



ADAPTATION FUND

AFB/EFC.17/3
24 September 2015

Ethics and Finance Committee
Seventeenth meeting
Bonn, Germany, 6-7 October 2015

Agenda Item 3

EVALUATION OF THE FUND (STAGE 1)

Background

1. At its thirteenth meeting (March 2011) the Adaptation Fund Board (the Board) approved an evaluation framework for the Adaptation Fund (the Fund). As part of the decision, an overall evaluation for the Fund was discussed (Decision B.13/20). At the time there were questions about the best time to launch such an evaluation given the lack of maturity of the portfolio.

2. At its 21st meeting (July 2013), the Board revisited the issue and 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)

3. Following that decision, and after considering the comments and recommendations of the Ethics and Finance Committee (EFC), the Board decided to

- a) Approve Option 3 (Two-phased evaluation) as outlined in document AFB/EFC.14/5, 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. The selection will be based on criteria contained in Annex IV to this report. The independent review panel will undertake the responsibilities outlined in the terms of reference contained in Annex V including the review of the final TOR for the evaluation, which should include elements of the scope of Decision 2/CMP.9 for the second review of the Adaptation Fund (in Phase I), select the evaluation team, provide quality assurance during the evaluation process, and report on progress of the evaluation to the Ethics and Finance Committee at its fifteenth meeting; and*
- c) Request the secretariat to issue a request for proposals following the World Bank procurement rules and procedures.*

(Decision B.23/18)

4. Following this decision, the Board decided to appoint Ms. Eva Lithman, Mr. Simon Anderson, and Dr. Doreen Stabinsky to an independent review panel (IRP) for the Fund's overall evaluation and requested the secretariat to provide the IRP with the necessary support to carry out their work (Decision B.23-24/4). The Board also approved the ToR for Phase I of the Fund's Overall Evaluation (Decision B.23-24/10).

5. In response to the decisions above, the attached evaluation (Document AFB/EFC.17/3) has been prepared by Tango International.

Recommendation

6. The Ethics and Finance Committee may want to consider the overall evaluation of the Fund (stage I) in order to make a recommendation to the Board for approval.

Independent Evaluation of the Adaptation Fund

First Phase Evaluation Report

ABSTRACT

The Adaptation Fund was established in 2001 to finance concrete adaptation projects and programs in developing country Parties to the Kyoto Protocol and those that “are particularly vulnerable to the adverse effects of climate change.” This Independent Evaluation is the first of two phases in a comprehensive evaluation of the Adaptation Fund. This report presents the findings and analysis for the First Phase evaluation, which is a process evaluation that focuses on the Adaptation Fund’s operational performance from its establishment through June 2015.

Report date: 21 August 2015



ADAPTATION FUND

Attribution

Please cite as follows: TANGO International in association with the Overseas Development Institute. 2015. First Phase Independent Evaluation of the Adaptation Fund. Washington, D.C.: World Bank.



Disclaimer

The opinions expressed are those of the Evaluation Team, and do not necessarily reflect those of the Adaptation Fund Board, the Global Environment Facility or the World Bank. Responsibility for the opinions expressed in this report rests solely with the authors. Publication of this document does not imply endorsement by the Adaptation Fund Board of the opinions expressed.

Acknowledgements

The Evaluation Team would like to thank the many individuals who contributed to the preparation of this evaluation report – including representatives of Parties to the Kyoto Protocol; Adaptation Fund Board members, alternates, and observers; government officials; World Bank, GEF, GCF, and UN agency staff; and members of civil society – for the invaluable insights they provided during the consultative phase of this evaluation.

We would especially like to thank members of the Adaptation Fund Board and staff of the Adaptation Fund Board Secretariat for their timely assistance and thorough cooperation throughout the evaluation process. We are also thankful to members of the Independent Review Panel and the Evaluation Coordinator for their advice and support.

Details about stakeholders consulted for this evaluation are provided in Annexes 9 and 10.

Evaluation Team and Independent Review Panel

TANGO International in association with Overseas Development Institute (ODI) was selected to undertake this First Phase Independent Evaluation of the Adaptation Fund via an international, competitive procurement process following World Bank procurement rules and procedures.

The Evaluation Team consisted of:

- Mr. Bruce Raveslout, Team Lead and senior expert in adaptation and international evaluation
- Mr. Charles Ehrhart, Technical Lead and senior expert in adaptation and adaptation finance
- Ms. Nella Canales Trujillo, Research Officer and expert in adaptation and climate finance
- Ms. Carrie Presnall, Research Associate and Lead Editor
- Ms. Raniya Sobir, Research Associate
- Ms. Elizabeth Cuellar, Research Consultant

ODI was primarily responsible for evaluating the Adaptation Fund's relevance, while TANGO was responsible for assessing effectiveness, efficiency, and sustainability. Ms. Smita Nakhooda and Mr. Graham Banton, both of ODI, provided additional technical support to the chapter on relevance.

An Independent Review Panel (IRP) was convened by the Adaptation Fund Board to ensure that the evaluation process was as rigorous as possible. The IRP's main responsibilities included:

- Reviewing and commenting on the evaluation's draft TOR and criteria for selecting the evaluation team,
- Recommending an Evaluation Team to the AFB Secretariat from a group of possible institutions, and
- Reviewing and commenting on the Inception Report and Draft Reports of the evaluation.

Acronyms and Abbreviations

AAU	Assigned Amount Unit
AF	Adaptation Fund
AFB	Adaptation Fund Board
AFB Sec	Adaptation Fund Secretariat
AP	Accreditation Panel
CAF	Cancun Adaptation Framework
CDKN	Climate and Development Knowledge Network
CDM	Clean Development Mechanism
CERs	Certified Emission Reductions
CIF	Climate Investment Fund
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
COP	Conference of the Parties
DA	Designated Authority(ies)
DSA	Daily Subsistence Allowance
EFC	Ethics and Finance Committee
ERU	Emission Reduction Unit
ESP	Environmental and Social Policy
GCF	Green Climate Fund
GEF	Global Environment Facility
IEs	Implementing Entities
IET	Independent Evaluation Team
IIED	International Institute for Environment and Development
IPCC	Intergovernmental Panel on Climate Change
IRP	Independent Review Panel
KM	Knowledge Management
LDCF	Least Developed Countries Fund
LDCs	Least Developed Countries
MDBs	Multilateral Development Banks
MIEs	Multilateral Implementing Entities
NGO	Non-governmental Organization
NIEs	National Implementing Entities
NWP	Nairobi Work Programme
OA	Organizational Assessment framework
ODI	Overseas Development Institute
OECD/DAC	Organization for Economic Cooperation and Development Assistance Committee
OPG	Operational Policies and Guidelines
PPCR	Pilot Programme for Climate Resilience
PPRC	Project and Programme Review Committee
PPR	Project/Programme Performance Reports
RBM	Results Based Management

RIEs	Regional Implementing Entities
SCCF	Special Climate Change Fund
SIDS	Small Island Developing States
TANGO	Technical Assistance for Non-governmental Organizations International
ToC	Theory of Change
TOR	Terms of Reference
UNDP	United Nations Development Program
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNISDR	UN International Strategy for Disaster Reduction
WFP	United Nations World Food Programme

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Executive Summary

The Adaptation Fund

1. The Adaptation Fund was established in 2001 to finance concrete adaptation projects and programs in developing country Parties to the Kyoto Protocol and those that “are particularly vulnerable to the adverse effects of climate change.” As of June 2015, the Adaptation Fund had accredited 19 NIEs, 11 MIEs, and 4 Regional RIEs, and approved US\$318 million worth of funding for 48 projects in the Africa, Asia-Pacific, Latin America, and Eastern Europe regions. The Adaptation Fund is supervised and managed by an international Board. The World Bank serves as the Adaptation Fund’s trustee on an interim basis and the Global Environment Facility as its interim Secretariat.

Purpose of the Independent Evaluation

2. This Independent Evaluation, conducted by TANGO International in association with the Overseas Development Institute, is the first of two phases in a comprehensive evaluation of the Adaptation Fund. Phase 1 is a process evaluation focused on (1) resource mobilization, (2) decision-making, (3) resource allocation, (4) access to funding, including access modalities, (5) the project/program cycle, and (6) knowledge management. The overall objective of this Phase 1 Evaluation is to assess the Adaptation Fund’s operational performance against the Fund’s design and implicit logic. The evaluation’s specific objectives are to: identify good practices in Fund operational performance, identify opportunities for improvement in Fund operational performance, and provide practical recommendations on how improvements can be carried out.

Main conclusions

3. **Relevance:** The Adaptation Fund’s design is coherent with and complementary to other adaptation efforts under the United Nations Framework Convention on Climate Change (UNFCCC). It contributes directly to various adaptation work streams and complements the role of other climate funds by extending access to all developing countries. Though small in size, the Adaptation Fund is amplifying financial support to developing countries and helping close the adaptation finance gap. The Adaptation Fund’s design is appropriate to generating timely lessons about effective approaches to adaptation finance, especially with regards to “direct access,” and scalable and replicable action benefiting the most vulnerable communities and social groups. The Adaptation Fund’s design supports pilot activities with substantial potential for scaling up impact at sub-national, national, and regional levels.

4. The Adaptation Fund’s major features remain relevant and appropriate with the exception of its resource mobilization strategy. While appropriate at the outset, the main income source (2% share of proceeds from Certified Emission Reduction (CERs)) has been ineffective due to the collapse of carbon market prices.

5. **Effectiveness:** Short-term outputs indicate substantial organizational development and suggests that the Adaptation Fund is quickly becoming an effective institution capable of achieving its ambitious objective. The Adaptation Fund’s main processes are generally effective and demonstrate steady improvement, with the exception of resource mobilization and knowledge management. While effective knowledge management is critical to any organization, it is particularly important for the Adaptation Fund. The Adaptation Fund’s experiences must be systematically tracked and regularly analyzed in

order to enrich global knowledge on climate change adaptation and access modalities. Inadequate allocation of resources to knowledge management undermines the Adaptation Fund's short-term effectiveness and long-term significance.

6. The AFB Secretariat has achieved a relatively flat organizational structure and a working environment that encourages the free-flow of ideas, thinking outside the box, and collaborative versus competitive efforts. This has significantly enhanced the Secretariat's effectiveness and is, alongside the team's passionate commitment to reducing vulnerability, the reason it has achieved so much despite a small and unpredictable budget. Despite, and perhaps partially because of its successes, the Secretariat is overstretched and urgently requires more resources to meet its strategic responsibilities. The recent decision to fund two additional staff¹ approved during the AFB's April 2015 meeting,² may alleviate this problem. However, careful monitoring is merited. Moreover, the Secretariat will need still more staff if responsibilities increase beyond current core functions.

7. **Efficiency:** The Adaptation Fund and its institutional arrangements provide good value for money. Most of the Adaptation Fund's main processes are reasonably efficient, with some room for improvement in streamlined decision-making. The accreditation process will benefit greatly from a recent decision to create a small entity window and upcoming discussions on how to improve efficiency. The World Bank, acting as interim Trustee, has performed its core functions in a transparent and efficient manner. Cooperation with stakeholders, including civil society, has contributed to efficiency of Adaptation Fund operations; the Adaptation Fund NGO Network plays a "bridging role" between the AFB and civil society. The Adaptation Fund fosters efficient communication with eligible Party governments and entities through DAs.

8. **Sustainability:** Uncertainties surrounding the Kyoto Protocol and carbon markets pose a significant, structural threat to the sustainability, adequacy, and predictability of resources for the Fund. Ambitious post-2020 emissions targets could improve and stabilize CER prices. However, if this does not happen, the Fund's financial and institutional sustainability will be jeopardized. Additional revenue-streams from the first international transfers of Assigned Amount Units and the issuance of Emissions Reduction Units will be helpful but fall short of raising the Fund's resource base to appropriate levels. Based on experience to date, voluntary contributions by Annex 1 Parties are also not expected to provide a reliable solution.

Lessons learned with broader relevant for climate finance

9. The Adaptation Fund has generated important lessons with broad relevance for the design and operation of other climate finance mechanisms. Key lessons include:

- **Market-based finance mechanisms:** Though they may play a valuable role in mobilizing resources for adaptation, global carbon market-based mechanisms are too unpredictable to provide a foundation for multi-year planning and budgeting.
- **Inter-institutional coordination:** Inter-institutional coordination is critical to avoiding competition over limited financial resources as well as creating cost-saving synergies

1 AFB. 2015. Board and Secretariat, and Trustee Administrative Budget for Fiscal Year 2016. AFB/EFC.16/6, para. 5.

2 AFB. 2015. Decisions of the Twenty-Fifth Meeting of the Adaptation Fund Board 10 April 2015. AFB/B.25/7.

(e.g. harmonization of Adaptation Fund and Green Climate Fund accreditation processes).

- **Direct Access:** The Direct Access Modality can be a highly relevant, effective, and efficient means of channeling adaptation finance. However, many National Implementing Entities (NIEs) – particularly in Least Developed Countries and Small Island Developing States – require sustained support to navigate and fully benefit from the accreditation process.
- **Reaching the most vulnerable:** IEs require clear guidelines and practical suggestions for reaching, understanding, and effectively addressing the needs of especially vulnerable social groups within countries.
- **Knowledge Management:** Investments in knowledge management represent an important opportunity to generate and accelerate learning about effective adaptation finance. Strategic partnerships with civil society and research institutions can play a useful role in knowledge management but cannot replace the need for dedicated in-house expertise.

Main recommendations

1. Review the experience of other funds to identify good practices to strengthen vulnerability targeting and formulate clear guidance for Adaptation Fund applicants	8. Delegate more approval and other decision-making responsibilities to committees and panels, especially the EFC and Accreditation Panel
2. Recruit additional senior secretariat staff to address the capacity constraints to undertake effective knowledge management and resource mobilization	9. Undertake a study to assess whether the World Bank will continue to provide the best value added if a fee-based approach is introduced
3. Continue to improve the accreditation process, with specific focus on early identification of fiduciary risks.	10. Adopt a more consistent and less discretionary approach to closed meetings, and revise the rules regarding active observers
4. Strengthen the policy and guidelines for an inclusive and transparent selection of NIEs.	11. Organize a joint review with the GCF to explore the best modality for the Adaptation Fund to access a reliable stream of funding from the GCF
5. Develop and implement a comprehensive gender policy based on a review of other funds' gender policies.	12. Designate the current AFB member seat on the PPCR governing body for the AFB Secretariat.
6. Review the experience of other funds to identify good practices in organizational performance monitoring.	13. Develop and implement a robust, multi-year resource mobilization strategy that specifies regular trust replenishment periods.
7. Delegate approval of project/program proposals to the AFB's dedicated Secretariat.	

1. Introduction

1.1. Subject of the evaluation: introduction to the Adaptation Fund

10. The Adaptation Fund was established in 2001 under the Kyoto Protocol of the UN Framework Convention on Climate Change to finance concrete adaptation projects and programs in developing country Parties to the Kyoto Protocol, using an innovative funding stream; namely, a share of clean development mechanism (CDM) proceeds and other sources.³ The operation of the Adaptation Fund was based on an assumption around the stability of the carbon markets, which was levied to finance Fund operation, supplemented by voluntary contributions from Annex I Parties of the Kyoto Protocol.

11. The Adaptation Fund Board (AFB) held its first meeting in 2008.⁴ In 2008, the Adaptation Fund established interim institutional arrangements with a Secretariat hosted by the GEF and Trustee services provided on an interim basis by the World Bank.⁵ The AFB Secretariat consists of dedicated staff based in Washington, D.C. and provides research, advisory, administrative, and an array of other services to the Board. The World Bank sells CER certificates to support the Adaptation Fund and manages the Adaptation Fund Trust Fund. In 2009, the AFB accepted the offer of the Federal Republic of Germany offer to confer legal capacity and host the Board,⁶ and the AFB has had legal capacity since February 2011.^{7, 8}

12. The delivery of adaptation financing by the Adaptation Fund is done through two access modalities that are tailored to different country circumstances: a Direct Access Modality through National Implementing Entities (NIEs), and indirect access through Multilateral Implementing Entities (MIEs) or Regional Implementing Entities (RIEs). Implementing Entities (IEs) are accredited organizations that meet a series of financial standards and environmental and social considerations to receive financing from the Adaptation Fund and potentially other sources.

13. As of June 2015, the Adaptation Fund had accredited 19 NIEs, 11 MIEs, and 4 Regional RIEs, and approved US\$318 million worth of funding for 48 projects in the Africa, Asia-Pacific, Latin America, and Eastern Europe regions (see Annexes 13 and 14).⁹

14. The structure of the Adaptation Fund is based on six processes: resource mobilization, decision making, resource allocation, access to funding, project and program cycle, and knowledge management (described in Section 1.3 and Annex 2). These processes utilize a range of internal and external inputs to produce a set of intermediary outcomes that enable Kyoto Protocol developing country Parties to increase their adaptive capacity and reduce vulnerability at local and national levels. Specifically, this is achieved through the provision

3 Report Of The Conference Of The Parties On Its Seventh Session, Held At Marrakesh From 29 October To 10 November 2001 Addendum Part Two: Action Taken By The Conference Of The Parties. FCCC/CP/2001/13/Add.1. 10/CP.7

4 AFB. 2008. Report of the First Meeting of the Adaptation Fund Board. 19 June 2008. AFB/B.1/13

5 UNFCCC. 2009. Report of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on its fourth session, held in Poznan from 1 to 12 December 2008. 19 March 2009. FCCC/KP/CMP/2008/11; see Decision 1/CMP.4.

6 Endorsed by the Parties to the Kyoto Protocol during CMP 5; FCCC/KP/CMP/2009/21/Add.1.

7 UNFCCC. 2010. Report of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on its fifth session, held in Copenhagen from 7 to 19 December 2009. 30 March 2010. FCCC/KP/CMP/2009/21/Add.1.; see Decision 4/CMP.5; See Decision B.7-8/1 of AFB

8 AF. 2011. Act to establish legal capacity of the Adaptation Fund Board in Germany.

9 Adaptation Fund. 2014. <https://www.adaptation-fund.org/national-implementing-entities> Accessed June 10, 2015.

of funding for concrete adaptation projects and technical support to promote climate resilient measures beyond the specific funding from the Adaptation Fund.

15. The Adaptation Fund's Results Architecture is framed as follows:

- **Objective:** Reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.
- **Goal:** Assist developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of concrete adaptation projects and programs, in order to implement climate resilient measures.
- **Impact:** Increased resiliency at the community, national, and regional levels to climate variability and change.¹⁰

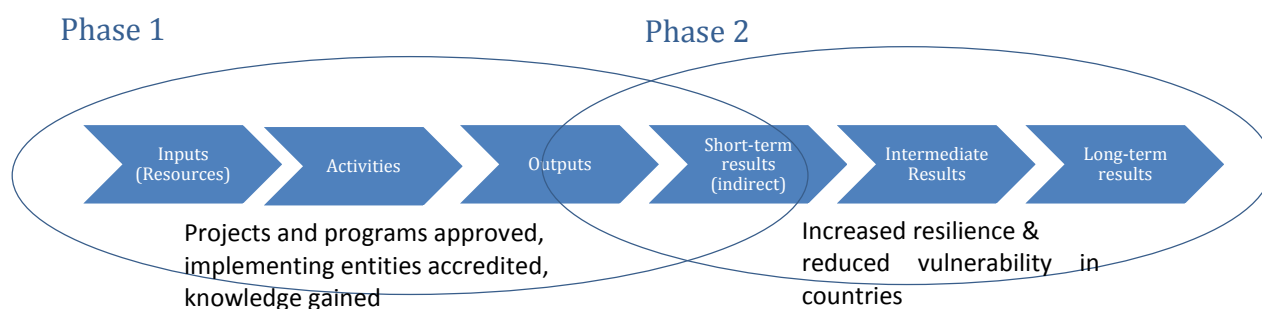
16. Projects have aimed to strengthen adaptation-relevant policies, mainstream climate change in national policy, strengthen institutional capacity to adapt to climate change, pilot and demonstrate promising practices, improve disaster response technologies (e.g., weather monitoring systems and early warning systems), and on a limited basis, collaborate with private partners.¹¹ The sectors that have received the largest portions of approved funding are food security (US\$58.5 million) and multi-sectoral projects (US\$38.6 million).¹²

1.2. Purpose and scope of the independent evaluation

17. At the twenty-fourth meeting of the Adaptation Fund Board in October 2014, the Board approved a two-phase independent evaluation of the Adaptation Fund. The First Phase evaluation was undertaken in parallel to a separate review of the Adaptation Fund by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).

18. This report presents the findings and analysis for the First Phase evaluation, which is a process evaluation, focused on the Adaptation Fund's operational performance from its establishment through June 2015. Phase 2 will be an Outcome Evaluation focusing on the Adaptation Fund's overall results.¹³ Timing and a detailed Scope of Work for the Phase 2 evaluation are still to be determined. Figure 1 provides a graphic representation of the distinction between the two evaluation phases.

Figure 1: Phase 1 and Phase 2 differentiation



10 AF. 2010. An Approach To Implementing Results Based Management – RBM. AFB/EFC.1/3/Rev.1, paragraph 10

11 Canales Trujillo N. and S. Nakhooda. 2013

12 Adaptation Fund. 2014. <https://www.adaptation-fund.org/national-implementing-entities> Accessed June 10, 2015.

13 Process evaluations measure how well a program is operating as intended by assessing its operations and determining whether its target population is being served. Impact evaluations measure the program's results and how well its goals were attained.

19. The *overall objective* of this Phase 1 Evaluation is to assess the Adaptation Fund's operational performance against the Fund's design and implicit logic. The evaluation's *specific objectives* are to:

- Identify good practices in Fund operational performance
- Identify opportunities for improvement in Fund operational performance
- Provide practical recommendations on how improvements can be carried out

20. The main audience of the Phase 1 of the evaluation includes all the CMP, development partners, Adaptation Fund Board (AFB), AFB Secretariat, Trustee, IEs, executing entities, communities implementing and participating in interventions of the Adaptation Fund, Designated Authorities for project/program submission, and Adaptation Fund observers. Evaluation results will be relevant to inform the future development of the Adaptation Fund and other climate change financing mechanisms, especially the Green Climate Fund (GCF).

1.3. Evaluation methodology

1.3.1. Main conceptual approach

21. The Phase I evaluation is a process evaluation intended to inform discussions and decisions on the Adaptation Fund's operational aspects. It will communicate how well the Adaptation Fund's implicit or assumed logic and the design are working in relation to the following main processes of the Adaptation Fund, as outlined in the TOR (see Annex 2 for more detail on these processes, and Annex 15 for the TOR):

- *Resource mobilization* - the sale of CERs and approaches taken by Fund management to secure financial support from multi- and bi-lateral agencies
- *Decision-making processes* - the governing structure of the Adaptation Fund and the function of its component parts, including institutional linkages and relations (cooperation, transparency, etc.) with the interim host organization (GEF) and Trustee (World Bank)
- *Resource allocation* - the design and application of strategic priorities and objectives (i.e., Results Based Management)
- *Access to funding* - direct access modalities and the Accreditation process
- *Project/program cycle* - the one- and two-step funding windows, assessment of project cycle performance, and project/program level knowledge management (i.e., Monitoring and Evaluation)
- *Knowledge management* - at the Adaptation Fund level, knowledge management includes reviews and comprehensive evaluations of the Adaptation Fund¹⁴

22. The Adaptation Fund is the primary unit of analysis for this evaluation. During the evaluation inception phase, the IET undertook preliminary research of available documentation to develop the evaluation analytical framework, referred to here as the evaluation matrix. The evaluation matrix contains the specific evaluation questions that

¹⁴ TANGO International in association with ODI. 2014. Terms of Reference for the First Phase of the Adaptation Fund Evaluation. July 7. Final Version.

guided data collection, analysis, and reporting by the IET throughout the evaluation process (see Annex 4).

23. The evaluation matrix expands upon the key evaluation questions indicated in the TOR with sub-questions, indicators, and data sources. The evaluation matrix organized the evaluation sub-question by the following Organization for Economic Cooperation and Development Assistance Committee (OECD/DAC) evaluation criteria: relevance, effectiveness, efficiency, and sustainability. Value for Money was a key theme to the overall evaluation process, covered under the efficiency criteria, to assess whether the resources invested in the Adaptation Fund's operations were 'reasonable.'

24. The main conceptual approaches used during the inception phase to develop the evaluation matrix, specifically to formulate the sub-questions, were the Organizational Assessment (OA) Framework and the Theory of Change approach. The IET used the Theory of Change approach to develop a detailed overview of the Adaptation Fund's operational hypothesis, including the operational processes that are the focus of this evaluation, using a comprehensive graphic (see Annex 3). This Theory of Change was used as the basis to develop the sub-questions around the Adaptation Fund's operational design and implicit logic as related to the operational processes. The OA framework domains were then reviewed to ensure to ensure a balanced approach in the evaluation matrix questions between internal and external factors that affect these processes.

25. In addition, during the inception phase, a timeline of key events was prepared to ensure Fund milestones were reflected in the evaluation matrix, and a stakeholder analysis was undertaken with assistance from the Evaluation Coordinator at the time to map stakeholder relationships with the Adaptation Fund and their interest or potential involvement in the evaluation.

1.3.2. Data collection methods and their application

26. The evaluation followed a mixed method approach to answer the evaluation questions using primary and secondary sources. Detailed design of the mixed methods was based on the IET preparatory activities undertaken during the inception phase. The evaluation matrix states the combination of mixed data collection methods used to answer each evaluation sub question.

27. Mixed methods included (a) an extensive structured literature review of over 70 internal documents and 60 external documents, (b) stakeholder interviews and focus group discussions during an evaluation mission to COP 20 in Lima (December 2014) or via Skype/phone with 46 individuals at 16 organizations (see Annex 9 for full list), and (c) an e-survey to verify and validate analysis, and address remaining information gaps. Invitations to participate in the e-survey were emailed to 103 diverse stakeholders (i.e., AFB members and alternates, IEs, other climate funds, World Bank, GEF, civil society; see Annex 10). Fifty-one people started the survey, and except where indicated (see Annex 12), 44 respondents answered the survey questions.

1.3.3. Evaluation timeline and deliverables

28. The evaluation timeframe spanned 11 months: from October 2014 to August 2015. The inception phase was organized from October – December 2014. A draft Inception Report was submitted in October 2014; the final Inception Report was submitted in December 2014, including the evaluation matrix, methodology details and the results from

the preparatory work undertaken by the IET. Mixed method data collection and preliminary analysis started during the inception phase and continued until April 2015, when the preliminary draft report, excluding the results of the e-survey, was submitted. This was followed by a presentation of the preliminary findings to the AFB, also in April 2015. The revised and complete draft report was submitted in June 2015, and the final report submitted in August 2015.

29. The evaluation was implemented in line with the data collection, analysis, and quality assurance protocols indicated in the Inception Report. Timelines were adhered to with the exception of the e-survey activity. Development of the e-survey was contingent upon analysis presented in the draft report. The IET organized two rounds of revisions instead of the one round planned in the evaluation timeline. As a result, final completion date of the evaluation was delayed from June to August 2015.

1.3.3. Limitations of the evaluation

30. As part of the Inception Phase, the IET identified potential risks to the evaluation process, associated limitations to those risks, and mitigation strategies (see Annex 5). Several risks were either not identified or not fully mitigated, which limited quality of analysis presented by the IET.

31. The sheer amount of documentation related to Fund operations posed a challenge for the structured review undertaken by the IET within the time and resources allocated. Significant time and staff resources were spent to develop a basic descriptive overview of the operational process details, a large part of which was not appropriate for the final report analysis, and was – therefore – annexed or not incorporated. This delayed the start of an integrated analysis of this information.

32. The Adaptation Fund operates in dynamic climate finance architecture with a wide range of internal and external stakeholders. It was challenging to reconcile the varying perceptions on Fund operations from primary data into a consolidated and weighted analysis. This was only partially achieved.

33. The Adaptation Fund is a complex unit of analysis. The evaluation timeline did not include sufficient time to develop a fully informed evaluation matrix. Moreover, the evaluation coordination mechanism set up by the Adaptation Fund, which involved an Evaluation Coordinator and a pro-bono International Review Panel (IRP), was not effective. It did not allow for essential *direct* interaction and iteration with key Adaptation Fund stakeholders to properly tailor the evaluation matrix. Even though the final Inception Report was approved by the Evaluation Coordinator, the IET – with the benefit of hindsight – finds that the evaluation matrix was too detailed, includes overlapping sub-questions, and did not effectively capture the ‘bigger picture’ of the Adaptation Fund’s operational design. Based on feedback from reviewers, the IET undertook significant reorganization of the analysis. However, the final report still includes some duplication of findings and may be dense to read for stakeholders not familiar with Fund operations.

34. During the evaluation, the IET had to coordinate with and respond to multiple stakeholders: formal communication was only with the Evaluation Coordinator, and through the Evaluation Coordinator with the IRP, the AFB Sec, and AFB. This coordination was not effective. Stakeholders had varied expectations of the evaluation process and deliverables that were not always evident to the IET, roles and responsibilities in review of IET

deliverables were unclear, and there were limited opportunities for pro-active communication on evaluation progress. Despite identifying this as a key risk during the inception phase, the IET was not able to effectively manage this. This had a negative impact on how effectively and efficiently the finite IET time and staff resources were applied during the evaluation.

1.4. Structure of the evaluation report

35. This report includes 7 chapters and 16 associated Annexes. Due to the number and size of the Annexes, these are incorporated into a separate document. Several Annexes include original descriptive narrative and analyses prepared for this evaluation and are recommended for further reading.

36. This first Chapter of the main report provided an introduction to the Adaptation Fund, and described the evaluation scope of work and methodology. Chapter 2 discusses the relevance of the Adaptation Fund to stakeholder policies and priorities. Chapters 3 and 4 assess the effectiveness and efficiency of the Adaptation Fund's main processes, respectively, and contributing factors. Chapter 5 reviews financial, institutional, and technical sustainability of the Adaptation Fund. Chapter 6 presents conclusions and select lessons learned with broader relevance for climate finance, followed by recommendations in Chapter 7.

2. Relevance of Fund design to stakeholder policies and priorities

37. Relevance captures the extent to which the objectives of a program remain valid under the current financial gap; the consistency of the activities and outputs with the overall goal and objectives, as well as with the intended impacts and effects.¹⁵ This chapter, therefore, assesses the Adaptation Fund's relevance against the following criteria: (1) coherence of Fund programming vis-à-vis United Nations Framework Convention on Climate Change (UNFCCC) guidance; (2) coherence vis-à-vis national adaptation priorities; (3) addressing the adaptation finance gap; appropriateness of key Fund design features, namely (4) funding mobilization, (5) addressing vulnerability, (6) Direct Access Modality; and finally, (7) the appropriateness of changes in design.

38. The IET finds that the design of the Adaptation Fund is coherent with other adaptation efforts under the UNFCCC and that Adaptation Fund projects are generally coherent with stated national adaptation needs. The Adaptation Fund's design is a relevant component of the current climate finance architecture. It complements the role of other funds by extending access to all developing country Parties to the Kyoto Protocol. The Adaptation Fund's design and subsequent improvements are based on the experience of other funding mechanisms and have, in turn, informed the design of concurrent climate funds. In particular, the Direct Access Modality and adaptation activities trialed by the Adaptation Fund have generated important learning for adaptation finance practice. Another important lesson learned is that the strategy of mobilizing funds primarily from CERs was appropriate but unreliable. As a result, the Adaptation Fund experience has made an important contribution to closing the adaptation finance gap.

2.1. Coherence of Adaptation Fund programming with UNFCCC guidance

39. "Policy coherence" implies that different policy communities are working together towards agreed-upon objectives.¹⁶ This section discusses the coherence of the Adaptation Fund in relation to UNFCCC efforts in adaptation finance. The IET uses categories for coherence modified from those identified by the Adaptation Committee: (a) provision of inputs into adaptation work streams; and (b) joint collaboration with other funds.^{17,18}

40. The experience of the Adaptation Fund represents a critical input into key adaptation work streams under the UNFCCC, namely the Nairobi Work Programme (NWP) and the Cancun Adaptation Framework (CAF).^{19,20} The NWP has been an important vehicle for sharing adaptation knowledge from a wide range of organizations.²¹ The NWP is mentioned as a source of information for developing projects and programs under the Adaptation Fund

15 OECD. 2015. Evaluation of Development Programmes.

16 OECD. 2012. The DAC Journal Development Co-operation Report 2001. Paris: OECD.

17 Adaptation Committee. 2013.

18 The Adaptation Committee identified 3 categories, a) Provision of input into other work streams; (b) Joint collaboration; and c) provision of holistic advice. Considering that the AF is a means for implementation and not an advisory body, we are including only a modified version of categories a) and b).

19 The NWP is a program of work under the Subsidiary Body for Scientific and Technological Advice (SBSTA) of the UNFCCC established in 2005 to assist all Parties to improve their understanding of impact, vulnerability, and adaptation to climate change; and make informed decisions on practical adaptation actions and measures to respond to climate change UNFCCC. 2005. Decision 2/CP.11 Five-year programme of work of the Subsidiary Body for Scientific and Technological Advice on impacts, vulnerability, and adaptation to climate change. FCCC/CP/2005/Add.1. Page 5.

20 The CAF is a framework adopted by UNFCCC Parties to enhance action on adaptation.

21 Adaptation Committee. 2013. The State of Adaptation under the United Nations Convention on Climate Change: 2013 Thematic Report. Bonn: UNFCCC Secretariat

in its Strategic Priorities, Policies, and Guidelines. The Adaptation Fund supports the National Adaptation Plan (NAP) process, established by the CAF, mainly by strengthening institutional capacity to receive and manage adaptation finance. While the NAP process is still nascent, projects funded by the Adaptation Fund have the potential to contribute to the implementation of broader national planning processes. In particular, lessons gleaned from in-country and country-led adaptation proposal design and implementation (particularly by domestic institutions) could be highly valuable for the NAP process.

41. Several Adaptation Fund projects included elements specifically aimed at strengthening national capacity to plan for climate change and related institutional capacities. The accreditation requirements of the Adaptation Fund as well as its reporting and results management processes further emphasize relevant aspects of institutional strengthening and learning.

42. In addition, the work of the Adaptation Fund is helping to advance many vital elements of the adaptation finance priorities that have been identified in various COP decisions and other guidance. A key example is the Adaptation Fund's work with NIEs, which contributes to broad adaptation capacity amongst stakeholders in developing countries.

43. The Adaptation Fund works alongside a number of other funds that support adaptation. It was created under the Kyoto Protocol in 2001 alongside the Least Developed Countries Fund (LDCF), which was set up to help the least developed countries of the world adapt to climate change, as well as Special Climate Change Fund (SCCF). The Global Environmental Facility (GEF) serves as secretariat for all three of these Funds and also manages the LDCF and SSCF. More recently, the GCF was established as an operating entity of the Financial Mechanism of the UNFCCC. It is directed to spend 50% of its funding on adaptation activities in developing countries.^{22, 23}

44. The design of the Adaptation Fund complemented other adaptation-oriented funds within the international climate finance architecture at the time of its operationalization. It extended the range of countries eligible to access adaptation finance, as it offers funding to all 'particularly vulnerable' developing Parties to the Kyoto Protocol. It expanded the focus of activities beyond planning and urgent and immediate needs of Least Developed Countries (LDCs), which had been the first priority activity of the LDCF as mandated by the COP, to finance concrete adaptation projects and programs. While its resourcing was low compared to recognized needs for adaptation finance, the operationalization of the Adaptation Fund substantially increased international grant finance for adaptation available to countries at the time.

