - qualitative and quantitative - in relation to the inputs. It is an economic term which signifies that the aid uses the least costly resources possible in order to achieve the desired results. This generally requires comparing alternative approaches to achieving the same outputs, to see whether the most efficient process has been adopted"

⁷ Effectiveness (as defined by the OECD DAC): "A measure of the extent to which an aid activity attains its objectives."

- What does the technical, financial, and institutional sustainability of the Fund depend upon? What are the options for a sustainable Fund?

These questions assess the Fund's sustainability in the global policy, financial and environmental context and specifically considering other financial arrangements and mechanisms for adaptation to climate change. The evaluation will consider major factors influencing the achievement or not of sustainability of the Fund's operations.

Short-term Results/Outcomes

- To what extent have the Fund's processes and operations (see full list on page 3) been showing and/or supporting the achievement of short-term results?

This process evaluation, which focuses on Fund's inputs, activities and outputs, will also look briefly at short-term results or early identified outcomes. The question assesses if any of the processes have achieved intended or unintended, positive or negative, short-term results/outcomes.

PROPOSED EVALUATION APPROACH AND METHODOLOGY

Inception: The review by the evaluation team of these generic TORs and the evaluation framework contained therein will guide the evaluation. The information included here is indicative concerning overall approach, methodologies, timeline, etc. The Evaluation Team is expected, through the inception report, to revise and expand these TOR and specifically the evaluation framework and include additional overall and specific questions. The evaluation team selected shall also develop the implicit theory of change that is guiding the Fund. The evaluation framework will describe the main sub-questions to be addressed by the evaluation team under the OECD-DAC criteria. The evaluation will consist of a mix of quantitative and qualitative methods, tools and approaches.

Data collection: Primary and secondary data and information will be collected through personal and/or telephone interviews with Fund's key stakeholders (for example, the CMP, country beneficiaries, Implementing and executing entities, etc.) and literature review, including contextual and background information on adaptation, Fund, CMP and UNFCCC related policy documents, project and programme desk reviews of documents and reports as needed. Existing evaluations, assessments and reviews, in particular, the Performance of the Secretariat and Trustee (AFB/B.16/Inf.6) and the Fiduciary Review of the Adaptation Fund (2010), and results of the LDCF, SCCF, CIF and other previous and present evaluations of climate change adaptation finance mechanisms will inform the evaluation. The evaluation team will develop and use data compilation instruments (for example, protocols for questionnaires) that consider available resources and evaluation questions. Following international standards, data collection biases and criteria for the selection of samples (including limitations on representativeness of the sample) will be identified and discussed as needed.

Analysis: Quantitative and qualitative data analysis will be used as appropriate, and to strengthen the evaluation. Data and qualitative information triangulation will be employed for cross verification and validation of data and information collected, and analysis.

Reporting: see "Deliverables" section below.

The methodology shall be further refined during the evaluation's inception phase by the selected evaluation team. It should also include transversal issues such as gender.

Limitations

The main limitations identified at this stage are included below. This list is not intended to be exhaustive. The evaluation team should review and report other limitations as encountered or identified during the evaluation's design and implementation.

Limited time to design and implement phase 1 of the evaluation if results are to be presented for discussion at the twenty-fourth Board meeting (October 2014).

Access to certain stakeholders for interviews may be limited given the length of their assignment in the Fund's processes and operations, for example the first appointees to the AFB.

Changes in processes, operations and policies pose structural or content limitations. Some strategic policies and other procedures have been recently revised, modified or amended, or recently developed and approved; for example, the amended operational policy to access the Fund's resources and the approval of Environmental and Social Policy (approved in Nov. 2013). These updates need to be accounted for during the evaluation and may pose a limitation, specifically on conclusions drawn from analysis containing "mixed populations" (those aspects that were addressed before or after a policy, for example, was approved).

Limited information (processes only) will be available for decision making. Further information will be available later in time (phase 2 of the evaluation).

Within processes, limited information will be available (for example, limited information in terms of the functionality of NIEs - number of accredited NIEs and funded projects under implementation). In addition, most of the NIEs are still in the process of preparing project concepts and waiting for endorsement and approval from the Fund. Therefore, evidence on how NIEs have successfully operated based on standards, and their coordination with relevant executing entities are relatively scarce.

The need to protect confidential information will limit the type of information accessed, included and disseminated in evaluation reports. Sensitive and confidential information (for example, information related to accreditation and financial integrity) essential to and used during the evaluation is subject to the World Bank's Code of Professional Ethics. Beneficiary countries' own set of rules and procedures concerning confidential information management will also present limitations.

ESTIMATED SCHEDULE AND DELIVERABLES

A period of five to six months has been estimated for the implementation of the Phase 1 of the evaluation. Table 1 below presents the projected level of effort (estimated schedule) for the evaluation.

