



ADAPTATION FUND

AFB/EFC.19/4  
20 September 2016

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Ethics and Finance Committee  
Nineteenth meeting  
Bonn, Germany, 4-5 October 2016

Agenda item 4

## **UPDATED OPTIONS FOR THE SECOND PHASE OF THE EVALUATION OF THE FUND**

## Introduction

1. At its twentieth meeting (April 2013) the Adaptation Fund Board (the Board) decided that an overall evaluation of the Adaptation Fund (the Fund) should be conducted and requested the secretariat to prepare a document to inform the discussion on this overall evaluation, including options for terms of reference (TORs), cost, timing and options for commissioning the evaluation. A decision was taken at the twenty-third meeting (March 2014) to conduct this evaluation as a two-phased evaluation with an oversight conducted by an Independent Review Panel (IRP) (Decision B.23/18). Phase 1 evaluation was conducted by an external consortium selected by the IRP, recruited by the Adaptation Fund Board secretariat (the secretariat) following World Bank rules. The process was overseen by an IRP composed of three experts. The Phase 1 Evaluation report was completed in 2015 and the findings and recommendations were presented at the seventeenth meeting of EFC in October 2015.
2. At its twenty-sixth meeting, the Board decided to request the secretariat to prepare options for conducting the second phase (Phase 2) of this overall evaluation. Options for conducting phase 2 of the overall evaluation of the Fund were presented at the eighteenth meeting of the EFC (Decision B.27/26). In addition, having considered the comments and recommendation of the EFC, the Board also decided to request the secretariat to further investigate the availability of the previous Independent Review Panel (IRP) members and continue discussions with the Global Environment Facility Independent Evaluation Office (GEF-IEO), and to present updated options for the second phase of the evaluation of the Fund to the nineteenth meeting of the EFC (Decision B.27/26).
3. Pursuant to the Board decision B.27/26 the secretariat developed the present document after having investigated the availability of the previous IRP members and having held discussions with the GEF-IEO. It presents updated options for the second phase of the evaluation. After reviewing the document, the EFC may wish to consider the options presented in this document and recommend a way forward to the Board for approval.
4. Additional background information regarding the chronology, status of the portfolio and phase 1 of the evaluation are included in Annex 5.

## Implementation of Phase 2 Evaluation

### *Objectives of Phase 2*

5. The Phase 2 evaluation will be an Outcome Evaluation focusing on the Fund's overall results. It will measure the fund's results and how well its goals have been attained starting at the projects level. The main objective of this phase is to provide the Board with evaluative evidence on the progress towards the Fund's objectives as well as the main achievements and lessons learned from the implementation of the Fund so far through projects, and to provide recommendations on the way forward for the Fund.
6. Following the Board's decision to "*establish an evaluation task force to work intersessionally, supported by the secretariat, to develop terms of reference and a request for proposals for the second phase of the evaluation of the Adaptation Fund with inputs from civil society organizations through the AF NGO network and in coordination with independent evaluation organizations (including the Global Environment Facility Independent Evaluation Office (GEF-IEO)) for quality assurance and present them to the nineteenth meeting of the EFC*" (Decision B.27/26), terms of reference and a request for proposals for the second phase of the evaluation have been prepared by the evaluation task force. They are included in this document, in annex 4.
7. The phase 2 evaluation therefore focuses on the overarching question:

***"What is the overall relevance, effectiveness, efficiency, broader progress to impact and***

***sustainability of results (technical, institutional, and financial) of the Fund's portfolio of projects/programmes, and what are the main lessons and recommendations which can be drawn upon for any future operations?"***

8. Phase 1 of this overall evaluation of the Fund was a process evaluation of the Fund's operational aspects, including the review of key processes: Resource mobilization related processes; Decision-making processes; Resource allocation; Access to funding; Project/programme cycle; and Knowledge management processes at the Fund level. It focused on the governance and management of the Fund including the accreditation process of Implementing Entities and how the Fund has piloted direct access, and the financing of the Fund through proceeds from CERs and other sources. It measured how well the Fund has been operating by assessing its operations and determining whether its target population is served

9. As indicated in Annex 4, Phase 2 evaluation will assess the projects/programmes funded by the Fund. More specifically, it will assess the performance and achievements of the Fund at the project level, using aggregated data along five standard evaluation criteria: relevance, efficiency, effectiveness, and results (outcomes and impact) and their sustainability. Within each of these criteria, the evaluation will identify and focus on a set of key areas of interest. The key questions of the evaluation are available in Annex 4.

*Audience of the Evaluation*

10. Similar to phase 1, the primary audience of the Phase 2 of the evaluation includes the Board (and its Ethics and Finance Committee (EFC), Project and Programme Review Committee (PPRC) and Accreditation Panel (the Panel)), the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), and the AFB secretariat. Findings will also be relevant to development partners, the Trustee, the Implementing Entities of the Fund (NIEs, RIEs and MIEs), executing entities, communities implementing and participating in interventions of the Fund, the Designated Authorities, and Fund's observers (UNFCCC Parties, UNFCCC thematic bodies, NGOs and other Civil Society Organizations and International Organizations).

11. In addition, evaluation results will be relevant to inform the Fund's third review, and processes and future development of the Fund and other climate change financing mechanisms. Evaluation results may also be useful to the CMP, the UNFCCC at large, including the thematic bodies such as the Adaptation Committee, developing countries, donors, and agencies and institutions (bilateral and multilateral) working on adaptation to climate change and climate finance.

*Governance and Organization of Phase 2 Evaluation*

*Evaluation Framework Principles*

12. As per the Evaluation Framework (AFB/EFC.12/4 – June 2013) approved by the Board (Decision B.13/20), roles and responsibilities for evaluation were identified for the Board, the secretariat, the EFC and Implementing Entities. Furthermore, this framework established requirements for how the Fund activities should be evaluated in line with international principles, norms and standards, including a set of principles:

- Independence from policy making process and management;
- Impartiality: giving accounts from all stakeholders;
- Partnerships: between implementing entities, governments, civil society and beneficiaries;
- Credibility based on reliable data, observations, methods and analysis;
- Transparency: clear communication concerning the purpose of the evaluation, its intended use and data and analysis;
- Disclosure: lessons shared with general public;
- Ethics: regard for the welfare, beliefs, and customs of those involved or affected;

- Avoid conflict of interest;
- Competencies and Capacities: selection of the required expertise for evaluations;
- Utility: serve decision-making processes and information needs of the intended users.

### Quality Assurance

13. According to the OECD-DAC guidelines, evaluation standards highly recommend the use of a quality assurance process for the evaluation. Quality control and assurance are applied throughout the evaluation, from its design to its implementation and completion. A quality assurance process could include comments and reviews of the specific TORs for the evaluation, develop criteria for selecting the evaluation team, participate in the selection process of the evaluation team as well as reviews and comments on the preliminary, draft and final reports, specifically on conclusions and recommendations.