45. The Adaptation Fund is operating in increasingly complex climate finance architecture in a manner that has helped set new norms and practices. As we discuss further in Chapter 4, the Adaptation Fund's experience with direct access modalities, accreditation processes, and fiduciary standards has been emulated by other funds including the GEF and the GCF. The Adaptation Committee's strategy for increased cooperation in climate finance supports an ongoing dialogue between the GEF, the GCF Board, and the Adaptation Fund's Board.²⁴

22 In Grant Equivalent terms

23 UNFCCC. 2014. Cooperation and Support: Climate Finance.

24 UNFCCC. 2014. Cooperation and Support: Climate Finance.

The Adaptation Fund maintains a very close working collaboration with the GEF as the host of the Adaptation Fund's Secretariat.

46. There is also evidence of good collaboration with other donors and adaptation funds at the country level. The Adaptation Fund Board is represented in the governing committee of the Pilot Program on Climate Resilience (PPCR), a World Bank administered trust fund launched in 2008. In this way, the PPCR and Adaptation Fund sought to ensure the coherence of programming efforts. For example, the project funded by the Adaptation Fund in Samoa has been designed to complement the efforts of the PPCR project. Both projects share a Steering Committee and together have increased the project activities' scope and coverage.²⁵ In Tanzania, the project supported by the Adaptation Fund is being implemented jointly with an LDCF project. This has built synergies and avoided duplication of efforts in relation to capacity strengthening for non-governmental organizations (NGOs) and academic institutions, and administrative issues, including joint procurement.²⁶

47. The Adaptation Fund also helped mainstream adaptation within the portfolio of some of its IEs. For example, after its experience with the Adaptation Fund, the United Nations World Food Programme (WFP) invested time and resources in doing more in-depth analysis on the linkages between climate change risk, adaptation, and food security, replicating its project design experience with the Adaptation Fund within its wider portfolio (which was of US\$4.4 billion in 2013).²⁷

2.2. Coherence with national priorities for adaptation

48. A core dimension of the relevance of the Adaptation Fund relates to how well its projects support national level priorities for adaptation, and the relevance of its working modalities and expressed priorities in this regard. This coherence with national adaptation priorities is contingent on the extent to which countries have already identified climate change priorities and institutionalized a multi-sectoral adaptation strategy.

49. The systems established to facilitate Adaptation Fund engagement with countries seek to facilitate coherence with national and sub-national priorities in the projects it supports. The Designated Authority (DA) within a developing country is tasked with oversight of the Adaptation Funds' activities within that country, and with ensuring the coherence of the Adaptation Fund's operations in country. As representatives of the recipient government, DAs are asked to endorse the projects proposed by the IEs and assure the proposal's contribution to national priorities. Most developing countries have assigned the role of DA to their ministries of environment or equivalents. A smaller number of countries have chosen ministries of finance (e.g. Belize, Mauritius) or foreign affairs (e.g. Cook Islands, Samoa), or hydro-meteorological institutes (e.g. Uzbekistan). The operational guidelines of the Adaptation Fund require that proposals justify how the project is consistent with national or sub-national sustainable development strategies, including poverty reduction strategies, sectoral plans, and specific adaptation policy instruments. Our review of 7 randomly selected proposals from the 41 approved projects (Annex 6) shows that in most cases, the policies and initiatives referenced relate to environment and natural resource

25 UNDP. 2011. Project Proposal: Enhancing resilience of coastal communities of Samoa to climate change. Washington, D.C.: Adaptation Fund.

26 UNEP. 2011. Project Proposal: Implementation of concrete adaptation measures to reduce vulnerability of livelihoods and economy of coastal communities of Tanzania. Washington, D.C.: Adaptation Fund.

27 WFP. 2014. Annual Report: The World Food Programme's Achievements in 2013. Accessed on May 21, 2015.

management issues, suggesting coherence with environmental priorities. Consistency with broader economic and development strategies, and other sectorial priorities is, however, not as clearly assessed or demonstrated.

50. The scope of adaptation activities supported by the Adaptation Fund goes beyond the sphere of ministries of environment, and requires cooperative interaction with other policy leaders including authorities in agriculture, water, disaster risk management, and development planning. The analysis shows that the issue of consistency across policy and economic spheres has been interpreted and addressed differently by each country. The IET finds that one key explanatory variable for this is the level of development of domestic policies on adaptation in recipient countries. Another is the extent to which national counterparts have invested in collaborating with other line ministries and stakeholders in identifying proposals for which funding is sought. This draws into question the extent to which the programming priorities expressed in Adaptation Fund-supported projects can shape understandings of climate risk and adaptation need beyond the key ministries directly involved in project implementation and execution.

51. A review of the literature indicates some promising examples of coherence with national priorities that started with the implementation of AF-funded projects. Particularly in cases where adaptation policy development is in initial stages, projects have demonstrated potential to create a space for a deeper and more coordinated policy and implementation response for climate change. In Honduras, the initial integration of adaptation to climate change in national development and water policy began through the Adaptation Fund supported project, which included the development of a 'Guide to mainstream Climate Change Adaptation and Disaster Risk Management into development planning'. In South Africa, the NIE organized a multi-sectoral and comprehensive consultative process that promoted a greater and integrated thinking and planning around adaptation in country.

2.3. Adaptation Fund contribution to the finance gap

52. The Adaptation Fund's contribution to closing the adaptation finance gap has been small but important, given the very low baseline. Since the creation of the Adaptation Fund, the LDCF, and the SCCF in 2001, funding for adaptation through UNFCCC linked mechanisms increased from a near zero baseline to around US\$1.5 billion in 2013, of which the Adaptation Fund represented about 27%.²⁸ However, a more recent estimation of public spending for adaptation from a wider range of reported sources (including Bilateral contributions, Multilateral Development Bank (MDB) funding and others) was calculated as approximately US\$14 billion in 2010/2011 and around US\$22 billion in 2011/2012, which indicates a relatively small contribution by the Adaptation Fund.^{29, 30}

53. Compared to the other nine funds that support adaptation within the international dedicated climate funds today,³¹ the Adaptation Fund is relatively small. By pledge size, the

28 The Pledges for the LDCF and SCCF were US\$781.5 million and 332.5 million, respectively as of the 30th of September 2013, and the total capital of the AF was US\$409.96 million including CER sales, donations and pledges as of 31st of December 2013.

29 Mitigation accounts for approximately 95% of the global total climate finance captured.

30 UNFCCC Standing Committee on Finance. 2015. Agenda item 8: Institutional linkages and relations between the Adaptation Fund and other institutions under the Convention. Available at: http://customers.metafusion.com/wcm/150310_5036_UNFCCC_SCF09_Bonn/download/Item8-11-03-2015.pdf. (Accessed from March 2015).

31 Climate dedicated funds for Adaptation monitored by Climate Funds Update: Adaptation for Smallholder Agriculture Program (ASAP), Adaptation Fund (AF), Germany's International Climate Initiative, Global Climate Change Alliance (GCCA), Least Developed Country Fund

Adaptation Fund is in 4th place, preceded by the LDCF (US\$914 million), the Pilot Program for Climate Resilience (US\$1.1 billion), and the GCF.^{32, 33}

54. From a country-level perspective, the size of the Adaptation Fund affects its contribution to meeting recipient needs for adaptation financing. As a result of the limited financial resources available to the Adaptation Fund, the AFB limited the funds that could be allocated per country to US\$10 million.

55. The Adaptation Fund has also made a contribution to scaling up adaptation finance and is mandated to fully fund adaptation costs and not require co-financing.³⁴ The Adaptation Fund's contribution to adaptation finance from dedicated climate funds at the national level varies from country to country, from 4% in Cambodia to 100% in several countries (see Figure 2).³⁵ In a context where grant finance is scarce, though low cost and market rate debt for adaptation activities is increasingly available, the Adaptation Fund's contribution of flexible funding is valuable. However, further work is needed to assess whether the flexibility of this finance has been fully maximized in the domestic context.³⁶

56. Despite funding limitations, the AF has allowed countries to advance important measures at national and sub-national levels with links to national policy making.³⁷ As shown in Figure 2, in some countries, particularly in the Latin American and Caribbean region, projects supported by the Adaptation Fund are the largest single adaptation projects ever funded. Interview findings indicate an expectation that such projects may provide a basis for scaling up programs through both international and international funding sources. There is already some evidence to demonstrate that Adaptation Fund resources are being used alongside substantial domestically mobilized resources. An Adaptation Fund-supported project in Egypt on food security systems includes a scaling-up mechanism through the Government's 'Thousand villages initiative,' a program to develop the 1,000 poorest villages in the country, active since 2006; and through programs implemented by the Ministry of Agriculture.³⁸ In South Africa, the Adaptation Fund is supporting implementation of a Small Grant Facility for Community Based and Non-governmental Organizations in Mopani and Namakwa districts; this facility is expected to inform the creation of a long term small grant facility for supporting climate change adaptation in other districts.³⁹

(LDCF), MDG Achievement Fund, Pilot Program for Climate and Resilience (PPCR), SCCF, and the Strategic Priority on Adaptation (SPA) (from GEF4)

32 It is expected that 50% of the GCF is going towards adaptation activities.

33 Climate Funds Update (CFU). 2015. About Climate Funds: Pilot Program for Climate Resilience.

34 Decision 5/CMP.2 paragraph 1(d)

35 As a percentage of the 9 dedicated climate funds monitored on CFU.

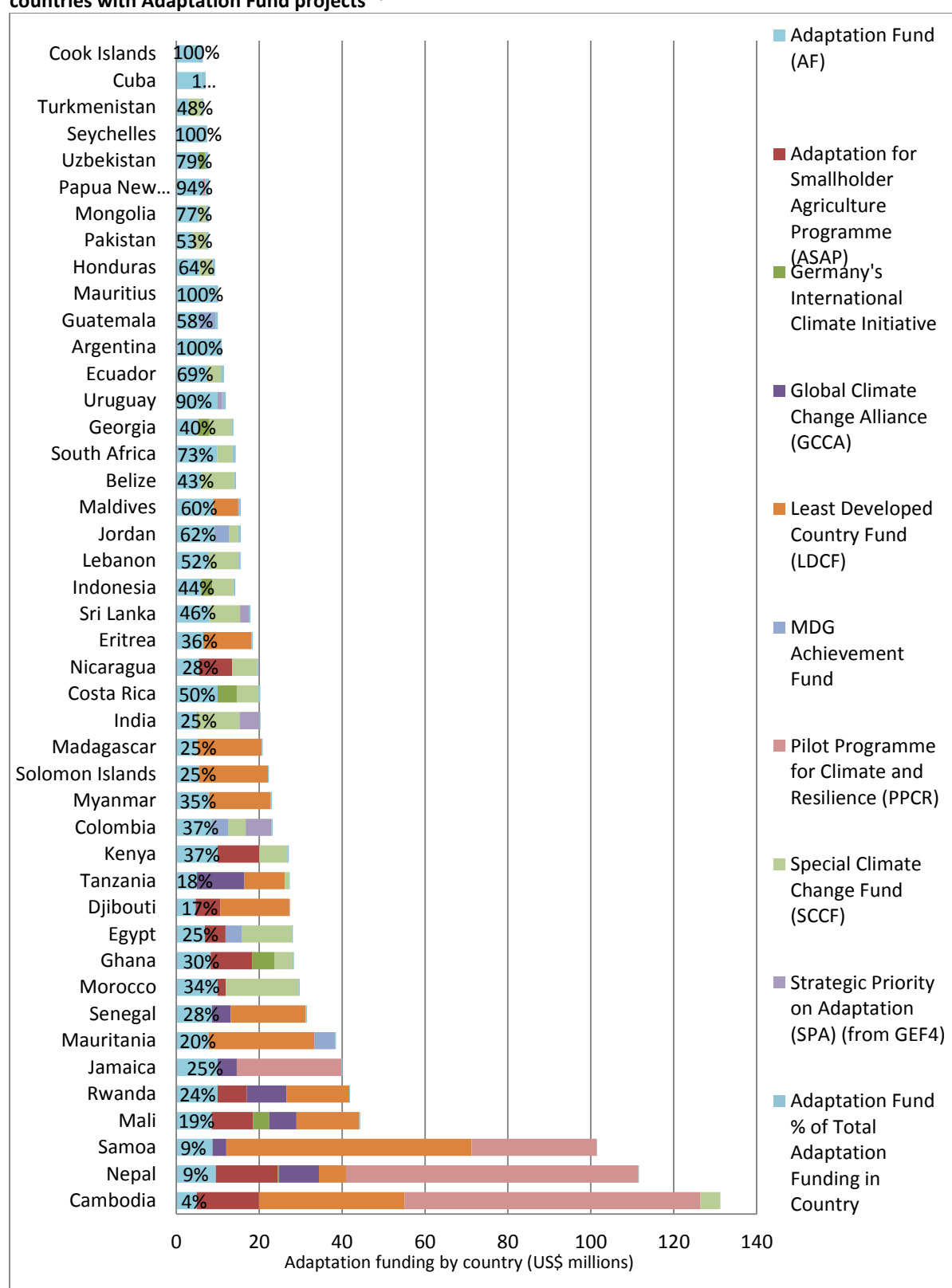
36 CPI. 2014. 2014. Global Landscape of Climate Finance 2014. November 2014.

37 Canales Trujillo, N., and S. Nakhouda. 2013. The effectiveness of climate finance: a review of the Adaptation Fund. Working paper 373. ODI.

38 During the first year of implementation of the project (March 2013-March 2014) the Ministry of Agriculture has expressed its willingness to adopt the interventions of the project in its programs (WFP, 2014).

39 AF. 2014. Taking adaptation to the ground: A Small Grants Facility for enabling local level responses to climate change. <https://www.adaptation-fund.org/node/4073>

Figure 2: Adaptation Fund funding proportion of total adaptation funding by country (2010-2015) in countries with Adaptation Fund projects ⁴⁰



Source: Climate Funds Update website, June 2015

⁴⁰ Total projects since the inception of the Fund. Countries are presented in order of total funding. With Cook Islands having the smallest adaptation funding portfolio (US\$5 million) and Cambodia the largest (US\$132 million).

2.4. Appropriateness of Fund key design features: resource mobilization

57. In 2001, when the Conference of the Parties (COP) established the Adaptation Fund, it also decided that the Adaptation Fund ‘shall be financed from the share of proceeds on the Clean Development Mechanism (CDM) project activities.’⁴¹

58. One of the goals of this resource mobilization strategy was to free it from dependence on voluntary contributions from developed countries. The Adaptation Fund was supposed to be capitalized mainly through a 2% share of proceeds from Certified Emissions Reductions (CERs) issued under the CDM. This new source of funding was intended to empower developing countries in the negotiations on the Adaptation Fund, as CERs were in effect produced by developing countries. It was appropriate because it provided, for the first time within climate finance global architecture, a real example on how adaptation could be funded through levies on carbon emissions.⁴² However, the CDM was a risky source of capitalization as it was market based and, therefore, far outside the Adaptation Fund’s control. In August 2008, CER prices were US\$20 a ton and dropped to less than US\$0.31 by December 2012.⁴³ With the global carbon market collapse, the Adaptation Fund’s financial resources declined sharply. This required a diversification of its resource mobilization strategy (See Section 3.1 *Resource Mobilization*).

59. Though the Adaptation Fund’s initial resource mobilization strategy appropriately reflected Parties’ aspirations at the time of its creation, the strategy did not anticipate the inherent risks with its funding strategy. Specifically, it lacked a contingency plan should the CDM – which was still largely untested – operate other than expected.

2.5. Appropriateness of Fund key design features: addressing vulnerability

60. The mandate of the Adaptation Fund is to give priority to particularly vulnerable countries and communities. The IET considered how the Adaptation Fund identified levels of vulnerability in both global and national levels in order to prioritize the provision of financial support. The IET finds that guidance on addressing vulnerable communities has improved over time through improvement in the guidance documentation provided to potential applicants, but a systematic approach for targeting vulnerability within recipient countries is lacking.

61. How to assess “vulnerability” has proven to be a contentious and political issue. Technically, the only agreement around measuring vulnerability is that there is no objective single definition of vulnerability.⁴⁴ Adding complexity, guidance from the Convention text is vague, listing geographic characteristics that could potentially be found in all countries. The Adaptation Fund further expands on this guidance by indicating that particularly vulnerable countries include ‘low-lying and other small island countries, countries with low-lying coastal, arid, and semi-arid areas or areas liable to floods, drought, and desertification, and developing countries with fragile mountainous ecosystems’. Under this extremely broad and inclusive definition, it would seem that any developing country Party to the Kyoto Protocol (152 countries) could be deemed “particularly vulnerable.”

41 FCCC/CP/2001/13/Add.1, Decision 10/CP.7

42 This model could be replicated at a national level.

43 Prices dropped in response to the Eurozone debt crisis (which reduced industrial activity) and the over-allocation of emission allowances under the European Union Emissions Trading Scheme.

44 Klein, R. J. 2010. “Which countries are particularly vulnerable? Science doesn’t have the answer!” Stockholm: Stockholm Environment Institute (SEI).

62. At the national level, the Adaptation Fund aims to support vulnerable communities in developing countries to strengthen resilience and adaptation to climate change. Vulnerable communities are explicitly considered a strategic priority. This is a feature that is missing in other funds such as the LDCF and PPCR. Guidance from the Board on how to address this includes specific questions in the evaluation framework on ‘achieving vulnerability reduction or increased adaptive capacity in particular the most vulnerable communities’. Since March 2012, the Adaptation Fund also offers guidance to project proponents on how to target, and prioritize, most vulnerable communities and vulnerable groups within communities, including gender considerations (discussed in Chapter 3, *Effectiveness*).⁴⁵

63. In practice, the Adaptation Fund has prioritized those countries that were most “ready” or prepared to bring viable projects to the Adaptation Fund for consideration through an accredited implementing entity.⁴⁶ Other funds have addressed vulnerability more explicitly, though this has limited the number of countries eligible to access their resources. In the case of the LDCF, for example, country income has been used as a proxy for vulnerability and has only been available to countries considered as Least Developed. In the case of the PPCR, an Expert Panel was appointed to suggest regions and specific hazards to target, alongside income levels, as a basis for selecting pilot countries and pilot regions where its funds would be spent. As a pilot program, the PPCR works in just 17 countries selected from amongst those who expressed interest in accessing the facility.

2.6. Appropriateness of Fund key design features: Direct Access Modality

64. The access modality refers to the relationship between the funder and recipient. Project proponents access the Adaptation Fund’s financial resources through accredited implementing entities. Accreditation is based on compliance to a set of fiduciary standards (including environmental and social risks⁴⁷). The Adaptation Fund pioneered implementation of the Direct Access Modality for international climate finance, through which accreditation is open to domestic organizations. This enables eligible countries to receive funds without intermediaries. Direct access was established on the premise that working with domestic institutions would support implementation capacity in country and guarantee alignment with national priorities.

“International cooperation on adaptation doesn’t build in-country capacity. MIEs design/develop the project and oversee it, [and] then [local] staff are told what to implement. Most local staff don’t really understand the project other than day to day responsibilities.”

- Interviewee

65. The IET finds that the Direct Access Modality is appropriate to achieve this goal and has had a demonstration effect across the climate finance architecture. It has further provided a clear signal of the willingness of the Adaptation Fund to work in direct partnership with developing country-based institutions.⁴⁸ Interview findings indicate that the accreditation process can be challenging for countries with institutional capacity gaps.

45 AFB. 2014. Guidance Document for Project and Programme Proponents to Better Prepare a Request for Funding. 1 March, 2012. AFB/PPRC.8/4.

46 Though the decision to set aside 50% of finance for projects implemented by NIEs has ensured that funding is available to those countries who are able to get a national institution accredited to the Fund

47 AFB.2013. Environmental and Social Policy Operationalization: Options for the Accreditation Process. 23 October 2013. AFB/B.22/5/Add.2.

48 Canales Trujillo, N., and S. Nakhooda. 2013.

However, there is clear recognition among eligible countries of the wider benefit that direct access has on strengthening their internal processes and systems in line with international standards. The recent development that Adaptation Fund-accredited entities may be eligible for fast track accreditation with the GCF creates an additional advantage for countries to engage with the Direct Access Modality.

66. The decision to receive funding through direct access or an MIE is left to each eligible country on a project-by-project basis. In the early stage of the Direct Access Modality, a large number of the national entities that applied did not meet accreditation standards.⁴⁹ To address this, the Adaptation Fund invested in developing improved guidance on the accreditation process for NIEs, including wider dissemination of information on the working modalities of the Adaptation Fund. For example, the UNFCCC Secretariat organized three regional workshops (Africa, Latin America and the Caribbean, Asia and Eastern Europe) and one sub-regional workshop (the Pacific) to provide information on fiduciary standards and the accreditation process, contributing to the dissemination efforts on direct access of the Adaptation Fund.⁵⁰

67. If country income levels are used as a proxy for vulnerability, direct access was relatively slow in reaching the most vulnerable. Whereas Senegal and Rwanda are LDCs and were among the first projects approved, direct access has been used mainly by middle-income countries; with access in low-income countries mainly through MIEs. To date, 71% of projects with a total value of US\$187 million have been awarded to MIEs. These MIEs started their engagement in the early stages of the Adaptation Fund operation and are particularly concentrated in lower-middle income countries. Of a total of 63 applications received from NIEs by May 2015, 37 were reviewed, 19 were approved (only 3 from low-income countries⁵¹), and 12 are currently under review.⁵² Of the accredited NIEs, only 11 were successful in getting proposals funded so far (Figure 3). It can take more than a year for an accredited NIE to bring projects to the Adaptation Fund for consideration. This lag between accreditation and being able to submit successful project proposals is normally explained by the fact that the set of capacities required for complying with the financial and environmental standards (institutional capacities) are different from those required for developing bankable project proposals (technical capacities related to adaptation). In some cases, however, NIEs have made a deliberate choice to engage widely with stakeholders prior to proposing projects and programs.⁵³

49 Bird, N., Billet, S., and Colon, C. 2011. Direct Access to Climate Finance: Experiences and Lessons Learned. UNDP - Environment and Energy Discussion Paper.

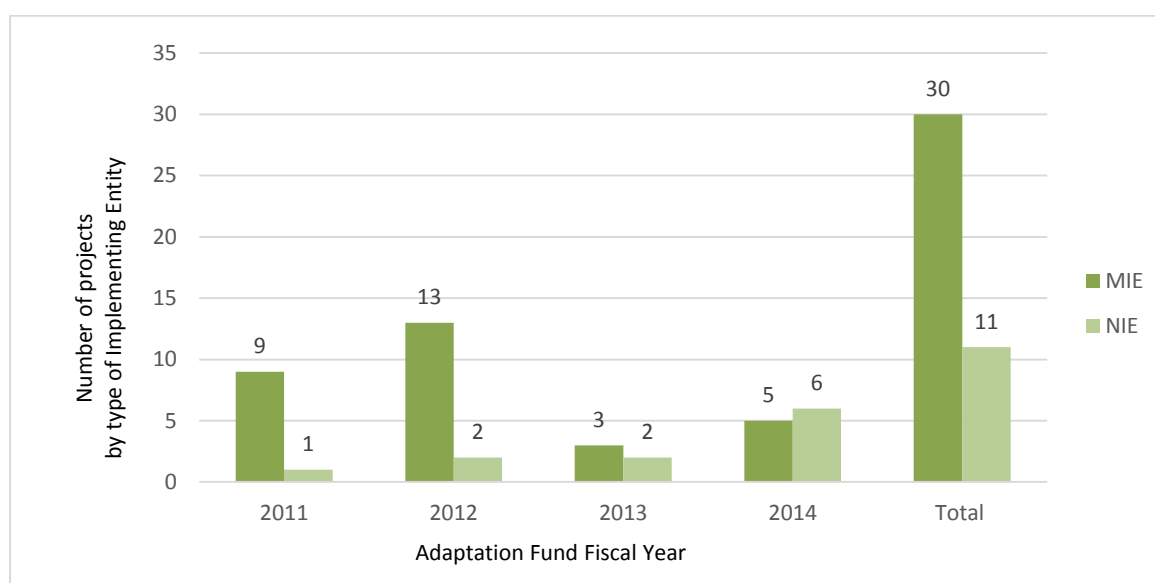
50 Adaptation Fund. 2012. Report on the workshops on the process and requirements for the accreditation of national implementing entities for direct access under the Adaptation Fund to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol. FCCC/KP/CMP/2012/10. Doha: United Nations Framework Convention on Climate Change.

51 Low income economies with an NIE are Benin, Kenya, and Rwanda.

52 Adaptation Fund Secretariat. 2015, email communication with the IET

53 This is the explanation in the case of South Africa's SANBI for example

Figure 3: Number of projects by Implementing Entity



Source: Project information from Adaptation Fund website, March 2015

68. The Adaptation Fund has taken steps to further encourage use of the Direct Access Modality such as implementing funding caps, launching the Readiness Programme, and encouraging South-South cooperation (i.e., mentorship of NIE applicants by accredited NIEs) (see Chapter 3 for more detail). Combined, these measures have contributed to an increase in the number of projects implemented by accredited national organizations. Further technical capacity building is needed to maximize the use of direct access (i.e., project proposal development by low-income countries).

2.7. Appropriateness of changes in design

69. The Adaptation Fund's core design elements have remained constant but there have been a number of substantial changes to its main processes. The IET finds that these changes were appropriate. The most significant of these are:

- A shift from a predominantly market-based to contributory resource mobilization model;
- The adoption of initial guidance on the identification and targeting of vulnerable social groups;
- Improvements in the communication of the accreditation process;
- Development of a Readiness Programme for Climate Finance to support Direct Access;
- Adoption of social and environmental standards.

70. The first of these changes was forced on the Adaptation Fund by circumstances beyond its control. Though unsatisfactory from a resources mobilization point of view, it arguably makes the best of a difficult situation. Each of the other major changes significantly enhances the Adaptation Fund's ability to achieve its objectives. This indicates that the Adaptation Fund is a learning organization – able to acknowledge weaknesses, identify solutions, and act on them.

3. Effectiveness of the Adaptation Fund's main processes

71. This chapter assesses the Adaptation Fund's "effectiveness;" that is, the extent to which it has attained or is likely to attain its objectives. Analysis focuses on effectiveness of the Adaptation Fund's main processes, and the major factors enabling or hindering the Adaptation Fund's achievements.

3.1. Resource mobilization

72. The Adaptation Fund's resource mobilization strategy, as initially designed, and subsequent efforts to secure voluntary contributions have not been effective in producing adequate, predictable, and reliable funding.

73. CERs were expected to provide the Adaptation Fund with US\$160 to US\$950 million by 2012.⁵⁴ By the end of 2014, though, depressed market values had delivered less than US\$200 million in CER proceeds to the Fund. The AFB demonstrated a high degree of flexibility and resourcefulness in quickly establishing new systems⁵⁵ and relationships to diversify the Fund's sources of income (e.g. with the UN Foundation⁵⁶) while assessing further options (e.g. philanthropists, charitable foundations, and the private sector). The AFB decided in 2012 to seek voluntary contributions from Annex 1 countries.⁵⁷

74. In total, the Adaptation Fund has mobilized US\$471.63 million in support of its activities, including US\$190.8 million from the sale of CERs, US\$277.26 million in voluntary contributions, and US\$3.57 million in investment income earned on trust fund balances.⁵⁸ While this total is not insignificant, it remains below what is needed for the Adaptation Fund to fulfill its objectives.

75. In 2012, Parties agreed to augment the Adaptation Fund's income during the second commitment period of the Kyoto Protocol through proceeds from Assigned Amount Units (AAUs) and Emission Reduction Units (ERUs),⁵⁹ and the CMP has adopted an updated agreement with the World Bank as the Trustee to include the sale of AAUs and ERUs.⁶⁰ These are steps in the right direction, though unlikely to meet the Adaptation Fund's needs, especially because AAUs/ERUs are unlikely to create "meaningful income ...in the short to medium term."⁶¹ Fundraising will, therefore, continue to play an important role in the Adaptation Fund's resource mobilization strategy.

76. To date, fundraising efforts have had mixed success. The initial fundraising target of US\$100 million (2012-2013) was nominally exceeded, with US\$104.3 million pledged by the close of CMP 9 (see Annex 7). Based on this success, the Board established a task force in February 2013 to coordinate outreach, strategy, and other efforts to achieve future

54 Müller, B. and C. Hepburn. 2006. IATAL 'an outline proposal for an International Air Travel Adaptation Levy. Oxford: Oxford Institute for Energy Studies.

55 AF. 2009. Guidelines for Accepting Unsolicited Donations to the Adaptation Fund Trust Fund. 18 November 2009. AFB/B.8/11/Rev.1.

56 UNFCCC. 2012. The Eighteenth Session of the Conference of the Parties. (26 November 2012 to 7 December 2012). Doha, Qatar.

57 AFB. 2012. Report of the Seventeenth Meeting of the Adaptation Fund Board. 16 April 2012. AFB/B.17/6

58 Adaptation Fund Board (AFB). 2015. Adaptation Fund Trust Fund: Financial Report Prepared by the Trustee (as at 31 December 2014). 11 February 2015. AFB/EFC.16/4

59 Decision 1/CMP.8; paragraph 21.

60 UNFCCC. 2015. Report of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on its tenth session, held in Lima from 1 to 14 December 2014. 2 February 2015. FCCC/KP/CMP/2014/9/Add.1.; see Decision 1/CMP.10

61 AFB/B.23/7; paragraph 154

fundraising targets,⁶² and hired a consultant in May 2013 to develop materials to promote AF achievements to donors and others.⁶³ In March 2014, the AFB extended the Adaptation Fundraising task force's mandate and set a new target of US\$80 million per year for 2014 and 2015.⁶⁴ By November 2014, however, US\$10.4 million of the previous contributions pledged in the previous year (2013) were still outstanding and no new pledges had been made toward the current 2014 goal.^{65, 66, 67} Crisis was narrowly averted with a pledge of EUR50 million from Germany in December 2014. Despite this rescue, the Adaptation Fund still ended the year almost US\$18 million short of its fundraising goal.⁶⁸ Moreover, based on past precedent, pledged contributions may not be received by the Adaptation Fund in a timely or predictable timeframe.

77. These measures, despite the noteworthy efforts of AFB members, the AFB Secretariat, civil society, and Parties to the Kyoto Protocol, were necessary but remain insufficient in light of (1) the overarching need for adaptation finance, (2) the Adaptation Fund's stated objectives, and (3) the level of resources allocated to other climate finance mechanisms. Accordingly, the Adaptation Fund must be deemed "under-resourced." Equally important, the unpredictability of funding undermines the ability of the AFB and AFB Secretariat to plan and, according to several interviewed stakeholders, discourages potential project/program proponents. Moreover, the Adaptation Fund has not been able to (1) provide timely support to all qualifying project proposals or (2) fully staff the Secretariat or finance all the activities committed to in its various work plans/programs.

3.2. Decision-making processes

78. The Adaptation Fund has established increasingly effective decision-making processes for the AFB, committees, and the Accreditation Panel (discussed below in 3.4.2. *Access to Funding*). The AFB quickly established a "constructive working atmosphere."⁶⁹ Rules of Procedure guiding the AFB were approved in 2008⁷⁰ and subsequently amended in 2009.⁷¹ Initially, a lack of clear procedures and protocols hampered the effectiveness of Board decision-making processes (e.g. attempts by some AFB members to overturn decisions). However, interview data and desk reviews confirm that procedures and protocols have been steadily elaborated and improved upon over time. Decisions are posted on the Adaptation Fund's public website, and civil society has several avenues available to inform and participate in shaping decisions by the Board. The protocol for inter-sessional working groups and decisions⁷² has allowed the AFB sufficient flexibility to address urgent issues between meetings. Further revisions will certainly be made, as much in response to changing circumstances and personalities as objective lessons learnt or evolving standards/best practices.

62 AFB. 2013. Report of the Nineteenth Meeting of the Adaptation Fund Board. 12 February 2013. AFB/B.19/6/Rev. 1; see Decision B.19/29.

63 AFB/B.21/8/Rev.1; paragraph 15.

64 AFB. 2014. Report of the Twenty-Third Meeting of the Adaptation Fund Board. 6 May 2014. AFB/B.23/7; see Decision B.23/25.

65 UNFCCC. 2014. Report of the Adaptation Fund Board. 12 November 2014. FCCC/KP/CMP/2014/6; paragraph 48.

66 AFB. 2014. Resource Mobilization Strategy. October 2014.

67 UNFCCC. 2014. Report of the Adaptation Fund Board. 12 November 2014. FCCC/KP/CMP/2014/6; paragraph 48.

68 AF. 2015. The Adaptation Fund Clears Proposal 'Pipeline,' Welcomes Contribution from Government of Flanders. Press Release January 14, 2015. Accessed 30 March 2015.

69 IIED. 2009. "The Adaptation Fund: a model for the future?" Briefing. August 2009.

70 FCCC/KP/CMP/2008/11; see Decision 1/CMP.4.

71 Decision B.7/6 of AFB

72 Decision AFB/B.2/1.

79. The highly political context in which the Adaptation Fund functions has influenced Fund decision-making. Both the AFB and its Secretariat are aware that some of their decisions have been unpopular, either with developed or developing country Parties. For example, the Direct Access Modality was initially unpopular amongst developed country Parties. Its success has since enhanced the AFB's credibility and created more space for taking risks. Still, Board members and Secretariat staff report an overarching sense of "political vulnerability" which has led them to err on the side of caution and could impede the flow of adaptation finance to especially needy countries.

80. Some Board Members expressed concern that Board Alternates are allowed to speak during meetings, thereby increasing the number of voices at the table and prolonging discussions. However, more e-survey respondents agreed or strongly agreed (47%) than disagreed (23%) that protocols should allow lengthy discussions and participation by Board members and alternates in order to make the most informed decisions. Assuming that more voices at the table allows for more information, experience, and perspectives to be shared, it would be prudent to continue with the Board's more inclusive protocols. Interviewees and survey respondents were divided regarding adopting Executive Board rules.⁷³

81. Civil society actors have substantially contributed to the Adaptation Fund's effectiveness. A large majority of survey respondents agreed or strongly agreed that civil society actors engage in and meaningfully influence the Adaptation Fund main processes (74%) and enhance effectiveness (70%). Some AFB members initially expected civil society engagement, primarily channeled through the independently organized and financed Adaptation Fund NGO Network, to be "oppositional." The AFB, therefore, limited opportunities for civil society participation. Over time, Board Members and the Secretariat saw the Network's value demonstrated in a variety of ways including resource mobilization, real-time updates on and assessments of supported projects, input from the Adaptation Fund's intended beneficiaries, and knowledge management.

82. In response to these concrete contributions, AFB decision-making processes have become progressively open to civil society. Current practices, which, since 2011, include formal opportunities for civil society to speak at the beginning and end of every Board meeting, as well as informal opportunities to inform debate and influence decisions, are reasonably effective in terms of transparency and even accountability to civil society organizations.

83. Nonetheless, the IET finds there is still need for improvement. For example, Transparency International rated the AF below average for civil society actors' limited level of participation in AFB meetings and suggested that it improve transparency by having a "more consistent and less discretionary approach to closed meetings."⁷⁴ The GCF allows two active observers from civil society organizations and two from the private sector, chosen through a self-selection process, to participate, in open segments of GCF Board meetings, upon invitation by the Co-Chair.⁷⁵ Active observers may attend committee and workgroup

73 One interviewee stated that Executive Board meeting rules are too narrow and will limit effectiveness; another said Executive board meeting rules make meetings more efficient by limiting discussion from non-members. Survey results indicate support for long discussions but also formal rules that would shorten discussions. Respondents include people who are not Board members, though, which may skew results.

