



ADAPTATION FUND

AFB/EFC.5/4
May 26, 2011

Ethics and Finance Committee
Fifth Meeting
Bonn, Germany, June 20, 2011

Agenda item 4.a)

EVALUTION FRAMEWORK

Background

1. Upon the request from the Adaptation Board to prepare an evaluation framework and guidelines for Adaptation Fund project/programmes final evaluations, the GEF Evaluation Office and the Adaptation Fund Secretariat prepared drafts of both documents. These two documents were presented to the 4th EFC meeting.
 2. At its thirteenth meeting the Board decided to:
 - a) Endorse the evaluation framework;
 - b) Request that a revised version be presented to the Board at its fourteenth Meeting, incorporating the comments provided at the fourth meeting of the Ethics and Finance Committee (EFC), as well as any additional comments received from the board members by April 30, 2011;
 - c) That:
 - (i) In the revised versions, making a mid-term evaluation mandatory for projects that have a longer time-frame, or are above a certain dollar amount, should be considered. That revised version should also include a clear delimitation between Mid-Term Evaluations and Mid-Term Reviews;
 - (ii) 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;
 - (iii) The new version of the report should clearly lay out that final evaluations should be disclosed publically, taking into account sensitive issues;
 - (iv) The inclusion of civil society is an international best practice in evaluations and should be kept as currently presented in the *Evaluation Framework* and the *Guidelines for Project/Programme Final Evaluations*, mentioned in decision AFB.13/18 above; encouraging all evaluations to have full consultation with all relevant stakeholders; and
 - d) Request the GEF Evaluation Office to continue to provide support to the secretariat regarding evaluation matters; and that the secretariat and the GEF Evaluation Office should explore different options on who would be responsible for implementing the evaluation framework. That should include the option to request the Evaluation Office to fulfill that role in the future, on a temporary basis, and those options should be detailed in the next version of the Evaluation Framework.
- (Decision B.13/20)**
3. Comments received at the EFC and AFB meetings and from Board members thereafter have been incorporated in the revised version contained in Annex II. A new version of the Evaluation Framework is to be presented at the 5th EFC meeting, June 20th, 2011 for discussion.

4. Further, following paragraph (d) of decision B.13/20, the GEF Evaluation Office presents some options for implementing the Evaluation Framework for consideration by the EFC. The options are outlined in Annex I to the present document.

Recommendation

5. The EFC is invited to
 - a) Consider the options for implementing the Evaluation Framework as outlined in the Annex I to the present document;
 - b) Consider the revised Evaluation Framework contained in Annex II and recommend the Board to request the secretariat to prepare a final version for the next EFC meeting for approval.

Annex I

OPTIONS FOR IMPLEMENTING THE EVALUATION FRAMEWORK

1. At its 13th meeting, the Board requested the GEF Evaluation Office and the secretariat to explore different options on who would be responsible for implementing the evaluation framework, including requesting the GEF Evaluation Office to do so, on a temporary basis. Once the Board selects one of these options (or a combination) the GEF Evaluation Office will prepare a more detailed proposal to be included in the final version of the Evaluation Framework and will be inserted at the end of the section on Roles and Responsibilities. The three options presented below are based on cases of similar financial organizations. The pros and cons of each option should be considered according to three possible criteria: level of independent, costs and institutional arrangements.

Option 1. Senior Evaluation Officer within the AFB Secretariat

2. Following the Montreal Protocol Multilateral Fund, the AF Board could appoint a full time senior Evaluation officer, selected from a pool of candidates identified and shortlisted by the Secretariat through an international competition. A new position would be created within the AF Board Secretariat. Terms of reference for this appointment would be discussed by the EFC and approved by the AF Board. The contract would be done similarly to contracts for other staff of the Secretariat. Although administratively supported by the AF Board Secretariat, the officer would report directly and independently to the EFC.

3. Pros and cons.: The staff would be part of the Secretariat and would work full time for the Board. The day to day supervision of the staff would be conducted by the Secretariat's manager which could be perceived to reduce the independence of the senior evaluation specialist's functions. An alternative would be for the Secretariat and the Board to create an independent structure to ensure independence of the supervision (for example, reporting mechanisms directly to the Board regarding performance and supervision of the staff). The annual cost of this option would be about \$190,000 to \$220,000,¹ including salaries, benefits, general office costs and travel, depending on the seniority of the selected staff. This does not include the cost of the evaluation work program which should be budgeted separately. Since this is a full time position, there would be a need for the Board to approve and commit resources for a full time person (shorter term contracts are available but would not allow the staff to conduct many functions necessary for implementing the evaluation work program, such as contracting of consultants, according to World Bank rules). The independence of the senior evaluation officer and this set up would need to be established within the evaluation community as well as the Board.

Option 2. Technical Evaluation Reference Group (TERG)

¹ Senior Full time staff: \$150 - \$180,000 salary and benefits; \$20,000 for general costs (ie, office, equipment, etc.) and \$20,000 for travel =

4. Following the case of the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Adaptation Fund Board could establish a Technical Evaluation Reference Group, TERG. This group would be an independent evaluation advisory group, accountable to the Board, and would ensure the independent implementation of the evaluation framework. The TERG would oversee independent evaluations on behalf of the Board and its Committees. Specifically, the TERG would develop an annual work program and budget, following the evaluation framework requirements, to be discussed with the EFC and approved by the AFB. The TERG would design, commission and oversee these independent evaluations, with administrative support from the Secretariat. The TERG would be comprised of an independent group of experts in evaluation who are all institutionally independent of the Secretariat, Board, and Board committees. TERG members would serve in their personal capacities only and would not represent their employers, governments or Adaptation Fund entities. Membership of the TERG would be drawn from a range of stakeholders, including practitioners, research institutions, academics, donor and implementing countries, and non-governmental organizations. There should be at least 3 to 5 members, appointed for 60 to 90 days a year, for 3 years. In addition to travel expenses, members should receive an honorarium, decided by the EFC. This arrangement would be similar to the one for the Adaptation Fund Accreditation Panel.

5. Pros and cons. The main challenge would be to select members of the TERG that have diverse background to satisfy all the potential sectors included in Adaptation Fund funded projects. It may lead to hire additional expertise and thus, cost. The pool of experts with both adaptation and evaluation expertise is limited. The Secretariat would have to provide administrative support, incurring additional cost. On the other hand, since this is not a resident group there would be no general operating costs or benefits to be paid. The cost of a TERG would be between \$120,000 to \$250,000 including honorarium and travel and depending on the seniority of the members.² This does not include the cost of the evaluation work program which should be budgeted separately. Independence of the TERG and this set up would need to be established within the evaluation community as well as the Board.