14. The quality control function could be performed by peer reviewers, a reference group or an advisory panel to increase ownership of the evaluation and build mutual accountability for evaluation results. This type of approach should be considered at the outset of the evaluation process and should comprise different stakeholders such as government, civil society, and international partners (DAC quality standards for development evaluations). The quality assurance roles and responsibilities should be set in a memorandum of understanding (MOU) between the Board and the external quality assurance mechanism and follow a code of conduct according to international standards and best practices.

### Expected depth and general timeframe

15. Phase 2 evaluation will cover the portfolio of the Fund from 2010 until the launch of the Phase 2 Evaluation, including completed and ongoing funded projects (see *List of Projects in Annex 2*). It will cover ongoing and completed projects/programmes, focusing on those that have provided enough information to enable an objective assessment of their outputs given their implementation status. In parallel, the evaluation will consider briefly updating Phase 1 evaluation findings, lessons learned and recommendations.

16. The evaluation will consist of a mix of methods, tools and approaches, including: a literature review of background documents related to the Fund, especially the projects/programmes documentation available to date (see annex B), project and programme technical reviews of proposals; a review of the Fund's portfolio consisting of a meta-evaluation of existing evaluations (mid-term and final) and project performance reports, an analysis of the portfolio database; an assessment of the CMP guidance; and interviews of stakeholders, including PPRC members, projects beneficiaries and Implementing Entities. Such data and information will be collected through interviews, project desk documents reviews, assessment of the M&E system, collection from existing internal databases such as the Financial Intermediary Fund platform, site visits to projects and Implementing Entities (number of country visits to be determined during the inception phase). 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. Existing evaluations, assessments and reviews, in particular, the analysis of the climate change adaptation reasoning in project and programme approved by the Board (AFB/PPRC.17/5), the first phase of the overall evaluation of the Fund (AFB/EFC.17/3), performance of the AFB 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.

17. A consultation workshop with key stakeholders will be held to present key findings and to discuss preliminary recommendations. The evaluation methodology will be further elaborated during

the inception phase of the Phase 2 Evaluation.

18. The overall comprehensive evaluation of the Fund is expected to take 10 months. A tentative schedule is presented below.

Tasks / Months	1	2	3	4	5	6	7	8	9	10
<b>Evaluation Design</b>										
TORs										
Select Consultants										
Protocol Dev. / Inception Report										
<b>Evaluation Context</b>										
Literature Review										
Portfolio review										
Conventions Guidance										
<b>Data Collection</b>										
Interviews										
Project Desk Review										
M&E Systems Assessment										
Field Visits										
<b>Analysis</b>										
Data analysis										
Draft Report										
Consultation Workshop										
<b>Report / presentation to the Board</b>										
Final Document										
Presentation to the Board										
Dissemination										

### **Possible Options to Implement Phase 2**

19. The intent of this section is to present the main possible options for conducting the Phase 2 evaluation of the Fund. It is based on the analysis conducted by the secretariat, on discussions at the EFC and Board levels on evaluation matters, including the consideration of the Board-approved evaluation framework (AFB/EFC.4/5), the “Options for an Overall Comprehensive Evaluation of the AF” (AFB/EFC.12/4) and the “Options for an Evaluation of the Fund” (AFB/EFC.14/5), and on discussions with the GEF Independent Evaluation Office (GEF-IEO) and with previous IRP members, as instructed by Decision B.27/26. It takes also into consideration practices and lessons learned from the phase 1 evaluation.

20. For each option, a description is given followed by an estimated budget, strengths and

opportunities, and weaknesses and threats. It is noted that the cost of any option to conduct Phase 2 Evaluation is entirely contingent upon the scope and nature of evaluation activities, evaluation team member skills, methodology, and constraints of the analysis.

21. In both cases, a firm or consortium would be recruited by the secretariat by request for proposals (see annex 4) which would follow a request for qualifications or expression of interests following World Bank procurement guidelines and systems. Through a competitive process it is anticipated that the recruited evaluation team would be highly qualified in evaluation and climate change adaptation.

**Option 1: Phase 2 implemented by an independent firm and overseen by an IRP**

22. An IRP would be selected to oversee the evaluation. Two (out of the three) members of the former IRP (Ms. Eva Lithman and Ms. Doreen Stabinsky) have confirmed their availability and interest in contributing to the second phase of the evaluation of the Fund as IRP members. The role of the IRP would include selecting the evaluation team, providing quality assurance during the evaluation process, ensuring the timely delivery of the evaluation by the evaluation firm, coordinating the inputs of the CSO representative (see below), and reporting on progress of the evaluation to the EFC. The IRP would include at least two International Experts (i) an evaluation specialist and (ii) an adaptation specialist, one of them being the IRP Team Leader. Contrary to the first Phase, the IRP Members would be remunerated for their contribution. Indeed, the IRP had stated after the first phase of the evaluation that being “*engaged as pro bono is not viable given the responsibilities assigned*”. As a result, the comparison below is based on the fact that the IRP members would be remunerated for their work. In addition to those IRP members, a representative from civil society will be invited to participate into the discussions held at the IRP level to ensure that CSO views are taken into account during the evaluation process.

23. The secretariat would provide administrative support to the IRP and to the evaluation firm (e.g. processing the firm and IRP’s contracts and payments, arranging their travels, etc.).

***Estimated Budget***

24. An estimated budget for this option ranges from US\$344,750 to 395,300. See Annex 3 for further details.

***Strengths and Opportunities***

- a) An independent firm and an IRP will ensure good independence of the evaluation process;
- b) Evaluation process and outputs overseen by a group of international experts (IRP);
- c) In comparison with the first phase of the evaluation or the option 2 described below, this option could be lighter in terms of division of work and evaluation processes;
- d) The role of the Secretariat will be limited to provide administrative support to the IRP and the evaluation firm, ensuring further independence of the evaluation.
- e) Two members of the former IRP confirmed their interests in participating into the second phase of the evaluation.

***Weaknesses and Threats***

- a) Potentially slightly more expensive option, pending on final estimates of option 2

**Option 2: Phase 2 implemented by an independent firm overseen by the Secretariat, with quality assurance ensured by the GEF Independent Evaluation Office<sup>1</sup>**

<sup>1</sup> Please note that document AFB/EFC.19/5 describing “options for providing the Fund with an evaluation function” includes an option where the GEF IEO would provide such evaluation function, among other options.