Table 1. Estimated schedule of the evaluation

(Phase 1)	Months					
	1	2	3	4	5	6
Main deliverables and processes						
Selection /contracting teams	x	x				
Inception report reviewing background documents, finalizing TOR, evaluation framework, and development methodology		x				
Stakeholder consultations/ interviews			x	x	x	
Documentation review			x	x	x	
Data analysis				x	x	
Preliminary results report				x		
Draft report					x	
Editing and communication					x	
Final report submitted						x

DELIVERABLES

The Evaluation Team is expected to deliver the following main products:

- Inception report with final/refined TOR for Phase 1, the Fund's draft implicit theory of change, evaluation framework, work plan, methodology, including tool selection, etc.
- Preliminary report with preliminary conclusions and recommendations. It is planned this report will be presented to the AFB for discussion at the twenty-fourth Board meeting (October 2014) (Recommendation EFC.14/2 AFB/EFC.14/10).
- Draft evaluation report, which will be drafted based on feedback received from the review of the preliminary results report.
- Final evaluation report. This report will consider and integrate, as relevant, comments received, and it will be translated in the Fund's languages.
- Originals of any other sub product used during the analysis for the evaluation (survey results reports, graphs, maps, tables).

Specific deliverables and tasks will be developed and mutually agreed with the Coordinator of the evaluation before the contract is signed.

Submission guidelines

The evaluation team will submit an inception report, preliminary conclusions and recommendations report, a draft and final evaluation reports in English. A provisional evaluation report template is provided in Annex D. The evaluation team should revise and modify the template as needed. The format to utilize and the average length of the document will be defined between the coordinator and evaluation team of the evaluation.

BUDGET

Budget shall be proposed by the evaluation team through World Bank standard procurement rules and guidelines during the RFP process.

CODE OF CONDUCT OR GUIDING PRINCIPLES AND VALUES OF THE EVALUATION AND CONFLICT OF INTERESTS

This evaluation will be conducted in a professional and ethical manner. The evaluation process will show sensitivity to gender, beliefs, and customs of all stakeholders and shall be undertaken with integrity and honesty. The rights and welfare of participants in the evaluation shall be protected. Anonymity and confidentiality of individual informants shall be protected when requested and/or as required (p.5, OECD-DAC 2006) and sensitive and confidential data should be managed following the World Bank's Code of Professional Ethics.

Code of conduct and guiding principles and values will be used to coordinate, implement, and independently review the Fund's evaluation. The IRP, Coordinator, and Evaluation Team will sign a code of conduct agreement following World Bank rules and guidelines and observe principles and best practices included in Table 2, below.

Table 2. Principles and best practices for implementing evaluations and selection of evaluation teams.

Evaluations should be implemented following best practise on evaluation, under the following principles	The following principles and guidelines in selecting independent evaluators/evaluation teams to conduct evaluations should be observed
<ul style="list-style-type: none">• Independence from policy-making process and management• Impartiality: giving accounts from all stakeholders• Transparency: clear communication concerning the purpose of the evaluation, its intended use, data and analysis• Disclosure: lessons shared with general public• Ethics: regard for the welfare, beliefs, and customs of	<ul style="list-style-type: none">• Evaluators/evaluation teams will be independent of both the policy-making process and the delivery and management of assistance to the project they are evaluating• Evaluators will be impartial and present a comprehensive and balanced appraisal of the strengths and weaknesses of the project/programme being evaluated• The evaluation team should be comprised of

Evaluations should be implemented following best practise on evaluation, under the following principles	The following principles and guidelines in selecting independent evaluators/evaluation teams to conduct evaluations should be observed
<p>those involved or affected</p> <ul style="list-style-type: none"> • Avoidance of conflict of interest • Competencies and Capacities: selection of the required expertise for evaluations • Credibility based on reliable data, observations, methods and analysis • Partnerships: between implementing entities, governments, civil society, and beneficiaries • Utility: serve decision-making processes and information needs of the intended users 	<p>professionals with strong evaluation experience, requisite expertise in the project subject matter, and experience in economic and social development issues as well as accounting, institutional governance</p> <ul style="list-style-type: none"> • Evaluators should be knowledgeable about Fund’s operations and strategy, and about relevant Fund’s policies such as those on project life cycle, M&E, etc. • Evaluators should take into account the views of all relevant stakeholders in conducting final evaluations • Evaluators will become familiar with the project/programme document and will use the information generated by the project including, but not limited to, baseline data and information generated by the project M&E system • Evaluators should also seek the necessary contextual information to assess the significance and relevance of results; and • Evaluators will abide by the Implementing Entity Ethical Guidelines and other policies relevant to evaluations, if available and applicable.