Option 3. Support from GEF Evaluation Office

6. Following the arrangement of the GEF Secretariat with the Adaptation Fund regarding the secretariat support to the Board, the Adaptation Fund Board could request the GEF Evaluation Office to provide technical support on matters related to evaluation, on a temporary basis. The Adaptation Fund Board would agree to fully cover the cost of this support. Given the early stage of the Adaptation Fund implementation, 50% of the time of one of the senior officers may be sufficient to implement the evaluation framework for the next 2 or 3 years. Additional support (internal or external to the Office) could be mobilized if and when needed. The Office would assign one of its senior evaluation specialists, with the proper experience and background, with the responsibilities to provide support to the Adaptation Fund. His/hers terms of reference would be discussed by the EFC and approved by AF Board. The senior specialist, as a full member of the Office, would be supervised and report directly to its Director. The

² \$500 daily rate for 60 days = \$30,000; \$500 daily rate for

Director would be accountable to the Board for this support and products and would report directly to this governing body. The senior specialist would be responsible to develop an evaluation work program and budget to be discussed by the EFC and approved by the AFB as well as to manage and conduct evaluation work. The Evaluation Office has experience with this type of arrangements since this is how the SCCF and LDCF implement their evaluation frameworks and work program.

7. Pros and cons. The Office can provide the flexibility of increasing or decreasing support as needed, without having to make a longer commitment (Option 1). The senior evaluation specialist will be assigned to these tasks on a temporary basis and will be able to support the Fund on a demand basis rather than on a full time basis. Given the early stages of implementation there will be times of less demand. The Evaluation Office has gained a full recognition of independence and expertise on evaluation that will be transferred to the Adaptation Fund. There is a human resources independence structure in place with the senior specialist reporting to the Director of an independent office who would be accountable to the Fund Board. The Director would have to consult with the GEF Council and receive agreement on this setup, similar to what the GEF Secretariat had to go through to provide support to the Adaptation Fund Board. The cost of this option will range from \$100,000 to \$120,000 depending on the seniority of the staff.³ This does not include the cost of the evaluation work program which should be budgeted separately.

³ Half time senior staff; \$70,000 to \$90,000 for salaries and benefits; general operating costs = \$10,000 and traveling = \$20,000.

Annex II

ADAPTATION FUND DRAFT EVALUATION FRAMEWORK

The Adaptation Fund background

8. The Adaptation Fund, established by the Parties to the UN Framework Convention on Climate Change (UNFCCC) at its seventh Conference of the Parties (Marrakech, Morocco, October 29 - November 10, 2001), is mandated to finance concrete adaptation projects and programs in developing countries that are Parties to the Kyoto Protocol and to allow direct access to the Fund by those Parties. According to Fund operational policies and guidelines, a concrete adaptation project is defined as a set of activities aimed at addressing the adverse impacts of, and risks posed by, climate change. The total amount of funds to be made available for eligible developing country Parties will depend on the market-based monetization of Certified Emission Reductions (CERs), which are the Fund's main source of revenue. A two percent share of the proceeds from Clean Development Mechanism project activities would be used to finance the cost of adaptation. Depending on the assumptions used, potential resources available to the Adaptation Fund up to the end of 2012 are estimated to be approximately USD 288.4 – 401.5 million.⁴ As of December 2010 the fund had approximately USD 148 million available for funding projects, four projects have been approved for funding amounting to nearly USD 24 million, and nine project concepts have been endorsed amounting to almost USD 53 million. Further and up to date information about the Adaptation Fund can be found on its website: www.adapation-fund.org. The Fund approach focuses on two main results areas: (1) reducing vulnerability to the adverse impacts of climate change; and (2) increasing adaptive capacity to cope with, and address the adverse impacts of, climate change.

9. The operating entity of the Fund is the Adaptation Fund Board (the Board), serviced by a Secretariat and a Trustee. Parties invited the Global Environment Facility (GEF) to provide secretariat services (the Secretariat) to the Board, and the World Bank to serve as the trustee (the Trustee) of the Fund, both on an interim basis. Decision 1/CMP.3 provides that one of the functions of the Adaptation Fund Board (the Board) is to establish committees, panels and working groups, if required, to provide, inter alia, expert advice to assist the Board in the performance of its functions. At the 5th meeting the AF Board set up two committees, the Ethics and Finance Committee and the Project and Programme Review Committee.⁵ At its 7th meeting the Adaptation Fund Board adopted fiduciary standards governing the use, disbursement and reporting on funds issued by the Adaptation Fund covering three broad areas: Financial Integrity and Management; Institutional Capacity; and Transparency and Self-investigative Powers.⁶ In order to ensure that organisations receiving Adaptation Fund money meet the fiduciary standards, the Board has established an Accreditation Panel.⁷

⁴ Financial status of the Adaptation Fund Trust Fund (AFB/EFC.3/7Rev.1)

⁵ Report of the Fifth Adaptation Fund Board (AFB/B.5/10, Decision B.5/5 (May 2009)

⁶ Report of the Seventh Adaptation Fund Board (AFB/B.7/13/Rev.1, Decision B.7/2 (October 2009).

⁷ Report of the Seventh Adaptation Fund Board (AFB/B.7/13/Rev.1, Decision B.7/3 (October 2009).

10. At the 10th Adaptation Fund Board meeting, the Board approved a Results Based Management framework and an approach to its implementation.⁸ The RBM includes a Strategic Results Framework which describes, at the Fund level, the goals, expected impact, outcomes, and outputs as well as indicators and targets. As part of the implementation plan, the Fund Board requested that a monitoring and evaluation framework and guidelines for final evaluations be developed.

Results based management (RBM), monitoring and evaluation

11. At the June 2010 Adaptation Fund Board meeting, Board members approved *An Approach to Implementing Results Based Management – RBM (AFB/EFC.1/3/Rev.1)*. The Board highlighted that the RBM framework should contain certain elements that should be incorporated in a future evaluation framework as well:

- it should be commensurable with the resources available;
- it should be implemented stepwise, applying the lessons learned by the Board in planning, monitoring and evaluation;
- reporting requirements should be kept simple as possible;
- there should be a limited number of indicators, both qualitative and quantitative, providing simple and reliable means to measure achievements and reporting performance, or to reflect changes connected to an operation or activity; indicators should be timely, reliable and cost-efficient.
- evaluation should be integrated into the project cycle (projects evaluations should be conducted at the end of implementation of the projects);
- Learning and knowledge management should also be integrated into the project cycle;
- Roles and uses of performance information should be defined for accountability and knowledge generation and dissemination.