74 Transparency International. 2014. Protecting Climate Finance: An Anti-corruption Assessment of the Adaptation Fund. 28 February 2014; page 2.

75 GCF. 2015. Active Observers. <http://www.gcfund.org/observers/active-observers.html> Accessed July 31, 2015.

meetings only under special circumstances; term limits and rules and responsibilities, including confidentiality, are posted online. The Climate Investment Fund (CIF) has seventeen observers from indigenous peoples and civil society organizations, chosen through an independently facilitated voting process. CIF observers participate in committee and sub-committee meetings, with “no limit to their interventions at governing body meetings.”⁷⁶

3.2.1. Decision-making processes in committees

84. The AFB has been assisted in resolving complex issues by its working groups, the Ethics and Finance Committee (EFC), Project and Programme Review Committee (PPRC), and Secretariat, which have drafted policies and guidelines, legal arrangements, and fiduciary standards. Terms of Reference for the two committees were approved for the PPRC and the EFC in 2009.⁷⁷ Per interviews, the EFC has effectively facilitated Board decision-making on complex issues with far reaching implications (e.g., allegations of corruption against a potential NIE) and was crucial in developing the Adaptation Fund’s Environmental and Social Policy (ESP).

3.3. Resource-allocation

85. The AFB has developed, implemented, and updated criteria to guide its resource-allocation decisions,⁷⁸ though funding is distributed on a first come, first served basis (discussed in Ch. 2, *Relevance*).⁷⁹ Resource allocation decisions are guided by paragraphs 9 and 10 of the *Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*, approved by the CMP in 2008.⁸⁰ The AFB established *Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*, including fiduciary standards (i.e., Financial Integrity and Management; Institutional Capacity; and Transparency and Self-investigative powers) were approved in 2009.⁸¹ In 2010, the AFB approved *An Approach to Implementing Results-Based Management (RBM)*, which includes a *Strategic Results Framework for the Adaptation Fund* and the *Adaptation Fund Level Effectiveness and Efficiency Results Framework*.⁸² Operational policies (i.e., project review criteria including gender consideration and stakeholder consultation) were updated in 2011⁸³ and fiduciary standards were updated in 2013.⁸⁴

86. The policies adopted by the Adaptation Fund have created a solid foundation for operational success, but there are some significant policy gaps (especially with regards to gender), some need for improvement (especially with regards to knowledge management), and a need for regular updates.

87. *Environmental and Social Policy*: The AFB approved an *ESP* in 2013,⁸⁵ which brings Fund practices generally into line with those of other leading finance institutions active in environment and development financing. The ESP requires project proposals to identify,

76 Climate Investment Funds. 2015. <http://www.climateinvestmentfunds.org/cif/node/12531> Accessed July 31, 2015.

77 AFB. 2009. Report of the Sixth Meeting of the Adaptation Fund Board. 18 June 2009. AFB/B.6/14. Annex IV; see Decision B.6/3 of AFB

78 AF. Strategic Priorities, Policies and Guidelines of the Adaptation Fund Strategic Priorities

79 Canales Trujillo, N. and S. Nakhooda. 2013.

80 FCCC/KP/CMP/2008/11/Add.2 Annex IV.

81 AFB/B.7/13

82 AFB. 2010. An Approach to Implementing Results Based Management – RBM. Annex 1 and Annex 2.

83 AFB. 2011. Report of the Fifteenth Meeting of the Adaptation Fund Board. AFB/B.15/8; see Decision B.15/29

84 AFB. 2013. Report of the Twenty-Second Meeting of the Adaptation Fund Board. 23 December 2013. AFB/B.22/7; see Decision B.22/23.

85 AFB/B.22/7; see Decision B.22/23.

avoid, minimize, or mitigate environmental or social harms that might result from funded projects (e.g., impacts to marginalized and vulnerable groups, human rights, gender equality and women's empowerment, indigenous people, biological diversity).⁸⁶ The policy, which built upon the Adaptation Fund's pre-existing policies, operating procedures, and project cycle, represents a crucial improvement in the accreditation process. It is too early to assess the effectiveness of this policy, which relies not only on the demonstrated capacity, but also the commitment of IEs and executing entities to address environmental and social risks.

88. While the Adaptation Fund's ESP establishes a structured process for identifying and mitigating relevant risks, it lacks sufficient specificity vis-à-vis roles, responsibilities, and definitions (e.g. "reductions in biodiversity").⁸⁷ Larsen and Terpstra (2013) recommended further elaboration, including clarification of the ESP's role in the accreditation process, to facilitate adherence.⁸⁸ The AF has recently published ESP guidance.⁸⁹

89. *Gender equality*: Vulnerability to climate change is determined in large part by people's adaptive capacity. A particular climate hazard, such as a drought, does not equally affect all people within a community or even the same household. Indeed, the inequitable distribution of rights, resources and power – as well as repressive cultural rules and norms – constrains many people's ability to take action on climate change, especially women. Therefore, gender equality is a critical factor in addressing vulnerability to climate change.

90. The Adaptation Fund has taken steps toward addressing the special vulnerability of women and girls by requiring that projects/program proposals⁹⁰ and evaluations⁹¹ consider gender equality and women's empowerment. This is a step in the right direction but does not go far enough to address the challenge. The AFB has recently begun work to develop a gender policy fund, requesting the AFB Secretariat to "prepare a compilation and analysis of any of the Fund's gender-related policies and procedures."⁹²

91. Though the GEF *Policy on Gender Mainstreaming*⁹³ could provide helpful guidance, the GCF's Gender Policy and Action Plan provide a cleaner fit-to-purpose for the Adaptation Fund. The GCF's *Gender Policy and Action Plan* aims "to provide the [GCF] and all implementation partners...with the tools and processes to achieve gender sensitivity in all areas within the [GCF's] mandate. It will also provide the Board with the necessary information to exercise its oversight responsibility for the [GCF's] Gender Policy." The Action Plan specifically commits the GCF to: (1) integrating gender into its own operational guidelines and project/program guidelines as a pre-requisite for accountability, (2) providing appropriate and adequate training to GCF Board and Secretariat staff, as well as DAs, IEs, and EEs through the GCF readiness and preparatory work program or through partnerships with other organizations, (3) integrating gender into outputs, outcomes and impacts indicators for monitoring, evaluation and reporting purposes, (4) informing resource

86 AFB/B.22/7; see Decision B.22/23.

87 Larsen G and P. Terpstra. 2013. "2 Ways to Ensure the Adaptation Fund's New Safeguard Policy Protects People and Planet." Worlds Resources Institute. October 24, 2013.

88 Larsen G and P. Terpstra. 2013. 2 Ways to Ensure the Adaptation Fund's New Safeguard Policy Protects People and Planet. Worlds Resources Institute. October 24, 2013.

89 AF. Guidance document for Implementing Entities on compliance with the Adaptation Fund Environmental and Social Policy. https://www.adaptation-fund.org/wp-content/uploads/2015/06/ESP-Guidance-document_0.pdf Accessed July 31, 2015.

90 AFB. 2013. Report of the Twenty-First Meeting Of the Adaptation Fund Board. 11 October 2013. AFB/B.21/8/Rev.1.

91 AFB. 2011. Guidelines for project and programme final evaluations.

92 AFB. 2015. Decisions of the Twenty-Fifth Meeting of the Adaptation Fund Board 10 April 2015. AFB/B.25/7, Decision B.25/21.

93 GEF. N.D. GEF Policy on Gender Mainstreaming.

allocation and budgeting decisions, and (5) documenting the experience and knowledge it will acquire from the implementation of its Gender Policy and Action Plan. In particular, the GCF will seek to identify good practices from implementation partners.

92. Of note, the GCF *Gender Policy and Action Plan* assigns specific responsibilities to its Board, Secretariat, and DAs, as well as implementing and executing agencies. The AFB Secretariat acknowledges this need but has not been given the mandate or resources to do so.

93. *Vulnerability*: The Adaptation Fund has provided discussion of vulnerability. The *Strategic Priorities, Policies, And Guidelines of the Adaptation Fund Adopted by the CMP* states that “special attention shall be given by eligible Parties to the particular needs of the most vulnerable communities.”⁹⁴ This directive is mainstreamed across project/program processes as expressed, for example, in the Adaptation Fund’s *ESP* and in *Methodologies for Reporting Adaptation Fund Core Impact Indicators*.⁹⁵ Some Parties suggest that “level of vulnerability” criteria should be applied to sectors as well as (or potentially instead of) social groups.⁹⁶ The Secretariat compiled data at an early stage in 2011, showing that project/program proposals most frequently focus on flood and drought related risks,⁹⁷ but resource-allocation decisions are not made on this basis. Detailed guidance including examples, best practices, and suggested tools to identify and target the most vulnerable social groups in project areas is lacking.

94. Resource allocation criteria were modified to balance funding between MIEs and NIEs through funding caps. Funding caps have helped reserve funding for NIEs and distribute funds among developing country Parties.⁹⁸ Although MIEs have the technical capacity to implement projects quickly and thereby improve more vulnerable countries’ access to the Adaptation Fund, balancing funding between NIEs and MIEs ensures a strong role for national institutions and capacity building thereof. In response to an imbalance of applications submitted by MIEs and NIEs in 2010 (15 by MIEs; 0 by NIEs), the AFB implemented a funding cap that mandated a forward-looking 50/50 funding split between projects implemented by MIEs vs. NIEs.⁹⁹ As of June 2015, the AFB had approved almost US\$220 million for 34 projects put forward by MIEs and over US\$98 million for 14 projects by NIEs.¹⁰⁰ Comments submitted through the evaluation survey indicate that the 50/50 cap has been “absolutely necessary” and has contributed to the success of the Direct Access Modality.

95. A temporary cap of US\$10 million per country was set in 2011 to distribute funds evenly among countries.¹⁰¹ The average Adaptation Fund project budget is US\$6.6 million.¹⁰² Survey respondents and interviewees submitted mixed comments regarding the US\$10 million per country cap. Multiple respondents described the cap as necessary due to

94 AF. 2014. Operational Policies and Guidelines. Amended 2014. Annex 1: Strategic Priorities, Policies, And Guidelines of the Adaptation Fund Adopted by the CMP.

95 AF. 2014. Methodologies for Reporting Adaptation Fund Core Impact Indicators. March 2014.

96 FCCC/TP/2014/7

97 AF. 2011. The Adaptation Fund Project Review Process: Lessons Learned. November 2011. AFB/PPRC.7/3.

98 AF. 2015. Interactive Map of Projects and Programmes. https://www.adaptation-fund.org/funded_projects/interactive Accessed June 10, 2015.

99 AFB. 2010. Report of the Twelfth Meeting of the Adaptation Fund Board. 15 December 2010. AFB/B.12/6; see Decision B.12/9.

100 AF. 2015. Interactive Map of Projects and Programmes.

101 AFB. 2011. Report of the Thirteenth Meeting of the Adaptation Fund Board. 18 April 2011. AFB/B.13/6; see Decision B.13/23

102 AF. 2015. Interactive Map of Projects and Programmes.

limited funds. Others suggested that the cap should be reconsidered as countries successfully complete AF-funded projects and are ready to implement new projects. Given the emergence of the GCF, though, countries completing AF-funded projects will likely be eligible for GCF funding, and the IET finds that the US\$10 million per country cap remains relevant.

96. Criteria distinguishing multilateral development banks as either RIEs or MIEs are still unclear,¹⁰³ which may slow the rate at which MDBs submit project proposals. If MDBs are considered RIEs, approved funding would not be subject to the MIE funding cap, and funding (if available) could be disbursed more quickly than funding for MIEs, which has at times been backlogged in the pipeline.

3.4. Access to funding

3.4.1. Access modalities

97. The Adaptation Fund has effectively piloted and progressively improved upon its Direct Access Modality. The principle of Direct Access reflects decades of learning gleaned from development aid. It manifests Parties' conviction that country-level leadership and accountability are the only ways to ensure the long-term effectiveness of climate finance. The Adaptation Fund is now piloting an Enhanced Direct Access Modality in South Africa. Though the IET cannot assess its effectiveness, Enhanced Direct Access has the potential to play a decisive role in the effective delivery of large-scale adaptation finance.

98. According to MIE and NIE interviewees, the Adaptation Fund's accreditation guidance documents are clear and easy to follow (e.g., Accreditation Toolkit, online information). Stakeholder consultations and resource flows¹⁰⁴ indicate that the Direct Access Modality is distributing adaptation finance to NIEs and MIEs.

99. DAs occupy a gatekeeper role when determining which institutions may apply to become NIEs. Given the linkages between AF and GCF accreditation processes, the stakes are high. As noted by several observers, this could foment corruption. Guidance in this area is lacking.

3.4.2. Accreditation process

100. The Adaptation Fund has developed thorough and reasonable accreditation requirements and continues to improve its processes. One MIE interviewee stated that the Adaptation Fund's accreditation requirements are very stringent and may represent a barrier to countries, particularly more vulnerable ones. However, all of the NIEs consulted during the course of this Independent Evaluation disagreed. Although several countries struggled to meet the Adaptation Fund's accreditation requirements, NIE interviewees concluded that the demanding process was both reasonable and worthwhile. National and international civil society interviewees suggest that the levels of transparency and accountability required by the Adaptation Fund's accreditation process are directly and indirectly contributing to improved governance in countries that are highly vulnerable to the impacts of climate change.

103 AF. 2014. AFB/B.24/7 ANNEX VII: Report of the Dialogue with Civil Society, 9 October 2014, Bonn, Germany; paragraph 75.

104 AF. 2015. Interactive Map of Projects and Programmes.

“Accreditation drove us to do very different things than what we had done in the past. This was good for our organisational evolution. For example, most of our policies and rules to avoid fraud or other types of corruption were not formalised. We had them, but they were informal – not always written down in clear terms or not formally adopted. When we went through the Adaptation Fund’s accreditation process, we had to formalise all these policies and rules. In so doing, we came to see all of the gaps that existed. Because of going through this process, [we are] no longer the same in terms of institutional architecture. Our procedures have improved – specifically in terms of financial management, procurement, etc. Everything is now up-to-date in terms of best practices.”

- Interviewee

101. The Accreditation Panel (AP) has taken steps to establish fiduciary standards, improve procedures, and help applicants through the accreditation process where possible. Very small ministries, agencies, and institutions common to Small Island Developing States (SIDS) and other especially vulnerable countries have struggled to meet accreditation requirements. In response, the AFB decided to implement a streamlined process developed by the AP for small entities, which focuses on mitigating key fiduciary risks.¹⁰⁵ This initiative is crucial to realizing the Adaptation Fund’s overarching objective and maintaining its credibility while also acknowledging different levels of fiduciary risk. Moreover, the small entity window allows NIEs to develop capacity by implementing small scale projects (i.e., learn by doing) and create projects and policies specific to local conditions.

102. Further steps taken include increased interaction with applicants. Though the AP is not mandated to provide capacity strengthening support, interview data indicates that field visits and ongoing informal dialogue (through emails and teleconferences) between applicants and AP technical experts have, in several cases, been decisive in building sufficient capacity for accreditation.

103. The Adaptation Fund’s formal Readiness Programme for Climate Finance (hereafter “Readiness Programme”) aims to strengthen national and regional entities’ capacity to develop high quality proposals, manage direct access climate financing, and to manage environmental and social risks while countering changing climate conditions.¹⁰⁶ The program includes (a) regional workshops and (b) grants to support South-South mentoring of applicants by entities that have successfully navigated the accreditation process.

104. The Readiness Programme has helped entities understand, become comfortable with, and embark upon the accreditation process. The number of regional applications has consistently jumped following workshops. While correlation is not causation, this pattern suggests that the workshops play an indispensable role in encouraging and enabling potential NIEs to begin the accreditation process.

105 Decision B.25/17

106 AF. 2014. Readiness Programme for Climate Finance - an Adaptation Fund initiative <https://adaptation-fund.org/node/3944>

105. South-South mentoring is a particularly valuable tool to helping countries progress through the accreditation process. South-South counterparts voice questions and concerns with each other that they might feel uncomfortable mentioning to the Adaptation Fund Secretariat or its accreditation experts. Mentors, operating in contexts similar to those of their mentees, are often able to provide practical advice based on concrete experience.

106. Though valuable, and perhaps vital in some cases, South-South mentoring cannot replace clear, timely communication between accreditation applicants and the AFB Secretariat or its expert consultants. Secretariat understaffing (in addition to other factors discussed in Chapter 4) was creating a bottleneck in the accreditation process, a problem which should be alleviated by recently approved new staff positions to support accreditation and other roles.^{107, 108}

“Engaging with the Fund forces national stakeholders to get organized, plan and learn together. There is now a much better understanding amongst stakeholders in [our country] about what an ‘adaptation project’ is and how it differs and relates to development projects.”

- Interviewee

107. This evaluation finds that the accreditation process has resulted in continued progress in key areas (e.g., strengthened coordination mechanisms, improved planning processes, and enhanced national governance and transparency in AF-funded projects) that were identified by a 2013 study.¹⁰⁹ In addition, this evaluation finds increased harmonization between funds, which has increased applicants’ eligibility for funding from other sources.

3.5. Project/program cycle

108. **Project/program level KM (monitoring and evaluation):** The Adaptation Fund has developed a sound framework of responsibilities and roles for project-level KM that could prove effective when fully implemented and appropriately supported by the AFB Secretariat. Project/program-level Knowledge Management (KM) processes are intended to capture and systematize knowledge that can improve the project as well as future interventions, processes, projects and policies. AF-supported projects are required to include a KM component that sets the long-term direction, scope, and objectives of their KM activities. Projects are also required to identify learning objectives in Project/Programme Performance Reports (PPRs) and Project/Programme Terminal Evaluations. PPRs contain project indicators and lessons learnt about adaptation.¹¹⁰

109. The AFB Secretariat has planned to help project proponents develop their KM strategies by providing an online resource list of existing adaptation strategies, providing a KM toolkit for projects,¹¹¹ and ensuring that each project has a page on the Adaptation Fund’s website. To that end, the AFB Secretariat has contributed to the World Bank online resource list of adaptation projects; and the Adaptation Fund’s new website (currently under pre-launch review) will include project pages capable of hosting multi-media knowledge outputs. However, the Secretariat has been insufficiently staffed to assist countries in developing KM strategies in line with the Adaptation Fund’s Project Level

107AFB. 2015. Board and Secretariat, and Trustee Administrative Budget for Fiscal Year 2016. AFB/EFC.16/6, para. 5.

108 AFB. 2015. Decisions of the Twenty-Fifth Meeting of the Adaptation Fund Board 10 April 2015. AFB/B.25/7.

109 Canales Trujillo, N., and S. Nakhooda. 2013.

110 Available from: <https://www.adaptation-fund.org/page/project-performance-and-reporting>

111 AF. 2011. Results Framework and Baseline Guidance - Project Level.

Results Framework and Baseline Guidance Document, provide a KM toolkit for projects, or work with NIEs and EEs to capitalize on opportunities or trouble-shoot challenges (both institutional and operational) in implementing KM strategies. The recently approved AFB Secretariat staff positions^{112, 113} will, per interview data, lead KM and be responsible for other duties. Although having one person leading KM with others pitching in where possible is an improvement, designating KM as one-third of the lead person's duties is insufficient.

3.6. Knowledge management processes

110. Knowledge Management is critical to any organization and especially for the Adaptation Fund because (1) adaptation projects and programs are still relatively new and (2) the Adaptation Fund is piloting innovative access modalities. The experiences gained from the Adaptation Fund must, therefore, be systematically tracked and regularly analyzed in order to enrich global knowledge on climate change adaptation and access modalities.

111. A *Knowledge Management Strategy and Work Programme* was also approved in 2011, consisting of six actions: (1) identifying project-level learning objectives; (2) providing guidance to countries carrying out KM activities; (3) collecting, organizing and analyzing project data, information and knowledge; (4) promoting collaboration and knowledge-sharing on adaptation issues; (5) systematizing and sharing the Adaptation Fund's activities; and (6) creating a database of AFB decisions and documents.¹¹⁴ While necessary, these actions are insufficient.¹¹⁵ Stakeholders consulted during the course of this Independent Evaluation suggested that the KM Strategy, developed for the AFB by GEF staff, could be better tailored to particularities of the Adaptation Fund. Specific suggestions for improvement stressed the need for (1) synthesized lessons from different projects as well as disparate accreditation and accreditation readiness experiences, (2) greater investment in the communication of synthesized lessons, and (3) greater collaboration with other adaptation-related funds to undertake and communicate cross-learning.

"When Knowledge Management is everyone's responsibility, it becomes no one's responsibility.... There is no coordinated effort, no point person on Knowledge Management"

- Interviewee

112. The AFB Secretariat has carried out or made substantial progress on actions 1, 5, and 6 in its current KM Strategy and Work Program. Less progress was made against actions 2, 3, and 4. This may be explained partially by the fact that most Fund-supported projects are in early stages of implementation. Despite the central role of KM in the Adaptation Fund's Theory of Change, inclusion in the Adaptation Fund's RBM framework, and Board approval of a Knowledge Management Strategy and Work Programme in 2011, to date, KM has not received the staff or budgetary resources it requires.^{116, 117} As a result, valuable opportunities to advance global learning about vulnerability, adaptation, direct access, and other innovations are being missed. Inadequate allocation of resources to KM undermines the Adaptation Fund's short-term effectiveness and long-term significance.

112AFB. 2015. Board and Secretariat, and Trustee Administrative Budget for Fiscal Year 2016. AFB/EFC.16/6, para. 5.

113 AFB. 2015. Decisions of the Twenty-Fifth Meeting of the Adaptation Fund Board 10 April 2015. AFB/B.25/7.

114 AFB/B.15/8; See Decision B.15/22

115 AFB/B.15/8

116 AFB/B.15/8; paragraph 87, Decision B.15/22

117 AFB. 2011. Knowledge Management Strategy and Work Programme. 7 September 2011. AFB/EFC.6/3

4. Efficiency of the Adaptation Fund's institutions and main processes

113. Highly efficient organizations accomplish necessary tasks quickly, at low cost, and with little to no waste of resources. This chapter assesses the Adaptation Fund's "efficiency," or its qualitative and quantitative outputs relative to inputs (e.g. money, time and effort),¹¹⁸

114. The evaluation assesses first, the efficiency of the Adaptation Fund's overall design; second, the efficiency of the main processes (i.e., resource mobilization, decision making, resource allocation, access to funding, project/program cycle, and knowledge management); third, efficiency of the institutional arrangements; fourth, the major factors enabling or hindering efficiency; and finally, how efficiency is affected by AF cooperation with stakeholders. Note, an in-depth analysis or audit of individual line item expenses is beyond the scope of this evaluation. Rather, we provide a general assessment to highlight areas where the Adaptation Fund has achieved efficiency and suggest areas for further consideration by the AFB and its Secretariat.

4.1. Efficiency of overall design

115. Key design features of the Adaptation Fund (e.g. the Direct Access Modality) and ambitious objectives (e.g. learning) have required it to take a far more hands-on approach than some other climate funds. The climate funds vary in important ways such as unique mandates, length of time since operationalization, governance structure, and amount and type of finances managed (see Annex 8). These differences make comparisons difficult. Moreover, the Secretariat and Trustee have different roles in the various funds. The AFB Secretariat is responsible for more tasks under the Adaptation Fund than the Secretariat for LDCF, SCCF, or CIF.¹¹⁹ The CIF relies on MDBs for project-level supervision, quality control, fiduciary control, safeguards and accountability with relatively few management responsibilities assigned to an administrative unit. In contrast, the AFB Secretariat undertakes all of these responsibilities and more. The AF Trustee provides CER monetization services to the Adaptation Fund but not to other funds. Therefore, a direct comparison against running costs of other climate change funds would be meaningless and likely misleading.

116. The Adaptation Fund's main processes thus incur costs that are different from other funds. To assess the overall efficiency of the Adaptation Fund, we examine the outputs of the processes and costs of the institutional arrangements.

4.2. Resource mobilization

117. In 2012, the AFB established a resource mobilization task force consisting of AFB members and Secretariat staff.¹²⁰ Though the Adaptation Fund has assessed and compiled resource mobilization options over the years,^{121, 122, 123, 124} fundraising has not been a major

118 OECD DAC. 2015. DAC Criteria for Evaluating Development Assistance.

119 UNFCCC. 2012. Compilation and synthesis of additional disaggregated information on the administrative costs of the Adaptation Fund Board. 22 November 2012. FCCC/SBI/2012/INF.8/Rev.1.

120 Decision B.19/29

121 AFB. 2014. Resource Mobilization Strategy

122 AFB. 2013. Strategic Prospects for the Adaptation Fund. 25 March 2013. AFB/B.20/5.

123 AF. 2012. Options for a Fundraising Campaign and Strategy. June 2012. AFB/EFC.9/5

124 AF. 2012. Options for a Fundraising Campaign and Strategy. 2 March 2012. AFB/EFC.8/6

focus of the AFB, as evidenced by the task force planning to “meet in the margins” of the 20th AFB meeting.¹²⁵ Interview data further indicates that recent fundraising discussions have made up only five to ten minutes of AFB meetings. In this respect, the Adaptation Fund has been able to attract donations using relatively little resources and could be considered efficient. However, given competition from other funds, this strategy may not be sustainable (discussed further in chapter 5).

4.3. Decision-making processes

118. AF decision-making is relatively efficient and has been aided by the Secretariat and the committees. Interviews indicate a source of inefficiency is the lack of institutional memory, due to term limits on committees and on the Board and the time needed to learn how things work. Interview findings also suggest that lack of EFC decision-making authority can lead to lengthy discussion of EFC recommendations at Board meetings and decreased efficiency.

4.4. Resource allocation

119. Interviews indicate that as the Adaptation Fund clarified its resource allocation criteria, project proponents had an easier time understanding what projects would be funded and were thus able to more efficiently develop proposals.

120. According to interview data, the emergence of the GCF, the desire to harmonize processes with the GCF, and increased attention to AF processes and outcomes have resulted in the AP taking a more cautious approach and requiring more information from applicants, thus slowing the accreditation process.

4.5. Access to funding

121. The Direct Access Modality entails trade-offs between rapid implementation of projects and long-term-impacts. MIEs have at times been chosen to implement projects because they were able to complete accreditation and project development more quickly than NIEs.¹²⁶ Absent the 50/50 cap and, ultimately, lack of funding, MIEs would have been able to implement additional adaptation projects. In January 2015, four MIE projects had been in the pipeline for 9-20 months (i.e., since approval by AFB) due to lack of funds and the 50/50 cap.^{127, 128} The pipeline was cleared in January after the Adaptation Fund received pledged contributions.¹²⁹ One factor that reduces cost-effectiveness of MIE implementation is that, as of September 2014, MIEs had higher project management fees (about 8.4%) compared to NIE fees, (around 7.2%), a gap that has narrowed over time.¹³⁰

122. Per interview data, although some NIEs have submitted high quality applications, others have required substantial assistance from the Secretariat, resulting in an increased workload and cost to the Adaptation Fund. The time and effort needed to build NIE capacity, however, is warranted, as the Direct Access Modality has been credited with providing significant benefits, beyond AF-funding, to recipient countries: increased institutional capacities, improved collaboration with stakeholders, enhanced country

125 AFB. 2013. Strategic Prospects for the Adaptation Fund.

126 Schäfer, et al. 2014.

127 AF. 2014. Joint Report by the Secretariat and the Trustee on the Status of the Pipeline. September 2014. AFB/EFC.15/Inf.1

128 AF. 2015. The Adaptation Fund Clears Proposal ‘Pipeline,’ Welcomes Contribution from Government of Flanders. Accessed May 2015.

129 AF. 2015. The Adaptation Fund Clears Proposal ‘Pipeline,’ Welcomes Contribution from Government of Flanders. Accessed May 2015.

130 UNFCCC/TP/2014/7

ownership, increased access to other funding, increased South-South cooperation, and efficiency gains regarding entity fees.¹³¹

123. Interview data and email communication indicate that the accreditation process has recently become more standardized but has been taking longer and poses a large financial cost to applicants and the Adaptation Fund. Interviewees attribute delays to (1) increased support needed by applicants and (2) increased requirements by the AP. Earlier applicants were better prepared, hence their ability to apply quickly. Recent applications have had more complications, as indicated by the higher percentage (33%) of applications requiring a field visit in 2014, compared to 8-20% in previous years.¹³² Field visits, conducted by an AP expert and a member of the Secretariat, are expensive but according to interviewees, an efficient way to gather a lot of information quickly.

124. The accreditation process, while necessarily robust, may be an area for increased cost-effectiveness. Between fiscal year 2011 and the first half of fiscal year 2015, accreditation experts and related travel cost almost US\$1.4 million (Table 1).¹³³ The cost of each initial assessment and analysis is about US\$30-40,000 per application, which doubles in the process of gaining full accreditation, up to US\$80,000 per NIE, excluding staff time.

125. Based on interview responses, codifying the process and hiring one or more lower-level auditors to undertake initial screening could provide significant cost savings and accelerate the review process.

Table 1: Accreditation cost FY10-15

	FY11	FY12	FY13	FY14	FY15 mid-year	TOTAL FY11-15
Accreditation expert fees	\$155,060	\$237,937	\$217,048	\$260,280	\$83,088	\$953,43
Accreditation travels	\$90,095	\$129,420	\$79,455	\$113,297	\$16,963	\$429,230
Total	\$245,155	\$367,357	\$296,503	\$373,577	\$100,051	\$1,382,643

Source: Email communication from AFB Secretariat to the Evaluation Team. February 2015.

126. The AFB has recently decided to “request the secretariat, in collaboration with the Panel, to develop a proposal on enhancing the efficiency and effectiveness of the accreditation process.”¹³⁴ Moreover, the AFB amended the accreditation process to match the size of the project budget (i.e., a small grant window)¹³⁵ and per interviews, will consider splitting accreditation into two phases to identify obstacles early in the process, thereby saving applicants and AFB time and money. These actions highlight the extent to which the Adaptation Fund is generating valuable experience/lessons around adaptation, and, more generally, climate finance and funding modalities.

131 FCCC/TP/2014/7: September 2014, MIEs have higher project management fees (about 8.4%) compared to NIE fees, (around 7.2%), but that gap has narrowed over time.

132 AFB/EFC.15/3

133 Email communication from AFB Secretariat staff to the Evaluation Team regarding cost of accreditation over time from 2010-2015. February 2015.

134 Decision B.25/5

135 Decision B.25/17

The Readiness Programme is costly, exceeding US\$86,000 in fiscal 2014 with almost US\$434,000 approved for fiscal 2015.¹³⁶ Building capacity is not in the Adaptation Fund's mandate and is not a priority given limited resources.¹³⁷ However, recipient counties have acknowledged the usefulness of the program, and the Adaptation Fund has partnered, to a limited extent with other organizations. The Adaptation Fund recently partnered with the Climate and Development Knowledge Network (CDKN) to set up a website, which supports KM and readiness goals,¹³⁸ and provides an example of the Adaptation Fund leveraging partner staff, resources, and audience. The Adaptation Fund has also partnered with Heinrich Böll Foundation (HBF). HBF co-hosted two readiness workshops (Kenya and Namibia) and will co-host a third event in Nigeria in the fall (2015).^{139, 140}

4.6. Project/program cycle

4.6.1. Review and approval processes

127. The AFB Secretariat and PPRC have developed a project/program proposal review process that, as of June 2015, has approved 48 projects.¹⁴¹ Overall, the project/program cycle reached its RBM efficiency targets for four out of five indicators in FY2014.¹⁴² The one goal AF did not reach in FY 2014 was the average time from first cash transfer to project start MIEs, in which AF averaged 9.1 months, exceeding the six month target. However, between FY 2011-14, the Secretariat met its goal of reviewing project/program proposals and responding within two months.¹⁴³ Further, the AFB approved one intersessional project/program review cycle annually in order to reduce potentially long wait times related to the reduced AFB meeting schedule and to maintain or improve project review efficiency.¹⁴⁴

128. As established by the Operational Policies and Guidelines (OPG) of the Adaptation Fund, all proposals are submitted through the Secretariat, where they are screened and technically reviewed based on AFB-approved criteria. The Secretariat contacts applicants, as needed, for further information and to advise project proponents how to improve their applications. Once the proposal meets AF criteria, the Secretariat forwards the proposal and review conclusions to the PPRC for consideration. The PPRC then evaluates the proposals at a strategic level and consults technical experts if needed. This process is similar to that of the GEF Council.

129. The PPRC has taken steps to improve the review process. The Secretariat and PPRC compiled lessons learned in 2011 to help identify areas for improvement (e.g., more specific guidelines). PPRC members are intended to give professional input, but interviewee data indicates that few PPRC members read the proposals thoroughly and that comments are rarely substantive. Nor, according to several past and present PPRC members, is substantive

136 AFB. 2014. Reconciliation of the Administrative Budgets of the Board and the Secretariat, and the Trustee. August 2014. AFB/EFC.15/7.

137 FCCC/TP/2014/7

138 Available from: <http://climatefinanceready.org/>

139 AF. 2015. News and Seminars. <https://www.adaptation-fund.org/readiness-programme/news-seminars/> Accessed July 28, 2015.

140 Email communication with the AF Secretariat, July 28, 2015.

141 Adaptation Fund. 2014. <https://www.adaptation-fund.org/national-implementing-entities> Accessed April June 10, 2015

142 AFB/EFC.15/3: (1) average response time to review submissions, (2 and 3) time from first submission to approval for one- and two-stop projects, and (4) time from first cash transfer to project start (NIEs)

143 AF. 2014. AFB/EFC.15/3 October 2014.

144 AFB. 2014. Report of the Secretariat on Initial Screening/Technical Review of Project/Programme Proposals. 4 June 2014. AFB/PPRC.14-15/1; Decision B.23/15.

commentary needed, since the AFB Secretariat ensures that proposals meet all OPG requirements.

130. The process is not efficient because stakeholder interviews suggest that, while the PPRC added clear value at earlier stages in the Adaptation Fund's development, the Secretariat now has the required experience, and the value added by the PPRC in its current form is unclear.

131. Representatives from civil society recently reported that their organizations lack qualified people to comment on projects,¹⁴⁵ which underscores the need for AF to formalize access to technical experts. A paid panel of external, on-call subject experts would cost more but could provide more rigorous evaluation. Interview data suggests that the GEF Scientific and Technical Advisory Panel (STAP) would not be appropriate for this role; a flexible arrangement to consult GEF cross support or an external group of experts as needed may be more appropriate.

132. The limited availability of Fund documents in non-English UN languages and the requirement that all communications and materials (e.g. accreditation documents and project proposals) be submitted in English presents a serious burden to many NIEs. Though the Adaptation Fund's major guidelines and policies have been translated into several UN languages, the website and many of the most important accreditation and project proposal related documents are only available in English. Moreover, all documents submitted to the AFB (e.g., reports, supporting evidence for accreditation, and emails) must be in English. Per interview data and a 2014 Germanwatch report, this represents a substantial challenge to many potential NIEs.¹⁴⁶ For at least one NIE, for example, all official documents are in French. Certified translations are expensive, time-consuming, and prone to error unless senior staff are highly involved since local translators rarely have strong command of legal or other technical terms.