Based in the GEF IEO Ethical Guidelines

ORGANIZATIONAL ASPECTS

To ensure the evaluation process is as independent as possible, *an Independent Review Panel (IRP)* has been convened by the Board. Following the recommendation of the Chairs and Vice-Chairs of the Board and EFC, the Board decided to appoint Ms. Eva Lithman, Mr. Simon Anderson, and Dr. Doreen Stabinsky to an IRP for the evaluation of the fund (Decision B.23-24/4). (Annex E presents IRP member’s biographies). Specifically, the IRP will review and comment on the draft TOR for the evaluation, the inception report, the criteria for selecting the evaluation team and recommend the evaluation team to the AFB Secretariat from a group of possible institutions, and provide comments on the preliminary, draft and final reports of the evaluation.

The role and responsibilities of the IRP (with assistance from the Coordinator) includes:

- Follow the ethical guidelines during the entire evaluation
- Review and provide comments to Coordinator on draft TOR for the evaluation
- Review criteria for the selection of the Evaluation Team and recommend an evaluation team to the AFB Secretariat
- Review and provide comments on the inception report (including TOC, evaluation framework, sub questions, evaluation matrix with proposed tools for analysis, work plan, etc.)
- Review and comment on the preliminary report of the evaluation
- Review and comment on the draft report of the evaluation
- Provide comment to the final report of the evaluation

To further ensure independence, *The AFB Secretariat* only performs administrative aspects (including budget management, funds disbursements, issuing the call for proposals), acts as the first liaison with the Fund’s stakeholders, and provides access to in house information and data for the evaluation.

Role and responsibilities of the AFB Secretariat

- Follow the ethical guidelines during the entire evaluation
- Initiate announcement of RFP together with Coordinator following World Bank Procurement processes

- Following recommendations received from the IRP, hire the evaluation team
- Assist the Coordinator in initial liaison with stakeholders of the evaluation as needed
- With Coordinator, ensures AFB Secretariat background materials are made accessible to evaluators in a timely manner
- Ensure availability of funds to implement the Fund's evaluation
- Promote the implementation of recommendations as agreed and under the guidance of the AFB

The Coordinator (a consultant) of the evaluation will task manage and coordinate the work of the Evaluation Team for the evaluation. The Coordinator will also act as the IRP Secretariat to coordinate activities and provide logistical services and support. The IRP and Coordinator shall define further and agree specific organizational aspects through an MOU that will guide their work.

Role and responsibilities of the Coordinator

The coordinator will be responsible for task managing and coordinating the evaluation process. These tasks and activities include:

- Follow the ethical guidelines during the entire evaluation
- Prepare the draft TOR of the evaluation and together with the IRP finalize the draft to be included in the RFP
- Identify with the IRP the mix of skills and experiences required to conduct this evaluation
- Together with the AFB Secretariat initiate announcement of RFP for the assignment using World Bank Procurement Processes and potential interested institutions
- Support the IRP in the review of potential Evaluation Teams based on received proposals, and communicate the IRP recommendation to the AFB Secretariat
- Provide comments and feed-back to the Evaluation Team and as needed
- Serve as the liaison with key stakeholders and once the AFB Secretariat makes initial introductions (as needed)
- Oversee the overall plan of the Evaluation
- Facilitate collaboration and coordination between the Fund's Second Review and this evaluation
- Ensure together with the AFB Secretariat background materials are presented to evaluators in a timely manner
- Facilitate together with the AFB Secretariat access to Fund's databases, files, and documents by the Evaluation Team
- Oversee progress of the evaluation implementation
- Assess quality of reports produced by the Evaluation Team before submitting to the IRP
- Arrange for meetings with Fund's stakeholders to discuss the evaluation preliminary and draft reports (for example, during the AFB meeting)
- Provide reports to the IRP for comments and compile their comments on preliminary, draft and final reports of the evaluation
- Provide comments from the IRP to the Evaluation Team and ensure comments and recommendations from the IRP are addressed in the reports by the Evaluation team
- Ensure with the assistance of the AFB Secretariat presentation of Fund's final evaluation results
- Assist the AFB Secretariat to disseminate evaluation results to key stakeholders if needed
- Assess performance of evaluators and communicate results to the AFB Secretariat

The Evaluation Team (a team of consultants) will implement the evaluation. In doing so, the Evaluation Team will provide inputs to the evaluation design (including the development of the implicit TOC of the Fund), review information made available to them and also other information needed to implement the evaluation, design and refine tools to collect data, conduct interviews, among other tasks described below. The organization of the

Evaluation Team work is the responsibility of the Team itself. The Evaluation Team will participate in meetings with the Coordinator as required. Annex F describes desired and minimum skills of the Evaluation Team.