12. The Board decided to have three elements to the Fund's strategic directions, its performance monitoring and report system and evaluation. The first element is RBM, which provides a sound framework for strategic planning and management by improving learning and accountability.⁹ The focus of an RBM aims to improve management effectiveness and accountability by defining realistic expected results and targets. The second element, monitoring, provides a way to present progress towards the achievement of expected results and targets, integrating lessons learned into management decisions and reporting on performance. Monitoring tells whether the organisation, country, portfolio or project *is on track* to achieving the intended objectives. The third element, evaluation, provides information on whether the project or portfolio was *on the right track*. While monitoring is one of the key instruments of RBM, evaluation looks at monitoring and RBM with a critical eye, to assess its validity, credibility and reliability. Evaluation also provides evidence on how changes are taking place, and the strengths and weakness of the design of the projects, programme or corporate

⁸ Report of the Tenth Adaptation Fund Board (AFB/B.10/7/Rev. 1, Decision B.10/13 (August 2010).

⁹ OECD 2001. Results Based management in the Development Co-operation Agencies: a review of experiences Background Report. Written by Ms. Annette Binnendijk, consultant to the DAC WPEV. <http://www.oecd.org/dataoecd/17/1/1886527.pdf>

strategies embedded in the RBM. Therefore, the present document provides a draft for developing an evaluation framework for the Adaptation Fund and its activities.

13. In addition to the RBM document, there are several other documents approved by the Board that are relevant to this framework since they provide guidance to an evaluation framework. In fact, the framework presented here provides a compendium of guidelines and requirements established by several documents approved by the Board with regards to evaluation. Annex 1 provides a table summarizing guidance and requirements regarding evaluation.

Purpose of the evaluation framework

The overall purpose of this evaluation framework is to explain concepts, roles and use of evaluation within the Adaptation Fund and to define the institutional framework and the responsibilities of different entities participating in the Fund. Specifically, it establishes requirements for how Fund activities should be evaluated in line with international principles, norms and standards. This framework does not address aspects of trustee management, financial and managerial audit, or investigation mechanisms, which may be subject to other provisions of the Fund's bylaws. Furthermore, the framework does not deal with the capacity of implementing entities to do monitoring and evaluation, since this is covered within the accreditation process. The framework includes a discussion on who should implement this framework. International best practices for multilateral funding institutions indicate that the evaluation function should be established and implemented independent from the management of the institution.

14.

15. The Evaluation Framework should remain in effect until and unless the Board decides otherwise. It should also be kept under review and updated to conform to the highest international principles, norms and standards. Potentially, if the Fund Board decides, the evaluation framework and its implementation should be evaluated in 3 or 4 years time.

Overarching objectives

16. The function of evaluation in the Adaptation Fund should promote the following overarching objectives, in accordance to international standards in evaluation:

- Accountability for the achievement of the Fund objectives through the assessment of results, effectiveness, processes, and performance of the Fund financed activities and their contribution to those objectives
- Learning, feedback, and knowledge sharing on results and lessons learned among different groups participating in the Fund to improve on-going and future activities and to support decision-making on policies, strategies, programme management, projects and programmes.

Definition of evaluation

17. Evaluation, as defined in the internationally accepted glossary of evaluation terms of the OECD/DAC¹⁰, is a systematic and objective assessment of an on-going or completed project, programme, or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact, and sustainability. An evaluation should provide evidence-based information that is independent, credible, reliable, and useful, enabling the timely incorporation of findings, recommendations, and lessons into the decision-making processes. Evaluations are important sources of evidence of the achievement of results and institutional performance, and should contribute to knowledge and to organisational learning. Evaluation differs from other oversight mechanisms, such as investigation and audit that focus on the adequacy of management controls; compliance with regulations, rules, and established policies; and the adequacy of organisational structures and processes.

Types and levels of evaluations

18. Following the initial recommendations from the Board, the evaluation framework proposed here includes a simple reporting system and takes into account the early stages of implementation of the Fund and its projects. There are three levels of evaluation that should be present in the Adaptation Fund:

a) *Project Level Evaluations.*

- **Mid-term Evaluations.** Projects and programmes that have more than 4 years of implementation will conduct a mid-term evaluation after completing the second year of implementation.¹¹ This type of evaluations, conducted by an independent team of consultants, will critically assess the initial outputs and results of the project, which enable assessing the quality of programme implementation. It is essential that this evaluation assesses the assumptions made during the preparation stage, particularly objectives and agreed indicators and the current context of the implementation. This is especially crucial, as a change in socio-economic conditions can make the initial diagnosis that was the starting point for the implemented intervention, outdated. The results of this evaluation may contribute to certain modifications to the implementation of an intervention and to up-dating the adopted assumptions. Major changes to the objectives and expected outcomes of the project should be communicated to the Adaptation Fund Secretariat to decide if the project

¹⁰ Glossary of Key Terms in Evaluation and Results Based Management (OECD, 2010)

¹¹ Many implementing agencies require mid-term reviews, even for projects with less than 4 years of implementation. The requirement of project/programme mid-term evaluation is different and additional. Mid-term reviews, a tool of project monitoring, use monitoring data to provide a snapshot of the progress towards achievement of pre-established indicators (measured in the baseline), for all inputs, outputs, activities, outcomes, and impacts. These monitoring data are analyzed and used to formulate recommendations for project continuation and possible recommendations for improved project performance and improvement of M&E. Mid-term reviews are not conducted independently from management, and do not intend to question if the proposed approach is the right one but rather to assess if the project is on track.

needs to be reassessed for eligibility and funding by the Adaptation Fund Board. Mid-term evaluations will follow minimum requirements presented below as well as guidelines (forthcoming). Their cost should be covered by the project's M&E plans.