4.6.2. Project/program cycle funding windows

133. Separating proposals by type of application (i.e., concept note, fully developed project/program proposal) has enabled the Adaptation Fund to streamline the approval process, while ensuring that approved projects/programs meet resource-allocation criteria.¹⁴⁷ A small sized project (<US\$1 million) undergoes a one-step process wherein proponents submit a fully project proposal.¹⁴⁸ Proposals in excess of US\$1 million undergo either a one-step (full proposal) or a two-step process in which proponents first submit a brief concept note, which is reviewed by the Secretariat and then the PPRC and is endorsed, not endorsed, or rejected by the Board.¹⁴⁹ In the second step, the fully developed project/program document is reviewed by the Secretariat and then the PPRC and approved, not approved, or rejected by the Board.

145 AFB. 2014. Report of the Twenty-Fourth Meeting of the Adaptation Fund Board. 12 December 2014. AFB/B.24/7; Annex VII: Report of the Dialogue with Civil Society, 9 October 2014, Bonn, Germany.

146 Schäfer, et al. 2014. Learning from Direct Access Modalities in Africa. Germanwatch Research Report. November 2014.

147 AF. N.D. Accessing Resources from the Adaptation Fund: The Handbook, Bonn: Adaptation Fund. Version 2.

148 AF. N.D. Accessing Resources from the Adaptation Fund: The Handbook. Version 2.

149 AF. 2011. The Adaptation Fund Project Review Process: Lessons Learned. AFB/PPRC.7/3, paragraph 2.

4.7. Knowledge management

134. In 2011, the AFB approved an *Evaluation Framework*, entrusting the evaluation, advisory, and oversight functions to the GEF Independent Evaluation Office (GEF IEO) for an interim three-year period.^{150, 151} The IEO had conducted a joint evaluation of the LDCF in 2009, a program evaluation of the SCCF (2011 - 2012),¹⁵² and annual evaluations of LDCF and SCCF in 2013 and 2014¹⁵³ and was thus well-positioned to build on its experience and conduct evaluation services for the Adaptation Fund. However, the AFB had allocated a very small budget to the IEO and had postponed evaluation until AF-funded projects reached completion. In March 2014, the GEF IEO withdrew as the evaluation function of the Adaptation Fund.¹⁵⁴ This represents a missed opportunity to strengthen the AF's evaluation approach using GEF's in-house expertise, which may have been more cost-effective than external consultants.

135. The Adaptation Fund's partnership with the CDKN to create an online platform fostering dialogue and collaboration in climate finance readiness is an excellent response to limited in-house resources (www.climatefinanceready.org). However, the Adaptation Fund will not be able to make the most of this or other potential partnerships or carry out its existing KM Work Program – much less an expanded version – without additional, dedicated human and financial resources in core planning and budget allocation decisions.

4.8. Cost-efficiency of Fund institutional arrangements

136. The costs involved in running the Adaptation Fund include expenses for the Adaptation Fund Board, its dedicated AFB Secretariat with cross-support from the GEF Secretariat, and the Trustee. We discuss the costs of each of these entities in relation to outputs.

137. Administrative costs and trustee fees were high at the outset relative to project approvals, but during that time, the Adaptation Fund established protocols and guidelines. Overall, administrative costs have been fairly steady over time and have decreased in some areas. As of December 2014, AF cumulative operational costs comprised 9% of the approved funding decisions budget, where AFB and AFB Secretariat costs comprised 6.3% of the budget,¹⁵⁵ Trustee fees accounted for 2.4%, and Administrative Trust Fund reimbursements¹⁵⁶ (reimbursement of donations during the Adaptation Fund startup phase, pre-2009) made up 0.2% of the budget.¹⁵⁷

4.8.1. AF Board

138. Costs specific to the AFB are (1) travel for Board members to AFB meetings (i.e., Daily Subsistence Allowance (DSA), transportation) and (2) support for the Chair (e.g., communications and travel to meetings on behalf of AF). AFB members follow UN travel

¹⁵⁰ AFB/B.15/8; see Decision B.15/23.

¹⁵¹ *Evaluation Framework* was amended in 2012, per Decision B.17/21.

¹⁵² GEF IEO. 2012. Evaluation of the Special Climate Change Fund (SCCF) October 11, 2011. GEF/LDCF.SCCF.11/ME/02 <https://www.thegef.org/gef/sites/thegef.org/files/documents/Evaluation%20for%20SCCF.pdf> Accessed August 10, 2015.

¹⁵³ GEF IEO. 2013. LDCF/SCCF Documents. https://www.thegef.org/gef/geo_LDCF-SCCF_documents Accessed August 10, 2015.

¹⁵⁴ AFB. 2014. Report of the Twenty-Third Meeting of the Adaptation Fund Board. 6 May 2014. AFB/B.23/7

¹⁵⁵ Does not include DSA.

¹⁵⁶ Reimbursable contributions from UNEP and Australia to the Administrative Trust Fund during the AF startup phase, pre-2009.

¹⁵⁷ AFB/EFC.16/4

policy^{158, 159} and interview data indicates that more than half the Board members have their travel expenses paid by AF. UN travel rules stipulate that individuals travel economy class for flights less than nine hours and business class for flights exceeding nine hours. Other climate funds (i.e., CIF, LDCF, and SCCF) follow World Bank, not UN, travel policies and fly economy class.^{160, 161}

139. Although the GCF is considering a travel policy similar to AF's,¹⁶² the travel policy may be an area to consider for increased cost-effectiveness and to bring the Board in line with the practice of other funds and demonstrate strong credibility as a steward of "voluntary contributions." DSA is not included in AF administrative budgets because the Secretariat is housed within the GEF, which follows World Bank rules and thus has no framework to enforce UN rules. DSAs are therefore processed by a third-party UN organization, often UNCCD, and are not included in annual administrative budgets, which may make assessment of administrative costs more difficult. This evaluation includes it here to reflect the cost of travel associated with AFB meetings.

AFB travel and DSA costs have declined over time (

158 AFB. 2008. Draft Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund. 19 May, 2008. AFB/B.2/8.

159 UNFCCC. 2009. Report of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on its fourth session, held in Poznan from 1 to 12 December 2008. Add. Decision 1/CMP.4. 19 March 2009. FCCC/KP/CMP/2008/11/Add.2; paragraph 41, 42 approved the AF Rules of Procedure (incl. travel policy). 2009.

160 Climate Investment Funds (CIF). 2014. Travel Guidelines. Updated 14 March 2014. Airfare: lowest cost available, economy class travel; business class provided only for "government Ministers, or representatives of equivalent status, to participate in the Partnership Forum."

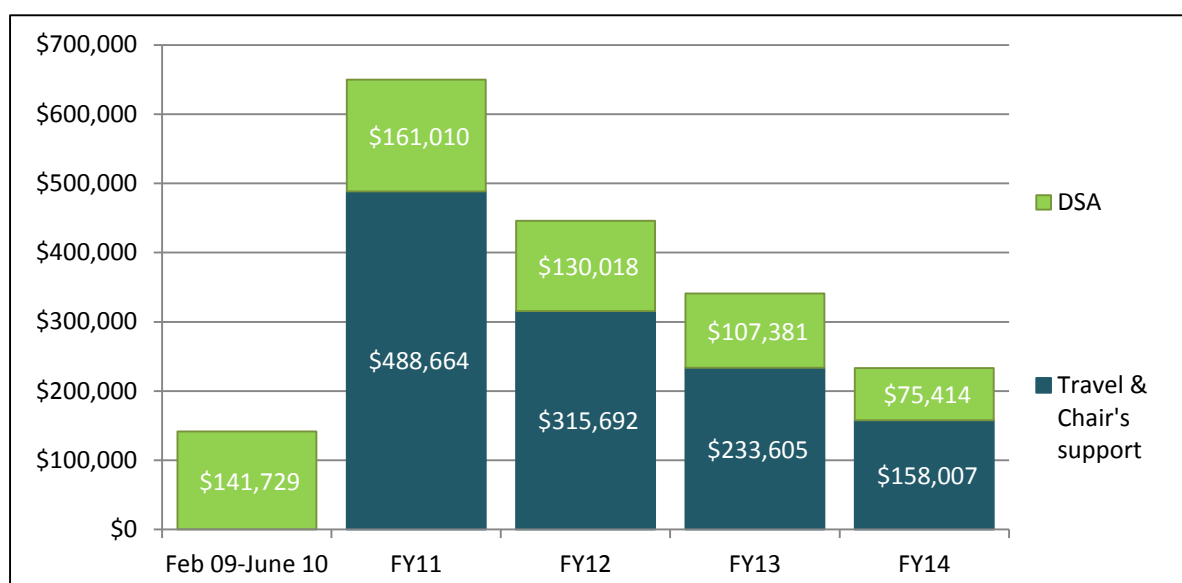
161 Global Environmental Facility Council. 2008. Guidelines for Travel and Subsistence Allowances to Be Provided To Council Members and Alternates from Recipient Countries Attending GEF Council Meetings. October 2008.

162 Green Climate fund (GCF). Travel Policy. 3 October 2014. GCF/B.08/30.

Figure 4: AFB expenses over time

140.) as the Board has reduced the number of meetings per year. The abbreviated schedule may make it more difficult for the Board to complete all of its work in the allotted meeting time, reducing effectiveness. Several interviewees noted strain from the decreased number of meetings, as summed up by one interviewee, “Meeting twice a year in response to financial resource constraints is unreasonable – [we] just can’t cover the amount of business required.”

Figure 4: AFB expenses over time



141. *Translation:* AFB members report that the Adaptation Fund may be able to reduce costs by cutting unneeded translation during AFB meetings. The AFB provided guidance by the third meeting that translation at meetings would be provided for all UN languages,¹⁶³ but interview data indicates that translators are sometimes provided for Board members who do not need the service, resulting in unnecessary expense. Reflecting efforts to reduce costs, interview data and AFB documents indicate that the Secretariat decided in 2012 to provide simultaneous translation by request only,^{164, 165} and when possible, the Secretariat hires local translators to reduce travel expenses.

4.7.2. Secretariat

142. AF administrative expenses include the cost for seven AF-dedicated staff, GEF staff cross-support (e.g., CEO, HR and IT support, project review, evaluation), consultants, travel for field missions, and operational expenses (Table 2). Per interview data, initial budgets for GEF cross-support services were high, based on projected versus actual services used. In the third year, cross-support staff (excluding the CEO of GEF) began tracking the amount of time spent providing AF services. GEF cross-support costs have decreased and now more closely reflect the actual

"The Secretariat is one of the best bangs-for-the-buck that I have ever encountered. You can count on the team to give you the best possible advice..."

- Interviewee

¹⁶³ AFB. 2008. Report of the Third Meeting of the Adaptation Fund Board. 24 September 2008. AFB/B.3/15; ANNEX IV: Draft Rules of Procedure of the Adaptation Fund Board. Section XVII. Languages, paragraph 98." ...Simultaneous interpretation shall be provided during the meeting in all of the UN official languages that correspond to the actual language requirements of the Members and Alternates present at that meeting."

¹⁶⁴ AFB. 2013. Report of the Nineteenth Meeting of the Adaptation Fund Board. 12 February 2013. AFB/B.19/6/Rev. 1; see Decision B.19/26.

¹⁶⁵ AFB/B.19/6/Rev. 1

time spent supporting the Adaptation Fund.¹⁶⁶ In 2014, the Board requested the Head of the Adaptation Fund Board Secretariat (i.e., CEO of GEF) to reduce the amount of her time charged to the Adaptation Fund budget from 15% to 10% in FY14,¹⁶⁷ to which she agreed.¹⁶⁸ The Head of the AFB, appointed by the CMP, is not required to track actual time spent on AF work, which leaves room for inaccurate cost accounting. What the AF pays for the GEF CEO is akin to overhead that ensures that the AF Secretariat, in particular the Manager, has unrestrained access to the GEF CEO whenever necessary. Tracking time may therefore be counterproductive and inefficient.

143. All parties consulted during the course of this Independent Evaluation concur that the small, dedicated Secretariat within the Global Environment Facility (GEF) provides good quality work that is mission-driven and conducive to collaboration and dynamic results. Per interview data, the Manager of the AFB Secretariat has established a flat organizational structure and a working environment that encourages the free-flow of ideas, thinking outside the box, and collaborative versus competitive efforts. This – alongside the team’s passion to reduce people’s vulnerability to climate change – is a key reason it has achieved so much on such a small and unpredictable budget.

144. However, staff motivation is a fragile commodity that can easily be lost to burnout, which is currently a major threat. As summarized by one staff member, “Expectations [on the Secretariat] are rising and are increasingly out of sync with staffing levels. We simply need more staff to do our jobs right.”

145. At the time of this evaluation, the Secretariat was in the process of updating job descriptions to reflect its increasingly specialized responsibilities and improve alignment between staff skill-sets, interests, and administrative needs. In April 2015, two new staff positions were approved but do address the need for additional staff with specialized skills to meet the highest priority needs (i.e., resource mobilization and knowledge management).¹⁶⁹

Table 2: AF Board and Secretariat costs

Year	Costs (US\$)
(6 months) FY2008	739,142
FY2009	1,909,082
FY2010	2,288,933
FY2011	2,521,301
FY2012	2,920,737
FY2013	2,204,206
FY2014	2,463,268
FY2015	3,410,658
Note: estimated, proposed, and approved amounts were used in years when reconciliation reports were unavailable and may be higher than actual expenditures (Sources: FY2008, AFB/B.6/9/Rev.1, FY2009 Estimated, AFB/B.6/9/Rev.1, FY2010 Proposed, AFB/B.6/9/Rev.1, FY2011, AFB/EFC.6/Inf.1/Rev.1, FY2012, AFB/EFC.10/Inf.1, FY2013 AFB/EFC.13/6, FY2014 AFB/EFC.15/7, FY2015 approved AFB/EFC.15/7)	

166 GEF. N.D. Progress Report on the Services Provided by the GEF Secretariat To The Adaptation Fund Fiscal Year 2013 (July 1, 2012 To June 30, 2013). GEF/C.46/Inf.07.

167 AFB. 2013. Report of the Twentieth Meeting of the Adaptation Fund Board. 2 May 2013. AFB/B.20/7: (c) Request the Board Chair to communicate with the Head of the secretariat to discuss the percentage of her time charged to the Adaptation Fund budget, with a view to reducing it by at least five percentage points.

168 AFB. 2013. Amendments to the Administrative Budget of the Board and Secretariat for the Fiscal Year 2014. 20 June 2013. AFB/EFC.12/9.

169 AFB. 2015. Decisions of the Twenty-Fifth Meeting of the Adaptation Fund Board 10 April 2015. AFB/B.25/7.

4.7.3. Trustee

146. The World Bank, acting as Interim Trustee, has fulfilled its responsibilities, as reported in interviews, the e-survey, and previous reviews. Most survey respondents agree that the World Bank, acting as interim Trustee, has performed its core functions in a transparent and efficient manner, taking steps to limit financial risks.¹⁷⁰ The Trustee has sold CERs, and provided analysis of the state and trends of global carbon market,¹⁷¹ and developed *Amended and Restated CER Monetization Guidelines*,¹⁷² and more recently, *Guidelines for the Monetization of Carbon Assets*.¹⁷³ The World Bank has provided expert financial advice with regards to developing and mobilizing alternative resource options (i.e., donations, AAUs, ERUs). Moreover, interview data indicates that the Trustee has long-standing, fiduciary relationships and a high level of trust from key stakeholders (including donors) that have facilitated faster start-up and resource flows to the Adaptation Fund. For these reasons, in addition to the World Bank's internal skills and experience sets, the World Bank has been a key partner and has offered good value for money.

147. The Adaptation Fund has also benefitted from the World Bank's low fees. Trustee fees were initially high relative to AF income (\$1.33 million in 2009) but have declined. The first review found the Trustee effective but recommended that one person, rather than four, travel to AFB meetings.¹⁷⁴ The World Bank has since reduced spending on travel from US\$117,000 in FY2009¹⁷⁵ to US\$35,000 in FY2014 and FY2015.¹⁷⁶ Trustee fees have remained fairly low and stable (1-3% of AF annual income in five out of six years), and the Trustee only charges the Adaptation Fund for staff time and expenses, averaging US\$0.98 million annually (see Figure 3). If the Adaptation Fund paid the 5% fee paid by other funds, the Adaptation Fund would have paid over US\$4 million in fees on income received in FY2014 (US\$80.59 million).

148. Per interview data, the World Bank charges the AF a low fee so that it can learn about new funding strategies (e.g. CER monetization) and direct access modalities. The Bank is, however, considering moving to a fee-based approach with AF, and if the Adaptation Fund does not grow and carbon markets do not recover, it is unclear if the Bank will continue to be the most effective and efficient Trustee. This has never been tested through an open and competitive process. CMP has requested that the AFB assess options for permanent institutional arrangements, including an open and competitive bidding process (discussed further in Sustainability).¹⁷⁷

170 Seventy-five percent of respondents agree or strongly agree. Of the remaining respondents, 10 people selected either "don't know" or "neither agree or disagree," and only 1 person selected "strongly disagree" See complete results in Annex.

171 AFB. 2012. Report of the Eighteenth Meeting of the Adaptation Fund Board. Bonn, Germany. AFB/B.18/6. 16 August 2012

172 AFB/B.21/8/Rev.1, Decision B.21/21

173 AFB. 2015. New Guidelines for the Monetization of Carbon Assets. AFB/EFC.16/3

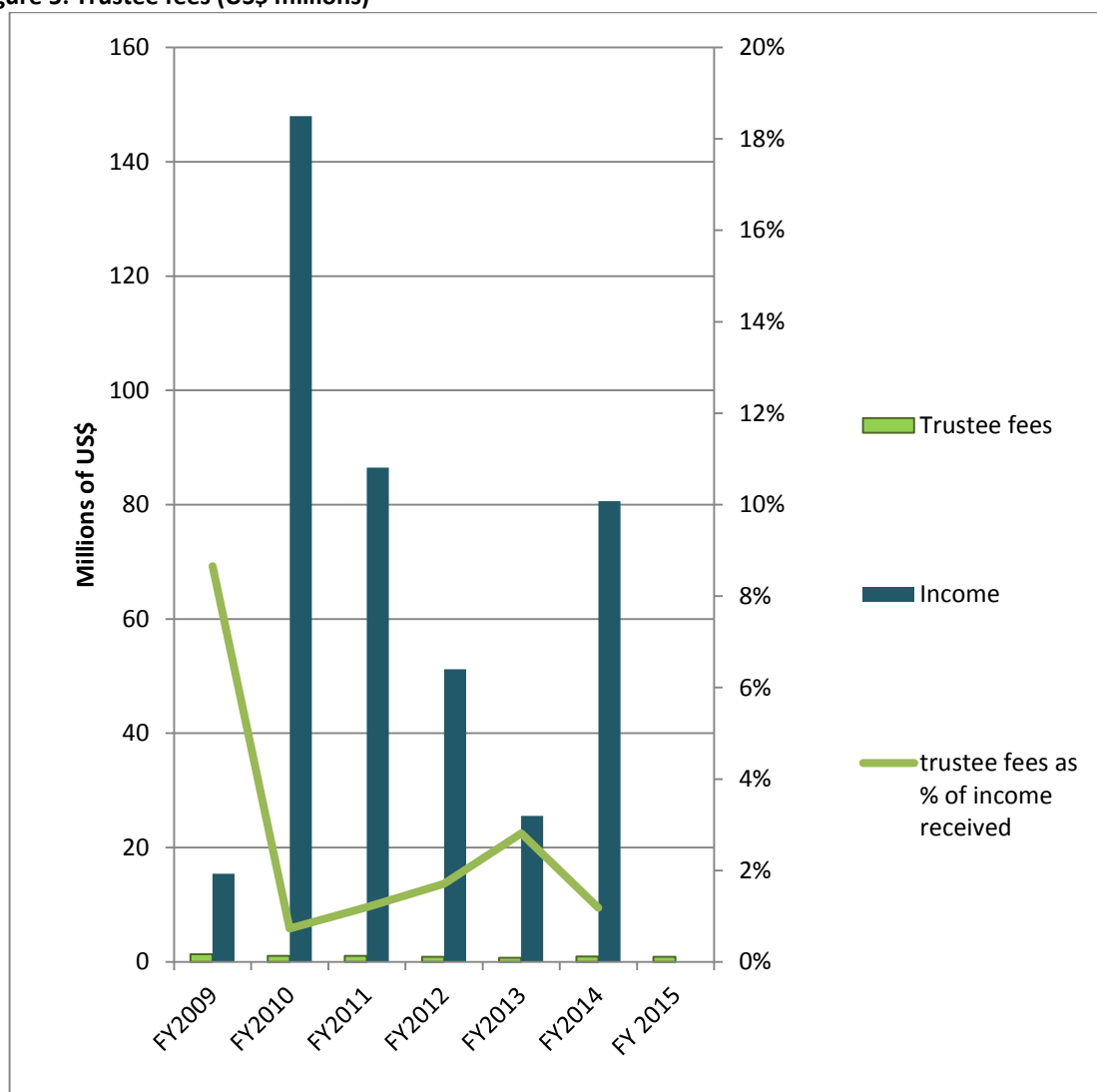
174 Rouchdy 2011.

175 AFB. 2009. Reconciliation of Budget for the Trustee Services. 9 September 2009. AFB/B.7/Inf.6 Table 1.

176 AFB. 2014. Board and Secretariat, and Trustee Administrative Budget for Fiscal Year 2015. 11 March 2014. AFB/EFC.14/9. Amounts are the revised costs (FY14) and estimated budget (FY15).

177 UNFCCC. 2014. Report of the Adaptation Fund Board. 11 December 2014. FCCC/KP/CMP/2014/L.5. (Decision 1/CMP.10)

Figure 5: Trustee fees (US\$ millions)



Note: Per conversation with Trustee, Trustee fees shown here are from annual budget reconciliation reports. Annual income comprises CERs and donations received.

4.8. Cooperation

149. This section assesses the extent to which the Adaptation Fund has cooperated with stakeholders and the resulting effects on efficiency of the Adaptation Fund.

150. **Cooperation with Kyoto Protocol Parties:** Interactions between the Adaptation Fund and Parties are generally efficient, although English-language only documents and AFB meetings may reduce efficiency in communication with some Parties (discussed in paragraph 132). Early on, the Adaptation Fund received critical support from Annex I and non-Annex I Parties. Germany and Barbados showed their support to the Adaptation Fund by offering to host the Adaptation Fund, and choosing to base the Adaptation Fund in Bonn helped increase efficiency by being closer to the UNFCCC Secretariat and UNFCCC

sessions.¹⁷⁸ AF fosters efficient communication with eligible Party governments and entities through DAs, the focal points between the Adaptation Fund and national government.

151. Cooperation with multilateral entities, bilateral entities, national entities, and civil society observers: The Adaptation Fund has had mixed levels of cooperation with multilateral, bilateral, and national entities and civil society observers in the process of establishing and supporting the Adaptation Fund. Other organizations such as Intergovernmental Panel on Climate Change (IPCC), United Nations Environment Programme (UNEP),¹⁷⁹ United Nations International Strategy for Disaster Reduction,¹⁸⁰ and United Nations Development Program (UNDP)^{181, 182} have presented at AFB meetings to share information and/or building linkages.¹⁸³ NIEs have communicated their difficulties and encouraged AF to provide capacity building and clarify guidelines, to which the AFB responded by clarifying criteria and implementing the Readiness Programme (described above).

152. The Adaptation Fund NGO Network plays a “bridging role” between the AFB and civil society organizations, which helps the AFB efficiently exchange information and link with partners. The Adaptation Fund NGO Network includes local partners that are going through the accreditation and project development processes as well as local partners that help monitor NIEs and EEs and provide updates on active projects.¹⁸⁴ The Adaptation Fund NGO Network partners talk directly with the “beneficiaries” and communicate their views, which is highly valued by the AFB and provides lessons to other climate funds, especially GCF, about civil society engagement. The Adaptation Fund NGO Network has efficiently presented synthesized comments to AF from NGOs and organized a one-day Adaptation Fund NGO Network/Germanwatch conference in July 2013, the “*Adaptation to climate change for the most vulnerable: Lessons learnt from the Adaptation Fund and beyond*”.¹⁸⁵

153. Cooperation with other multilateral climate finance mechanisms: When AF was in development, it had no similar model to follow, so collaboration with other funds came later. From the first AFB meeting, though, the AFB was solicited to help with design and governance of other funds (e.g., PPCR).¹⁸⁶ The AFB reports that it has recently collaborated with other climate funds (i.e., GEF, GCF, CIF), the private sector, and regional level financing institutions.¹⁸⁷ According to one interviewee, the AFB’s sharing of best practices has helped inform the GCF’s “approach to direct access, allowing quicker start-up, and greater compatibility between accreditation processes[, which] will ultimately reduce financial and other transaction costs associated with the accessing the GCF and AF.” Other interviewees, however, indicate that engagement between the Adaptation Fund and other climate funds hosted by the GEF has been limited to informal sharing of information and ideas and that climate funds could improve how they work together at country level for greater efficiency. Moreover, the AFB has a formal seat on the PPCR governing body but, per interview data,

178 International Institute for Environment and Development (IIED). 2009. “The Adaptation Fund: a model for the future?”

179 AFB. 2010. Report of the Tenth Meeting of the Adaptation Fund Board. 11 August 2010. AFB/B.10/7/Rev.1

180 AFB. 2010. Report of the Eleventh Meeting of the Adaptation Fund Board. 5 November, 2010. AFB/B.11/9

181 AFB. 2010. Report of the Eleventh Meeting of the Adaptation Fund Board

182 AFB. 2010. Report of the Twelfth Meeting of the Adaptation Fund Board. 15 December 2010. AFB/B.12/6

183 AFB meeting minutes

184 Adaptation Fund NGO Network. N.d., How It Works. <http://af-network.org/How%20it%20works> Accessed July 31, 2015.

185 AFB. 2013. Report of the Twenty-First Meeting Of the Adaptation Fund Board. 11 October 2013. AFB/B.21/8/Rev.1

186 AFB. 2008. Report of the First Meeting of the Adaptation Fund Board. 19 June 2008. AFB/B.1/13; paragraph 30.

187 UNFCCC. 2014. Report of the Adaptation Fund Board. 12 November 2014. FCCC/KP/CMP/2014/6. Annex VI; Views of the Adaptation Fund Board on the matters included in the terms of reference for the second review of the Adaptation Fund

AFB representatives have rarely attended or contributed to discussions, representing a missed opportunity to enhance cooperation, coordination, and the sharing of lessons learnt. An AF Secretariat representative has attended and commented in PPCR meetings.

5. Sustainability

154. A sustainable institution “has the strength to survive and develop to fulfil its functions on a permanent basis with decreasing levels of external support.”¹⁸⁸ Further, a sustainable institution must “...be able to secure necessary inputs and support ... [and] provide, efficiently and effectively, a continuing stream of activities and outputs that are valued by its stakeholders (members, clients, and/or superiors) for as long as the institution is needed.”¹⁸⁹

155. This chapter analyzes the Adaptation Fund’s progress toward financial, institutional, and technical sustainability. For each of these topics, the IET discusses risks (external and internal) and opportunities to enhance sustainability.

5.1. Financial sustainability

156. “Financial sustainability” refers to adequate and predictable access to financial resources for the operation of the Adaptation Fund. As described in Chapter 2 (*Relevance*), the Adaptation Fund has taken steps to diversify its income but has been unsuccessful at securing adequate and predictable funding, which also threatens institutional and technical sustainability.

157. The main external risks to financial sustainability are uncertainties around the Kyoto Protocol and future value of carbon markets, and competition for voluntary donations. As described previously (see Chapter 3, *Effectiveness*), uncertainties about the Kyoto Protocol and carbon markets have led to the sharply decreased value of CERs, and created concerns about the sustainability, adequacy, and predictability of AF funding.¹⁹⁰ Per interview data, if there is a 2nd commitment period of the Kyoto Protocol, then CER prices should stabilize. However, if this does not happen, the financial and institutional sustainability of the Adaptation Fund are threatened. The effort to meet annual fundraising targets through a diversified strategy, which includes soliciting voluntary contributions, has been insufficient and unpredictable.

158. Competition for such contributions is increasing as other climate funds (e.g., GCF) target the same donors.¹⁹¹ As summarily explained by one stakeholder, “The GCF has sucked up all the oxygen in the system. There just isn’t enough left over to support the Adaptation Fund.”

159. Internal risks to financial sustainability include limited internal capacity for effective fundraising. Interviews indicate that Board members and the Secretariat do not have time for resource mobilization. AFB members are political appointees selected for strong operational skills (e.g., policy implementation, program management) rather than fundraising and networking abilities. The communications consultant, who is responsible for developing fundraising materials, is only on a short-term contract, and recently approved new staff positions did not include staff for resource mobilization.^{192,193}

188 Norwegian Agency for Development Cooperation (NORAD). 2000. Handbook in Assessment of Institutional Sustainability. Oslo. June 2010.

189 Ibid.

190 AFB/B.20/5

191 AFB/B.23/7.

192 AFB. 2015. Board and Secretariat, and Trustee Administrative Budget for Fiscal Year 2016. AFB/EFC.16/6, para. 5.

193 AFB. 2015. Decisions of the Twenty-Fifth Meeting of the Adaptation Fund Board 10 April 2015. AFB/B.25/7.

160. A key opportunity to improve financial sustainability is the renewed interest in and demand for adaptation climate finance. In 2013, the large majority of climate finance was invested in mitigation efforts rather than adaptation (\$302 billion versus US\$25 billion), but adaptation still finance increased from 2012 to 2013.¹⁹⁴ Adaptation is increasingly mainstreamed in development activities, and the GCF, the largest fund to date, will balance its large-scale funding evenly between adaptation and mitigation.^{195,196}

161. Numerous resource mobilization options have been considered by the Board, most of which were not expected to provide reliable or sufficient funding and were therefore not implemented.¹⁹⁷ The issuance of adaptation certificates was considered and partially implemented (i.e., individual donations are accepted through UN Foundation website).^{198, 199} Promissory notes and adaptation fund bonds were deemed not cost-effective, due to the time and resources required for implementation.²⁰⁰ Similarly, implementing debt for adaptation swaps, a specialized funding window for disaster risk insurance, or a window on investment guarantees for adaptation would require serious commitment by the Board, were considered beyond the Secretariat's capacity, and were not implemented.²⁰¹

162. The second review recommended consideration of additional revenue streams.²⁰² Based on interview data, developing country Parties support these additional revenue streams, but the European Union is strongly opposed. Further, per interview data, the CMP had not made a decision about these revenue streams, and, although approval is possible, without strong political support, it is highly unlikely that these options will be implemented.

163. The most recent resource mobilization strategy focuses on developing public and private sources.²⁰³ Thus far, only a handful of countries have pledged or contributed to AF, (i.e., Germany, Sweden, and Spain).²⁰⁴ Reliance on voluntary contributions from governments leaves AF vulnerable to political and economic fluctuations. Building relationships with private funding sources, especially foundations, can be a lengthy process, which the resource mobilization task force²⁰⁵ has just begun establishing.²⁰⁶ Many private donors prefer to give money to projects that meet specific criteria, which could be facilitated through an online mechanism, but the Adaptation Fund would need safeguard against projects being tailored to donor interests rather than national priorities.²⁰⁷

194 Climate Policy Initiative (CPI). 2014. Global Landscape of Climate Finance 2014. November 2014.

195 United Nations Environment Programme (UNEP). 2014 The Adaptation Gap Report – A Preliminary Assessment Report. Nairobi. November 2014.

196 Available from: <http://www.gcfund.org/about/the-fund.html>

197 FCCC/TP/2014/7

198 AFB/EFC.8/6

199 AFB/EFC.9/5

200 AFB/EFC.9/5

201 AFB. 2012. Report of the Seventeenth Meeting of the Adaptation Fund Board. 16 April 2012. AFB/B.17/6; paragraph 88.

202 (1) the application of voluntary levies on developed country Parties, applied to national and regional emission trading schemes such as the European Union Emissions Trading System; (2) the allocation of 10 per cent of the carry-over units; and (3) the consideration of a set of measures to stabilize the price of CERs, including through dealing with the level of ambition through the ratification of the second commitment period of the Kyoto Protocol, and higher emission limitation commitments for developed country Parties under any new agreement under the Convention Source: FCCC/TP/2014/7

203 AFB. 2014. Resource Mobilization Strategy

204 AFB/EFC.16/4

205 Formerly the "Fundraising Task Force". Source: AFB. 2014. Report of the Twenty-Fourth Meeting of the Adaptation Fund Board.

206 AFB. 2014. Resource Mobilization Strategy

207 UNFCCC. 2007. Report of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on its second session, held at Nairobi from 6 to 17 November 2006. 2 March 2007. FCCC/KP/CMP/2006/10/Add.1; see Decision 5/CMP.2.

164. The second review suggests that the Adaptation Fund should improve its estimates of funding needed for projects and programs.²⁰⁸ More accurate estimates would help create fundraising goals that communicate the degree of need to donors. Specifically, the Adaptation Fund could consider conducting regular estimates of annual needs, according to projects in the pipeline or those expected to be placed in the pipeline and “based on indications from applicant countries, trends, [and] experience from previous years.” The Adaptation Fund could also consider setting up a new mechanism to review the status of projects in the pipeline against funding availability and to assist in addressing the need for annual or biannual resource flows.²⁰⁹ To create more predictable financial resources, the second review recommends consideration of a “regular replenishment process and a clear burden-sharing process through an assessed scale of contribution from Parties included in Annex B to the Kyoto Protocol.”²¹⁰ For example, the GEF Trust Fund has a regular replenishment every four years.²¹¹ A similar system would benefit the Adaptation Fund over the medium term by creating more predictable funding.

165. One option not discussed in the second review or the resource mobilization strategy but is used by other climate funds (e.g., CIFs and GEF) is co-financing (i.e., utilizing multiple funding sources for a project).²¹² This is because the Adaptation Fund is mandated to fund the full cost of adaptation projects and programs (per Decision 5/CMP.2).²¹³ The AFB could consider encouraging co-finance to augment limited funds, but this would require a CMP decision and might jeopardize progress toward helping the most vulnerable countries.

166. The Adaptation Fund is using newly developed marketing materials to capitalize on its strengths and showcase its niche expertise (e.g., managing small scale grants, piloting Direct Access Modality) in ongoing discussions with UNFCCC and stakeholder. However, given internal capacity constraints and the low potential of resource mobilization options, progress toward long-term financial sustainability has been very limited. Considering the already-present complementarity between AF and GCF and the GCF’s large funding scale focused on adaptation, one of the best opportunities for financial sustainability includes linkage with the GCF (discussed below). One interviewee suggested channeling a portion of GCF resources through the Adaptation Fund until 2020 and developing a broader post-2020 resource mobilization strategy incorporating non-conventional sources (as originally conceived). Given the volatility of non-conventional sources to date, post-2020 funding sources would need to be structured differently and feature diversified income streams.

167. Given that linkages with GCF are yet unestablished and considerable time will be needed to overcome legal and other issues if the AFB decides to pursue such linkages,²¹⁴ the AF’s financial sustainability remains tenuous.

208 FCCC/TP/2014/7

209 FCCC/TP/2014/7

210 Ibid.

211 GEF. N.D. GEF Replenishments. <https://www.thegef.org/gef/replenishment>. Accessed May 2015.

212 Other funds use co-financing from MDB contributions (PPCR) and from national governments and other GEF administered funding sources (SCCF). Private sector co-funding was very low: 7%. Seven percent of LDCF projects included private co-finance, and just 1% of SCCF and PPCR funds were from privately co-financed. Source: Parker, C., P. Keenlyside, and D. Conway. 2014. Early experiences in adaptation finance: Lessons from the four multilateral climate change adaptation funds. World Wide Fund. November 2014.