Role and responsibilities of the Evaluation Team

The Evaluation Team implementing the Fund's evaluation is responsible to:

- Follow the ethical guidelines during the entire evaluation
- Maintain regular communication with the Coordinator about the evaluation
- Provide inputs to the evaluation design and develop the evaluation inception report including development of the Theory of change, refined with the guidance of the IRP and Coordinator, TORs, specifically the questions, scope of the evaluation and the evaluation matrix
- Develop and follow the evaluation plan and implement the evaluation following the refined TOR
- Solicit information from the Coordinator when needed for the evaluation, review information made available by AFB Secretariat through the Coordinator and compile and review other information needed to implement the evaluation
- Design and refine tools to collect data as needed
- Arrange and conduct interviews, with the initial support of the Coordinator if needed
- Keep abreast of the implementation of the Fund's Second Review and remain available for meetings to discuss overlaps and collaboration with the team implementing the Review, as needed
- Provide progress reports to Coordinator
- Analyse and synthesize information, interpret findings, develop and discuss conclusions and recommendations of the evaluation
- Develop a preliminary results report and distribute it to the Coordinator
- Draft the evaluation report taking into consideration comments and correct factual errors or misinterpretations, and distribute it to Coordinator
- Brainstorm with the Coordinator and AFB Secretariat best ways to present findings
- Finalize and present the final report to stakeholders, specifically the AFB

ANNEXES

- A. Overview of the Adaptation Fund
- B. List of Projects approved, under implementation, or with expected mid-term or terminal evaluation dates
- C. Recommendations result of studies of the Adaptation Fund completed by other institutions
- D. Suggested report outline
- E. Biographies of the IRP members
- F. Description of desired and minimum skills of the Evaluation Team
- G. References

Annex A: Overview of the Adaptation Fund

Introduction

“In accordance with decision 1/CMP.3, paragraphs 1 and 2, The Adaptation Fund shall a) assist developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation; b) finance concrete adaptation projects and programmes that are country driven and based on the needs, views and priorities of eligible countries” (FCCC/KP/CMP/2008/11/Add.2 Annex IV). Since 2010 the Fund has dedicated US\$ 226 million to climate adaptation initiatives in 34 countries. Grant finance is accessed by developing countries parties to the Kyoto Protocol through Implementing Entities that have been accredited by the Adaptation Fund Board. At present, 11 MIEs, four RIEs and 16 NIEs have been accredited and are eligible to access finance from the Fund. The Fund is supervised and managed by the Adaptation Fund Board. The World Bank serves as trustee of the Adaptation Fund on an interim basis, and the GEF as the interim AFB Secretariat.

Milestones in the Fund’s history

Milestone	Year/Country	Decision (if applies)
Origins of the Adaptation Fund	2000, The Hague, Netherlands	UNFCCC Sixth Session of the Conference of the Parties (COP6)
Establishment of the Fund	2001, Marrakesh, Morocco	Decision 10/CP.7 Funding under the Kyoto Protocol, UNFCCC COP 7
Sharing the Proceeds from Certified Emissions Reductions Sales	2001, Marrakesh, Morocco	Decision 17/CP.7
Activities Supported by the Fund	2001, Marrakesh, Morocco	Decision 5/CP.7
Guidance for the operation of the Fund	2005, Montreal, Canada	Decision 28/CMP.1
The Clean Development Mechanism	2005, Montreal, Canada	Decision 3/CMP.1
Report of the CMP on its Second Session	2006, Nairobi, Kenya	Decision 5/CMP.2
AFB established	2007, Bali, Indonesia	Third session of the CMP; (Decision 1/CMP.3).
Adoption of the rules of procedure of the AFB, ,	2008, Poznan, Poland	Decision 1/CMP.4
Adoption of the MOU between the CMP and the GEF regarding Secretariat services, and the terms and conditions of services to be provided by the Trustee	2008, Poznan, Poland	Decision 1/CMP.4
Adoption of the strategic priorities, policies, and guidelines of the Fund	2008, Poznan, Poland	Decision 1/CMP.4
Outcome of the Work of AWG-LCA	2009, Copenhagen, Denmark	Decision 15/CP.15
Copenhagen Accord	2009, Copenhagen, Denmark	Decision 2/CP.15
Parties endorsed the decision of the AFB to accept the offer of Germany to confer legal capacity on the AFB.	2009, Copenhagen, Denmark	Decision 4/CMP.5; also Decision B.7-8/1 of AFB
Initial Review of the Adaptation Fund	2009, Copenhagen, Denmark	Decision 5/CMP.5
Invitation to nominate NIEs for accreditation to the AF was sent	2009	Decision B.7/5
The AFB adopted the Fund's fiduciary standards	2009	Decision B.7/2 of AFB
Adopted the amendments to the rules of procedure of the AFB as contained in the annex of decision 4/CMP.5	2009	Decision B.7/6 of AFB
The Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) were established	2009	Decision B.6/3 of AFB
The Fund becomes fully operational; the direct access modality is operationalized and the first project is funded.	2010	CMP takes notes of approval of two proposals Decision 5/CMP.6
Cancun Adaptation Framework and the Adaptation Committee	2010, Cancun, Mexico	Decision 1/CP.16
Announcement of Private donations to the AF are possible through a partnership with the UN Foundation.	2012, Doha, Qatar	COP18
Environmental and Social Policy approved and fiduciary standards adopted in 2009 adjusted	2013	Decision B.22/23 of the AFB