25. The GEF-IEO has extensive experience in conducting overall comprehensive evaluations and thus has a toolbox at its facility to address the types of questions for this type of evaluation, plus the experience to use this toolbox. As an independent evaluation function that reports directly to the GEF Council for its GEF-related work, the GEF-IEO has grown from outsourcing the Third Overall Performance Study (OPS3, 2005) to conducting the Fourth and Fifth Overall Performance (OPS4, 2009 and OPS5, 2014). The cost of OPS4 was US\$ 2.2 million and OPS5 was US\$ 1.2 million. In addition to being the independent evaluation function for the GEF Trust Fund, the GEF-IEO is also fulfilling the evaluation function of both the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF). From the inception of the Fund to September 2011, the GEF-IEO provided cross-support to the secretariat in drafting evaluation related documents. At the fifteenth meeting of the Board (September 2011), a decision was taken to entrust the evaluation function of the Fund to the GEF-IEO, for an interim three-year period. In March 2014, the former Director of the GEF-IEO decided to withdraw his office from this function. A new Director of the GEF-IEO has been in place since September 2014. Under his supervision, a senior evaluation officer from the GEF-IEO would provide quality assurance of the evaluation, in coordination with the secretariat. The GEF IEO has also offered to help with the selection of the evaluation firm. The GEF IEO has confirmed that they would be willing to provide such service on a pro-bono basis, "for up to two weeks' time per annum". If more time is required, the GEF IEO would charge for the additional time. In any case, in case of direct expenses (e.g. travel to Board meetings), the Fund would need to cover them.

26. The secretariat will be responsible for selecting the evaluation firm, managing the work of the evaluation firm, coordinating the quality assurance inputs of the GEF IEO, facilitating the dialogue between the GEF IEO and the evaluation firm and decide on any differences in opinions between the firm and the GEF IEO, ensuring the timely delivery of the evaluation by the firm, and reporting on progress of the evaluation to the EFC.

#### *Estimated Budget*

27. An estimated budget for this option ranges from US\$ 316,250 to 355,300, plus any GEF IEO fees, if applicable, in case of involvement of the GEF-IEO beyond the offered period of two weeks' time. See Annex 3 for further details

#### *Strengths and Opportunities*

- a) Would benefit from the GEF IEO experience in overall comprehensive evaluations, knowledge of the related trust funds such as the GEF Trust Fund, the LDCF and the SCCF for which the GEF-IEO is the evaluation function and experience of the LDCF and the SCCF. As such, the involvement of the GEF IEO would ensure quality assurance to the evaluation process;
- b) Potentially slightly cheaper option, pending on final estimates

#### *Weaknesses and Threats*

- a) Since the evaluation would be overseen by the Secretariat (who will be in charge of managing the work of the evaluation firm, coordinating the quality assurance inputs from the GEF IEO and acting as a moderator between the GEF IEO and the consulting firm), the independence of the evaluation process is likely to be suboptimal;
- b) Limited technical expertise of the GEF IEO in climate change adaptation;
- c) More complex division of work (roles and responsibilities) and evaluation processes than option 1;
- d) The secretariat will need to oversee the evaluation process (including, but not limited to: selecting the evaluation firm, managing its work and ensuring timely delivery of the evaluation, coordinating the inputs of the GEF IEO, reporting on progress of the evaluation to the EFC, and facilitating the dialogue between the GEF IEO and the evaluation firm, and decide on any differences in opinions between the firm and the GEF IEO), which will add a substantial workload on the secretariat.

*Summary of Options*

28. The table in annex 1 provides a summary of the two options.



## Annex 1: Summary of options

	Description	Est. time frame (months)	Est. Budget (USD)	Summary of Strengths and Opportunities	Summary of Weaknesses and Threats
<b>Option 1: Phase 2 implemented by an independent firm and overseen by an IRP</b>	A firm or Consortium would be recruited to conduct the evaluation. An IRP would be selected to ensure the quality of the Phase 2 Evaluation process.	8-10	344,750 – 395,300	<ul style="list-style-type: none"> <li>• An independent firm and an IRP will ensure good independence of the evaluation process;</li> <li>• Evaluation process and outputs overseen by a group of international experts (IRP);</li> <li>• In comparison with the first phase of the evaluation or the option 2 described below, this option could be lighter in terms of division of work and evaluation processes;</li> <li>• The role of the Secretariat will be limited to provide administrative support to the IRP and the evaluation firm, ensuring further independence of the evaluation.</li> <li>• Two members of the former IRP confirmed their interests in participating into the second phase of the evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially slightly more expensive option, pending on final estimates of option 2</li> </ul>
<b>Option 2: Phase 2 implemented by an independent firm overseen by the Secretariat, with quality assurance ensured by the GEF Independent Evaluation</b>	A firm or Consortium would be recruited to conduct the evaluation. The secretariat would oversee the evaluation process. The GEF IEO would ensure the quality of the Phase 2 Evaluation.	8-10	316,250 - 355,300 + GEF IEO fees if applicable	<ul style="list-style-type: none"> <li>• Would benefit from the GEF IEO experience in overall comprehensive evaluations, knowledge of the related trust funds such as the GEF Trust Fund, the LDCF and the SCCF for which the GEF-IEO is the evaluation function and experience of the LDCF and the SCCF. As such, the involvement of the GEF IEO would ensure quality assurance to the evaluation process;</li> <li>• Potentially slightly cheaper option, pending on final estimates.</li> </ul>	<ul style="list-style-type: none"> <li>• Since the evaluation would be overseen by the Secretariat (who will be in charge of managing the work of the evaluation firm, coordinating the quality assurance inputs from the GEF IEO and acting as a moderator between the GEF IEO and the consulting firm), the independence of the evaluation process is likely to be suboptimal;</li> <li>• Limited technical expertise of the GEF IEO in climate change adaptation;</li> </ul>

Office					<ul style="list-style-type: none"><li>• More complex division of work (roles and responsibilities) and evaluation processes than option 1;</li><li>• The secretariat will need to oversee the evaluation process (including, but not limited to: selecting the evaluation firm, managing its work and ensuring timely delivery of the evaluation, coordinating the inputs of the GEF IEO, reporting on progress of the evaluation to the EFC, and facilitating the dialogue between the GEF IEO and the evaluation firm, and decide on any differences in opinions between the firm and the GEF IEO), which will add a substantial workload on the secretariat.</li></ul>
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**Annex 2: List of projects approved by the Fund through June 30, 2016**