213 FCCC/KP/CMP/2006/10/Add.1; see Decision 5/CMP.2 paragraph 1d.

214 AFB. 2015. Report of the Twenty-Fifth Meeting of the Adaptation Fund Board. 12 June 2015. AFB/B.25/8.

5.2. Institutional sustainability

168. Institutional sustainability of the Adaptation Fund (i.e., its ability to fulfil its mandate effectively and efficiently as long as the Adaptation Fund is needed) is affected, internally, by uncertainty of the interim institutional arrangements and externally, by changes in the climate finance architecture.

169. Uncertainty about the continuity of the Adaptation Fund's institutional arrangements constrains the Adaptation Fund's ability to continue and scale up services. A UNFCCC technical paper indicates that an open and competitive bidding process could take years to complete,²¹⁵ which could threaten the predictability and efficiency of the Adaptation Fund.²¹⁶ In 2014, CMP decided to extend the interim institutional arrangements with the GEF and World Bank through June 2017²¹⁷ and requested that the AFB assess:

*"...options for permanent institutional arrangements for the secretariat and the trustee, including via an open and competitive bidding process for the selection of a permanent trustee for the Adaptation Fund ... to ensure there is no discontinuity of the trustee service."*²¹⁸

170. This approach will allow sufficient time to carefully consider options and legal and financial implications.

171. External threats include changes in the climate finance architecture. The current climate finance architecture has been criticized for having too many climate funds with overlapping mandates, separate governance and administrative structures, and disconnected operations,²¹⁹ which create unnecessary burdens on recipient countries to comply with differing access modalities.²²⁰ The GCF may provide a platform for the Adaptation Fund to scale up and benefit from the GCF's financial resources. The GCF is viewed as the one-stop shop for donors, while its mandate and structure will allow it to channel climate change funding to a range of actors.

172. The second review outlines options for building institutional linkages with the GCF, other funds, or thematic bodies under the Convention (i.e., Standing Committee on Finance, Adaptation Committee, Technology Executive Committee, and Climate Technology Centre Network Advisory Board). Submissions from Parties further suggest consideration of, first "incorporating the Adaptation Fund into the Financial Mechanism of the Convention and designating it, as an operating entity of the Financial Mechanism of the Convention."²²¹ Based on interview data, this is an unlikely option because the Adaptation Fund, currently under the Kyoto Protocol, does not have its own funding under the Convention. Broad political support would be

"The GCF will be a climate finance wholesaler. The AF should aim to be a boutique retailer."

- *Speaker at COP 20, Heinrich-Böll Foundation adaptation finance dinner*

215 UNFCCC. 2013. Steps and time frames to conduct an open and competitive bidding process for selecting host institutions for entities under the Convention. 28 May 2013. FCCC/TP/2013/1.

216 FCCC/TP/2014/7

217 UNFCCC. N.D. Second review of the Adaptation Fund. Advance unedited version. Decision -/CMP.10; paragraph 8.

218 UNFCCC. 2014. Report of the Adaptation Fund Board. 11 December 2014. FCCC/KP/CMP/2014/L.5. (Decision 1/CMP.10)

219 Nakhooda et al. 2014

220 Parker et al., 2014.

221 FCCC/TP/2014/7

needed to enable such a change but does not currently exist, making this option unrealistic at this time. Second, Parties suggested making the Adaptation Fund a specialized Institution that channels adaptation financing (especially from GCF). This is more likely and would require a COP decision.²²² To that end, the Adaptation Fund Secretariat identified and assessed three scenarios, the most advantageous of which is *Scenario 2*, operational linkage between the Adaptation Fund and GCF either through accreditation or a Memorandum of Understanding.²²³

173. Under *Scenario 2*, the AF could retain its governance structure and specialize in funding small adaptation projects/programs. A potential concern is that the Adaptation Fund as the “middle man” would increase administrative costs, but the Secretariat proposes maintaining current costs by not charging for the Secretariat’s core tasks (i.e., project review, monitoring).²²⁴ Further, sharing/dividing administrative tasks under Scenario 2 could lower GCF administrative costs, expedite start-up and disbursement of GCF funds, and help transfer AF best practices to GCF.

174. *Scenario 3* involves varying degrees of institutional integration, including absorption of the Adaptation Fund into the GCF and the loss of the effective AFB and its unique majority representation by developing countries. Such integration is premature given that the GCF has yet to be operationalized and needs to develop its own functions and processes. *Scenario 1*, status quo where the Adaptation Fund and the GCF are functionally independent from one another, is no longer feasible given the Adaptation Fund’s lack of financial sustainability and the institutional convergence taking place in climate finance architecture.

175. Linkages between the Adaptation Fund and GCF are being further assessed. The most recent AFB meeting decided to request the AFB Secretariat to discuss with the GCF secretariat “concrete activities to initiate collaboration” (i.e., joint readiness activities, RBM, accreditation).²²⁵ The Standing Committee on Finance (under COP) is also assessing future linkages and options for elaborating on legal, technical, and financial implications.²²⁶ These ideas, and more from other sources, will inform COP 21 discussions in Paris.

176. Interview data and project documents indicate, however, that linkages with GCF are politically unpopular. Among developing countries, political support for the continuation of the Adaptation Fund in its current form is bolstered by developing countries’ sense of ownership of the Adaptation Fund, interest in direct access and associated benefits (e.g., NIE capacity building, increased focus on national priorities), and the AFB’s majority representation by developing country Parties.²²⁷ According to interviewees, developed countries are waiting to see how GCF works out before taking further action. Given the Adaptation Fund’s lack of reliable funding, though, linkages should be considered, and the AFB should consider building the necessary political support.

222 AFB/B.24-25/11.

223 AFB/B.24-25/1.

224 AFB/B.24-25/1

225 AFB. 2015. Decisions of the Twenty-Fifth Meeting of the Adaptation Fund Board 10 April 2015. AFB/B.25/7.

See Decision B.25/26

226 UNFCCC Standing Committee on Finance. 2015. Agenda item 8: Institutional linkages and relations between the Adaptation Fund and other institutions under the Convention.

227 AFB. 2015. Potential Linkages Between the Adaptation Fund and the Green Climate Fund. 12 February, 2015. AFB/B.24-25/1.

5.3. Technical sustainability

177. Technical sustainability is the ability to make efficient and continued use of the technical resources developed through its processes. Considering that the Adaptation Fund is fully operational and has established policies and procedures with which recipient countries are familiar, other climate funds have benefitted from the Adaptation Fund's experience and resources. AF has effectively developed guidelines and protocols (described in Ch. 3: *Effectiveness*) and has posted AFB meetings documents online, capturing the experience and evolution of the Adaptation Fund. One interviewee reported that AF-funded projects are helping to point the way forward for adaptation in their country, which can create an impact much larger than the project's actual footprint on the ground and can be highly relevant to country needs and create experience in adaptation. However, the Adaptation Fund has not implemented its KM strategy nor fully codified its accreditation process. These factors combined with term limits (e.g., Accreditation Panel, PPRC²²⁸) may result in loss of institutional memory.²²⁹ Moreover, most AF funded projects have not been completed, which makes it difficult to measure or demonstrate the impact of adaptation finance.²³⁰ Thus, progress toward technical sustainability is limited.

178. As described in Ch. 3: *Effectiveness*, another risk to technical sustainability is the reliance on a "lean" Secretariat for an increasing and changing assortment of tasks. New staff positions have been approved but none focus on KM as a main responsibility; progress toward KM implementation should be monitored and the need for additional staff reassessed. Implementation of the KM strategy has the potential to increase the impact of AF-funded projects by enabling replication and scaling up of adaptation projects and could help advance knowledge about concrete adaptation projects in a variety of developing countries (including LDCs or SIDS), but the lessons have yet to be compiled.

179. The Adaptation Fund has also contributed to the design of other funds (e.g. the PPCR and GCF). According to e-survey respondents, the Adaptation Fund's most significant short-term outcomes include:

- Accredited institutions have the potential to enhance climate change funding in a country (93% agreed or strongly agreed),
- The Adaptation Fund has generated valuable lessons on adaptation finance globally (91% agreed or strongly agreed), and
- The Adaptation Fund's accreditation process has enhanced the transparency and accountability of National IEs (89% agreed or strongly agreed).

228 Interviewees report that the PPRC two-year term limits do not allow enough time to learn the project review process.

229 Both Accreditation Panel and PPRC members are term-limited to two consecutive terms. Available at: <https://adaptation-fund.org/about/accreditation-panel>

230 AFB/B.19/6/Rev. 1.

6. Conclusions

6.1. Relevance

180. *The Direct Access Modality has been a major innovation in climate finance and is appropriate to meeting countries' needs.* The Adaptation Fund has effectively piloted and progressively improved upon its Direct Access Modality. The small entities mechanism represents a crucial evolution in Direct Access. Direct access has led to replication by other funds (i.e. GCF and GEF), partnerships with an increasingly diverse number of international and developing country based institutions (e.g., regional development banks, national ministries, trust funds, NGOs), increased country ownership and technical capacity, and South–South cooperation.²³¹

181. *The Adaptation Fund's design and operational processes are largely coherent with UNFCCC guidance and national adaptation priorities.* The Adaptation Fund's design is a relevant component of the current climate finance architecture. Though small in size, the Adaptation Fund has made a meaningful contribution to closing the adaptation finance gap and amplifying financial support to developing countries.

182. *The Adaptation Fund still lacks a systematic approach for targeting vulnerability within recipient countries, despite improvements in Fund guidance.* The mandate of the Adaptation Fund is to give priority to particularly vulnerable countries and communities. In practice, the Adaptation Fund has prioritized those countries that were most “ready” or prepared to bring viable projects to the Adaptation Fund for consideration through an accredited implementing entity.²³²

183. *The Adaptation Fund's contribution to closing the adaptation finance gap has been small but important given the very low baseline.* Compared to the other nine funds that support adaptation within the international dedicated climate funds today, the Adaptation Fund is relatively small. However, despite funding limitations, the AF has allowed countries to advance important measures at national and sub-national levels with links to national policy making.

184. *The Adaptation Fund's resource mobilization strategy to mainly finance the Adaptation Fund from CERs was not appropriate.* One of the goals of this resource mobilization strategy was to free it from dependence on voluntary contributions from developed countries. Though the Adaptation Fund's initial resource mobilization strategy appropriately reflected Parties' aspirations at the time of its creation, the strategy did not anticipate the inherent risks with its funding strategy. Specifically, it lacked a contingency plan should the CDM – which was still largely untested – operate other than expected

185. *In general, the evolution of the Adaptation Fund's operational processes has been appropriate, demonstrating the Adaptation Fund's commitment to continuously improve its operations* (e.g. the shift to voluntary contributions; adoption of initial guidance on the identification and targeting of vulnerable social groups; improved communication in the accreditation process; and development of the Readiness Programme for Climate Finance).

²³¹ FCCC/TP/2014/7

²³² Though the decision to set aside 50% of finance for projects implemented by NIEs has ensured that funding is available to those countries who are able to get a national institution accredited to the Fund

6.2. Effectiveness

186. *The Adaptation Fund's resource mobilization strategy, as initially designed, and subsequent efforts to secure voluntary contributions have not been effective in producing adequate, predictable, and reliable funding.* In total, the Adaptation Fund has mobilized US\$471.63 million in support of its activities. While this total is not insignificant, it remains far below what is needed for the Adaptation Fund to fulfill its objectives.

187. *The Adaptation Fund has established increasingly effective decision-making processes for the AFB and its working groups.* Initially, a lack of clear procedures and protocols hampered the effectiveness of Board decision-making processes. However, interview data and desk reviews confirm that procedures and protocols have been steadily elaborated and improved upon over time.

188. *Civil society actors have substantially contributed to the Adaptation Fund's effectiveness.* Civil society engagement – primarily channeled through the independently organized and financed Adaptation Fund NGO Network has demonstrated value in a variety of ways. In response to these concrete contributions, AFB decision-making processes have become progressively open to civil society.

189. *The policies adopted by the Adaptation Fund have created a solid foundation for operational success.* However, there are still some significant policy gaps (especially with regards to gender) and a need for improvement (especially with regards to knowledge management and vulnerability targeting).

190. *Funding caps put in place by the Adaptation Fund have helped address the imbalance of funding between NIEs and MIEs as well as potential imbalances between countries.* Resource allocation criteria were modified to balance funding between MIEs and NIEs through funding caps. Funding caps have helped reserve funding for NIEs and distribute funds among developing country Parties, and have contributed to the success of the Direct Access Modality.

191. *The Adaptation Fund has developed thorough and reasonable accreditation requirements and continues to improve its processes.* The Accreditation Panel has taken steps to establish fiduciary standards, improve procedures, and help applicants through the accreditation process where possible, mainly through its formal Readiness Programme for Climate Finance. South-South mentoring is a particularly valuable tool. Increased contact with applicants and field visits has been crucial to several applicants achieving accreditation.

192. *The Adaptation Fund has developed a sound framework of responsibilities and roles for project-level KM but is insufficiently staffed.* The Secretariat has been insufficiently staffed to assist countries in developing and implementing KM strategies. As a result, valuable opportunities to advance global learning about vulnerability, adaptation, direct access, and other innovations are being missed. Inadequate allocation of resources to KM undermines the Adaptation Fund's short-term effectiveness and long-term significance.

6.3. Efficiency

193. *Despite the Adaptation Fund's resource challenges, fundraising is not sufficiently prioritized by the AFB.* In this respect, the Adaptation Fund has been able to attract

additional donations using relatively little resources and could be considered efficient. However, given competition from other funds, this strategy may not be sustainable.

194. *Efficiency of AFB decision-making is improving and has been aided by the Secretariat and the committees.* The AFB has developed increasingly streamlined processes for more cost-effective decision-making. AFB-associated costs have declined in parallel with fewer meetings per year. Intersessional decisions have mitigated delays related to the reduced schedule of AFB meeting. The EFC improves AFB meeting productivity by addressing complex issues outside of AFB meetings and presenting clear recommendations to the Board for its consideration.

195. *The Adaptation Fund resource allocation process is efficient.* The clarification of Adaptation Fund resource allocation criteria help project proponents to better understand what projects can be funded and enables them to more efficiently develop proposals. The Direct Access Modality has required considerable time and resources from the AFB Secretariat but has led to multiple benefits beyond AF funding. The recently approved small grants window is particularly illustrative of the Adaptation Fund's commitment to streamlining resource allocation processes and reducing costs where possible.

196. *The AFB Secretariat and PPRC have developed an efficient project/program proposal review process.* Overall, the project/program cycle reached its RBM efficiency targets for four out of five indicators in FY2014.

197. *The Adaptation Fund knowledge management process is not efficient.* The Adaptation Fund cannot carry out its existing KM Work Program – much less an expanded version – without additional, dedicated human and financial resources in core planning and budget allocation decisions. The withdrawal by the GEF IEO withdrew as the evaluation function of the Adaptation Fund represents a missed opportunity to strengthen the AF's evaluation approach using GEF's in-house expertise, which may have been more cost-effective than external consultants.

198. *The World Bank, acting as interim Trustee, has performed its core functions in a transparent and efficient manner.* The Trustee has sold CERs and provided analysis of the state and trends of global carbon market, and provided expert financial advice with regards to developing and mobilizing alternative resource options. The Adaptation Fund has also benefitted from the World Bank's low fees, which offer good value for money.

199. *Cooperation with stakeholders has contributed to efficiency of Adaptation Fund operations.* The Adaptation Fund fosters efficient communication with eligible Party governments and entities through DAs. The Adaptation Fund NGO Network plays a "bridging role" between the AFB and civil society, which helps the AFB efficiently exchange information and link with partners. The Adaptation Fund engages with other climate financing mechanisms, although mainly through informal channels.

6.4. Sustainability

200. *The Adaptation Fund is currently not financially sustainable and there is limited internal capacity for effective fundraising.* The Adaptation Fund has taken steps to diversify its income but has been unsuccessful at securing adequate and predictable funding. The main external risks to financial sustainability are uncertainties around the Kyoto Protocol and future value of carbon markets, and competition for voluntary donations, especially with the establishment of the GCF. Ambitious post-2020 emissions targets could improve

and stabilize CER prices, but this is uncertain. Additional revenue-streams from the first international transfers of AAUs/ERUs will be helpful but fall short of raising the Adaptation Fund's resource base to appropriate levels.

201. *Institutional sustainability of the Adaptation Fund is affected, externally, by changes in the climate finance architecture.* In addition, uncertainty about the continuity of the Adaptation Fund's institutional arrangements for the Secretariat and the Trustee constrains the Adaptation Fund's ability to continue and scale up services.

202. *Progress towards technical sustainability of the Adaptation Fund to make efficient and continued use of the technical resources developed through its processes is limited.* While other climate funds have benefitted from the Adaptation Fund's experience and resources, the Adaptation Fund has not implemented its KM strategy nor fully codified its accreditation process. These factors combined with term limits may result in loss of institutional memory

6.5. Lessons learned with broader relevance for climate finance

203. The Adaptation Fund has generated important lessons with broad relevance for the design and operation of other climate finance mechanisms. Key lessons include:

- **Lesson learned 1:** Though market-based finance mechanisms may play a valuable role in mobilizing resources for adaptation, carbon market-based mechanisms are too unpredictable to provide a foundation for multi-year planning and budgeting.
- **Lesson learned 2:** Inter-institutional coordination is critical to avoiding competition over limited financial resources as well as creating cost-saving synergies (e.g. harmonization of Adaptation Fund and GCF accreditation processes).
- **Lesson learned 3:** Direct Access can be a highly relevant, effective, and efficient means of channeling adaptation finance. However, many NIEs – particularly in LDCs and SIDS – require sustained support to navigate and fully benefit from the accreditation process.
- **Lesson learned 5:** NIEs require capacity building, and all Implementing Entities need clear guidelines and practical suggestions for reaching, understanding, and effectively addressing the needs of especially vulnerable social groups within countries.
- **Lesson learned 4:** Investments in knowledge management represent an important opportunity to generate and accelerate learning about effective adaptation finance. Strategic partnerships with civil society and research institutions can play a useful role in knowledge management but cannot replace the need for dedicated in-house expertise.

7. Recommendations

204. This section provides strategic, actionable and reasonable recommendations to the AFB following from the conclusions and lessons learned provided in Chapter 6.

7.1. Relevance

205. *Recommendation 1:* Review the experience of other funds to identify good practices to strengthen vulnerability targeting and formulate clear guidance for Adaptation Fund applicants. In particular, the IET recommends exploring the convening of an expert panel to suggest specific criteria for selecting regions, countries and social groups; and to assist the AFB in the region and country selection process. It is not satisfactory to speak only in terms of “vulnerable communities” since climate hazards do not equally affect all people within a community, or even the same household. Indeed, the inequitable distribution of rights, resources, and power constrains many people’s ability to take action on climate change, especially women.

7.2. Effectiveness

206. *Recommendation 2:* Recruit additional senior secretariat staff to address the capacity constraints to undertake effective knowledge management and resource mobilization. Short-term consultants should not fill these roles.

207. *Recommendation 3:* Continue to improve the accreditation process, with specific focus on early identification of fiduciary risks. Divide the accreditation process into phases, including an initial screening to catch red flags that would prevent accreditation. This will save substantial time and money. The screening could draw upon readily available materials including, where extant, fiduciary assessments undertaken by bilateral agencies and charitable foundations, and from the due diligence processes of public and private banks.

208. *Recommendation 4:* Strengthen the policy and guidelines for an inclusive and transparent selection of NIEs. This will help the Adaptation Fund to minimize risk of corruption related to Designated Authorities’ decision-making authority to choose which institutions apply to become NIEs. The IET recommends reviewing lessons learned from country-coordinating mechanisms in other funds.

209. *Recommendation 5:* Develop and implement a comprehensive gender policy based on a review of other funds’ gender policies. In particular, the IET recommends GCF’s Gender Policy and Action Plan, which is illustrative of many best practices, including the assignment of specific responsibilities (e.g. to its Board, Secretariat, DAs, as well as implementing and executing agencies).

210. *Recommendation 6:* Review the experience of other funds to identify good practices in organizational performance monitoring. In particular, the IET recommends exploring more established funds beyond climate finance to identify appropriate key performance indicators. At present, the Adaptation Fund only utilizes a results-based framework for monitoring of project/program effectiveness. There is no framework to track effectiveness of the main organizational processes; this contributed to the existence and persistence of the resource and policy gaps identified through this evaluation.

7.3. Efficiency

211. *Recommendation 7:* Delegate approval of project/program proposals to the AFB's dedicated Secretariat. Further layers of review add little technical or other value. In addition, the IET recommends reviewing lessons learned by other funds with regards to the delegation of decision-making authority.

212. *Recommendation 8:* Delegate more approval and other decision-making responsibilities to committees and panels, especially the EFC and Accreditation Panel, subject to strategic guidance provided by the AFB.

213. *Recommendation 9:* In light of the Trustee's possible change to a fee-based approach, undertake a study to assess whether the World Bank will continue to provide the best value added or whether another entity could provide the necessary services at a lower cost. The AFB was recently mandated by CMP to consider an open and competitive bidding process for Trustee services.

214. *Recommendation 10:* Adopt a more consistent and less discretionary approach to closed meetings, and revise the rules to select active observers (e.g., allow Adaptation Fund-accredited CSOs to vote on Adaptation Fund-accredited candidates) and allow active observers to comment during AFB meetings and committee meetings (e.g. at the end of each agenda point, upon invitation from the Chair/Co-Chair). The AFB should also develop term limits and rules and responsibilities, especially around conflict of interest and types of information that can and cannot be shared outside of meetings.

7.4. Sustainability

215. *Recommendation 11:* Organize a joint review with the GCF to explore the best modality for the Adaptation Fund to access a reliable stream of funding from the GCF. The AFB will need to continue working to highlight its strengths and experience in funding concrete adaptation projects and lobby stakeholders for support to link with GCF.

216. *Recommendation 13:* Designate the current AFB member seat on the PPCR governing body for the AFB Secretariat. This would be the first step in collaborating more closely with the CIF Secretariat to explore ways to achieve greater functional synergies.

217. *Recommendation 12:* Develop and implement a robust, multi-year resource mobilization strategy that specifies regular trust replenishment periods. This strategy must include best-case scenarios, e.g., strategic relationships with GCF and other climate funds, and a worst-case scenario based on increased competition among climate funds. Development of the strategy goes hand in hand with contracting full-time senior secretariat staff with fundraising experience and expertise.

8. Annexes

(Included in a separate document)

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Annex 2: Description of main processes

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Annex 1: Author disclaimer

Evaluation team member, Nella Canales, Research Officer at ODI, has previously published articles about the Adaptation Fund, which this evaluation cites. The authors declare no conflict of interest.

Annex 2: Description of main processes

Key process 1: Resource mobilization

As a Fund under the Kyoto Protocol (KP), the Adaptation Fund's resource mobilization process was originally anchored in a KP financial mechanism, the Clean Development Mechanism (CDM). A share of proceedings (SoP) of 2% of all certified emission reductions (CERs) issued under the CDM is allocated to the Adaptation Fund for monetization by the Trustee. This design was intended to provide international funding outside of Official Development Assistance. Given the decline of the global carbon market, the Adaptation Fund has developed other resource mobilization strategies, namely voluntary contributions.

Funding is used to cover operational costs (i.e., AFB, Secretariat, and Trustee) and to support projects/programs by non-Annex I KP Parties (i.e., projects, Readiness Programme).

Key process 2: Decision-making

The Conference of the Parties, serving as the Meeting of the Parties of the Kyoto Protocol (CMP) has direct authority over the Adaptation Fund Board. It provides guidance and gives final approval for all rules and guidelines proposed by the Board. Under the authority of the CMP, the Adaptation Fund Board ("AFB" or "the Board") supervises and manages the Fund. Other bodies include the Secretariat, Trustee, the Accreditation Panel, and two Committees, the Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) (Figure 1).¹

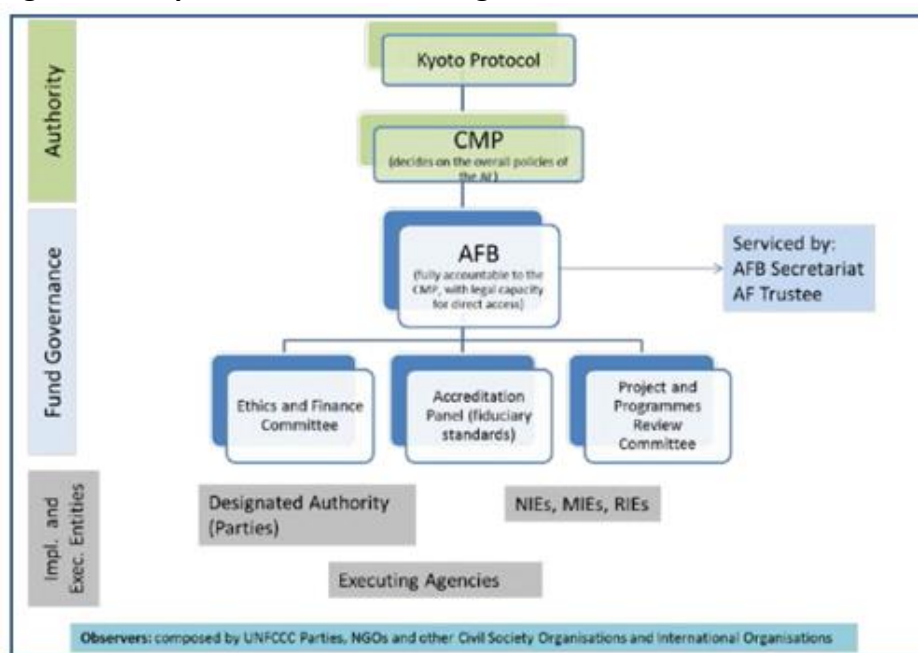
The AFB consists of 16 members and 16 alternates, of which the majority of members (69%) are from developing countries.² Decisions are mainly made during Board meetings, which occur at least twice annually. The Board evaluates and decisions based on recommendations from the two Committees.

The AFB Secretariat, hosted by the Global Environment Facility (GEF) on an interim basis, supports the Board and the work of the committees. The AFB Secretariat performs a significant technical role, reviewing accreditation applications and project proposals. The World Bank, serving on an interim basis as the Trustee, is in charge of CER monetization and management of Fund finances.

¹ The Board decided to create an Ethics and Finance Committee and a Project and Programme Review Committee at its sixth Meeting (March 2009)

² Special seats have been given to country groups recognized as being particularly vulnerable to the adverse effects of climate change: the Least Developed Countries (LDCs) and the Small Island Developing States (SIDS).

Figure 1: Adaptation Fund Governing Structure



Source: TOR, adapted from O'Sullivan et al. 2011.

Key process 3: Resource allocation

Resource allocation decision-making is guided by criteria established in the Strategic Priorities, Policies, and Guidelines of the Adaptation Fund and adopted by the CMP:

- Level of vulnerability;
- Level of urgency and risks arising from delay;
- Ensuring access to the fund in a balanced and equitable manner;
- Lessons learned in project and program design and implementation to be captured;
- Securing regional co-benefits to the extent possible, where applicable;
- Maximizing multi-sectoral or cross-sectoral benefits;
- Adaptive capacity to the adverse effects of climate change.³

In addition, when assessing project and program proposals, the AFB shall also consider:

- Consistency with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programs 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 programs;
- 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.⁴

³ FCCC/KP/CMP/2008/11/Add.2 Annex IV as cited in the Evaluation ToR, Annex A: Overview of the Adaptation Fund

⁴ FCCC/KP/CMP/2008/11/Add.2 Annex IV as cited in the Evaluation ToR, Annex A: Overview of the Adaptation Fund

Country eligibility: As an instrument of the Kyoto Protocol, all developing country Parties to the KP are eligible to receive funding from the Adaptation Fund. For defining those particularly vulnerable, the Fund used the provisions under the UNFCCC text, which includes low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought, and desertification, and developing countries with fragile mountainous ecosystems. Different proposals on how to address these particularly vulnerable characteristics were evaluated by the Board, but in practice, allocation has been done on a first-come first-served basis, as long as they are developing country Parties of the KP.

Project/Program eligibility: The Adaptation Fund supports “concrete adaptation projects and programs” defined as follows:

“A project has been defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. The activities shall aim at producing visible and tangible results on the ground by reducing vulnerability and increasing the adaptive capacity of human and natural systems to respond to the impacts of climate change, including climate variability.

“A program is a process, a plan, or an approach for addressing climate change impacts that is broader than the scope of an individual project.

“The scope of these projects/programs includes community, national, regional and trans-boundary level. Both projects/programs concern activities with a specific objective(s) and concrete outcome(s) and output(s) that are measurable, monitorable and verifiable.”⁵

Resource availability: Funding is capped 50/50 between MIEs and NIEs, and funding to individual countries is capped at US\$10 million.⁶ The total costs of concrete adaptation projects/programs include management fees (up to 8.5% of total project/program budget for MIEs) or execution costs up to 9.5% of the project budget for NIEs; fees in excess of these amounts require approval by the Board.⁷

Key process 4: Access to funding

Modalities of Accessing Funds: The Adaptation Fund has two modalities for accessing funds. First, through the Direct Access Modality, eligible Parties can submit projects to the AFB through an accredited National Implementing Entity (NIE).⁸ Regional and sub-regional entities may be nominated by a group of Parties as implementing entities in lieu of NIE. Second, through the “indirect access” modality, projects may be submitted by eligible Parties through a MIE. IEs bear full responsibility for management of AF-funded project/programs including all financial, monitoring, and reporting responsibilities.

⁵ Decision 10/CP.7. AFB/B.22/5/Add.1

⁶ Decision B.13/23

⁷ Decision B.13/17

⁸ AF IRP. 2014. Evaluation ToR, Annex A: Overview of the Adaptation Fund

Accreditation for Implementing Entities: Implementing Entities (IE) are defined as “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.”⁹

IEs have to prove their compliance to the fiduciary standards, after which they are “accredited” by the Accreditation Panel for a period of five years. The application for accreditation was modified to include the basic requirements of the Environmental and Social Policy, including the identification of environmental and social risks and measures to address and monitor those risks.¹⁰

The accreditation process steps include:

1. Appointment of the Designated Authority for the country
2. Identification of potential NIE
3. Potential NIE must adjust to Adaptation Fund requirements (fiduciary standards)
4. Preparation of application for accreditation
5. Submission of NIE Application
6. Screening of the application by the Secretariat
7. Review of the application by the Accreditation Panel.
8. Approval of accreditation by the Board

Conditional Accreditation is also possible.¹¹ AP experts conduct field visit as needed to determine if an entity should be recommended for accreditation. MIE and RIE applicants pay for the cost of such visit.

The recently approved Readiness Programme for Climate Finance¹² “aims to help strengthen the capacity of national and regional entities to receive and manage climate financing, particularly through the Fund's direct access, and to adapt and build resilience to counter changing climate conditions in sectors ranging from agriculture and food security to coastal zones and urban areas.”¹³

Key process 5: Project/program cycle

The project cycle includes the following steps:

1. Eligible Parties submit proposals to the Secretariat through national or multilateral Implementing Entities
2. The Secretariat screens proposals and forwards technical reviews to the Project and Program Review Committee (PPRC)
3. The PPRC reviews proposals and prepares recommendations for the Board
4. The Board decides on the proposals
5. In the case of project approval, the Secretariat processes contracts with the

9 AF IRP. 2014. Evaluation ToR, Annex A: Overview of the Adaptation Fund

10 AFB/B.22/5/Add.2

11 Decision B.13/9

12 Decision B.23/26

13 AF. 2015. Readiness Programme for Climate Finance - an Adaptation Fund initiative. The Adaptation Fund's Readiness Programme for Climate Finance. <https://adaptation-fund.org/node/3944> Accessed May 2015.

Implementing Entity, and the Trustee transfers resources for implementation. All proposals are put on the Fund website with a public comment period.

Funding windows: Small-scale projects/programs (less than one million USD) may apply through the one step project cycle.¹⁴ Regular projects (i.e., over US\$1 million) can choose either a one-step (full proposal) or two-step process (concept approval and project document). Project Formulation Grants up to US\$30,000 may be available to NIE proponents of PPRC-endorsed concepts.

Key process 6: Knowledge management

Results Based Framework: The EFC proposed the Strategic Results Framework for the Adaptation Fund and the Adaptation Fund Level Effectiveness and Efficiency Results Framework of the RBM document,¹⁵ which was adopted by the AFB in its tenth meeting. The Framework describes Fund-level goals, expected impacts, outcomes, and outputs, as well as indicators and targets.

Knowledge management strategy: The main objective of the Adaptation Fund Knowledge Management (KM) framework¹⁶ is to enhance recipient countries knowledge to reduce vulnerability and increase adaptive capacity.

Effectiveness and efficiency results framework: The Adaptation Fund Level Effectiveness and Efficiency Results Framework includes financial indicators to measure, in particular, the performance of the CER monetization process vis-à-vis relevant market benchmarks; and the secretariat to explore adequate performance indicators related to AFB performance in attracting additional donor contributions for inclusion in future reports.

Project/program Performance: Implementing Entities are required to complete Project/program performance reports (PPRs). PPRs must include “procurement and financial aspects of the project, risks, outputs, and implementation progress.”¹⁷ IEs also complete Mid-term and Final evaluations and may complete documentation regarding Project/program formulation grants, Transfer of funds, Procurement, Project suspension and cancelation, Reservations, Dispute settlement and Administrative costs. Implementing Entities are also required to submit an audited financial statement six months after the end of its own fiscal year in which a project was completed.