- **Final Evaluations.** All projects will conduct evaluations after the end of their implementation (final evaluation). The evaluations will be undertaken independent of project/programme management, or if undertaken by project/programme management, will be reviewed by an independent evaluation unit of the Implementing Entity. Evaluations will assess, at a minimum, achievements of project/programme outcomes; evaluation of risks to sustainability; processes influencing achievement of results, including financial management; how the project/programme has contributed to the achievement of the Fund's objectives; and an evaluation of the M&E systems. Final evaluations will follow minimum requirements presented below as well as guidelines (presented in a separate document). Their costs are covered in the project M&E plans.

- The Adaptation Fund Board reserves the right to carry out **independent and external reviews** or evaluations of projects whenever it deems these necessary. These reviews and evaluations will be additional to the mid-term evaluations and final evaluations. The costs of these reviews will be covered by the Board itself.¹²

- Each project will produce **financial audits** according to the Adaptation Fund legal agreement with the Implementing Entity.¹³ Guidance on how to conduct audits are not included in this framework but are provided elsewhere.

b) *Implementing Entities Level.*

19. The Board reserves the right to evaluate the performance of implementing entities at any time while the implementing entity is accredited. These evaluations could include the assessment of entities' financial performance or any other of the fiduciary standards considered during the accreditation process. A minimum notification of 6 months will be given to an implementing entity if they have been identified by the Board as being the object of such a performance evaluation.¹⁴

c) *Adaptation Fund Level.*

20. The Board will request an overall independent evaluation of the Fund to assess the extent to which the Fund is achieving its objectives and the performance of its governance, management and administration and to identify potential improvements. The date of the first of these evaluations will be discussed during the seventh meeting of the EFC as well as their frequency. These independent evaluations should follow international best practices. Terms of

¹² Operational Guidelines and Policies of the Adaptation Fund Board, approved through Decision B.7/2 at the 7th meeting of the Adaptation Fund Board. September 2009.

¹³ Audit is the verification of compliance of the use of resources (mostly financial) with the binding legal regulations and specific standards e.g. the rules governing the use of assistance. Information obtained from the audit can be used in evaluation for estimating efficiency of an intervention.

¹⁴ Operational Guidelines and Policies of the Adaptation Fund Board, approved through Decision B.7/2 at the 7th meeting of the Adaptation Fund Board. September 2009.

reference, including a clear set of issues and questions to be explored, methodological approaches and sources of information, consultation plans with stakeholders, and appropriate budget, should be approved by the Board at least six months before the report is due.

21. The CMP, at its 6th session, requested that a Review of the Adaptation Fund should be conducted and presented at its 7th session.¹⁵ Views from interested stakeholders on the scope of this review were requested to be submitted to the Secretariat by September 19th, 2011. The scope of the review of the Adaptation Fund will include a review of all matters related to the Adaptation Fund, including institutional arrangements, taking stock of the progress made to date and lessons learned in the operationalisation and implementation of the Fund. Given that the Adaptation Fund has only recently become fully operational, this review shall focus on:

- The interim institutional arrangements of the GEF acting as interim secretariat of the Adaptation Fund Board, as well as the interim institutional arrangements of the World Bank acting as the interim trustee for the Adaptation Fund and all matters related to the Adaptation Fund Board;
- Performance reviews of the GEF acting as interim secretariat of the Adaptation Fund Board, as well as the interim institutional arrangements of the World Bank acting as the interim trustee for the Adaptation Fund;
- A comparative assessment of the administrative costs of the services of the GEF as interim secretariat of the Adaptation Fund Board and the World Bank acting as an interim trustee for the Adaptation Fund and the Adaptation Fund Board.

22. The CMP may decide to request additional reviews in the future. These reviews should take into account the findings, conclusions and recommendations from the independent evaluations of the Fund proposed above.

23. International evaluation standards and best practices also recommend evaluations at other levels: country level evaluations, which normally assess how the financial support fits and supports country's priorities; impact evaluations, which assess the long-term effects produced by an intervention, intended or unintended, direct or indirect; and process and performance evaluations of the internal dynamics of the funding institution and of other participating institutions, as well as the implementation of projects. One particular type of evaluations which should be considered by the Board is ex-post evaluations. The Board may consider establishing a system to conduct ex-post evaluations of Fund supported activities given that climate change targeted scenarios and impacts are expected to take place many years after project completion. Final evaluations may be too early, even nine months after completion of project activities, to evaluate the achievement of project outcomes and impacts.

Disclosure of evaluations

¹⁵ Terms of reference for the initial review of the Adaptation Fund (Draft Decision/CMP.6)

All evaluations will be fully disclosed to relevant policy makers, operational staff, beneficiaries, and the public in general. The principle behind the disclosure practice is to ensure the transparent dissemination of evaluation reports. The Adaptation Fund, within its knowledge management strategy, should ensure the dissemination of the findings, lessons and recommendations extracted from evaluations. Consistent with the practice of most public sector financial institutions, the Adaptation Fund will not disclose to the public financial, business, proprietary or other non-public information provided to the Adaptation Fund by its NIE or MIE. In these cases, the published version of the final evaluation should remove these confidential sections.

Roles and Responsibilities for evaluation

24. Each of the entities involved in the Adaptation Fund have differentiated and specific roles and responsibilities regarding evaluation. In almost all international organisations, evaluations are managed and implemented by independent evaluation units or individuals reporting directly to the Board or governing body, rather than to management. The Board may want to considering selecting one of the options (or combination of) from the menu below following international standards and best practices.

The Adaptation Fund Board

25. The Adaptation Fund Board has several functions regarding evaluation. The ones described below may be supplemented by other functions assigned to it in the future by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol. According to the operational policies and guidelines, the Board is responsible for the strategic oversight of projects and programmes implemented with resources from the Adaptation Fund and oversee results at the fund-level. The Board also authorises independent evaluations and approves standards, guidance on procedures, and quality assurance for project and programme evaluations.

26. In addition, the Board reserves the right to carry out independent reviews or evaluations of projects and programmes as and when deemed necessary. The costs for such activities will be covered by the Adaptation Fund. Finally, in order to improve effectiveness and efficiency, the Board should regularly review performance reports and evaluations on implementation and ensures independent evaluation of projects and programmes supported by the Adaptation Fund and keep the project cycle under review. The Board reviews and approves guidelines to implement this framework, including guidelines for final evaluations.

27. The Board ensures that adequate resources are allocated to enable the evaluation function to operate effectively and with due independence, in particularly through the Ethics and Finance Committee and the Board Secretariat. The Board promotes transparency, participation and disclosure of evaluation findings, and ensures that sufficient time is dedicated to discussion of evaluation issues at the Board meetings.