	Country	Title	Implementing Entity	Approved Amount (USD)	Approval Date	Project Start	Progress/Evaluation Reports Available
1	Senegal	Adaptation to Coastal Erosion in Vulnerable Areas	CSE	\$8,619,000	17/9/2010	21/1/2011	1st, 2nd, 3rd, 4th, 5th, 6th, 7th semiannual PPR, MTR, final evaluation.
2	Honduras	Addressing Climate Change Risks on Water Resources in Honduras: Increased Systemic Resilience and Reduced Vulnerability of the Urban Poor	UNDP	\$5,620,300	17/9/2010	21/6/2011	1st, 2nd, 3rd, and 4th PPR MTR
3	Nicaragua	Reduction of Risks and Vulnerability Based on Flooding and Droughts in the Estero Real River Watershed	UNDP	\$5,500,950	15/12/2010	23/6/2011	1st, 2nd, 3rd, 4 <sup>th</sup> PPR MTR, Final Evaluation
4	Pakistan	Reducing Risks and Vulnerabilities from Glacier Lake Outburst Floods in Northern Pakistan -	UNDP	\$3,906,000	15/12/2010	15/11/2011	1st, 2nd, 3 <sup>rd</sup> PPR MTR, final evaluation
5	Ecuador	Enhancing resilience of communities to the adverse effects of climate change on food security, in Pichincha Province and the Jubones River basin -	WFP	\$7,449,468	18/3/2011	29/11/2011	1st, 2nd, 3 <sup>rd</sup> , 4 <sup>th</sup> PPR MTR
6	Eritrea	Climate Change Adaptation Programme In Water and Agriculture In Anseba Region, Eritrea -	UNDP	\$6,520,850	18/3/2011	6/11/2012	1st, 2 <sup>nd</sup> , 3 <sup>rd</sup> PPR
7	Solomon Islands	Enhancing resilience of communities in Solomon Islands to the adverse effects of climate change in agriculture and food security	UNDP	\$5,533,500	18/3/2011	28/6/2011	1st, 2nd, 3rd, 4 <sup>th</sup> PPR MTR
8	Mongolia	Ecosystem Based Adaptation Approach to Maintaining Water Security in Critical Water Catchments in Mongolia	UNDP	\$5,500,000	22/6/2011	15/6/2012	1st, 2nd, 3 <sup>rd</sup> , 4 <sup>th</sup> PPR MTR
9	Maldives	Increasing climate resilience through an Integrated Water Resource Management	UNDP	\$8,989,225	22/6/2011	20/6/2012	1st, 2 <sup>nd</sup> , 3 <sup>rd</sup> PPR

	Country	Title	Implementing Entity	Approved Amount (USD)	Approval Date	Project Start	Progress/Evaluation Reports Available
		Programme in HA. Ihavandhoo, ADh. Mahibadhoo and GDh. Gadhdhoo Island					
10	Turkmenistan	Addressing climate change risks to farming systems in Turkmenistan at national and community level	UNDP	\$2,929,500	22/6/2011	22/5/2012	1st, 2nd, 3rd PPR
11	Mauritius	Climate Change Adaptation Programme in the Coastal Zone of Mauritius	UNDP	\$9,119,240	16/9/2011	30/8/2012	1st, 2nd, 3rd PPR MTR
12	Georgia	Developing Climate Resilient Flood and Flash Flood Management Practices to Protect Vulnerable Communities of Georgia	UNDP	\$5,316,500	14/12/2011	4/7/2012	1st, 2nd, 3rd PPR MTR
13	Tanzania	Implementation Of Concrete Adaptation Measures To Reduce Vulnerability Of Livelihood and Economy Of Coastal Communities In Tanzania	UNEP	\$5,008,564	14/12/2011	29/10/2012	1st, 2nd PPR (3rd under review)
14	Cook Islands	Strengthening the Resilience of our Islands and our Communities to Climate Change	UNDP	\$5,381,600	14/12/2011	4/7/2012	1st, 2nd, 3rd PPR
15	Uruguay	Uruguay: Helping Small Farmers Adapt to Climate Change	ANII	\$9,967,678	14/12/2011	22/10/2012	1st, 2nd PPR
16	Samoa	Enhancing Resilience of Samoa's Coastal Communities to Climate Change	UNDP	\$8,732,351	14/12/2011	28/1/2013	1st, 2nd PPR
17	Madagascar	Madagascar: Promoting Climate Resilience in the Rice Sector	UNEP	\$5,104,925	14/12/2011	24/10/2012	1st, 2nd PPR
18	Papua New Guinea	Enhancing adaptive capacity of communities to climate change-related floods in the North Coast and Islands Region of Papua New Guinea	UNDP	\$6,530,373	16/3/2012	26/7/2012	1st, 2 <sup>nd</sup> , 3 <sup>rd</sup> PPR, MTR
19	Cambodia	Enhancing Climate Resilience of Rural Communities Living in Protected Areas of Cambodia	UNEP	\$4,954,273	28/6/2012	21/5/2013	1st, 2nd PPR

	Country	Title	Implementing Entity	Approved Amount (USD)	Approval Date	Project Start	Progress/Evaluation Reports Available
20	Colombia	Reducing Risk and Vulnerability to Climate Change in the Region of La Depresion Momposina in Colombia	UNDP	\$8,518,307	28/6/2012	21/3/2013	1 <sup>st</sup> , 2nd PPR
21	Djibouti	Developing Agro-Pastoral Shade Gardens as an Adaptation Strategy for Poor Rural Communities in Djibouti	UNDP	\$4,658,556	28/6/2012	13/3/2013	1st, 2nd PPR
22	Egypt	Building Resilient Food Security Systems to Benefit the Southern Egypt Region	WFP	\$6,904,318	28/6/2012	31/3/2013	1st, 2nd PPR (3 <sup>rd</sup> under review) MTR
23	Jamaica	Enhancing the Resilience of the Agricultural Sector and Coastal Areas to Protect Livelihoods and Improve Food Security	Planning Institute of Jamaica (PIOJ)	\$9,965,000	28/6/2012	2/11/2012	1st, 2nd PPR (2nd under review)
24	Lebanon	Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL)	IFAD	\$7,860,825	28/6/2012	15/09/2015	None
25	Mauritania	Enhancing Resilience of Communities to the Adverse Effects of Climate Change on Food Security in Mauritania	WFP	\$7,803,605	28/6/2012	14/8/2014	1st PPR
26	Sri Lanka	Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka	WFP	\$7,989,727	14/12/2012	4/11/2013	1st PPR
27	Argentina	Increasing Climate Resilience and Enhancing Sustainable Land Management in the Southwest of the Buenos Aires Province	WB	\$4,296,817	14/12/2012	11/06/2015	1st PPR under review
28	Argentina	Enhancing the Adaptive Capacity and Increasing Resilience of Small-size Agriculture Producers of the Northeast of Argentina	UCAR	\$5,640,000	4/4/2013	24/10/2013	1st, 2nd PPR
29	Guatemala	Climate change resilient production landscapes and socioeconomic networks advanced in Guatemala	UNDP	\$5,425,000	14/09/2013	07/02/2015	None