Sources: Adaptation Fund Handbook and Background of the Adaptation Fund

Governing structure

The CMP is the authority of the Adaptation Fund Board, provides guidance to the Board, assigns its functions, and decides on the overall policies of the Fund. The Board is the operating entity to supervise and manage the Fund, under the authority and guidance of the CMP. The Board is fully accountable to the CMP.

The GEF provides secretariat services to the Board and the World Bank serves as the Fund's trustee on an interim basis. These interim institutional arrangements were reviewed in 2011 and extended at least until 2014 and 2015 respectively.

The EFC and PPRC consist of Board members and alternates serving for one year term and eligible to serve a maximum of two consecutive terms. To guarantee continuity, members can be rotated (AF, undated). The Accreditation Panel is supported by the AFB Secretariat and consists of two Board Members and four experts. The panel, through a transparent and systematic process accredits the implementing entities (see accreditation process below).

Implementing entities (NIEs, MIEs) are "the national legal entities, and multilateral organizations that have been identified ex ante by the Board as meeting the criteria adopted by the Board, in accordance with decision 1/CMP.3, paragraph 5 (c), to access funding to implement concrete adaptation projects and programmes supported by the Fund."

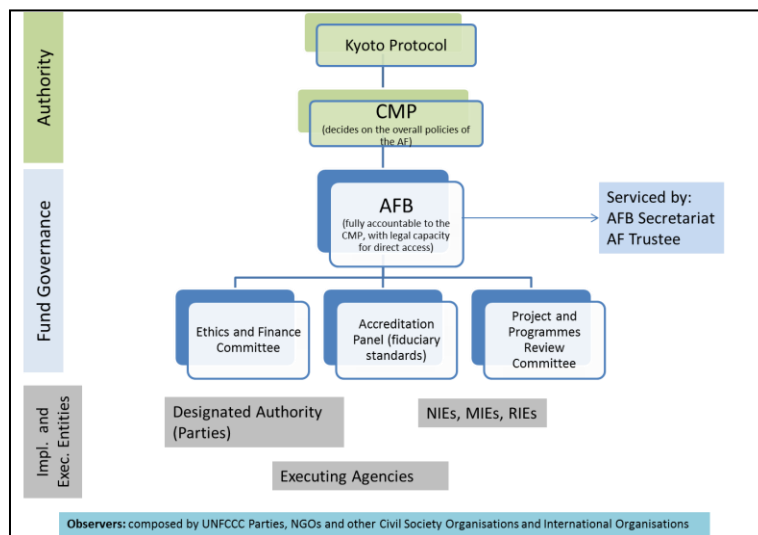


Figure: Adapted from O'Sullivan et al. 2011.

The Designated Party is the authority that will represent the government of a Party in its relations with the Board and its secretariat. The Designated Authority shall be an officer within the Party's government administration. The main responsibility of the Designated Authority is the endorsement on behalf of the national government of: a) accreditation applications as NIEs submitted by national entities; b) accreditation applications as RIEs and SIEs submitted by regional or sub-regional entities; and c) projects and programmes proposed by the implementing entities (national, regional, sub-regional, or multilateral).

Executing entities are organizations that execute adaptation projects and programmes supported by the Fund under the oversight of Implementing Entities.

Observers include representatives of UNFCCC Parties, the UNFCCC secretariat and UNFCCC accredited observers.

Funding mechanisms and Operations

Adaptation Fund Proceeds: CER Credits and donations

Under the Clean Development Mechanism (CDM), emission-reduction projects in developing countries can earn certified emission reduction (CER) credits. These credits can be traded and sold by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol. The share of proceeds amounts to two per cent of the value of CERs issued each year for CDM projects. The fund also receives contributions from governments, the private sector, and individuals.

Allocation of resources: Strategic priorities and objectives (RBM)

Decisions on the allocation of resources of the Fund consider criteria (See Box below) established in the Strategic Priorities, Policies and Guidelines of the Adaptation Fund and adopted by the CMP (FCCC/KP/CMP/2008/11/Add.2 Annex IV).

Box: Criteria for the decisions on the allocation of resources of the Fund (FCCC/KP/CMP/2008/11/Add.2 Annex IV)

- a. Level of vulnerability;
- b. Level of urgency and risks arising from delay;
- c. Ensuring access to the fund in a balanced and equitable manner;
- d. Lessons learned in project and programme design and implementation to be captured;
- e. Securing regional co-benefits to the extent possible, where applicable;
- f. Maximizing multi-sectoral or cross-sectoral benefits;
- g. Adaptive capacity to the adverse effects of climate change.”