The Adaptation Fund Secretariat

28. The GEF provides secretariat services to the Adaptation Fund Board on an interim basis. A dedicated team of officials has been contracted to render services to the Fund in a

functionally independent and effective manner (Adaptation Fund Secretariat). The Head of the AF Secretariat is responsible for delivery of services to the Board. The secretariat manages daily operations of the fund, assists with developing strategies, policies and guidelines, serve as a liaison between implementing and executing agencies, arrange for Adaptation Fund Board meetings, ensures implementation of operational policies, operationalises the project cycle, administers the budget and business plan, and oversees project implementation as well as communication to the trustee. Regarding evaluation, the Secretariat ensures the following tasks:

- Preparation of an evaluation framework, with the support of the GEF Evaluation Office.
- Provides support to the Ethics and Finance Committee and the AF Board to ensure that the evaluation framework is implemented and that Implementing entities and projects and programmes funded by the Fund adhere to the principles, criteria and requirements as well as the guidelines of the evaluation framework.
- Provides support to the EFC in its preparation of the annual portfolio and progress towards results report to be presented to the Board. This report should include, when available and appropriate, lessons, findings, conclusions and recommendations from relevant evaluation reports.
- Ensures that findings and recommendations emanating from evaluations are followed up on and lessons are incorporated into the development of new projects and programmes, policies, strategies and procedures. In particular these lessons should be provided to project proponents (implementing entities) and the Project & Programme Review Committee.
- Ensures that results and lessons are disseminated through the Adaptation Fund website.
- Ensure that monitoring tools and guidelines, such as tracking tools and project reporting procedures, are developed, presented to the Board and put in place to optimise and facilitate the evaluation function within the Fund.

Ethics and Finance Committee

29. According to Board documents, the Ethics and Finance Committee has both monitoring and evaluation functions and responsibilities. The monitoring aspects are described in the Board document presenting the implementation approach of the RBM framework. Some of the responsibilities regarding monitoring include the monitoring of the Adaptation Fund portfolio of projects and programmes, with the support of the Secretariat. All projects under implementation are required to submit annual status reports to this committee. The committee will provide an annual report to the Board on the overall status of the portfolio and progress towards results, starting in December 2011.

30. Regarding evaluation, the EFC is responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit. The committee will review the performance of the Fund and the implementing entities by using both internal and external evaluations and reports as appropriate. Based on independent reviews or evaluations conducted at the

discretion of the committee or the Board, the Ethics and Finance Committee¹⁶ may recommend to the Board to suspend or cancel a project or programme, at any stage of the project cycle. These independent reviews or evaluations may take place for several reasons, such as (a) financial irregularities in the implementation of the project; and/or (b) material breach and poor implementation performance leading to a conclusion that the project can no longer meet its objectives. In addition, the EFC, with support from the Secretariat, will assess the quality of final evaluation reports according to a set of criteria established in the Final Evaluation Guidelines.

Implementing Entities

31. Implementing entities of Adaptation Fund projects have several roles and responsibilities in evaluation. Regarding projects and programmes, implementing entities are required that:

- their project and programme proposals have satisfactory M&E plans and indicators aligned with the Fund's RBM;
- They conduct mid-term and final evaluations for all projects. These evaluations should be conducted according to the minimum requirements presented below and Board approved guidelines. The reports should be submitted to the Board, through the AF Secretariat, at least 9 months after completion of the project implementation
- Evaluations of AF funded activities are made public and ensure that lessons learned and information is exchanged with other entities engaged with the Fund.
- They respond promptly and fully to requests for information, access to staff and field activities and other support relating to evaluations of Fund activities which they are responsible for; and
- Projects incorporate lessons from previous evaluations in their design and implementation plans.

Project & Programme Review Committee

32. The Project and Programme Review Committee (PPRC) is responsible for assisting the Board in tasks related to project/programme review for Fund financing, in accordance with the operational policies and guidelines for Parties to access resources of the Adaptation Fund, and for providing recommendations and advice to the Board thereon.

33. Lessons coming from evaluations should be considered by the PPR Committee when reviewing project proposals.

Accreditation Panel

34. In accordance with the operational policies and guidelines, the Accreditation Panel shall make recommendations to the Board regarding the accreditation of new implementing entities, as well as suspension, cancellation or re-accreditation of entities already accredited. As part of the accreditation process, the Panel has to ensure that implementing entities have M&E

¹⁶ Accessing Resources from the Adaptation Fund: the Handbook

capacities. Lessons coming from final evaluations should be considered by the Accreditation Panel, as relevant, for accrediting new entities.

Conference of the Parties/Meeting of the Parties to the Kyoto Protocol (CMP)

35. The Conference of the Parties serving as the Meeting of Parties to the Kyoto Protocol (CMP) exercises oversight of all Adaptation Fund and Board activities, including evaluation functions. The CMP has requested an initial Review of the Adaptation Fund to be presented at its 7th meeting (see above for description of the terms of reference)

Civil Society Organisations

36. All evaluations conducted by the Adaptation Fund will seek to engage with relevant stakeholders to ensure that their views and perspectives are heard and taken into account in the evaluation. The civil society organisations have an important role in contributing to the integrity of Adaptation Fund Board policies, including policies on evaluating performance and achievement of results.

Evaluation principles and criteria

37. The evaluation function in the Adaptation Fund should be implemented under the principles presented in the diagram below, following best practices on evaluation. Some of these principles may require further development of specific guidelines or procedures. They will be prepared by the Secretariat at the request of the Board.

Independence from policy making process and management	Credibility based on reliable data, observations, methods and analysis	Transparency: clear communication concerning the purpose of the evaluation, its intended use and data and analysis	
Ethics: regard for the welfare, beliefs, and customs of those involved or affected	Impartiality: giving accounts from all stakeholders	Partnerships: between implementing entities, governments, civil society and beneficiaries	
Competencies and Capacities: selection of the required expertise for evaluations	Avoid conflict of interest	Disclosure: lessons shared with general public	Utility: serve decision-making processes and information needs of the intended users

38. In general, evaluations in the Adaptation Fund should explore five major criteria, depending of what is being evaluated and understanding that not all of them need to be systematically reviewed in all cases.