	Country	Title	Implementing Entity	Approved Amount (USD)	Approval Date	Project Start	Progress/Evaluation Reports Available
30	Rwanda	Reducing Vulnerability to Climate Change in North West Rwanda through Community based adaptation.	MINERENA	\$9,969,619	01/11/2013	2/6/2014	1st PPR (2 <sup>nd</sup> under review)
31	Cuba	Reduction of vulnerability to coastal flooding through ecosystem-based adaptation in the south of Artemisa and Mayabeque provinces	UNDP	\$6,067,320	20/02/2014	11/09/2014	1st PPR
32	Seychelles	Ecosystem Based Adaptation to Climate Change in Seychelles	UNDP	\$6,455,750	20/02/2014	30/10/2014	1 <sup>st</sup> , 2 <sup>nd</sup> PPR
33	Uzbekistan	Developing Climate Resilience of Farming Communities in the drought prone parts of Uzbekistan	UNDP	\$5,415,103	20/02/2014	26/05/2014	1st PPR
34	Myanmar	Addressing Climate Change Risks on Water Resources and Food Security in the Dry Zone of Myanmar	UNDP	\$7,909,026	27/02/2014	25/08/2015	None
35	Belize	Implement priority ecosystem-based marine conservation and climate adaptation measures to strengthen the climate resilience of the Belize Barrier Reef System	WB	\$6,000,000	18/08/2014	17/03/2015	1 <sup>st</sup> PPR
36	India	Conservation and Management of Coastal Resources as a Potential Adaptation Strategy for Sea Level Rise	NABARD	\$689,264	10/10/2014	23/06/2015	None
37	India	Enhancing Adaptive Capacity and Increasing Resilience of Small and Marginal Farmers in Purulia and Bankura Districts of West Bengal	NABARD	\$2,510,854	10/10/2014	28/05/2015	None
38	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	FUNDECOOP ERACION	\$9,970,000	10/10/2014	07/10/2015	None

	Country	Title	Implementing Entity	Approved Amount (USD)	Approval Date	Project Start	Progress/Evaluation Reports Available
39	Kenya	Integrated Programme To Build Resilience To Climate Change & Adaptive Capacity Of Vulnerable Communities In Kenya	NEMA	\$9,998,302	10/10/2014	29/01/2016	None
40	South Africa	Building Resilience in the Greater uMngeni Catchment	SANBI	\$7,495,055	10/10/2014	11/12/2015	None
41	South Africa	Taking Adaptation to the Ground: A Small Grants Facility for Enabling Local Level Responses to Climate Change	SANBI	\$2,442,682	10/10/2014	16/09/2015	None
42	Ghana	Increased resilience to climate change in Northern Ghana through the management of water resources and diversification of livelihoods	UNDP	\$8,293,972	05/03/2015	23/05/2016	None
43	Mali	Programme Support for Climate Change Adaptation in the vulnerable regions of Mopti and Timbuktu	UNDP	\$8,533,348	25/03/2015	03/02/2016	None
44	Nepal	Adapting to climate induced threats to food production and food security in the Karnali Region of Nepal	WFP	\$9,527,160	01/04/2015	Not Started	None
45	Indonesia	Adapting to Climate Change for Improved Food Security in West Nusa Tenggara Province	WFP	\$5,995,666	11/05/2015	Not Started	None
46	Jordan	Increasing the resilience of poor and vulnerable communities to climate change impacts in Jordan through implementing innovative projects in water and agriculture in support of adaptation to climate change	MOPIC	\$9,226,000	10/04/2015	Not Started	None
47	Morocco	Climate changes adaptation project in oasis zones – PACC-ZO	ADA	\$9,970,000	10/04/2015	14/12/2015	None
48	India	Building adaptive capacities of small inland fishers for climate resilience and livelihood	NABARD	\$1,790,500	10/04/2015	18/11/2015	None

	Country	Title	Implementing Entity	Approved Amount (USD)	Approval Date	Project Start	Progress/Evaluation Reports Available
		security, Madhya Pradesh					
49	India	Climate Smart Actions and Strategies in North Western Himalayan Region for Sustainable Livelihoods of Agriculture-Dependent Hill Communities	NABARD	\$969,570	09/10/2015	Not Started	None
50	Chile	Enhancing resilience to climate change of the small agriculture in the Chilean region of O'Higgins	AGCI	\$9,960,000	09/10/2015	Not Started	None
51	India	Climate proofing of watershed development projects in the states of Rajasthan and Tamil Nadu	NABARD	\$1,344,155	09/10/2015	Not Started	None
52	Peru	Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries	PROFONANPE	\$6,590,239	18/03/2016	Not Started	None
			TOTAL	\$337,230,037			

Source: AF-EFC, October 4, 2016, *Annual Performance Report for the Fiscal Year 2016*



**Annex 3: Estimated budget per option**

Budget Item	Estimated budget Option 1 (USD)	Estimated budget Option 2 (USD)
Evaluation team fees	160,000 – 190,000 (one senior, one middle level officer and two junior evaluation professionals)	160,000 - 190,000 (one senior, one middle level officer and two junior evaluation professionals)
IRP/GEF-IEO fees	25,000 – 35,000 (1 expert for 15 days each and one Team Leader for 20 days)	Two weeks of pro-bono work, then regular charges for use of GEF IEO officers
Other fees: in country consultants (case studies, in person interviews)	25,000-30,000	25,000-30,000
Travel	40,000	40,000
Communications (telephone calls, etc.) (assumes use of conference services and web base survey platform)	2,500-3,000	2,500-3,000
Workshops	10,000 (One)	10,000 (One)
Translation of document	30,000	30,000
Supplies and equipment	20,000	20,000
<b>Sub total</b>	312,500-358,000	287,500-323,000
Other + Contingency (10%)	32,250 – 37,300	28,750-32,300
<b>Total</b>	<b>344,750 – 395,300</b>	<b>316,250-355,300 + GEF IEO fees if applicable</b>

**Annex 4: Terms of reference and request for proposals developed by the evaluation task force, as per Decision B.27/26**



## ADAPTATION FUND

### ***Terms of Reference for Phase II of the Adaptation Fund's Overall Evaluation***

#### **BRIEF INTRODUCTION**

The Adaptation Fund (the Fund hereafter) 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” (Decision 1/CMP.3). As of September 2016, the Fund has dedicated US\$ 354 million to climate adaptation initiatives in 61 countries. Funds are accessed by developing countries Parties to the Kyoto Protocol through Implementing Entities (IEs) that have been accredited by the Adaptation Fund Board (the Board or AFB hereafter). 12 multilateral implementing entities (MIEs), 6 regional implementing entities (RIEs) and 24 national implementing entities (NIEs) have been accredited as of September 2016, and are eligible to access finance from the Fund. The Fund is supervised and managed by the Board, who works under the authority of, and is accountable to, the Meeting of the Parties to the Kyoto Protocol. A dedicated team of officials at the Global Environment Facility (GEF) provides secretariat services to the Board (the AFB Secretariat hereafter) on an interim basis and the World Bank serves as the Fund’s trustee, also on an interim basis.<sup>2</sup>

#### **BACKGROUND INFORMATION AND RATIONALE**

At its thirteenth meeting (March 2011), the Board approved the Fund’s evaluation framework and discussed to implement an “overall evaluation”<sup>3</sup> (Decision B.13/20). At the time there were questions about the best time to launch such an evaluation given the fact that only one project was under implementation.<sup>4</sup> This issue was revisited at the twentieth meeting of the Board which requested the AFB Secretariat to submit to the Ethics and Finance Committee (EFC) of the Board at its twelfth meeting a document presenting options to conduct an overall evaluation of the Fund (Decision B.20/14). The Independent Evaluation Office (IEO) of the Global Environment Facility (GEF), in its capacity – at that point in time – as interim evaluation function for the Fund, submitted such document which proposed that the interim evaluation function either implement “an overall comprehensive evaluation” or oversee the evaluation conducted by another entity (AFB/EFC.12/4, p.2).