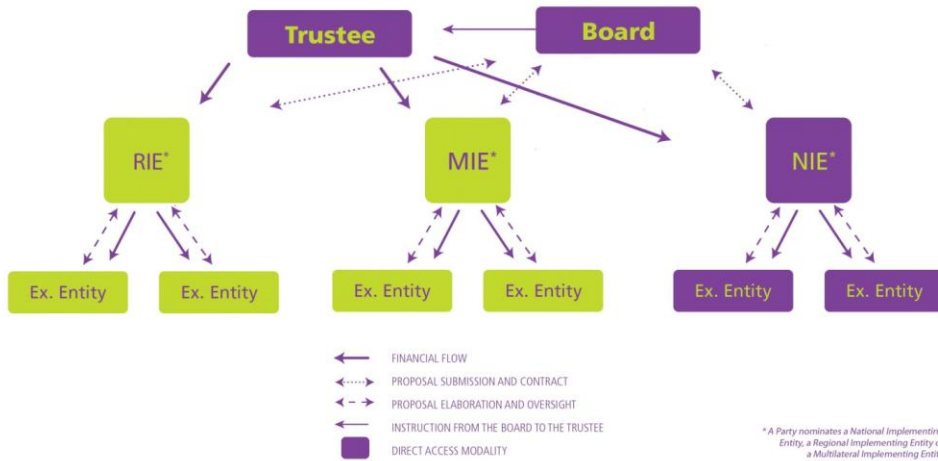
In addition, “in assessing project and programme proposals, the AFB shall give particular attention to:

- Consistency with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;
- Economic, social and environmental benefits from the projects;
- Meeting national technical standards, where applicable
- Cost-effectiveness of projects and programmes;
- Arrangements for management, including for financial and risk management;
- Arrangements for monitoring and evaluation and impact assessment;
- Avoiding duplication with other funding sources for adaptation for the same project activity;
- Moving towards a programmatic approach, where appropriate” (FCCC/KP/CMP/2008/11/Add.2 Annex IV).

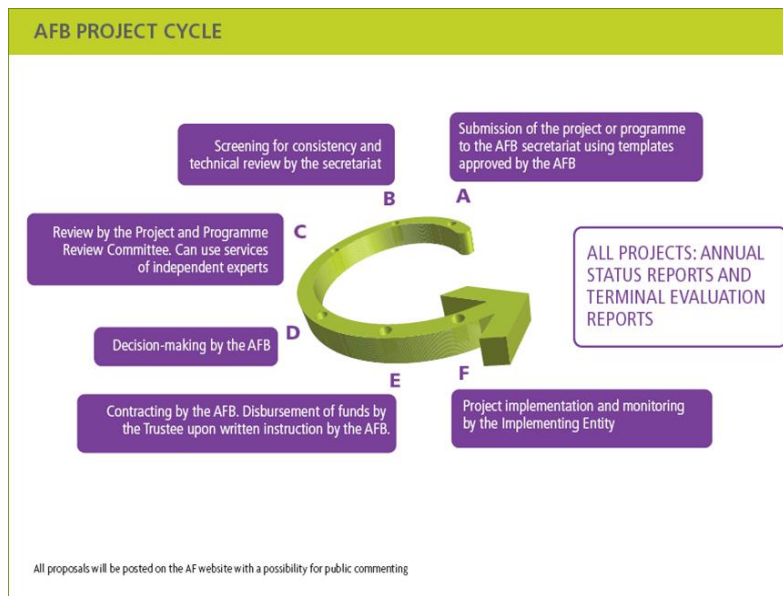
Access to funding and Project / Program cycle

The Fund has two modalities for accessing funds: 1) The Direct Access modality in which eligible Parties can submit their projects *directly* to the AFB *through an accredited* National Implementing Entity (NIE). A group of Parties may also nominate *regional and sub-regional entities* as implementing entities in lieu of NIE, and 2) in the modality in which eligible Parties can submit their projects using the services of MIE. The MIEs, chosen by eligible Parties to submit proposals to the Board, will bear the full responsibility for the overall management of the projects and programmes financed by the Fund, and will bear all financial, monitoring and reporting responsibilities.

Figure: Modalities for accessing resources of the Adaptation Fund



Funding windows: Two possible project/ programme cycles are available in the Fund: the one step process for small-scale projects/programmes (less than one million USD) and a choice of a one-step (full proposal) or two-step process (concept approval and project document) for regular projects/programmes (larger than one million USD). For regular projects, a Project Formulation Grant may be available to NIE proponents of endorsed concepts.