- Relevance of the Adaptation Fund and funded projects/programmes: to local and national sustainable development plans, priorities and policies, poverty alleviation plans, national communications or adaptation programmes, and other relevant instruments; to the objectives of the Adaptation Fund, and to the guidance from the convention. Some of the questions to be considered are: Was the activity supported relevant to improving resilience, reducing vulnerability and increasing adaptive capacity at different levels? Does the project support concrete adaptation measures that anticipated address adverse effects of climate change? The issue of uncertainty of climate models and project designs should be considered here. Evaluations should consider if the project proposal included flexibility or adaptive management to accommodate changes in the climate scenarios.
- Effectiveness: The extent to which the intended outcome(s) have been achieved or how likely it is to be achieved. Some questions to be considered are: to what extent did the activity achieve reduction in vulnerability and/or increased adaptive capacity; does the activity provide environmental and, social, and economic benefits to the involved communities; in particular the most vulnerable communities? Did the Fund provided support to vulnerable developing countries, parties to the Kyoto Protocol, to take own climate resilient measures? Have the concrete adaptation measures addressed the adverse impacts of and risks posed by climate change?
- Efficiency: A measurement of how economically the funds, expertise, time, etc provided by the AF have been converted into results. Some of the questions to be considered are: were alternatives considered? Did the project provide justification for the funding requested on the basis of the full cost of adaptation? Were the cost guidelines established by the Fund for the Secretariat, implementing entities and management cost-effective? What have been the average times in the project cycle? Were quality at entry targets achieved?
- Impact: The positive/negative and unforeseen changes to, and effects produced by, the Adaptation Fund support, individually or at the aggregated level. Have the activities supported by the Fund increased the resiliency at the community, national and regional levels to climate variability and change?
- Sustainability: The likelihood that benefits will continue for an extended period of time after project completion. Some questions to be considered are: is the adaptation measure sustainable to the community involved both to maintain and to avert future climate change impacts? Has the project established financially sustainable institutions and/or adaptation measures for communities in the long term, did the project cause

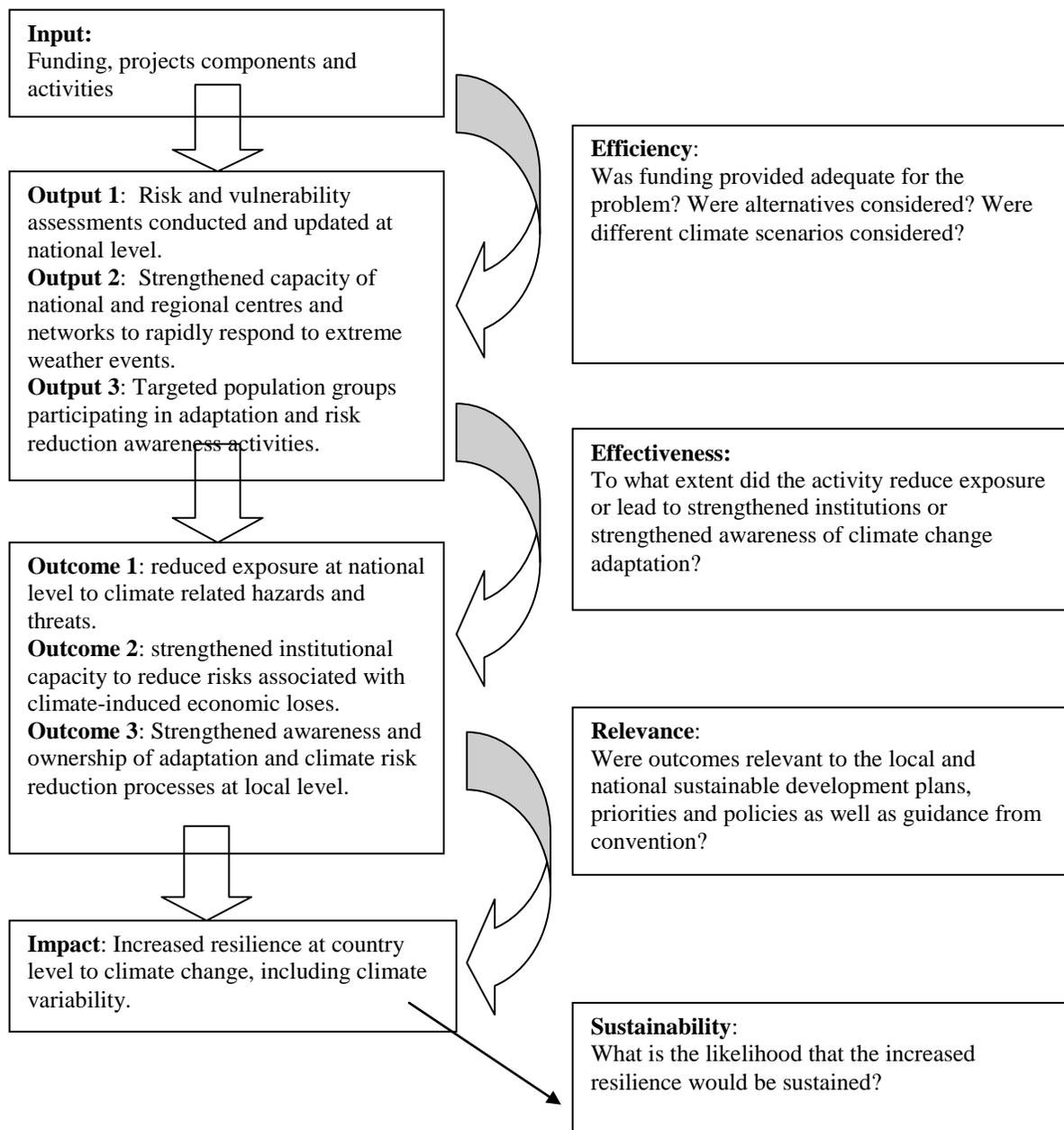
other implications, which may increase vulnerability levels for the surrounding environment? Were there any learning and knowledge management mechanisms established, ensuring continuation of exchange of lessons and knowledge?

39. In addition to these criteria, the Adaptation Fund should report on **results** achieved and against those agreed upon in the RBM framework. Results include direct outputs, short to medium term outcomes, and longer term impacts.

40. These evaluation criteria could be applied for each of the two objectives proposed in the Strategic Results Framework of the Adaptation Fund, Annex 1. For example, the following figure provides the chain of results and the evaluation criteria for Objective 1: reduction of vulnerability to the adverse impacts of climate change, including variability at local and national levels.