Given the general concerns in the EFC (AFB/B.21/8/Rev.1) about the costs and length of a comprehensive evaluation of the Fund, the Board subsequently decided to request the AFB 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 delineated options for a possible evaluation of the Fund. Following the presentation of this document at its twenty-third Board meeting, the Board decided to a) Approve a two-phase evaluation, with the aim of completing Phase I in time for discussion at the twenty-fourth Board meeting (October 2014); b) Request the Chairs and Vice - chairs of the Board and EFC to propose for consideration by the Board during the intersessional period an independent review panel consisting of three members (i) an evaluation specialist (ii) an adaptation specialist, and (iii) a representative from civil society for a decision by the end of April 2014, and c) Request the AFB 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 twenty-third meeting (18-21 March 2014), included a Phase 1 and a Phase 2 as presented in the document “Options for an Evaluation of the Fund” (AFB/EFC.14/5). It responded to 1) the opportunity to present preliminary results of an evaluation to UNFCCC meetings in December 2014 as presented by GEF IEO 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. Phase 2 of the evaluation was to focus on “an evaluation of the portfolio including long term outcomes, impacts and sustainability of the Fund’s interventions” once the portfolio had further matured. Although it

<sup>2</sup> Annex A and document AFB.B.11.Inf.3 contain further information

<sup>3</sup> “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” (AFB/EFC.12/4, p.2). It was used as a synonym of “comprehensive evaluation.”

<sup>4</sup> “...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).

was too premature to measure impacts, this second phase would include the review for long term results. During this phase of the evaluation, the main objective of the assessment was to assess the progress towards Fund objectives, the major achievement of results and lessons from the Fund's active portfolio of projects and to formulate recommendations for potential improvement. Therefore, the main evaluation question was defined as follows: what are the achievements of the Fund since it was established; and what are the key lessons that can be drawn for the future?

Phase 1 was conducted in 2014-2015 based on terms of reference approved intersessionally by the Board (B.23-24/10) and was achieved in 2015. The evaluation and an associated management response from the Chair of the Board are available [online](#). Conclusions include, among others, that the Fund has made substantial progress towards establishing processes that support its objective of reducing vulnerability and increasing adaptive capacity to respond to the impacts of climate change, including variability at local and national levels and that the Fund's niche is most likely to be at the nexus of innovation and learning about concrete adaptation activities and access modalities. In addition, lessons learned include, among others, that the modality that the Fund has pioneered for more than six years, the direct access modality, has been a major innovation in climate finance and is appropriate to meeting countries' needs, and that such modality can be a highly relevant, effective, and efficient means of channelling adaptation finance. Furthermore, the evaluation outlines that the Fund's design and operational processes are efficient and largely coherent with UNFCCC guidance and national adaptation priorities, and that the evolution of its operational processes has been appropriate, demonstrating its commitment to continuously improve its operations.

Based on the document "Options for the second phase of the evaluation of the Adaptation Fund" (AFB/EFC.18/3), the Board discussed at its twenty-seventh meeting two options for conducting the second phase of the evaluation of the Adaptation Fund. Some supported an option where the evaluation would be implemented by an independent evaluation firm overseen by an Independent Review Panel (IRP), given that the approach had worked fairly well for the first phase. Others supported another option where the evaluation would be implemented by an independent evaluation firm overseen by the secretariat, with quality assurance by the GEF-IEO. Another suggestion arose from the discussions for a third option proposing that the Board should take on the responsibility of implementing the second phase of the evaluation, by drafting the terms of reference in consultation with the secretariat, sending out a request for proposals, reviewing the responses and issuing a contract with the controls needed for the review process. Based on the outcomes of the EFC discussion, the Board decided to establish an evaluation task force comprised of Ms. Fatuma Mohamed Hussein (Kenya, Non-Annex I Parties), Mr. Marc-Antoine Martin (France, WEOG) and Mr. Philip S. Weech (Bahamas, GRULAC) to work intersessionally, supported by the AFB Secretariat, to develop terms of reference and a request for proposals for the second phase of the evaluation of the Adaptation Fund with inputs from civil society organizations through the AF NGO network and in coordination with independent evaluation organizations (including the GEF-IEO) for quality assurance and present them to the nineteenth meeting of the EFC. In parallel, the Board requested the AFB Secretariat to further investigate the availability of the previous Independent Review Panel members and continue discussions with the GEF-IEO, and to present updated options for the second phase of the evaluation of the Fund to the nineteenth meeting of the EFC; and to prepare options for providing the Fund with an evaluation function, building upon previous work related to the evaluation framework of the Fund, for consideration at the nineteenth meeting of the EFC.

Against this background, these terms of reference (TOR) were designed by the evaluation task force of the Board in order to provide guidance to Phase 2 of the evaluation. The modality under which this Phase 2 will occur will be further discussed by the Board at its twenty-eighth meeting.

### **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) undertakes reviews of the AF periodically. The CMP decided "that the interim institutional arrangements [...] shall be reviewed after three years at the sixth session" of the CMP (Decision 1/CMP.3, paras 32-33). 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 initial review was implemented in 2011 (see AFB/B.16/Inf.6) and completed in 2012 (Decision 4/CMP.8) and the second review was completed in 2014 (Decision 2/CMP.10). In this document (FCCC/TP/2014/7), CMP 8 recognized the effectiveness and efficiency of the interim secretariat of the Adaptation Fund Board and the International Bank for Reconstruction and Development (the World Bank), as interim trustee of the Adaptation Fund. Moreover, the CMP encouraged the Adaptation Fund Board to continue working with the interim trustee for the Adaptation Fund on further enhancing the process of monetization of certified emission reductions (CERs). It also encouraged the Board to consider how to further improve accessibility to funding from the Adaptation Fund, especially through its direct access modality. Furthermore, the CMP noted with concern issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund based on the current uncertainty regarding the prices of CERs and the continuation of the Fund during and beyond the second commitment period of the Kyoto Protocol. To address this concern, CMP 8 requested the Adaptation Fund Board to report to SBI 38 on the status of the resources of the Adaptation Fund, trends in

the flow of resources and any identifiable causes of these trends.<sup>5</sup> In response to this request, the Adaptation Fund Board presented at SBI 38 information on the status of the resources of the Fund, which summarized the trend of funding flows, including the situation of donation and the decreasing prices of CERs. The CMP also decided to request the Subsidiary Body for Implementation (SBI), at its forty-fourth session (May 2016), to initiate the third review of the Adaptation Fund, in accordance with the terms of reference contained in the annex to decision 2/CMP.9, or as they may be subsequently amended, and to report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its twelfth session (November–December 2016), with a view to the review being undertaken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session (November–December 2017)”(Decision 2/CMP.10, para.9). The SBI, during its forty-fourth session in May 2016 has formulated a [draft decision and terms of reference](#) for consideration by the CMP.<sup>12</sup> with respect to the third review of the Adaptation Fund.