Project/programmes performance reports (PPRs) and content of PPRs: PPRs are one of the Fund’s reporting requirements. PPRs content should include procurement and financial aspects of the project, risks, outputs and implementation progress. The Fund’s Projects and programmes also complete *Mid-term and Final evaluations*. Other aspects within the project/programme cycle include: Project and programmes formulation grants, Transfer of funds, Procurement, Project suspension and cancelation, Reservations, Dispute settlement and Administrative costs.

Accreditation process

National, regional, and multilateral institutions interested in becoming suitable to submit applications for project and program funding need first to prove existence and adequate use of fiduciary standards (Financial Integrity and Management, Institutional Capacity and Transparency and Self-Investigative Powers) to efficiently and effectively implement projects and grants of up to USD10 million disbursed by the Fund over a period of several years.

The Fund's portfolio

Since its full operationalization, the Fund has been financing 34 projects with a grant volume of USD226 million, of which USD78 million have been disbursed in different regions. Thirteen projects /programmes are being financed in Asia-Pacific, 10 in Africa, 10 in Latin America and the Caribbean, and one in Eastern Europe. UNDP is implementing the majority (20) of projects and programmes up to date, followed by the WFP (4) and UNEP (3). The other entities (CSE, MINIRENA, UCAR, ANII, WB, PIOJ, and IFAD) implement one project. The Fund financed projects and programmes address mainly water management (6), agriculture (6), and rural development (6), food security (5), DRR (4), coastal zone management (4) and multi-sector (3). The list of projects and programmes and levels of implementation is included in Annex B).

Annex B: List of Projects approved, under implementation, or with expected mid-term or terminal evaluation dates

Country	Implementation Entity	Approval (Date)	Expected Project start (date)	Inception (Date)	Expected Mid-term evaluation (Date)	Expected Project End (Date)	Expected Final Evaluation (Date)
SENEGAL	CSE	9/17/2010	Oct-2010	1/21/2011	Oct-2011	Dec-2013	Mar-2014
HONDURAS	UNDP	9/17/2010	Mar-2011	6/27/2011	Mar-2013	Mar-2016	Apr-2016
NICARAGUA	UNDP	12/15/2010	Feb-2011	6/21/2011	Feb-2013	Feb-2015	Mar-2015
PAKISTAN	UNDP	12/15/2010	Jul-2011	11/15/2011	Jul-2014	Jun-2015	Mar-2015
ECUADOR	WFP	3/18/2011	Jul-2011	11/29/2011	Dec-2013	Jul-2016	Aug-2016
ERITREA	UNDP	3/18/2011	Mar-2011	11/6/2012	Aug-2013	Mar-2016	Mar-2016
SOLOMON ISLANDS	UNDP	3/18/2011	Jan-2011	6/28/2011	Jan-2013	Jan-2015	Jun-2015
MONGOLIA	UNDP	6/22/2011	Nov-2011	6/14/2012	May-2014	Jun-2017	Oct-2017
MALDIVES	UNDP	6/22/2011	Nov-2011	6/20/2012	Oct-2013	Oct-2015	Jul-2015
TURKMENISTAN	UNDP	6/22/2011	Jun-2011	5/22/2012	Jun-2013	Jun-2016	Sep-2016
MAURITIUS	UNDP	9/16/2011	Jan-2012	8/30/2012	Jan-2015	Jan-2017	Oct-2016
TANZANIA	UNEP	12/14/2011	Mar-2012	10/29/2012	Mar-2015	Mar-2017	Mar-2017
URUGUAY	ANII	12/14/2011	Jul-2012	10/22/2012	Nov-2014	Jun-2017	Sep-2017
SAMOA	UNDP	12/14/2011	Oct-2011	1/24/2013	Oct-2013	Oct-2015	Oct-2015
MADAGASCAR	UNEP	12/14/2011	Feb-2012	10/24/2012	Jul-2015	Feb-2017	Feb-2017
GEORGIA	UNDP	12/15/2011	Jan-2012	7/4/2012	Jan-2014	Jan-2016	Apr-2016
COOK ISLANDS	UNDP	12/15/2011	Oct-2011	7/4/2012	Oct-2014	Oct-2016	Dec-2016
COLOMBIA	UNDP	3/16/2012	Mar-2012	3/20/2013	Sep-2014	Dec-2016	Jul-2017
PAPA NEW GUINEA	UNDP	3/16/2012	Oct-2012	7/26/2012	Oct-2014	Oct-2016	Sep-2016
DJIBOUTI	UNDP	6/28/2012	Sep-2012	3/13/2013	Sep-2014	Sep-2017	Aug-2017
JAMAICA	PIOJ	6/28/2012	Sep-2012	11/2/2012	Mar-2014	Dec-2015	Mar-2016
ARGENTINA	UCAR	4/4/2013	Jul-2013	10/24/2013	Dec-2014	Jul-2016	Dec-2016
SRI LANKA	WFP	12/14/2012	Mar-2013	11/4/2013	Jul-2014	Feb-2016	Aug-2016