14 AF IRP. 2014. Evaluation ToR, Annex A: Overview of the Adaptation Fund

15 AFB/B.8/8

16 AFB/EFC.6/L.1.

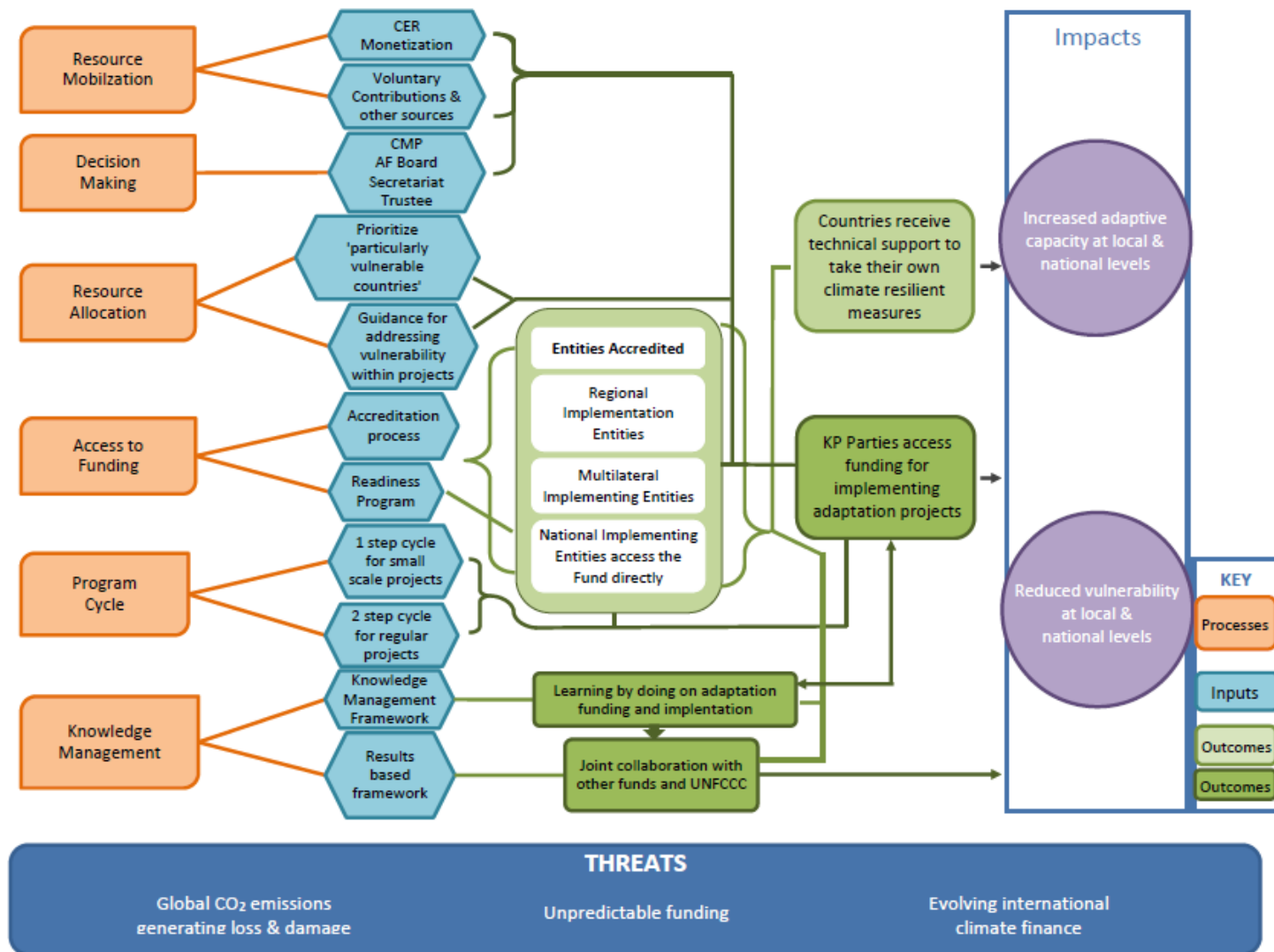
17 AF IRP. 2014. Evaluation ToR, Annex A: Overview of the Adaptation Fund

Annex 3: Adaptation Fund Theory of Change

1. The ToC presented in Figure 2 is a graphic representation of the Adaptation Fund's implicit logic and design. It is a further iteration of the version presented by the evaluation team in the Inception Report, which formed the basis for the evaluation matrix.¹⁸ The ToC was an essential tool during data collection and analysis to formulate and test hypotheses regarding the evaluation questions.

¹⁸ TANGO International in Association with ODI. 2014. First Phase of the Adaptation Fund Evaluation: Inception Report. Bangkok.

Figure 2: Adaptation Fund Theory of Change



Annex 4: Evaluation matrix

No.	Sub-questions	Measure/indicator	Main Sources of Information	Data Collection Methods	Data Analysis Methods	Evidence quality
Key Question 1: How relevant is the Fund's design to stakeholder policies and priorities?						
1.1	How relevant is the Fund's design ¹⁹ to the CMP guidance, national sustainable development strategies, national development plans, poverty reduction strategies, national communications and national adaptation programs of action and other relevant instruments?	<ul style="list-style-type: none"> • Description of key processes/functions in Fund design (Fund blueprint) • Coherence with key policies/strategies/plans/programs/instruments • Extent to which climate finance problem analysis guided/guides Fund design • Incorporation of learning from similar financing mechanism into process design • Incorporation of review and evaluation recommendations into Fund design 	CMP documents, national-level policy and program documents, Fund documents, external reviews and evaluations, expert informants	Literature review, e-survey, individual interviews, focus group discussion	Comparative analysis, SWOT, Appreciative Inquiry	High
1.2	How relevant is the Fund's design to the challenge of adapting to climate change at global and national levels?	<ul style="list-style-type: none"> • Fund contribution to addressing/closing the climate finance gap • Appropriateness of Fund design to differential vulnerability at global and national levels • Appropriateness of Fund income sources, especially the CER mechanism • Appropriateness of direct access modality to global and national adaptation • Appropriateness of changes in design due to global/national adaptation trends (external environment) 	Adaptation literature, national-level policy and program documents, Fund documents, external reviews and evaluations, expert informants	Literature review, e-survey, individual interviews, focus group discussion	Comparative analysis, SWOT, Appreciative Inquiry	High

¹⁹ The ET's use of the word design is inclusive of CMP decisions. In contrast, the term processes mostly refer to systems set up by the AFB and its subsidiary bodies (including the secretariat and trustee)

No.	Sub-questions	Measure/indicator	Main Sources of Information	Data Collection Methods	Data Analysis Methods	Evidence quality
Key Question 2: How effective are the Fund's main processes?						
2.1	What short-term outputs and results has the Fund actually achieved?	<ul style="list-style-type: none"> Description of resources mobilized; institutional arrangements established; decision-making processes established; guidelines, standards, safeguards and other management tools/ quality-assurance mechanisms established, funding modalities established; projects approved/funds released (by category); technical and organizational capacity built; and knowledge management systems established since inception 	Fund documents, project/programs documents, external reviews and evaluations	Literature review	Appreciative Inquiry, descriptive analysis	High
2.2	How effective are the Fund's actual resource mobilization, financial management, decision-making, resource-allocation, access to funding, project/program cycle, and knowledge management processes?	<ul style="list-style-type: none"> Extent to which actual outputs and short-term results meet or exceed explicit and implicit expectations Extent to which institutions and committees have fulfilled their specific roles in support of Fund processes Extent to which Fund guidelines, standards and safeguards have achieved or are likely to achieve their objectives - especially with regards to good governance, project/ program quality assurance, gender, reaching especially vulnerable social groups, adaptive management (of Fund processes), and knowledge management 	Fund documents, project/program documents, internal reviews, external reviews and evaluations, journal articles, survey, key informants	Literature review, individual interviews	Organizational Assessment Framework, SWOT, Appreciative Inquiry, perceptions & analysis of key informants	High
2.3	What are the major factors enabling or hindering effectiveness of the Fund's actual processes and operations?	<ul style="list-style-type: none"> Extent to which the Fund's external environment (admin. and legal framework, stakeholder engagement, economic conditions and political context) have enabled or hindered its effectiveness 	Fund documents, project/program documents, internal reviews, external reviews and evaluations,	Literature review, individual interviews, focus group discussions	Organizational Assessment Framework, comparative analysis, Appreciative	High

No.	Sub-questions	Measure/indicator	Main Sources of Information	Data Collection Methods	Data Analysis Methods	Evidence quality
		<ul style="list-style-type: none"> Extent to which the Fund's organizational capacity (strategic leadership, policy coherence, organizational structure and processes, human resources, financial management, project/program management, inter-institutional linkages) have enabled or hindered its effectiveness Extent to which organizational motivation (history, mission, culture, incentives/rewards) within the Fund have enabled or hindered its effectiveness 	journal articles, key informants		Inquiry, perceptions & analysis of key informants, focus group discussions	

No.	Sub-questions	Measure/indicator	Main Sources of Information	Data Collection Methods	Data Analysis Methods	Evidence quality
Key Question 3: How efficient are the Fund's main processes?						
3.1	How efficient are the Fund's actual resource mobilization, financial management, decision-making, resource-allocation, access to funding, project/program cycle, and knowledge management processes?	<ul style="list-style-type: none"> Cost of Fund institutions and processes in relation to qualitative and quantitative outputs Cost of Fund institutions and processes relative to other climate finance mechanisms Cost of Fund institutions and processes relative to non-climate multilateral Funds Financial, temporal and other costs borne by NIEs/MIEs to access Fund resources Benchmark efficiency curves demonstrated by other Funds 	Fund documents, project/program documents, internal reviews, external reviews and evaluations, journal articles, survey, expert informants	Literature review, individual interviews	Organizational Assessment Framework, SWOT, Appreciative Inquiry, comparative analysis, perceptions & analysis of key informants	High
3.2	What are the major factors enabling or hindering	<ul style="list-style-type: none"> Extent to which the Fund's external environment (admin. and legal 	Fund documents, project/program	Literature review, individual	Organizational Assessment	High

No.	Sub-questions	Measure/indicator	Main Sources of Information	Data Collection Methods	Data Analysis Methods	Evidence quality
	efficiency of the Fund's actual processes and operations?	<p>framework, stakeholder engagement, economic conditions and political context) have enabled or hindered its efficiency</p> <ul style="list-style-type: none"> • Extent to which the Fund's organizational capacity (strategic leadership, policy coherence, organizational structure and processes, human resources, financial management, project/program management, inter-institutional linkages) have enabled or hindered its efficiency • Extent to which organizational motivation (history, mission, culture, incentives/rewards) within the Fund have enabled or hindered its efficiency 	documents, internal reviews, external reviews and evaluations, journal articles, key informants	interviews, focus group discussions	Framework, comparative analysis, Appreciative Inquiry, perceptions & analysis of key informants, focus group discussions	
3.3	What has been the level of cooperation among Fund stakeholders and with other financial mechanisms to address adaptation to climate change?	<ul style="list-style-type: none"> • Quantity and quality of cooperation b/w KP Parties to establish and support the Fund • Quantity and quality of cooperation b/w multilateral entities, bilateral entities, national entities and civil society observes to establish and support the Fund • Quantity and quality of cooperation, including the ongoing transfer of best-practices, b/w AF and other multilateral climate finance mechanisms (e.g. GCF) 	Fund documents, internal reviews, external reviews and evaluations, journal articles, survey, expert informants	Literature review, individual interviews	Appreciative Inquiry, perceptions & analysis of key informants	Medium
Key Question 4: How sustainable is the Fund?						
4.1	What progress has been made to date towards the Fund's financial sustainability?	<ul style="list-style-type: none"> • Identification and relative ranking of external risks/opportunities to enhance financial sustainability • Extent to which external risks to 	Fund documents, external reviews and evaluations, survey, key	Literature review, e-survey, individual interviews	Organizational Assessment Framework, SWOT, perceptions &	High

No.	Sub-questions	Measure/indicator	Main Sources of Information	Data Collection Methods	Data Analysis Methods	Evidence quality
		financial sustainability have been mitigated <ul style="list-style-type: none"> • Identification and relative ranking of internal factors (e.g. organizational capacity and motivation) shaping financial sustainability • Extent to which internal risks to financial sustainability have been mitigated • Extent to which internal opportunities to enhance financial sustainability have been taken 	informants		analysis of key informants	
4.2	What progress has been made to date towards the Fund's institutional sustainability?	<ul style="list-style-type: none"> • Identification and relative ranking of external risks/opportunities to enhance institutional sustainability • Extent to which external risks to institutional sustainability have been mitigated • Identification and relative ranking of internal factors (e.g. organizational capacity and motivation) shaping institutional sustainability • Extent to which internal risks to institutional sustainability have been mitigated • Extent to which internal opportunities to enhance institutional sustainability have been taken 	Fund documents, internal reviews, external reviews and evaluations, survey, key informants	Literature review, e-survey, individual interviews	Organizational Assessment Framework, SWOT, perceptions & analysis of key informants	High
4.3	What progress has been made to date towards the Fund's technical sustainability? ²⁰	<ul style="list-style-type: none"> • Identification and relative ranking of external risks/opportunities to enhance technical sustainability 	Fund documents, external reviews and evaluations,	Literature review, e-survey, individual interviews	Organizational Assessment Framework, SWOT,	High

²⁰ This is defined here as the ability of the AF to make a efficient and continued use of the technical resources developed through its processes

No.	Sub-questions	Measure/indicator	Main Sources of Information	Data Collection Methods	Data Analysis Methods	Evidence quality
		<ul style="list-style-type: none"> Extent to which external risks to technical sustainability have been mitigated Identification and relative ranking of internal factors (e.g. organizational capacity and motivation) shaping technical sustainability Extent to which internal risks to technical sustainability have been mitigated Extent to which internal opportunities to enhance technical sustainability have been taken 	survey, key informants		perceptions & analysis of key informants	
4.4	What are the main external and internal factors shaping the Fund's long-term sustainability?	<ul style="list-style-type: none"> Relative ranking (severity of consequences vs. likelihood/probability) of all significant risks to the Fund's sustainability 	Internal reviews, external reviews and evaluations, journal articles, survey, key informants, focus groups	Literature review, e-survey, individual interviews, focus group discussions	Combined scatter/bubble chart, Organizational Assessment Framework, SWOT, perceptions & analysis of key informants, focus group discussions	Medium-high
4.5	What are the most significant opportunities for enhancing the Fund's sustainability?	<ul style="list-style-type: none"> Relative ranking (impact vs. cost/feasibility) of all significant opportunities to enhance the Fund's sustainability 	Internal reviews, external reviews and evaluations, journal articles, survey, expert informants, focus groups	Literature review, e-survey, individual interviews, focus group discussions	Combined scatter/bubble chart, Organizational Assessment Framework, SWOT, perceptions & analysis of key informants, focus group discussions	Medium-high
Key Question 5: Is the Fund on-track to achieve intended outcomes at the process level?						

No.	Sub-questions	Measure/indicator	Main Sources of Information	Data Collection Methods	Data Analysis Methods	Evidence quality
5.1	To what extent has the Fund provided relevant, efficient, effective, and sustainable grants to developing country Parties to the Kyoto Protocol?	<ul style="list-style-type: none"> Quantity of grants allocated to developing country Parties to the KP Cross-comparison of Fund relevance, efficiency, effectiveness and sustainability Comparison of Fund relevance, efficiency, effectiveness and sustainability against other mechanisms for adaptation finance 	Fund documents, project/program documents, internal reviews, external reviews and evaluations, key informants	Literature review, individual interviews	Descriptive documentation, perceptions & analysis of key informants	High
5.2	What intended or unintended, positive or negative short-term outcomes have been achieved by Fund processes and operations?	<ul style="list-style-type: none"> Summary of the most significant short-term outcomes of Fund processes and operations, both in terms of internal objectives and external repercussions Progress towards demonstrating new/direct access modalities and other catalytic impacts on adaptation finance Quantity and quality of changes in boundary partners (i.e., national and global stakeholders) 	Fund documents, project/program documents, external reviews and evaluations, journal articles, expert informants, focus groups	Literature review, individual interviews, focus group discussions	Descriptive documentation, perceptions & analysis of key informants, focus group discussions	High

Annex 5: Evaluation limitations and mitigation strategies

Limitation	Description	Mitigation Strategy
<i>Secondary data quality</i>	Inconsistencies/gaps in documentation, and limited access to information due to confidentiality	The ET is taking a structured approach to the secondary data review (Annex 2). Problems with data will be identified and communicated to the AFB Sec to resolve them to the extent possible. The ET will also reach out to the leads of other reviews, i.e., UNFCCC, to get advice on how limitations were addressed.
<i>Institutional Knowledge</i>	Turnover will affect the level of institutional knowledge among internal and external stakeholders	The ET is taking a structured approach to stakeholder listing and analysis (Table 2), in close consultation with the AFB Sec, to identify the most appropriate key informants. The ET will communicate and arrange phone/Skype with individuals who have been engaged in the past.
<i>Dynamic and complex unit of analysis</i>	Changes in processes, operations and policies pose structural or content limitations	The ET will conduct the literature review in an organized manner so as to understand the changes in processes, and highlight these in the Theory of Change for specific assessment
<i>Aggregation of evaluation findings</i>	The political changing political environment and capacity constraints at various levels, may affect the way in which the Fund's performance can be aggregated at national, regional and global level.	Through use of the OA framework, there is specific focus in the evaluation matrix on understanding external factors that affect Fund processes. These factors will be organized in the ToC to allow a structured assessment of their combined impact on the Fund
<i>Maturity of Fund processes</i>	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 is relatively scarce.	The ET will ensure a realistic appreciation of what can be achieved in the given timeframe of four years given the dynamic environment, changing contexts from operationalization to the evolution of the Fund
<i>Phase 1 and Phase 2 distinction</i>	The differentiation between Phase 1 and Phase 2 is not clear in the ToR.	To assess the effectiveness of processes, the ET will have to consider the Fund outputs and outcomes for which documentation is readily available. The ET will not undertake new primary research to identify outcomes and impact. The ET will actively engage with the AFB Sec to refine the differentiation between the two and, in this way, help inform the scope of work for Phase 2
<i>Multiple stakeholders in the evaluation process</i>	During the evaluation, the ET has to coordinate with and respond to multiple stakeholders: the Evaluation Coordinator and through the Evaluation Coordinator with the IRP, the AFB Sec, and AFB. Stakeholders may have varied expectations of the evaluation process, which are not manageable by the ET if not coordinated. This increases transaction costs for the ET in the evaluation, with more time spent on process and packaging than on creating a substantive final product.	The ET will request clear structure for the various types of engagement, including specific formats for comments/inputs. This is necessary to manage evaluation inputs from multiple stakeholders. The ET will also work to better manage expectations
<i>Time delays</i>	Upon notification of contract award, the proposed timeline was no longer feasible due to delays in the proposal approval process. Subsequent delays in contract processing have also delayed the startup of evaluation activities	The ET is flexible, within reason, to accommodate timeline pressures incurred prior to the contract formalization. For example, the ET completed the inception phase in the period October-November 2014, including submission of the inception report, and advancing 10K for participation of the ET in the COP 20, before contract formalization on 1 December 2014

Annex 6: Examples of justification of consistency with national and sub-national policy instruments

Table 1: review of 7 randomly selected proposals from the 41 AF-approved projects (as of 2014)

Country	National documentation the Adaptation Fund project aligns to	Sub-national documentation the Adaptation Fund aligns to
South Africa	Second National Communication on Climate Change; National Climate Change Response Policy; White Paper on Climate Change; National Development Plan Vision for 2030; Spatial Planning and Land Use Management Act; Long-Term Adaptation Flagship Research Programme; National Department of Agriculture, Forestry and Fisheries Strategic Plan; National Food Security Production Programme; KwaZulu-Natal Empowerment for Food Security Programme; Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements; Draft Disaster Management Plan, Strategic Environmental Assessment and Strategic Environmental Management Plan; UMDM Integrated Development Plan; Spatial Development Frameworks	KwaZulu-Natal Provincial Growth and Development Plan; UMDM Municipal Climate Change Response Strategy; Msunduzi Local Municipality Informal Settlement Upgrade Strategy and Programme
Egypt	Egyptian National Adaptation Strategy; Agricultural Climate Adaptation Strategy; Water Resources Strategy; Initial and Second National Communications to the UNFCCC; Poverty Reduction Strategy for 2004-2022; 2002-2017 National Environmental Action Plan; National Water Resources Management Plan	Not specified
Madagascar	Millennium Development Goal Commitments; National Environmental Action Plan; National Action Plan for Adaptation; Initial and Second National Communications; Rural Development Management Plan	Development Plan and Environmental profile (under National Plan of Action for Environment) for the Alaotra Region
Pakistan	National Environmental Policy; National Communication to the UNFCCC; National Disaster Management Framework; Task Force on Climate change in the Planning Commission	DIPECHO/UNDP project on Regional Climate Risk Reduction
India	National Agricultural Policy; National Disaster Management Policy; National Environmental Policy; National Livestock Policy; National Action Plan on Climate Change; 12 th Five year Plan	State Action Plan on Climate Change for West-Bengal
Georgia	National Environment Action Plan, Second National Communication	Regional Development Strategy for 2010-2017
Uruguay	Climate-smart agriculture policy; National Action Plan for Climate Change; Rural Development Programmes	Not specified

Source: Project proposals from South Africa, Egypt, Madagascar, Pakistan, India, Georgia, and Uruguay. Available at: https://www.adaptation-fund.org/funded_projects/interactive

Annex 7: AF fundraising targets and progress toward meeting fundraising targets

Item	As of 30 June 2011 ¹	FY 2012 ²	FY 2013 ²	FY 2014 ²	1 July - 31 December 2014 ³	Total
Cash receipts from CER proceeds (US\$ millions)	163.12	16.98	8.1	2.2	0.4	190.8
Number of donors	9	10	11	14	19	
Actual donor contributions (US\$ millions)	85.8	33.7	15	79.2	63.56	277.26
		Calendar year				
		2012-2013		2014		2015
Fundraising target		100		80		80
Fundraising target progress		Target met, based on pledges		Target not met		in progress
¹ AFB/EFC.6/5; ² AFB/EFC.15/3 (Table 8); ³ AF. 2015. Adaptation Trust Fund: Financial Report Prepared by the Trustee (as at 31 DECEMBER 2014). AFB/EFC.16/4.						

Annex 8: Table describing Adaptation Fund and other climate funds

Fund (Established by)	Fund scale ²¹	Objective and Activities	Financial tools	Resource allocation
Adaptation Fund (UNFCCC)	\$0.2 billion	Concrete adaptation projects and programs that reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels in human and natural systems to respond to climate change	Grants	Developing country Parties to the Kyoto Protocol
LDCF (UNFCCC)	\$0.9 billion	Adaptation in the Least Developed Countries (LDCs) under the UNFCCC through preparation and implementation of NAPAs	Grants	Least developed country signatories to the UNFCCC
SCCF (UNFCCC)	\$0.3 billion	Adaptation and technology transfer in all developing country parties to the UNFCCC. Active SCCF portfolio projects mainstream adaptation into broader national development and political agendas.	Grants	Developing country Parties to the UNFCCC
PPCR (Developed and developing countries, and MDBs)	\$1.3 billion	Piloting and demonstrating ways to integrate climate risk/resilience into core development planning while complementing other ongoing activities; incentivizing scaled-up action/ transformational change of climate resilience considerations in national development through technical assistance, strategies and financing, and support to public and private sector investments identified in national or sectoral development plans or strategies addressing climate resilience.	Grants and concessional loans with financing terms more concessional than standard International Development Association (IDA) terms	Limited number of pilot countries and regions with priority on highly vulnerable least developed countries eligible for MDB concessional funds (e.g., SIDs).
CTF (Developed and developing countries, and MDBs)	\$5.5 billion (2008–14)	To finance transformational actions by providing positive incentives to demonstrate low carbon development and mitigate greenhouse gas (GHG) emissions; using public and private sector investments and promoting scaled-up deployment, diffusion, and transfer of clean technologies; funding low-carbon programs and projects in national plans and strategies to accelerate implementation. Activities include demonstration of large scale concentrated solar power (CSP), photovoltaics (PV), geothermal, wind, and combined renewable energies.	Loans and risk mitigation instruments at concessional rates; limited grant available	Distribution to a limited number of recipient countries, with a focus on middle income countries with relatively high emissions; average country allocation is over \$300 million
GEF	\$1.8 billion (2006–14)	To support developing countries and economies in transition toward a low-carbon development path through renewable energy technologies (e.g., included biomass, geothermal, hydro, solar PV, wind, and combined renewable energies).	Grants and limited non-grant instruments	Distribution among all developing country Parties to the UNFCCC through an allocation system (averaging under \$10 million/4-yr replenishment cycle)
GCF	\$9 billion (by Nov. 2014)	To provide support to developing countries to limit or reduce greenhouse gas emissions and to adapt to impacts of climate change, taking into account the needs of developing countries particularly vulnerable to the adverse effects of climate change	(unknown)	(unknown)

21 Table adapted from ICF International. 2014. Independent Evaluation of the Climate Investment Funds. Washington, DC: World Bank. Amounts shown are funds pledged (2014) unless otherwise noted.

Annex 9: Interviewees

Table 2: Interviewees in the Phase 1 evaluation of the Adaptation Fund

# of individuals interviewed	Organization	Organization type	Name
1	UNDP, Global Environment Facility, Sustainable Development Cluster, Bureau for Policy and Programme Support	IE	Adrianna Dinu
2	Adaptation Fund NGO Network	NGO	Alpha Kaloga
3	Climate Investment Funds	Climate fund	Andrea Kutter
4	AFB EFC	AF	Angela Churie-Kallhauge
5	GEF Evaluations Office	Climate fund	Anna Vigg
6	AFB Secretariat	AF	Aya Mimumara
7	Indigo Development and Change	IE	Bettina Koelle
8	AF Trustee (World Bank)	AF	Bob Hunt
9	International Institute for Environment and Development	Research	Bowen Wang
10	AFB Secretariat	AF	Cathryn Poff
11	Planning Institute of Jamaica	IE	Claire Bernard
12	AFB Secretariat	AF	Daouda Ndiaye
13	Centre de Suivi Ecologique	IE	Déthié Soumaré Ndiaye
14	AFB Secretariat	AF	Dima Shocair Reda
15	UNFCCC Secretariat	UN Secretariat	Donald Singue Tanko
16	International Institute for Environment and Development	Research	Dr. Saleem ul Huq
17	AFB	AF	Ezzat Lewis Hannalla Agaiby
18	AF Trustee (World Bank)	AF	Fei Wang
19	AFB	AF	Hans Olav Ibrenk
20	GCF	Climate fund	Héla Cheikhrouhou
21	AFB, EFC	AF	Jeffrey Spooner
22	AF Trustee (World Bank)	AF	Jonathan Caldicott
23	Adaptation Fund NGO Network	NGO	Lisa Junghans
24	AFB	AF	Mamadou Honadia
25	AFB, PPRC	AF	Marc Antoine Martina
26	AFB Secretariat	AF	Marcia Levaggi
27	UNFCCC Secretariat	UN Secretariat	Masashi Taketani
28	AFB Secretariat	AF	Mikko Ollikainen
29	GEF	Climate fund	Naoko Ishii
30	UNDP Honduras	IE	Noelia Jover
31	WFP	IE	Olga Krylova
32	Ministry of Environment, Climate Change, Water and Wildlife	IE	Pa Ousman Jarju
33	Accreditation Panel	AF	Peter Maertens

# of individuals interviewed	Organization	Organization type	Name
34	AFB, PPRC	AF	Peter Tarfa
35	AFB, EFC, Accreditation Committee, Bahamas Environment, Science and Technology Commission	AF	Philip Weech
36	UNDP	IE	Pradeep Kurukulasuriya
37	Accreditation Panel	AF	Ravinder Singh
38	LDCF/SCCF	Climate fund	Rawleston Moore
39	WFP	IE	Richard Choularton
40	Planning Institute of Jamaica	IE	Sheila Miller
41	GCF	Climate fund	Stephanie Kwan
42	CARE International	NGO	Sven Harmeling
43	GCF	Climate fund	Tao Wang
44	Ministry of Foreign Affair, Trade, Tourism, Environment & Labour, Tuvalu	IE	Taukelina Finikaso
45	UNFCCC Secretariat	UN Secretariat	Tiffany Hodgson
46	AFB, EFC	AF	Zaheer Fakir

Table 3: Organizations represented in interviews for the Phase 1 evaluation of the Adaptation Fund

# of organizations	Organization	Org type
1	Adaptation Fund NGO Network	NGO
2	AF Accreditation Panel	AF
	AF EFC	AF
	AF PPRC	AF
	AF trustee (World Bank)	AF
	AFB	AF
	AFB Secretariat	AF
3	CARE International	NGO
4	Centre de Suivi Ecologique	IE
5	Climate Investment Funds	Climate fund
6	GCF	Climate fund
7	GEF	Climate fund
8	Indigo Development and Change	IE
9	International Institute for Environment and Development	Research
10	LDCF/SCCF	Climate fund
11	Ministry of Environment, Climate Change, Water and Wildlife	IE
12	Ministry of Foreign Affair, Trade, Tourism, Environment and Labour, Tuvalu	IE
13	Planning Institute of Jamaica	IE
14	UNDP	IE
15	UNFCCC Secretariat	UN Secretariat
16	WFP	IE

Annex 10: List of stakeholder organizations invited to participate in e-survey regarding the Phase 1 evaluation of the Adaptation Fund

Organization
Adaptation Fund Accreditation Panel
Adaptation Fund Board
Adaptation Fund Board Secretariat
Adaptation Fund NGO Network
Adaptation Fund Secretariat
African Development Bank (AfDB)
Agencia de Cooperacion Interacional de Chile
Agencia Nacional de Investigacion e Innovacion
Agency for Agricultural Development
Asian Development Bank (ADB)
Association pour la Conservation de la Nature au Rwanda
CARE International
Centre de Suivi Ecologique
Climate Investment Funds
Corporación Andina de Fomento (CAF)
Desert Research Foundation of Namibia (DRFN)
ENDA Third World
European Bank for Reconstruction and Development (EBRD)
Forum CC Tanzania
Fundacion Vida
Fundecooperacion Para el Desarrollo Sostenible
Green Climate Fund
Indigo Development and Change
Inter-American Development Bank (IDB)
International Fund for Agricultural Development (IFAD)
International Institute for Environment and Development
Mexican Institute of Water Technology (IMTA)
Ministry of Environment, Climate Change, Water and Wildlife
Ministry of Foreign Affair, Trade, Tourism, Environment and Labour, Tuvalu
Ministry of Natural Resources (MINIRENA)
Ministry of Planning and International Cooperation
National Bank for Agriculture and Rural Development
National Environment Fund
National Environment Management Authority (NEMA)
NGO Forum on Cambodia
Observatoire du Sahara et du Sahel / Sahara and Sahel Observatory (OSS)
ONG JVE
Panos Caribbean
Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)
Planning Institute of Jamaica
Practical Action
Protected Areas Conservation Trust (PACT)

Organization
Red Cross Red Crescent Climate Centre
Royal Marine Conservation Society of Jordan
Secretariat of the Pacific Regional Environment Programme (SPREP)
South African National Biodiversity Institute
Unidad para el Cambio Rural (Unit for Rural Change - UCAR)
United Nations Development Programme (UNDP)
United Nations Educational, Scientific, and Cultural Organization (UNESCO)
United Nations Environment Programme (UNEP)
United Nations World Food Programme (WFP)
West African Development Bank (BOAD)
World Bank (International Bank for Reconstruction and Development)
World Meteorological Organization (WMO)

Annex 11: e-survey protocol

First Phase of the Adaptation Fund Evaluation

You have been invited to participate in this survey because of your experience and expertise regarding the Adaptation Fund.

Your responses will contribute to the First Phase of the Adaptation Fund Evaluation, which was commissioned by the Adaptation Fund and is undertaken by TANGO International in consortium with the Overseas Development Institute. This evaluation focuses on the Fund's processes, the function of the Fund in its entirety, and the context in which the Fund is embedded and operates. The evaluation results will help to identify and strengthen good practices, to indicate processes that require improvement, and to recommend how these can be carried out.

The survey consists of 18 questions that take between 15-20 minutes to complete. Questions requiring a response are marked with an asterisk.

There is no direct benefit to you for taking part in this project and participation is completely voluntary. All survey responses are completely confidential. Your responses will only be analyzed and presented as group data. The data will not be associated with your organization or with you as an individual. Your email will not be tied to your responses in any way. We will not ask you for any personal information, such as your name or address.

You may go back to previous pages in the survey and update existing responses until the survey is finished or until you have exited the survey. After submitting the survey, you will not be able to update existing responses.

If you have any questions about the evaluation or this e-survey, please don't hesitate to contact Mr. Bruce Ravesioot at TANGO International: bruce@tangointernational.com. We will make sure to answer your questions ASAP.

1. *Please indicate your agreement to participate in this survey by checking yes or no below.

- ☐ Yes, I consent to participate in this survey on the basis of the explanation and conditions set out in the introduction.
- ☐ No, I decline to participate.

2. *Please indicate whether the organization or institution you represent is a National Implementing Entity (NIE), Regional Implementing Entity (RIE) or Multi-lateral Implementing Entity (MIE), and whether you can answer questions from the perspective of an implementing entity.

- ☐ Yes, I represent an NIE, RIE or MIE and can answer questions from the perspective of an implementing entity.
- ☐ No, I do not represent an NIE, RIE or MIE.

Section A: How relevant is the Fund's design to stakeholder policies and pr...

"Relevance" is defined as the extent to which the design of the fund is suited to the priorities and policies of the Kyoto Protocol, developing countries, and the UNFCCC.

First Phase of the Adaptation Fund Evaluation

3. Please indicate your level of agreement with the statements below.

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	Don't know
Our project(s) was (were) explicitly designed to implement priorities set out in a National Adaptation Plan of Action or other national adaptation policy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our project's (or projects') focus and target population were determined by politically influential individuals or institutions with little consultation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section A (cont.): How relevant is the Fund's design to stakeholder policies...

"Relevance" is defined as the extent to which the design of the fund is suited to the priorities and policies of the Kyoto Protocol, developing countries, and the UNFCCC.

4. Please indicate your level of agreement with the statements below.

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	Don't know
The Fund's focus on concrete adaptation activities is highly relevant to national circumstances and priority needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Fund's "Direct Access Modality" is highly relevant to national circumstances and priority adaptation needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Fund's ability to cover the full cost of adaptation projects is highly relevant to national circumstances and priority needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Paris Declaration on Aid Effectiveness is organised around five principles: ownership, alignment, harmonisation, managing for results, and mutual accountability. The design of the Adaptation Fund reflects these lessons learnt about aid effectiveness, as well as lessons learnt from similar financing mechanisms.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Projects developed by National Implementing Entities (NIEs) are more closely aligned with national circumstances/priority needs than projects developed by Multilateral Implementing Entities (MIEs).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Adaptation Fund is making a significant contribution to addressing/closing the climate finance gap.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Adaptation Fund is providing important lessons about how climate finance mechanisms can best address/account for national circumstances and priority needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Projects financed by the Adaptation Fund have strong potential for scaling up within countries and replicating in other countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Projects financed by the Adaptation Fund are effectively prioritizing the most vulnerable countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Projects financed by the Adaptation Fund are effectively targeting the most vulnerable people within countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

First Phase of the Adaptation Fund Evaluation

5. Please write any other insights you would like to share on Fund relevance in the comment box below:

Section B: How effective are the Fund's main processes?

"Effectiveness" is defined as the extent to which entities or activities attain their objectives.

6. Please indicate your level of agreement with the statements below.

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	Don't know
The Adaptation Fund's achievements to-date meet or exceed expectations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The World Bank performs two core functions as interim trustee of the Adaptation Fund: (1) sell Certified Emission Reduction certificates and (2) manage the Adaptation Fund Trust Fund. The trustee has performed these functions in a transparent and efficient manner, taking steps to limit financial risks.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The AF secretariat (housed within the GEF) provides secretariat services to the Adaptation Fund Board through a dedicated, functionally independent team of officials. Growth of the Adaptation Fund would place pressure on the Secretariat and require more independence to maximize effectiveness.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Civil society influence in Fund design and main processes has enhanced its effectiveness.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Civil society actors continue to engage in and meaningfully influence the Fund main processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Civil Society representatives are currently allowed to observe but not participate in Adaptation Fund Board. Civil Society representatives are not allowed to observe committee meetings This arrangement is sufficient.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To date, the Adaptation Fund Board has been extraordinarily "hands on," with members reviewing operational guidelines and project proposals, participating in the design and implementation of the accreditation process, mobilizing resources, and managing ethical and financial decisions. On balance, this has enhanced the Fund's effectiveness to date.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Adaptation Fund Board's hands-on way of working will have to change and delegate more responsibility to the secretariat and/or committees (e.g. the Ethics and Finance Committee or Project/Program Review Committee) if the Fund grows significantly.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Fund's Direct Access Modality is time consuming and costly. However, its long-term value outweighs its short-term costs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The history, mission and internal culture of the Adaptation Fund Board and its secretariat have greatly enhanced its effectiveness.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Fund is effectively transforming its experiences into practical knowledge on adaptation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

First Phase of the Adaptation Fund Evaluation

The Fund is effectively communicating its experiences and lessons learnt about adaptation.