Although the Phase II evaluation and third review are two distinct processes, their overall scopes and timelines may overlap. Results of the Fund’s Phase 2 evaluation may inform the third review by the CMP and future reviews and evaluations of the Fund.

The Fund has also been the subject 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 (*see* Masullo et al. 2015; 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-Juszek 2010; IIED 2009; and Hedger et al. 2008) and published peer-reviewed journal articles (*see* Stadelmann et al. 2013; Barrett 2013; and Horstmann and Abeysinghe 2011).

In addition, the AFB Secretariat has conducted, following a request made by the Board at its twenty-fifth meeting (Decision B.25/16), an [analysis of climate change adaptation reasoning across the projects and programmes proposals approved by the Board](#). The study looked at the adaptation needs and their relation to climate related drivers and the risks associated with those drivers, and concluded that, among others, with respect to the Fund’s alignment with current approaches to adaptation: i) the Fund performs strongly in the aspect of purposefulness; ii) the mandate to finance concrete adaptation projects is not at the expense of considering the social and economic drivers of vulnerability, with outcomes and outputs in the Strategic Results Framework focused on the enabling environment (encompassing such drivers); iii) there is potential for the project outputs financed by the Fund to achieve transformational impacts. It also included insights in terms of adaptation needs, responses, project alignment with the Fund’s strategic objectives and current adaptation thinking, lessons learned by projects and reflection on project review criteria.

Focus and scope of the studies vary according to the interest of each institution or researcher. Annex C presents main recommendations of the studies identified through a desk review process. 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 the analysis and implementation of the Phase 2 evaluation.

The evaluation team (a team proposed by the selected firm) should also use and consider findings and results of evaluations of other adaptation and climate change funds (i.e., Least Developed Country Fund-LDCF, Special Climate Change Fund-SCCF- and the Climate Investment Fund-CIF) during the design, compilation of information and analysis.

## AUDIENCE OF THE EVALUATION

Similar to phase 1, the primary audience of the Phase 2 of the evaluation includes the Board (and its Ethics and Finance Committee -EFC, Project and Programme Review Committee -PPRC and Accreditation Panel-AP), all Parties to the Kyoto Protocol (CMP) and the AFB secretariat. Findings will also be relevant to development partners, the Trustee, the Implementing Entities of the Fund (MIEs, NIEs, RIEs), executing entities, communities implementing and participating in interventions of the Fund, the Designated Authorities, and Fund’s observers (UNFCCC Parties, UNFCCC thematic bodies, NGOs and other Civil Society Organisations and International Organisations).

In addition, evaluation results will also be relevant to inform the Fund’s third review, and processes and future development of the Fund and other climate change financing mechanisms. Evaluation results may also be useful to Parties to the Kyoto Protocol, the UNFCCC at large, including the Adaptation Committee, developing countries, donors, and agencies and institutions (bilateral and multilateral) working on adaptation to climate change and climate finance.

## PURPOSE AND OBJECTIVES OF THE EVALUATION

### Introduction and scope of the evaluation

This evaluation is the second phase in a two-phased approach to a comprehensive evaluation of the Fund. Whereas the phase 1 was a process evaluation intended to inform discussions and decisions on the Fund's operational aspects, phase 2 intends to assess the progress made across the Fund's active portfolio of projects and programmes, evaluate the major achievements in terms of results and lessons learned, and formulate recommendations for potential improvements. It will analyse the extent to which the Fund's projects and programmes' activities through both 'soft' and 'hard' measures are aligned with the Fund's mandate to finance concrete adaptation projects and programmes in countries that are particularly vulnerable to the adverse effects of climate change. It will analyse long term outcomes and impacts, the sustainability of interventions, formulating potential adjustments to its working modalities as required, with a view of improving the delivery of ground-level results. The evaluation will also study the limits of the adaptation reasoning analysis performed by the Fund taking into account the evolutions/changes of the adaptation concept/definition through the successive Assessment Reports of the IPCC, focusing in particular on how resilient, incremental and transformational actions are created across the Fund's portfolio of projects and programmes.

The evaluation will focus on the projects and programmes listed under Annex B that are at different level of maturity (see "*Inclusion of Interventions According to Status*" table below). Throughout the assessment of projects and programmes' impacts, the evaluation should also analyse cross-cutting themes related to the project/programme cycle of the Fund such as the project/programme approval process, including criteria used for the technical reviews of proposals, project/programme design and planning by the implementing entities, monitoring, reporting and evaluation at both project/programme and Fund levels, knowledge management, the gender policy and Environmental and Social Policy of the Fund. Last but not least, the evaluation will need to take into account the dynamic context of the climate change adaptation finance evolving architecture in which the Fund is embedded and operates.

#### *Inclusion of Interventions According to Status*

<b>Core Criteria Status</b>	<b>Relevance</b>	<b>Effectiveness</b>	<b>Efficiency</b>	<b>Impact, Results and Sustainability</b>
Completed	Full	Full	Full	Full
Under implementation	Full	Likelihood	Likelihood	Likelihood
Approved, but not under implementation	Expected(1)	N/A	N/A	NA

(1) Quality at entry review.

#### *Expected depth and scope*

The evaluation will cover the portfolio of the Fund from 2010 (year of the approval of the first project by the Board) until the launch of the Phase 2 of the evaluation. It will cover ongoing and completed projects/programmes, focusing on those that have provided enough information to enable an objective assessment of their outputs given their implementation status (see Annex B and "*inclusion of interventions according to status*" table above). In parallel, the evaluation will consider briefly updating Phase 1 evaluation findings, lessons learned and recommendations.