Figure 1. Evaluation Criteria applied to Adaptation Fund RBM Objective 1.

Objective 1: reduce vulnerability to the adverse impacts of climate change, including variability at local and national levels



Minimum Requirements

41. There are two minimum requirements regarding evaluation, which are at the project level. Other minimum requirements may be considered and approved by the Board at a future time.

Minimum Requirements for Project/Programme Mid-term Evaluations

42. Projects/programmes with more than 4 years of implementation funded by the Adaptation Fund will be evaluated at their mid point of implementation. This requirement is different and in addition to NIE or MIE requirements for mid-term reviews. These evaluations will have the following minimum requirements:

- They should be prepared by an independent evaluator, independent from project/programme management, but selected by the Implementing Entity;
- The evaluation report should contain information on:
 - The evaluation: when the evaluation took place, who was involved and how; terms of reference, including key questions, and methodology
 - Updated project data at the time of the evaluation: date of project cycle, expected and actual (so far) financing, including actual expenditures; changes in institutional arrangements and changes in project objectives;
- Mid-term evaluations should assess at a minimum¹⁷:
 - Initial outputs and results of the project
 - Quality of implementation, including financial management¹⁸
 - Assumptions made during the preparation stage, particularly objectives and agreed indicators, against current conditions.
 - Factors affecting the achievement of objectives.
 - M&E systems and their implementation
- The mid-term evaluations should be prepared no later than 6 months after the mid point of the project and send to the AF Secretariat.
- Major changes to the objectives and expected outcomes of the project, coming from the mid-term evaluation, should be communicated by the Implementing Entity to the Adaptation Fund Secretariat. The secretariat will decide if the project needs to be reassessed for eligibility and funding by the Adaptation Fund.
- The cost of the mid-term evaluations should be covered by the project's M&E plans.

Minimum Requirements for Project/Programme Final Evaluations

43. All projects and programmes funded by the Adaptation Fund will be evaluated at the end of implementation (Final Evaluation). These evaluations will have the following minimum requirements:

¹⁷ Guidelines for Mid-Term Evaluations will be developed.

¹⁸ This does not fulfill possible requirements of an audit.

- They should be prepared by an independent evaluator, independent from project/programme management, but selected by the Implementing Entity.
- In conducting these evaluations, the implementing entities will apply their own evaluation norms and standards in addition to the ones required below. If an evaluation office is present within the organisational structure of the implementing entity, this office should be requested to participate in the evaluation, following their own procedures.
- The evaluation reports should contain information on:
 - The evaluation: when the evaluation took place; who was involved and how; terms of reference, including key questions, and methodology
 - Updated project data at the time of the evaluation: dates of project cycle; expected and actual financing including actual expenditures; changes in institutional arrangements; and changes in project objectives.
- Final Evaluations should assess at a minimum¹⁹:
 - i. Achievement of outcomes, including ratings and with particular consideration of achievements related to the proposed concrete adaptation measures, if applicable;
 - ii. Likelihood of sustainability of outcomes at project completion, including ratings;
 - iii. Evaluation of processes influencing achievement of project/programme results;
 - iv. Contribution of project achievements to the Adaptation Fund targets, objectives, impact and goal, including report on AF standard/core indicators; and
 - v. Assessment of the M&E systems and its implementation.
- Final Evaluations shall be prepared and submitted to the Adaptation Fund EFC through the Fund's Secretariat within nine (9) months after project completion.
- Copies of the Final Evaluations shall be forwarded by the Implementing Entity to the national/regional agency implementing the project.

Issues for further discussion when evaluating adaptation projects and programmes

44. Successful adaptation measure would ideally result in a new coping range that covers most of the new climate patterns and variability under the new conditions. Most likely, the new conditions, both climate and socio-economic conditions for example, will not have materialized at the time of the project completion, although the adaptation measures might have been tested by one-time event that resembles future scenario conditions (i.e., extreme drought or precipitation events, cyclones causing storm surges similar to the sea level rise predicted in the future). Literature regarding methods and frameworks as well as discussion on how to evaluate adaptation activities has grown in the last few years. No international standards or norms have been established, given the complexity and cross-sectoral nature of adaptation measures. Most likely there will not be one method or framework that could fit all needs, but frameworks that would be guided by the specific sectors in which adaptation measures are applied. Furthermore, the evaluation of adaptation activities should not be considered in isolation but it should be linked to existing evaluation processes already in use (for example, evaluations of adaptive capacity activities should be evaluated within the processes, methods and frameworks

¹⁹ Guidelines for Final Evaluations are under development.

to evaluate capacity). The following paragraphs provide a sample of characteristics of projects and investments dealing with adaptation that provide challenges to their evaluation. The Board should consider them in an evaluation framework.

- a) Success when no impacts happen. One characteristic of adaptation measures is that they are trying to prevent the occurrence of an event. Therefore, their success may be determined when nothing happens. In some cases, the success could be measured if a climatic event similar to the one predicted by the climate change models actually occurs. The questions then are: did the system effectively withstand the event? What type of risk management processes and procedures were established? In other cases, the extreme event may not occur or the predicted climate change may be changes that will be more gradual. Indicators that show progress towards the achievement of project objectives may be used (e.g. number of schools built to withstand floods). Project baselines become important for evaluation here, given that they will provide the information necessary to establish any changes at the end of the project. In addition to the baseline of project indicators is also important to consider the context in which the project is being implemented.
- b) Evaluations occur too early. Evaluations will usually occur much earlier than the date of the targeted scenario (i.e., climate change scenarios for 2020, 2050 or 2100) and the expected impacts. Establishing a system of ex-post evaluations (i.e., evaluation after a few years of project completion) may be one solution to this. Evaluating achievements in adaptive capacity in lieu of the actual adaptation measures themselves may be another option, establishing the flexibility and readiness to change.
- c) Uncertainty in climate scenarios producing uncertainty of risk levels. There are some areas of the world that have a great deal of uncertainty regarding their climate variability and change, as provided by existing models. Projects and adaptation measures are designed within these uncertainties and levels of risk. The evaluation question here would be if any improvements were done to the climate change models and if these changes had been incorporated in the implementation of the project and design of the adaptation measure.
- d) Short term climate variability may affect the outcomes of the projects. The weather during the project implementation period may affect the performance of the proposed adaptation measure, either positively or negatively. For example, unexpected rainy seasons during an agriculture adaptation project dealing with future scenarios of drought may not allow for testing the effectiveness of the adaptation measure. The crop yields during those years would not be the best indicator of success for the project.
- e) Going beyond achievement of objectives: was the adaptation measure selected and implemented the right one? Effective achievement of the objectives of a project is part of any evaluation but the evaluator should also assess that the adaptation measure, in reflection, was the most appropriate one to achieving the objectives.
- f) Contribution rather than attribution. Changes in resilience or adaptive capacity may not be directly or clearly attributed to the Adaptation Fund supported project, given the fact that many other actions affect adaptation.