☐ ☐ ☐ ☐ ☐ ☐

Section B (cont.): How effective are the Fund's main processes?

"Effectiveness" is defined as the extent to which entities or activities attain their objectives.

7. Please indicate your level of agreement with the statements below.

Fund guidelines, standards and safeguards have achieved or are likely to achieve their objectives with regards to:

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	Don't know
Good governance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Project/ program quality assurance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender equality and equity.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reaching especially vulnerable social groups within countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The adaptive management/improvement of the Fund's main processes over time. These processes include resource mobilization, decision-making, resource allocation, access to funding, project/programme cycle, and knowledge management.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Please write any other insights you would like to share on Fund effectiveness in the comment box below:

Section C: How efficient are the Fund's main processes?

"Efficiency" is a measure of qualitative and quantitative outputs relative to inputs (e.g. money, time and effort). A highly efficient entity accomplishes necessary tasks quickly, at low cost, and with little to no waste of resources.

First Phase of the Adaptation Fund Evaluation

9. Please indicate your level of agreement with the statements below.

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	Don't know
The Adaptation Fund Board (AFB) provides good value for money.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Trustee provides good value for money.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Adaptation Fund Board's Secretariat provides good value for money.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The AFB's Project and Program Review Committee is efficient and should continue functioning "as is."	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The AFB's Ethics and Finance Committee is efficient and should continue functioning "as is."	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The AFB's Accreditation Panel is efficient and should continue functioning "as is."	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
AFB meeting protocols should allow lengthy discussions and participation by Board members and alternates in order to make well-informed and, therefore, more effective decisions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More formal rules typical of an "Executive Board," would shorten AFB discussions and make meetings more efficient than current rules that allow more people to participate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The 50/50 split between projects approved for implementation by national entities vs. multilateral entities is inefficient and unnecessary.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The \$10 million per-country cap on funding is inefficient and unnecessary.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Please write any other insights you would like to share on Fund efficiency in the comment box below:

Section D: How sustainable is the Fund?

"Sustainability" - An institution is considered sustainable if it can survive and develop to fulfill its functions on a permanent basis with decreasing levels of external support; if it is likely to secure necessary inputs and support and provide continued activities and outputs, efficiently and effectively, that are valued by stakeholders for as long as the institution is needed (NORAD).

First Phase of the Adaptation Fund Evaluation

11. Please indicate your level of agreement with the statements below.

	Strongly disagree	Disagree	Neither disagree or agree	Agree	Strongly agree	Don't know
Current Institutional arrangements (World Bank trustee and GEF-based secretariat) represent a "best bet" approach to ensuring the Fund's Institutional sustainability.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Adaptation Fund is able to efficiently and continuously improve its technical resources (e.g. Adaptation Fund Handbook, Results Framework and Baseline Guidance, Evaluation Framework, Open Information Policy, Environment and Social Policy, Methodologies for Reporting Adaptation Fund Core Impact Indicators) in response to new experiences/learning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other climate finance mechanisms are making use of technical resources developed by the Fund (e.g. Adaptation Fund Handbook, Results Framework and Baseline Guidance, Evaluation Framework, Open Information Policy, Policy for Project/Program Delays, Environment and Social Policy, Methodologies for Reporting Adaptation Fund Core Impact Indicators).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section D (cont.): How sustainable is the Fund?

"Sustainability" - An institution is considered sustainable if it can survive and develop to fulfill its functions on a permanent basis with decreasing levels of external support; if it is likely to secure necessary inputs and support and provide continued activities and outputs, efficiently and effectively, that are valued by stakeholders for as long as the institution is needed (NORAD).

12. How important are the below types of risk to the Fund's sustainability?

	Not Important	Slightly Important	Moderately Important	Important	Very Important
Financial – (e.g. fall in CER prices, uncertainty of the CDM market and lack of commitment by voluntary contributors to the Adaptation Fund).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Institutional – Continuity of Institutional arrangements (World Bank trustee and GEF-based secretariat).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organizational - adequacy of secretariat staff and the ability to sustain quality services over the long term.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political - Lack of clarity about the Adaptation Fund's role within the emerging climate finance architecture, including operationalization of GCF	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section D (cont.): How sustainable is the Fund?

"Sustainability" - An institution is considered sustainable if it can survive and develop to fulfill its functions on a permanent basis with decreasing levels of external support; if it is likely to secure necessary inputs and support and provide continued activities and outputs, efficiently and effectively, that are valued by stakeholders for as long as the institution is needed (NORAD).

First Phase of the Adaptation Fund Evaluation

13. How important are the below opportunities to ensure the Fund's financial sustainability?

	Not Important	Slightly Important	Moderately Important	Important	Very Important
Development and Implementation of a Resource Mobilization Strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The CMP decision to allocate 2% of proceeds levied on the first international transfers of assigned amount units (AAUs) and the emission reduction units (ERUs) to the Fund	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Application of voluntary levies on Annex 1 countries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Measures to raise and stabilize the price of CERs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Requiring project co-financing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Establishing an operational linkage with GCF through an MOU or legal agreement that allows the Fund to receive GCF resources and serve as a delivery partner for specific activities where the Adaptation Fund holds a comparative advantage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section D (cont.): How sustainable is the Fund?

"Sustainability" - An institution is considered sustainable if it can survive and develop to fulfill its functions on a permanent basis with decreasing levels of external support; if it is likely to secure necessary inputs and support and provide continued activities and outputs, efficiently and effectively, that are valued by stakeholders for as long as the institution is needed (NORAD).

14. How important are the below factors in representing the Fund's greatest comparative advantage?

	Not Important	Slightly Important	Moderately Important	Important	Very Important
Ability to process small scale grants efficiently.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to pioneer innovative pilots such as the direct access modality, accreditation of NIEs and readiness program.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strong relationship with and prioritization of vulnerable countries such as LDCs and SIDS.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lean administration and value for money.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Documented and tested operational policies and procedures.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. Please write any other insights you would like to share on Fund sustainability in the comment box below:

Section E: Is the Fund on-track to achieve intended outcomes at the process...

First Phase of the Adaptation Fund Evaluation

16. Please indicate your level of agreement with the statements below.

The Fund's most significant short-term outcomes include:

	Strongly disagree	Disagree	Neither disagree or agree	Agree	Strongly agree	Don't know
Enabling environment: Engaging with the Fund has strengthened legal and policy frameworks for adaptation in vulnerable countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Awareness-raising: Engaging with the Fund has increased recognition of adaptation needs and action in vulnerable countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technical: Engaging with the Fund has resulted in innovative methods and technology to address climate change adaptation and/or the transfer of valuable skills and knowledge in vulnerable countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Piloting: The Fund has supported effective adaptation activities that could be replicated in other vulnerable countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government coordination: Engaging with the Fund has improved inter-ministerial and inter-agency coordination for adaptation in vulnerable countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Multi-sectoral cooperation: Engaging with the Fund has improved cooperation between government and non-government actors to plan and implement adaptation activities in vulnerable countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Absorptive capacity: Engaging with the Fund has enhanced the capacity of vulnerable countries to receive and administer climate funds.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transparency and accountability: The Fund's accreditation process has enhanced the transparency and accountability of National Implementing Entities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accredited institutions have the potential to enhance climate change funding in a country.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Global learning: The Fund has generated valuable lessons on adaptation finance globally	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section E (cont.): Is the Fund on-track to achieve intended outcomes at the...

First Phase of the Adaptation Fund Evaluation

17. Please indicate your level of agreement with the statements below.

Catalytic impacts of the Direct Access Modality include:

	Strongly disagree	Disagree	Neither disagree or agree	Agree	Strongly agree	Don't know
Successful replication by other climate finance mechanisms (e.g. Global Environment Facility and Green Climate Fund).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased and broadened range of partners in addressing climate change.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Demonstrated capacity development of vulnerable countries to access climate finance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Fund has been able to accumulate technical expertise, skills and experience on accreditation, which it is currently using to facilitate readiness programs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhanced country-ownership over climate change projects and interventions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased south-south cooperation for climate change adaptation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improved technical know-how on climate change programming in vulnerable countries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section E (cont.): Is the Fund on-track to achieve intended outcomes at the...

18. Please indicate your level of agreement with the statements below.

Engaging with the Adaptation Fund has strengthened the quality of in-country cooperation between relevant:

	Strongly disagree	Disagree	Neither disagree or agree	Agree	Strongly agree	Don't know
National government ministries/agencies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
National ministries/agencies and local government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government and civil society	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government and private sector	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section E (cont.): Is the Fund on-track to achieve intended outcomes at the...

19. Please indicate your level of agreement with the statements below.

	Strongly disagree	Disagree	Neither disagree or agree	Agree	Strongly agree	Don't know
The Fund is at least as relevant as other mechanisms for climate finance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Fund is at least as effective as other mechanisms for climate finance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Fund is at least as efficient as other mechanisms for climate finance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

First Phase of the Adaptation Fund Evaluation

20. Please write any other insights you would like to share on the intended process-level and institutional outcomes of the Fund in the comment box below:

You have completed all questions. Thank you for your time!

Annex 12: e-survey results

2. Survey responses were received April 6-27, 2015. Email invitations were sent to 103 stakeholders (i.e., AFB members and alternates, Implementing Entities (IEs), other climate funds, World Bank, GEF, civil society) with links to the e-survey. Two reminders were sent to non-respondents on April 14 and 16, 2015, resulting in a total of 51 respondents. Except where indicated, questions were answered by 44 respondents. Given the length of the questionnaire, the above-average response rate (43%) for the survey indicates a high level of interest in the Adaptation Fund and the evaluation thereof. The relatively high response rate also strengthens this evaluation's conclusions and helps provide potentially relevant guidance to the Adaptation Fund for consideration in future planning and programming.

3. Given the potentially diverse types of stakeholders, participants were first asked to identify themselves in terms of whether they were affiliated with a national, multilateral, or regional implementing entity (NIE/MIE/RIE) or other type of organization. Close to one-third of all respondents identified themselves as from an IE (16 respondents from NIE/RIE/MIEs; 34 from other organizations; n=50).

Figure 3 - Survey respondents' organizational affiliation (n=50)

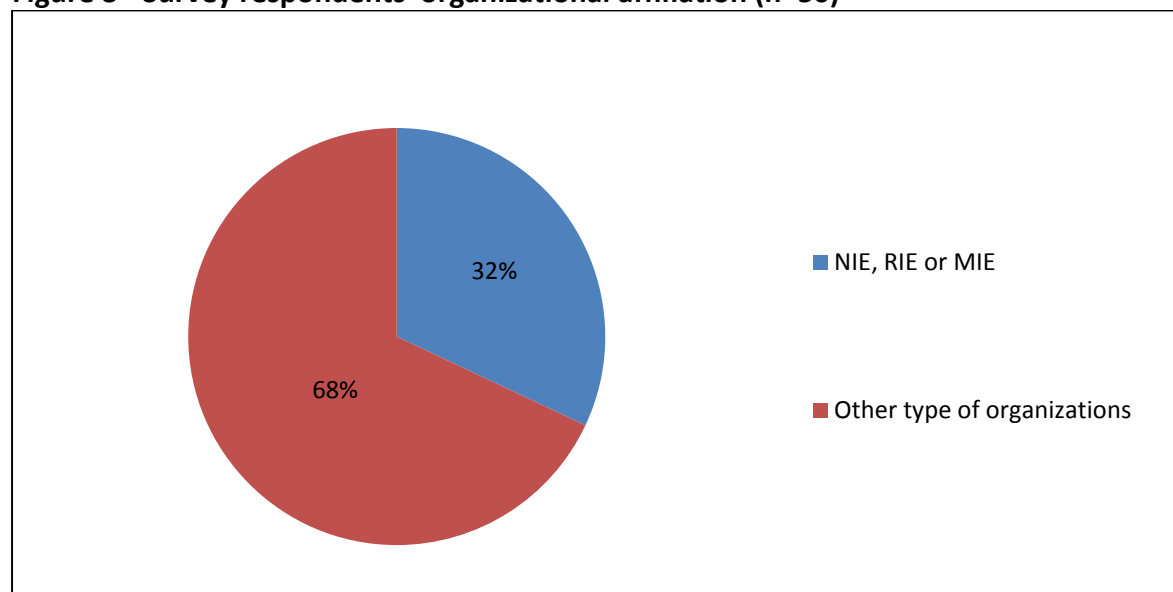


Figure 4: Survey responses from NIE/RIE/MIEs regarding their level of agreement with statements about factors that influenced their project design

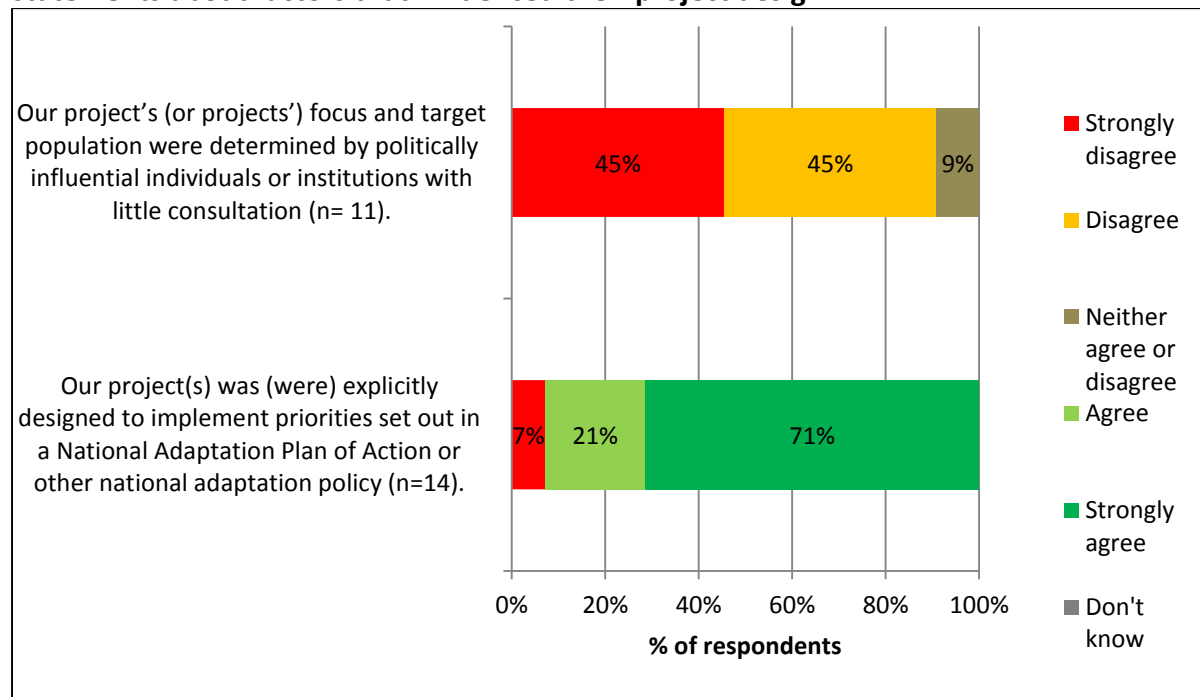


Figure 5: Survey respondents' level of agreement with statements pertaining to AF relevance



Figure 6: Survey respondents' level of agreement with statements pertaining to AF effectiveness, part 1 of 2

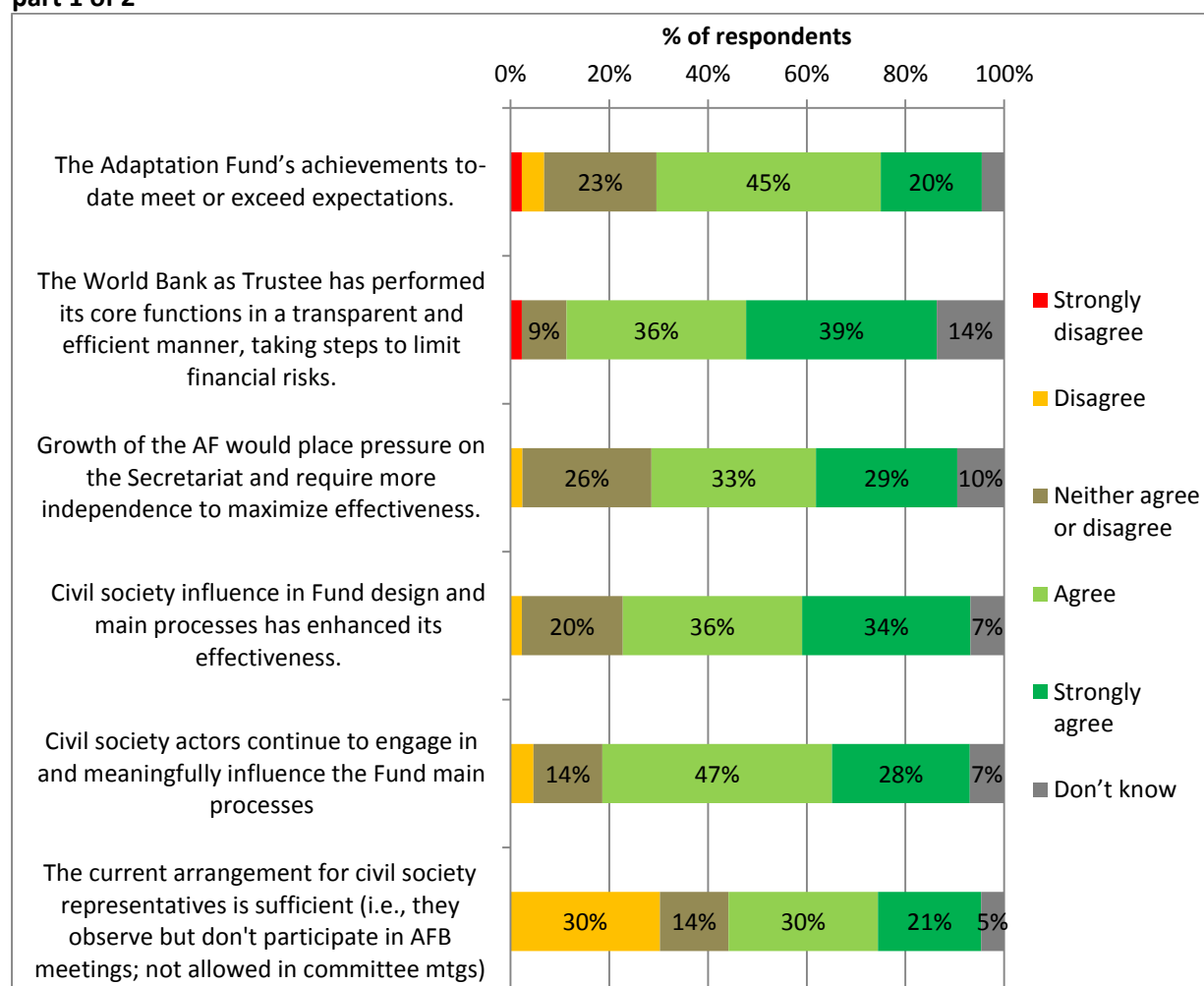


Figure 7: Survey respondents' level of agreement with statements pertaining to AF effectiveness, part 2 of 2

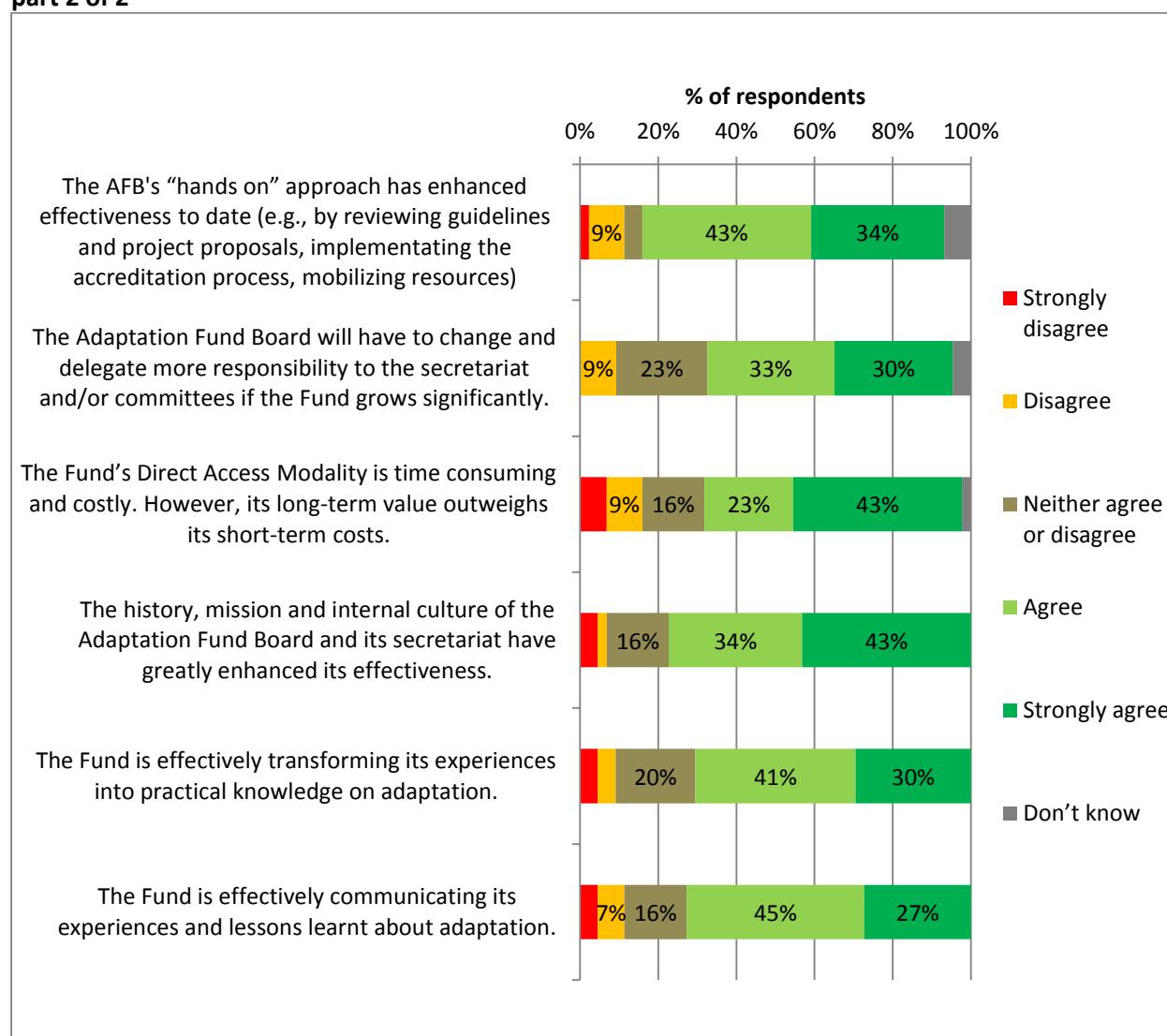


Figure 8: Survey respondents' level of agreement with statements pertaining to whether Fund guidelines, standards, and safeguards have achieved or are likely to achieve their objectives with regards to five factors AF relevance

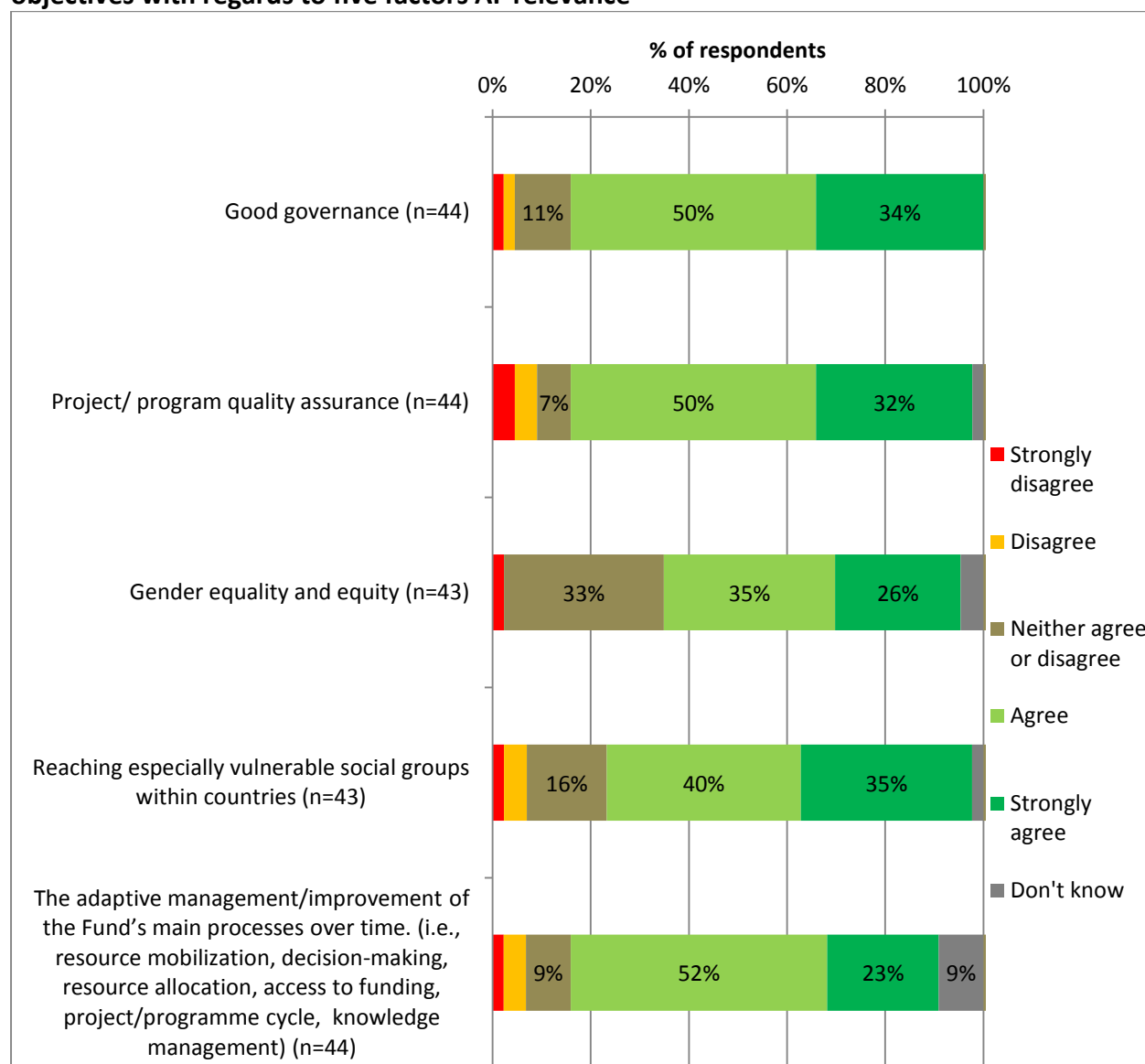


Figure 9: Survey respondents' level of agreement with statements pertaining AF efficiency



Figure 10: Survey respondents' level of agreement with statements pertaining to AF institutional and technical sustainability

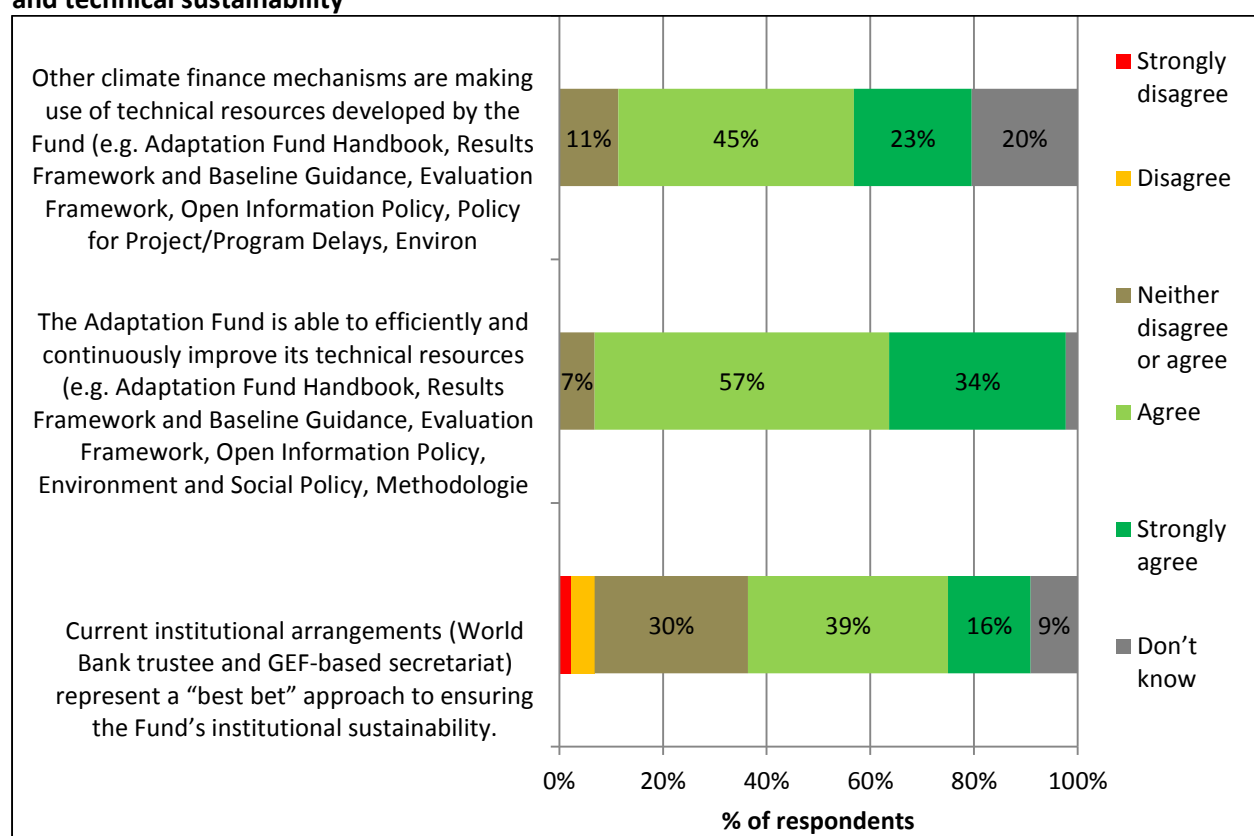


Figure 11: Survey respondents' opinions regarding the level of importance of four types of risk to the Fund's sustainability

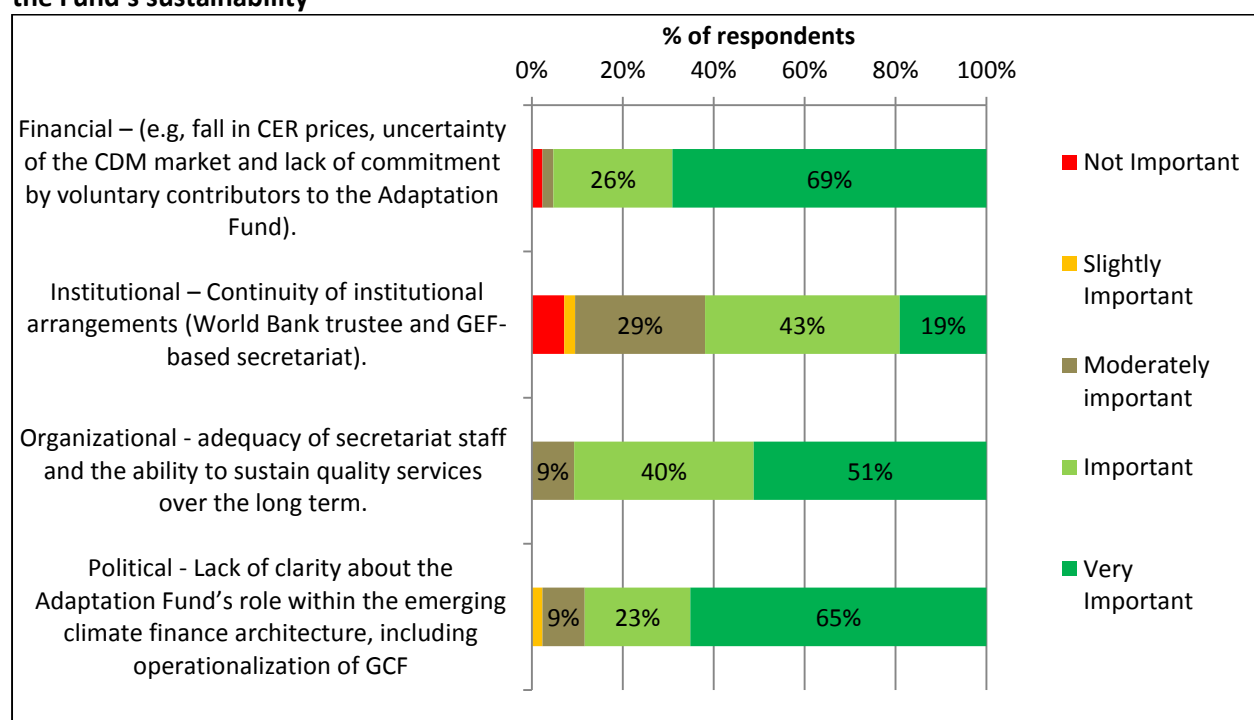


Figure 12: Survey respondents' opinions regarding the level of importance of six options to ensure the Fund's financial sustainability

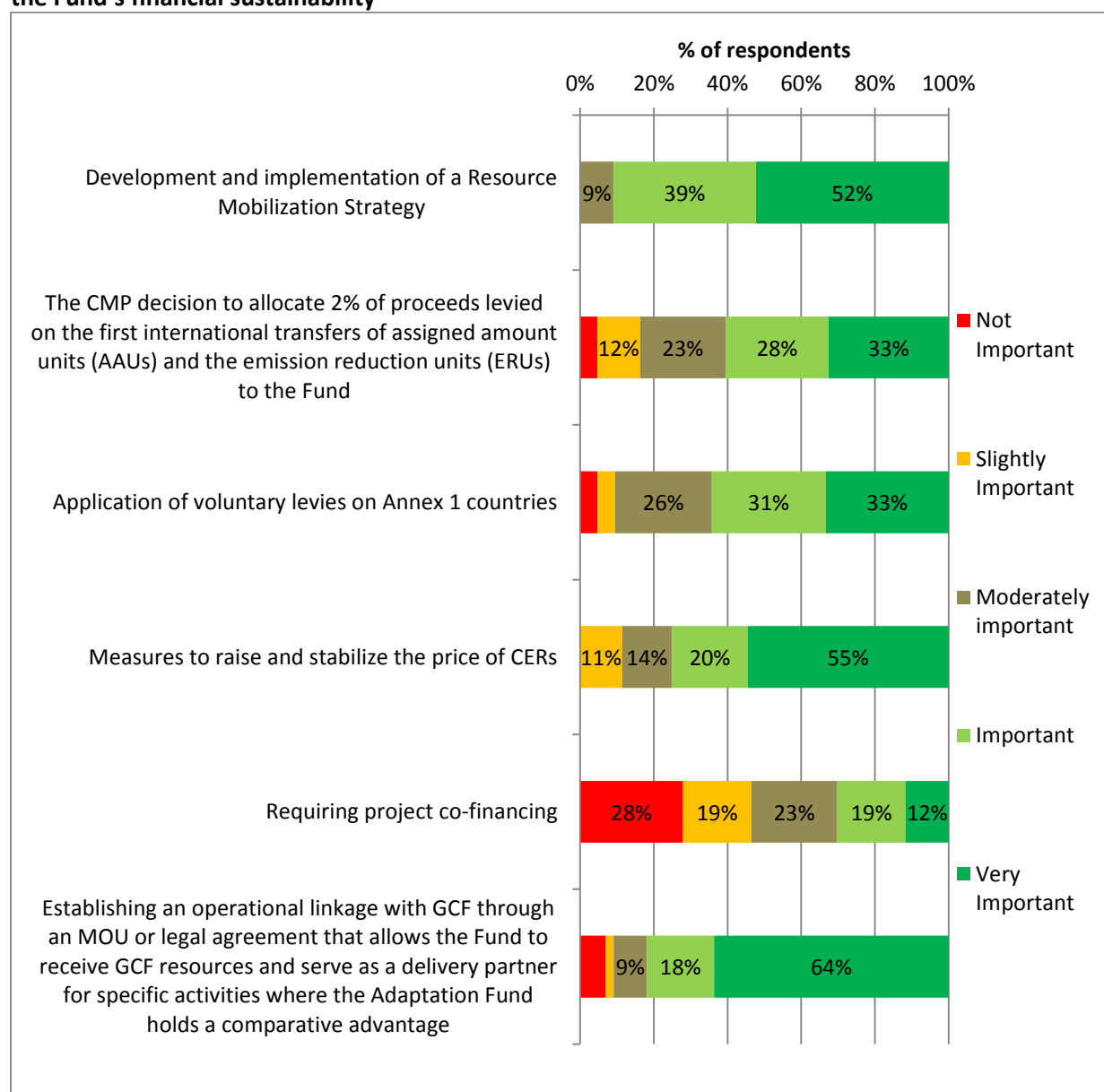


Figure 13: Survey respondents' opinions regarding the level of importance of six factors to represent the Fund's greatest comparative advantage