Annex C. Recommendations result of studies of the Fund completed by other institutions and researchers

At the institutional level

On capacity building and synergies

- *Establishing NIEs*: Encourage 'learning by peers' (advice from accredited NIEs to countries interested in establishing an NIE). (Brown et al. 2010)
- *Funding for capacity building*: Assistance from other funders to support NIE capacity building (e.g. regional and multilateral implementing entities). Vulnerable countries need help to build their institutional capacity. (Brown et al. 2010)
- *Accreditation of NIEs*: A strong communication strategy that uses regional and international meetings is required to explain how to access Fund's resources rapidly. (Harmeling, and Kaloga 2010)
- *Synergies with other adaptation funds*: Need to ensure that the GCF builds on the operational achievements of the AF, and ensure synergies with its adaptation window. (Canales Trujillo and Nakhooda 2013)

On allocation and access /decision making

- *Technical review criteria*: The AFB may have to elaborate more detailed criteria for the technical review, provide additional guidance to IEs on how to show compliance with these criteria, and make public the technical review and the reason for the final decision. (Stadelman et al. 2012, 2013)
- *Decisions on allocation of funds*: Decision making and rationales need to be transparent and disclosed to allow verification that the decisions are consistent and based on sound reasoning. Sufficient technical experts needed to advise the AFB on technical merits of projects, leaving the AFB responsible for higher level strategic planning and decision making (Climate Focus 2011)
- *Synergies between equity and cost-effectiveness*: "The AFB may look for ways to find synergies between equity and cost-effectiveness, even when cost-effectiveness is defined in purely economic terms. Following the suggestions of Blank (2002), the AFB may consider the following areas as fruitful for potential synergies: interventions with long-term benefits (e.g. flexible infrastructure and information on climate change), creating adaptive capacity within communities and countries with low capacity and incentive-based systems. Interestingly, most of these suggestions (flexibility, capacity and long-term orientation) are quite similar to the ones of Hallegatte (2009) and Fankhauser and Burton (2011)" (in Stadelman et al. 2013)

On resource mobilization

- *Alternative funding sources*: "If the AF should continue to play a significant role in the multilateral climate finance architecture, which it definitely should, other funding sources need to be secured." (p. 14, Kaloga and Harmeling 2011)

Adaptation Fund Programme/ country level interventions

- **Country level interventions:** Further studies of country level interventions are necessary to offer more definitive insights about the AF. (Canales Trujillo and Nakhooda 2013). There are a number of challenges remaining, “... the practical implementation of fund operations, particularly at the national level” (p. 1, Horstmann and Abeysinghe 2011)
- **Innovation:** Important to understand how the Fund has been supporting innovation in practice, and what the outcomes of its support are likely to be. (Canales Trujillo and Nakhooda 2013)
- **Visibility:** In some countries there is a need to raise the profile of the Fund’s activities. (Canales Trujillo and Nakhooda 2013)
- **Scalability and Replicability of Adaptation Fund interventions:** Need to monitor whether the approaches supported by the Fund are scalable and replicable. (Canales Trujillo and Nakhooda 2013)
- **Reaching the most vulnerable:** To reach out to most vulnerable communities, it’s crucial to engage those organisations that already are embedded in the most difficult conditions, which are often linked to poverty, social exclusion, and geographical marginality. (Canales Trujillo and Nakhooda 2013)
- **Governance:** “Adaptation to the adverse effects of climate change requires good governance that recognizes the needs of the most vulnerable communities. It is increasingly recognised that communities need to be planning for the climate impacts that are unavoidable even with a concentrated mitigation effort (McEvoy et al. 2010). In order to utilize the full capacity of local communities, there is a significant need for financial resources to enable implementation of adaptation measures that will ‘safeguard development’ of the most vulnerable. As an ongoing process, adaptation planning and project implementation require long term, strategic monitoring and evaluation of strategic actions and therefore access to sustainable adaptation financial resources additional to ODA is crucial.” (p. 8, in Ratajczak-Juszko 2010)
- **Role of civil society in climate finance governance:** “...the potential benefits from joint action on institutional capacity development in vulnerable countries (to meet fiduciary standards of the climate funding regime) could help equalize certain dissonances.” (p. 8, in Ratajczak-Juszko 2010)
- **Community level implementation:** Funds “...are evaluated for multi-scalar support, strengthening procedures, innovative design and national ownership. This leaves community level implementation largely absent. Local level assessments of adaptation finance provide insight into localities where vulnerability is experienced and offer the effectiveness literature a means to empirically evaluate the outcome of vulnerability reduction.” (p.1820) “... gender, household functionality, and affiliation with Traditional Leaders, determines access to adaptation funds.” (p. 1827, Barret 2013)

Annex D. Suggested outline of report

ACRONYMS

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