- g) Processes are better measured than impacts. In most cases, an evaluation at the end of a project may be too early to evaluate the effectiveness in terms of risk and vulnerability reduction but easier to evaluate improvements in adaptive capacity.

References to evaluation in Adaptation Fund Board documents.

Title	Note
<p>Adaptation Fund Board. “Draft Standard Legal Agreement between the Adaptation Fund Board and the Implementing Entities.” Report of the 12th meeting of the Adaptation Fund Board, Annex VI.</p>	<p>Section 7, 7.01: c) a mid-term and a final evaluation report, prepared by an [independent] evaluator selected by the [Implementing Entity]. The final evaluation report shall be submitted within nine (9) months after [Project]/ [Programme] completion. Copies of these reports shall be forwarded by the [Implementing Entity] to the Designated Authority for information</p>
<p>Operational policies and guidelines for Parties to access resources from the Adaptation Fund. February 24, 2010</p>	<p>P. 21, Project Suspension and Cancellation 55. At any stage of the project cycle, either at its discretion or following an independent review-evaluation, the Ethics and Finance Committee may recommend to the Board to suspend or cancel a project for several reasons, notably: financial irregularities i (a) n the implementation of the project; and/or (b) material breach and poor implementation performance leading to a conclusion that the project can no longer meet its objectives.</p> <p>p. 37, Terminal Evaluation The date on which the Implementing Entity completes the terminal evaluation report, normally two months after project completion but in any case, no later than twelve months after project completion.</p> <p>Accreditation Process 36. The Board reserves the right to evaluate the performance of implementing entities at any time during an implementing entity’s accreditation period. A minimum notification of 6 months will be given to an implementing entity if they have been identified by the Board as being the object of such an evaluation.</p> <p>Monitoring, Evaluation and Review 46. The Board is responsible for the strategic oversight of projects and programmes implemented with resources from the Fund. The Ethics and Finance Committee, with support of the Secretariat, will monitor the Adaptation Fund portfolio of projects and programmes.</p> <p>47. The Adaptation Fund Board will develop a results framework to support the Strategic Priorities, Policies, and Guidelines of the Adaptation Fund. The framework will take into consideration existing good practices and lay out an approach that: (i) incorporates measuring results with widely recognized tools; (ii) assesses risk on an ongoing basis; and (iii) incorporates learning into strategies, projects, and programmes.</p> <p>48. The Board will oversee results at the fund-level. Implementing entities shall ensure that capacity exists to measure and monitor results of the Executing Entities at the country-level. The Board requires that projects and</p>

	<p>programmes under implementation submit annual status reports to the Ethics and Finance Committee. The Committee, with the support of the Secretariat, shall provide an annual report to the Board on the overall status of the portfolio and progress towards results.</p> <p>49. All regular projects and programmes that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the Implementing Entity. The Board reserves the right to submit small projects and programmes to terminal evaluation when deemed appropriate. Terminal evaluation reports will be submitted to the Board within a reasonable time after project termination, as stipulated in the project agreement.</p> <p>50. The Adaptation Fund Board will consider the process for developing a results framework to support projects and programmes and outline its main components with the aim of ensuring that the framework is in place before projects are approved.</p> <p>51. The Adaptation Fund Board reserves the right to carry out independent reviews or evaluations of the projects and programmes as and when deemed necessary. The costs for such activities will be covered by the Adaptation Fund.</p> <p>52. This project cycle will be kept under review by the Board.</p>
<p>Adaptation Fund Board. "Ethics and Finance Committee: Terms of Reference." 7th meeting of the AF Board. Bonn, September 14-15, 2009.</p>	<p>1. The Ethics and Finance Committee (EFC) shall be responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit.</p> <p>2. In this regard, the EFC shall:</p> <p>f) Review the performance of the Fund and NIEs and MIEs making use of both internal and external evaluations and reports from NIEs, MIEs and other sources as appropriate;</p>
<p>Adaptation Fund Board. "Project and Programme Review Committee: Terms of Reference." 7th meeting of the AF Board. Bonn, September 14-15, 2009.</p>	<p>1. The Project and Programme Review Committee (PPRC) shall be responsible for assisting the Board in tasks related to project/programme review in accordance with the Provisional Operational Policies and Guidelines for Parties to access resources of the Adaptation Fund (the Operational Policies and Guidelines), and for providing recommendations and advice to the Board thereon.</p> <p>2. In this regard, the PPRC shall:</p> <p>a) Consider and review projects and programmes submitted to the Board by eligible Parties in accordance with the Operational Policies and Guidelines;</p>

	<p>b) Address issues arising from projects and programmes submitted to the Board, including outstanding policy issues;</p> <p>c) Review the project and programme reports submitted by National Implementing Entities (NIEs) and Multilateral Implementing Entities (MIEs) in accordance with paragraph 46 of the Operational Policies and Guidelines, with the support of the Secretariat; Report and make recommendations to the Board on project and programme approval, cancellation, termination, suspension and on any other matter under its consideration; and</p> <p>d) Consider any other matter the Board deems appropriate.</p> <p>3. Representatives from NIEs and MIEs may be invited by the Chair of the PPRC to attend the meetings in order to explain details of the projects and programmes before the PPRC and provide information to assist in the deliberations.</p> <p>4. The PPRC, in consultation with the Board Chair, may require assistance and/or advice from experts in the performance of its functions;</p>
<p>UNFCCC. "Decision 1/CMP 3 Adaptation Fund." Conference of the Parties (COP) serving as the Meeting of the Parties to the Kyoto protocol (CMP), Poznan: December 2007.</p>	<p>Decides that the functions of the Adaptation Fund Board shall include the following functions and any other functions assigned to it by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol:</p> <p>(i) To regularly review performance reports on implementation and ensure independent evaluation and auditing of activities supported by the Adaptation Fund;</p>