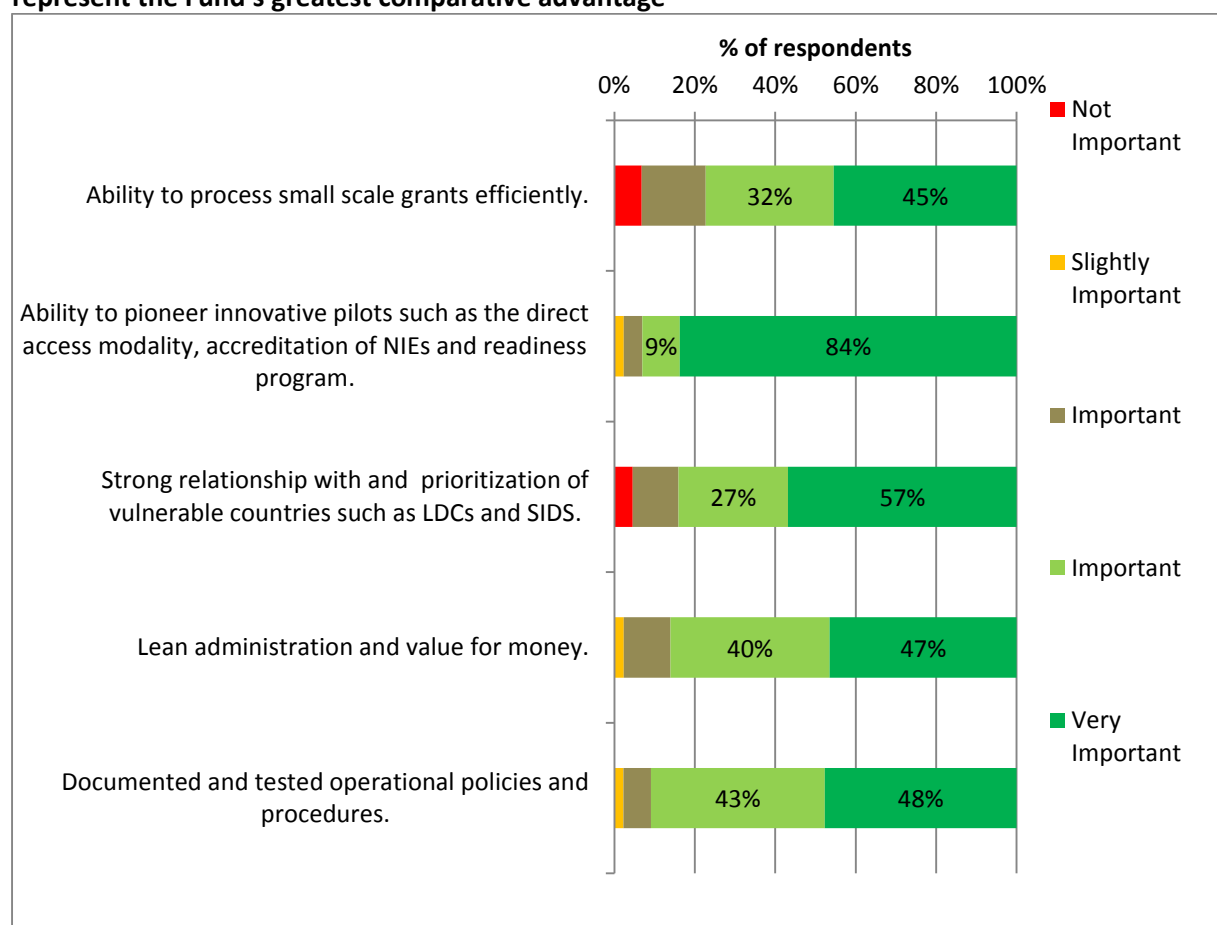


Figure 14: Survey respondents' opinions regarding the level of importance of the Fund's most significant short-term outcomes

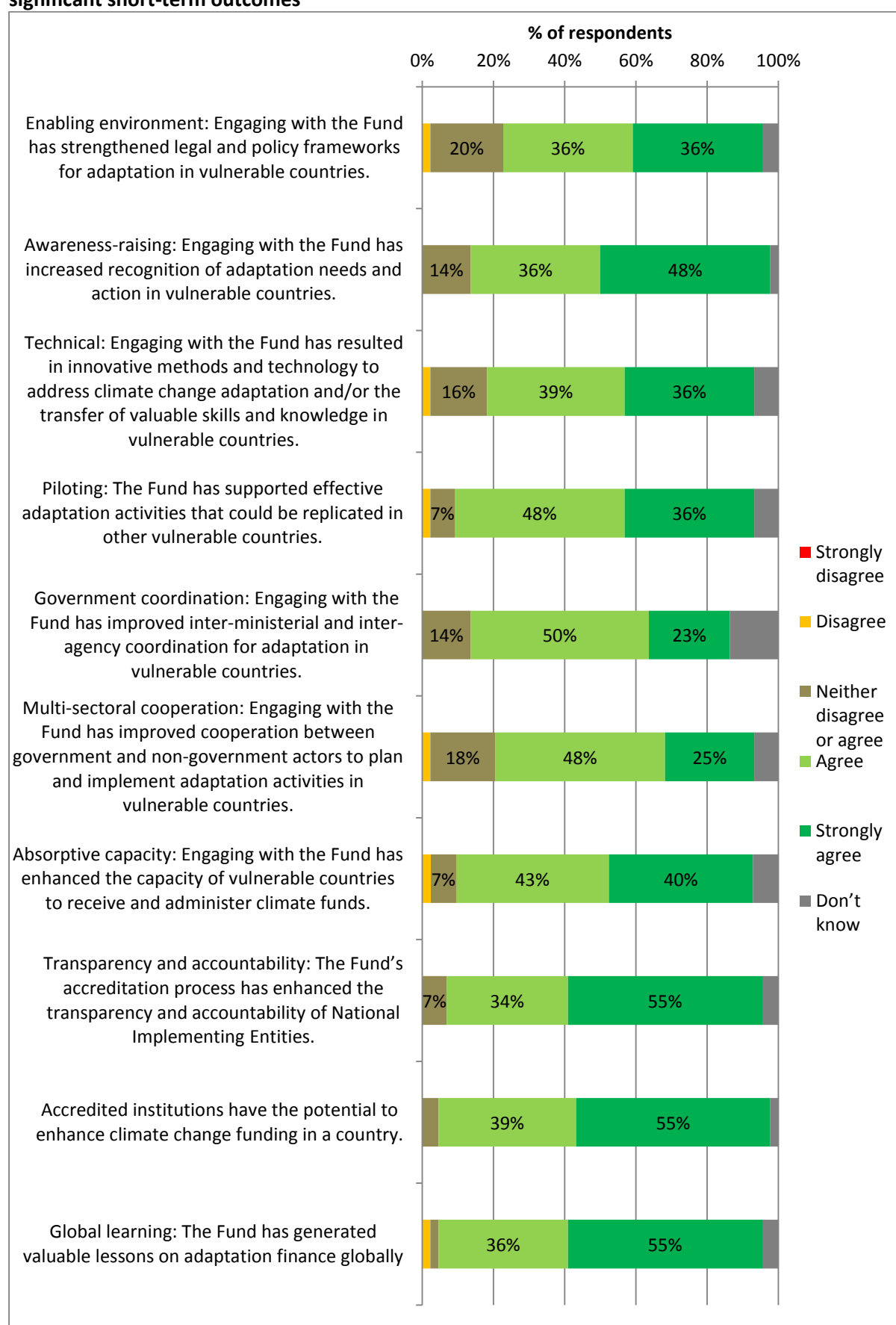


Figure 15: Survey respondents' opinions regarding the level of agreement with statements about catalytic impacts of the Direct Access Modality

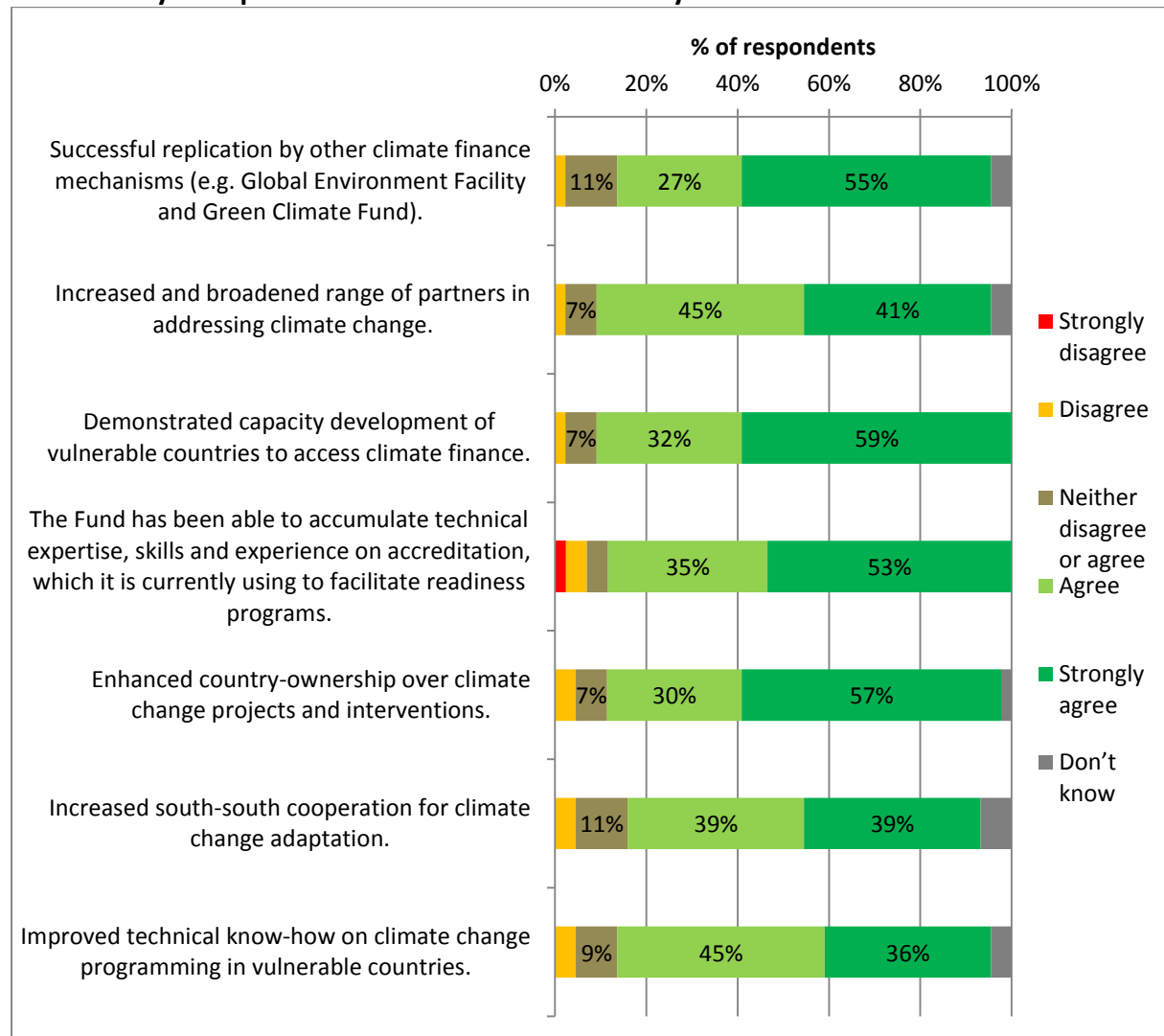


Figure 16: Survey respondents' level of agreement about whether engaging with the Adaptation Fund has strengthened the quality of in-country cooperation between actors

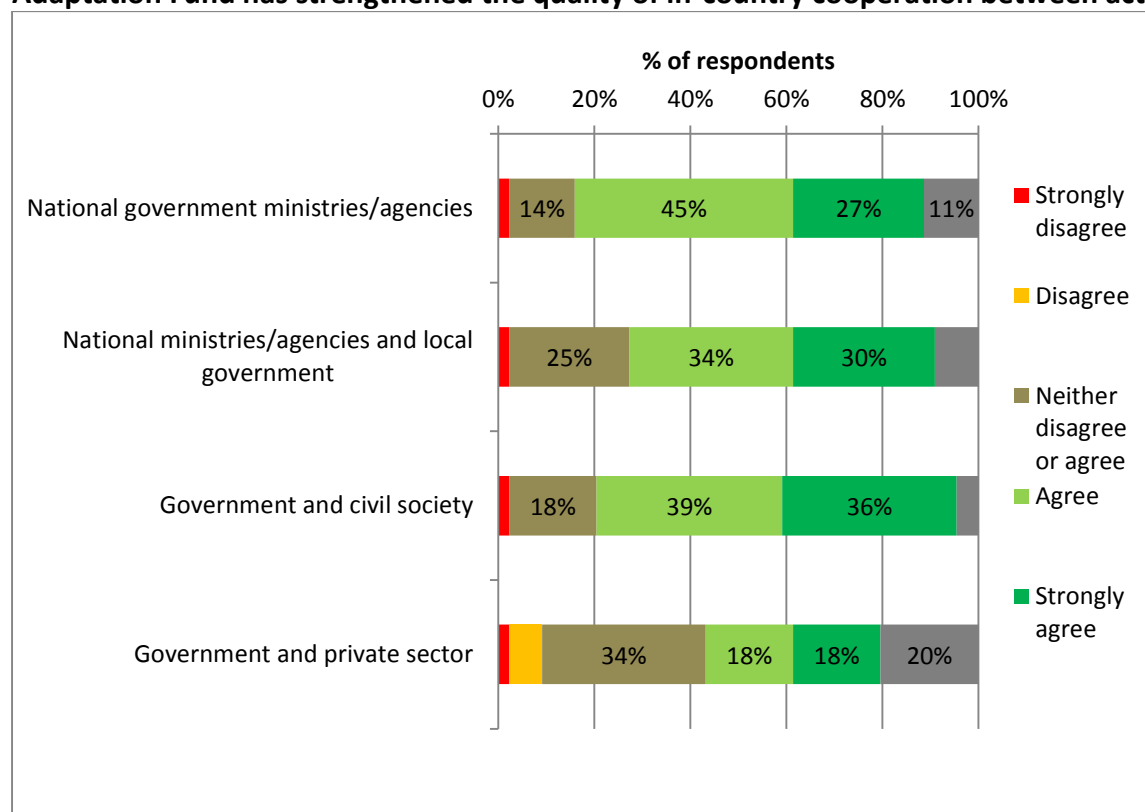
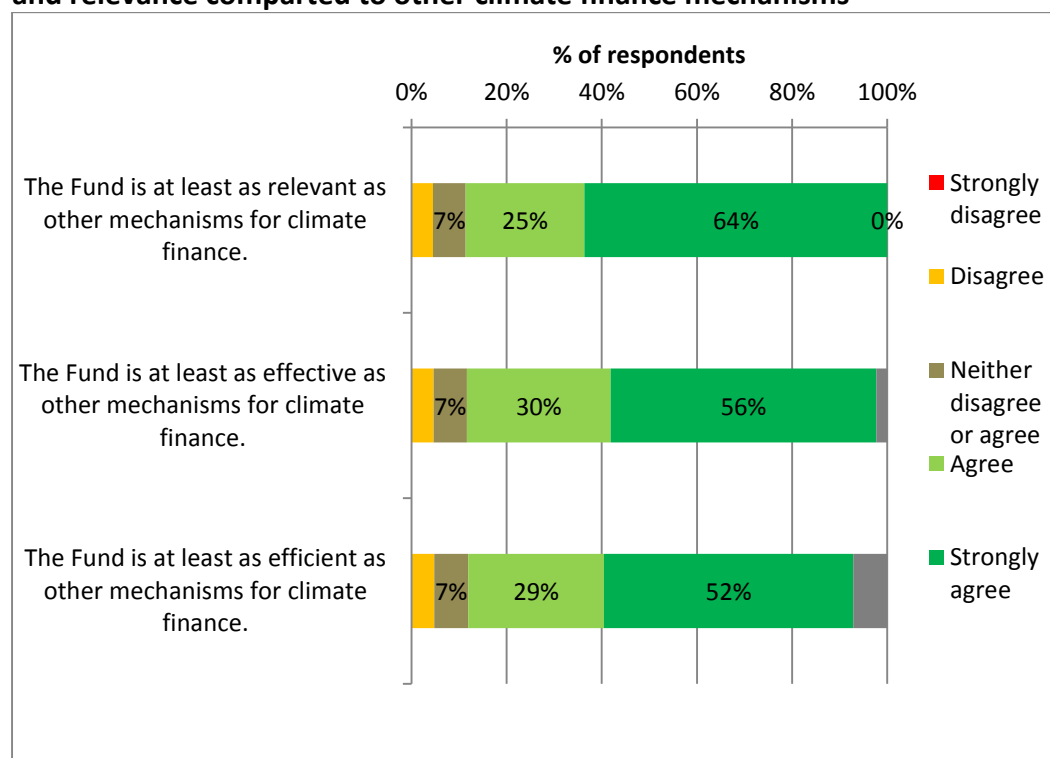


Figure 17: Survey respondents' level of agreement about the AF's efficiency, effectiveness, and relevance compared to other climate finance mechanisms



Annex 13: List of entities accredited by Adaptation Fund

Entity type	Entity name	Country
NIE	Planning Institute of Jamaica	Jamaica
NIE	Centre de Suivi Ecologique	Senegal
NIE	Agencia Nacional de Investigacion e Innovacion	Uruguay
NIE	National Environment Fund	Benin
NIE	South African National Biodiversity Institute	South Africa
NIE	Protected Areas Conservation Trust (PACT)	Belize
NIE	Ministry of Planning and International Cooperation	Jordan
NIE	Ministry of Natural Resources (MINIRENA)	Rwanda
NIE	National Environment Management Authority (NEMA)	Kenya
NIE	Mexican Institute of Water Technology (IMTA)	Mexico
NIE	Unidad para el Cambio Rural (Unit for Rural Change - UCAR)	Argentina
NIE	National Bank for Agriculture and Rural Development	India
NIE	Fundecooperacion Para el Desarrollo Sostenible	Costa Rica
NIE	Agency for Agricultural Development	Morocco
NIE	Agencia de Cooperación Internacional de Chile	Chile
NIE	Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	Peru
NIE	Desert Research Foundation of Namibia (DRFN)	Namibia
NIE	Micronesia Conservation Trust	Micronesia
NIE	Fundación Natura	Panama
MIE	Asian Development Bank (ADB)	Philippines
MIE	Inter-American Development Bank (IDB)	USA
MIE	International Fund for Agricultural Development (IFAD)	Italy
MIE	United Nations Development Programme (UNDP)	USA
MIE	United Nations Environment Programme (UNEP)	Kenya
MIE	United Nations World Food Programme (WFP)	Italy
MIE	World Bank (International Bank for Reconstruction and Development)	USA
MIE	World Meteorological Organization (WMO)	Switzerland
MIE	African Development Bank (AfDB)	Tunisia
MIE	United Nations Educational, Scientific, and Cultural Organization (UNESCO)	France
MIE	European Bank for Reconstruction and Development (EBRD)	United Kingdom
RIE	West African Development Bank (BOAD)	West Africa- TOGO – BP 1172
RIE	Observatoire du Sahara et du Sahel / Sahara and Sahel Observatory (OSS)	North, West and East Africa- BP 31 Tunis Carthage, 1080 Tunisie
RIE	Secretariat of the Pacific Regional Environment Programme (SPREP)	Pacific- Apia
RIE	Corporación Andina de Fomento (CAF)	South America- Caracas

Source: AF. 2014. Implementing entities. <https://adaptation-fund.org/page/implementing-entities> Accessed June 2015.

Annex 14: List of Adaptation Fund approved projects

Country	Title	Implementing Entity	Approved Amount in USD	Amount Transferred, USD	Approval Date
Nepal	Adapting to climate induced threats to food production and food security in the Karnali Region of Nepal - Project document.pdf	WFP	\$9,527,160		4/1/2015
Mali	Programme Support for Climate Change Adaptation in the vulnerable regions of Mopti and Timbuktu -Project document.pdf	UNDP	\$8,533,348		3/25/2015
Ghana	Increased resilience to climate change in Northern Ghana through the management of water resources and diversification of livelihoods - Project document.pdf	UNDP	\$8,293,972		3/5/2015
India	Conservation and Management of Coastal Resources as a Potential Adaptation Strategy for Sea Level Rise - Project document	NABARD	\$689,264	\$161,367	10/10/2014
India	Enhancing Adaptive Capacity and Increasing Resilience of Small and Marginal Farmers in Purulia and Bankura Districts of West Bengal -Project document	NABARD	\$2,510,854	\$376,628	10/10/2014
Costa Rica	Reducing the vulnerability by focusing on critical sectors (agriculture, water resources, and coastlines) in order to reduce the negative impacts of climate change and improve the resilience of these sectors - Project document	Fundecooperación para el Desarrollo Sostenible	\$9,970,000	\$1,621,559	10/10/2014
Kenya	Integrated Programme To Build Resilience To Climate Change & Adaptive Capacity Of Vulnerable Communities In Kenya - Project document	NEMA	\$9,998,302	\$4,956,906	10/10/2014
South Africa	Building Resilience in the Greater uMngeni Catchment - Project document	SANBI	\$7,495,055		10/10/2014
South Africa	Taking Adaptation to the Ground: A Small Grants Facility for Enabling Local Level Responses to Climate Change - Project document	SANBI	\$2,442,682		10/10/2014
Belize	Belize Marine Conservation and Climate Adaptation Project - MCCAP Workshop report.pdf, Project document	World Bank	\$6,000,000	\$1,115,805	8/18/2014
Myanmar	Addressing Climate Change Risks on Water and Food Security in the Dry Zone of Myanmar - Project document	UNDP	\$7,909,026	\$2,456,700	2/27/2014
Seychelles	Ecosystem Based Adaptation to Climate Change in Seychelles - Project Document	UNDP	\$6,455,750	\$1,272,217	2/20/2014
Cuba	Reduction of vulnerability to coastal flooding through ecosystem-based adaptation in the south of Artemisa and Mayabeque provinces - Project Proposal	UNDP	\$6,067,320	\$910,168	2/20/2014

Country	Title	Implementing Entity	Approved Amount in USD	Amount Transferred, USD	Approval Date
Uzbekistan	Developing climate resilience of farming communities in the drought prone parts of Uzbekistan - Project Document	UNDP	\$5,415,103	\$342,962	2/20/2014
Rwanda	Reducing Vulnerability to Climate Change in North West Rwanda through Community Based Adaptation - Fully-developed proposal	Ministry of Natural Resources (MINIRENA)	\$9,969,619	\$3,249,920	11/1/2013
Guatemala	Climate change resilient productive landscapes and socio-economic networks advanced in Guatemala - Project document	UNDP	\$5,425,000	\$1,238,046	9/14/2013
Argentina	Enhancing the Adaptive Capacity and Increasing Resilience of Small-scale Agriculture Producers of the Northeast of Argentina - Project document	Unidad para el Cambio Rural (UCAR)	\$5,640,000	\$2,322,273	4/4/2013
Argentina	Increasing Climate Resilience and Enhancing Sustainable Land Management in the Southwest of Buenos Aires Province - Project Document	World Bank	\$4,296,817	\$584,154	12/14/2012
Sri Lanka	Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka - Project Document	WFP	\$7,989,727	\$2,801,000	12/14/2012
Cambodia	Enhancing Climate Resilience of Rural Communities Living in Protected Areas of Cambodia - Project Document	UNEP	\$4,954,273	\$1,107,231	6/28/2012
Colombia	Reducing Risk and Vulnerability to Climate Change in the Region of La Depresion Momposina in Colombia - Project Document	UNDP	\$8,518,307	\$1,842,089	6/28/2012
Djibouti	Developing Agro-Pastoral Shade Gardens as an Adaptation Strategy for Poor Rural Communities in Djibouti - Project Document, 1st Project Performance Report (PPR)	UNDP	\$4,658,556	\$2,422,890	6/28/2012
Egypt	Building Resilient Food Security Systems to Benefit the Southern Egypt Region - Project Document, 1st Project Performance Report	WFP	\$6,904,318	\$1,617,003	6/28/2012
Jamaica	Enhancing the Resilience of the Agricultural Sector and Coastal Areas to Protect Livelihoods and Improve Food Security - Project Document, 1st Programme Performance Report (PP)	Planning Institute of Jamaica (PIOJ)	\$9,965,000	\$5,980,360	6/28/2012
Lebanon	Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL) - Project Document	IFAD	\$7,860,825	\$1,589,200	6/28/2012
Mauritania	Enhancing Resilience of Communities to the Adverse Effects of Climate Change on Food Security in Mauritania - Project Document	WFP	\$7,803,605	\$2,015,156	6/28/2012

Country	Title	Implementing Entity	Approved Amount in USD	Amount Transferred, USD	Approval Date
Papua New Guinea	Enhancing adaptive capacity of communities to climate change-related floods in the North Coast and Islands Region of Papua New Guinea - Project Document, First Project Performance Report	UNDP	\$6,530,373	\$3,885,332	3/16/2012
Georgia	Developing Climate Resilient Flood and Flash Flood Management Practices to Protect Vulnerable Communities of Georgia - 2nd annual project performance report, Project Document, 1st annual project performance report	UNDP	\$5,316,500	\$3,851,875	12/14/2011
Tanzania	Implementation Of Concrete Adaptation Measures To Reduce Vulnerability Of Livelihood and Economy Of Coastal Communities In Tanzania -Project Document	UNEP	\$5,008,564	\$2,786,943	12/14/2011
Cook Islands	Strengthening the Resilience of our Islands and our Communities to Climate Change - Project Document, 1st Project Performance Report (PPR),Adaptation Story CookIslands_Nov2014.pdf	UNDP	\$5,381,600	\$1,955,040	12/14/2011
Uruguay	Uruguay: Helping Small Farmers Adapt to Climate Change - 1st Project Performance Report (PPR),Project Document, Project Cost Summary, Disbursement Schedule, Presentation by Agric. Eng. Tabaré Aguerre, Minister of Livestock, Agriculture and Fishery, Sep 2014	Agencia Nacional de Investigacion e Innovacion (ANII)	\$9,967,678	\$3,084,342	12/14/2011
Samoa	Enhancing Resilience of Samoa's Coastal Communities to Climate Change - 1st Project Performance Report (PPR), Project Document	UNDP	\$8,732,351	\$4,527,475	12/14/2011
Madagascar	Madagascar: Promoting Climate Resilience in the Rice Sector - Project Document	UNEP	\$5,104,925	\$3,197,224	12/14/2011
Mauritius	Climate Change Adaptation Programme in the Coastal Zone of Mauritius - Project Document, Inception Report, Project Revision (AFB Decision B.23-24.5 with annexes), 1st Project Performance Report	UNDP	\$9,119,240	\$1,829,167	9/16/2011
Mongolia	Ecosystem Based Adaptation Approach to Maintaining Water Security in Critical Water Catchments in Mongolia - Project Document,Inception Report, First Project Performance Report,Second Project Performance Report	UNDP	\$5,500,000	\$2,529,744	6/22/2011
Maldives	Increasing climate resilience through an Integrated Water Resource Management Programme in HA. Ihavandhoo, ADh. Mahibadhoo and GDh. Gadhdhoo Island - Project Document	UNDP	\$8,989,225	\$8,510,939	6/22/2011

Country	Title	Implementing Entity	Approved Amount in USD	Amount Transferred, USD	Approval Date
Turkmenistan	Addressing climate change risks to farming systems in Turkmenistan at national and community level -Second Project Performance Report, First Project Performance Report, Project Document	UNDP	\$2,929,500	\$2,041,405	6/22/2011
Ecuador	Enhancing resilience of communities to the adverse effects of climate change on food security, in Pichincha Province and the Jubones River basin -Project Document, Inception report, WFP 2011 Annual Report for Ecuador, WFP Presentation on information needs of decision-makers (Feb 2013),1st Project Performance Report, Case study on the project presented at conference "Hunger • Nutrition • Climate Justice • 2013", 2nd Project Performance Report	WFP	\$7,449,468	\$4,654,133	3/18/2011
Eritrea	Climate Change Adaptation Programme In Water and Agriculture In Anseba Region, Eritrea - Project Document, Inception Report	UNDP	\$6,520,850	\$3,019,601	3/18/2011
Solomon Islands	Enhancing resilience of communities in Solomon Islands to the adverse effects of climate change in agriculture and food security - Project Document,Inception Report, 1st Project Performance Report,2nd Project Performance Report, 3rd Project Performance Report	UNDP	\$5,533,500	\$5,112,683	3/18/2011
Nicaragua	Reduction of Risks and Vulnerability Based on Flooding and Droughts in the Estero Real River Watershed - Project Document, Inception Report,1st Project Performance Report, 2nd Project Performance Report	UNDP	\$5,500,950	\$5,138,355	12/15/2010
Pakistan	Reducing Risks and Vulnerabilities from Glacier Lake Outburst Floods in Northern Pakistan - Project Document, Inception Report, Progress of the GLOF project, 1st Project Performance Report, 2nd Project Performance Report	UNDP	\$3,906,000	\$3,589,124	12/15/2010
Senegal	Adaptation to Coastal Erosion in Vulnerable Areas -Project Document, Half yearly report September 2011, 2nd half-year Project Performance Report,3rd half-year Project Performance Report, 4th half-year Project Performance Report, 5th half-year Project Performance Report, 6th half-year Project Performance Report, AdaptationStory-Senegal-English.pdf, AdaptationStory-Senegal-French.pdf,AdaptationStory-Senegal-Spanish.pdf	Centre de Suivi Ecologique of Senegal (CSE)	\$8,619,000	\$8,619,000	9/17/2010

Country	Title	Implementing Entity	Approved Amount in USD	Amount Transferred, USD	Approval Date
Honduras	Addressing Climate Change Risks on Water Resources in Honduras: Increased Systemic Resilience and Reduced Vulnerability of the Urban Poor – Adaptation Story-Honduras 09.2014.pdf, Participatory adaptation planning workbook CdT 4H (in Spanish), 1st Project Performance Report, 2nd Project Performance Report, Project Document, Honduras Inception Workshop Report final, Regional workshop findings on disaster risk reduction	UNDP	\$5,620,300	\$4,187,787	9/17/2010

Source: AF. 2014. Interactive Map of Projects and Programmes. https://adaptation-fund.org/funded_projects/interactive
 Accessed May 2015.

Annex 15: TOR

TERMS OF REFERENCE FOR THE FIRST PHASE OF THE ADAPTATION FUND EVALUATION

Final Version July 7, 2014

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.²²

BACKGROUND INFORMATION AND RATIONALE

At its thirteenth meeting (March 2011), the Board approved the Fund’s evaluation framework and discussed to implement an “overall²³ 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.²⁴ 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. 2AFB/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

²²Annex A and document AFB.B.11.Inf.3 contain further information

²³ “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.”

²⁴ “...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)

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.

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 Nakhooda 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:²⁵

- 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

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

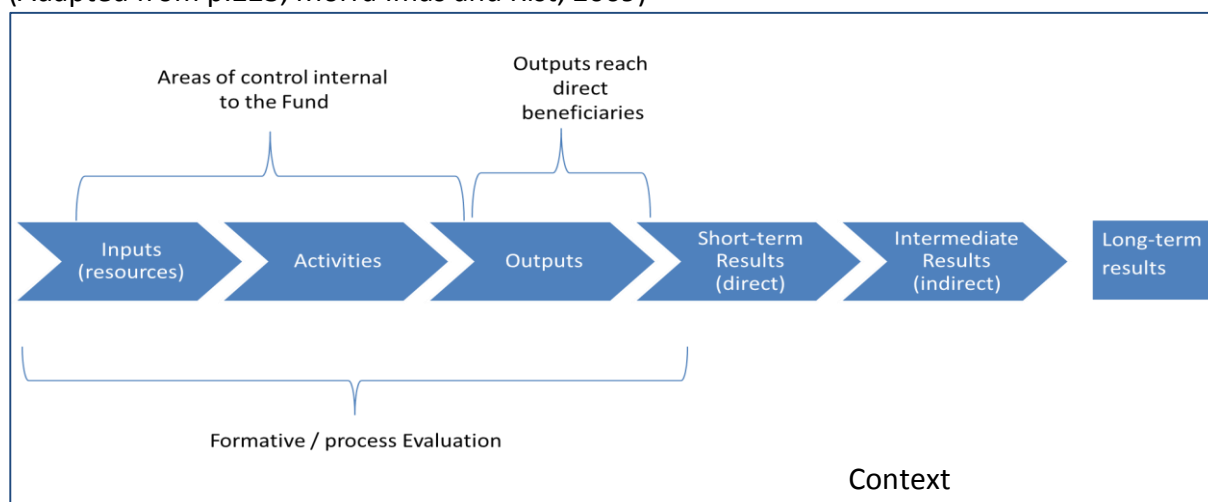
The **objective** of the evaluation is to examine and assess the Fund's design and implicit logic against its implementation to identify and strengthen good practices, to indicate processes that require improvement, and to recommend how these can be carried out.

²⁵Annex A of these TOR presents an overview of the Fund's main processes

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 relevant²⁶ 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 processes²⁷

- 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 processes²⁸

- 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.

²⁶Relevance (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."

²⁷ 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"

²⁸ Effectiveness (as defined by the OECD DAC): "A measure of the extent to which an aid activity attains its objectives."

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?
- 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 program 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 encounter 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					
Main deliverables and processes	1	2	3	4	5	6
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 those involved or affected• 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	<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 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• 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

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
and information needs of the intended users	<p>conducting final evaluations</p> <ul style="list-style-type: none"> • 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 on 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, refines 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
- Analyze 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

Annex 16: References

The following references were reviewed and consulted:

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