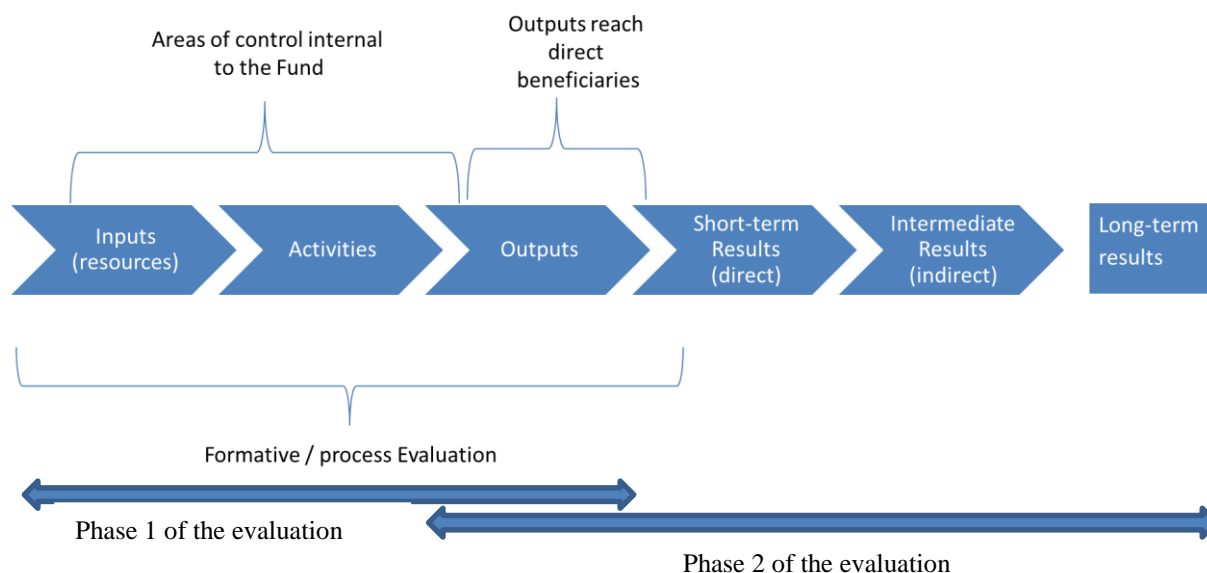
#### **Objective of the evaluation**

The *objective* of the evaluation is to examine and assess the Fund portfolio of projects/programmes' progress towards their objectives of financing concrete adaptation projects and programmes in developing countries Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change, analyse results and lessons from the Fund's portfolio, and formulate recommendations on how key lessons that can be drawn for the Future of the Fund's portfolio.

Specifically, it will assess the Fund portfolio's relevance, efficiency, effectiveness, impacts, and sustainability in delivering concrete adaptation interventions. As highlighted in Figure 1 below, and whereas the Phase 1 focused on a process evaluation, Phase 2 will focus on assessing the second part of the evaluation logic model, i.e. starting from the delivery of outputs to main short-term results/outcomes and long-term results, as possible, taking into account an evolving context of adaptation support.

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 question asked by the evaluation is:** What is the overall relevance, effectiveness, efficiency, broader progress to impact and sustainability of results (technical, institutional, and financial) of the Fund's portfolio of projects/programmes, and what are the main lessons and recommendations which can be drawn upon for any future operations?

**Sub-questions of the evaluation:** Main sub-questions were developed and structured using the OECD DAC criteria (relevance, efficiency, effectiveness, results and sustainability), 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 portfolio

These questions build the context in which the projects/programmes financed by the AF are operating. Relevance is the extent to which intended and actual activities are suited to the priorities and policies of beneficiary countries, the COP/CMP guidance, and other Fund key stakeholders, and the degree to which the Fund's portfolio remain valid to achieve its intended objectives.

- How relevant<sup>5</sup> is the Fund's portfolio of projects/programmes to the COP/CMP guidance, the Sustainable Development Goals, National Determined Contributions (NDC), regional sustainable development strategies and adaptation programmes, national sustainable development strategies, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and any other relevant instruments?
- What is the relevance of the Fund's intended and actual projects/programmes within the context of adaptation to climate change at the global and national levels? What are the identified gaps between the relevance of intended and actual projects/programmes? How can the Fund address such gaps, including through any future readiness programme?
- Are the activities and outputs of projects/programmes supported by the AF consistent with the AF mandate? Have they led to, or assisted in the achievement of such mandate at the local (national or regional as appropriate) level(s)? To what extent the readiness programme helps in achieving this goal? To what extent are the AF projects/programmes delivering concrete adaptation results to countries that are particularly vulnerable to climate change? How relevant is the distinction between small-size projects/programmes compared to regular ones?
- To what extent are the scope of activities and actions of the AF different or similar to those of other institutions addressing similar climate-related challenges, including the GEF, the LDCF, the SCCF, the CIF, the GCF, and other climate-relevant activities? Have complementarities been identified with institutions addressing similar climate-related challenges? What are the comparative advantages or added value of the Fund, notably with respect to the direct access modality, in comparison with those programs?

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

- Can the fund assist Parties under the Paris Agreement achieve their Nationally Determined Contributions (NDCs) for adaptation actions? How can it help to achieve the commitments of countries of Art 7. of the Paris Agreement, the Cancun Adaptation Framework 1/CP.16 and the adaptation specific provision of the UNFCCC?
- What lessons can be drawn on the relevance of the AF processes and used, in any future readiness programme?

#### Efficiency of the Fund's portfolio<sup>6</sup>

These questions assess the efficiency in supporting concrete adaptation activities throughout the AF portfolio of projects/programmes. It will evaluate the qualitative and quantitative outputs of the portfolio in relation to the inputs provided through the implementation of the portfolio of projects/programmes that the Fund is supporting. Given the existence of other Funds and mechanisms that address adaptation to climate change, the evaluation will also assess the level of efficiency of the AF in achieving concrete adaptation.

- What is the efficiency of the Fund's intended and actual projects/programmes within the context of adaptation to climate change at the global and national levels, including in comparison with other financial mechanisms that address adaptation to climate change?
- How efficiently have the resources provided by the Fund's portfolio been converted into expected results? To what extent have the Fund portfolio of projects/programmes been efficient in helping beneficiary countries to achieve concrete adaptation results? What lessons can be gleaned for any future readiness programme on how efficient has the fund been in supporting the development and implementation of projects/programmes of the Fund's portfolio? To what extent have the projects/programme been designed and implemented, and their outputs achieved in a cost-effective way? Have they provided synergies among any other goal than concrete adaptation?
- How efficient are the governance and institutional arrangements' structure across the Fund's portfolio? How efficient is the Fund's project cycle and management of funds and resources, at project stages?
- What has been the efficiency of the results based management framework, including the monitoring, reporting and evaluation system, in supporting the delivery of concrete adaptation activities across the Fund's portfolio of projects and programmes?
- How efficient is the Fund in gathering and disseminating lessons learned from its portfolio of projects/programmes?
- How can lessons learned on the efficiency of the Fund's processes be used to inform any future readiness programme?

#### Effectiveness of the Fund's portfolio<sup>7</sup>

These questions assess how effective are the design and implementation of the projects/programmes, and their transparency and accountability.

- How effective is the Fund's portfolio in achieving expected outcomes or progress towards achieving expected outcomes and impacts? Have the concrete adaptation measures supported by the Fund portfolio addressed the adverse impacts of and risks posed by climate change at the international, regional or national levels? What are the major factors enabling or hindering the effectiveness of the projects/programmes?
- What elements have positively or negatively affected the effectiveness of the projects/programmes supported by the Fund? How effective is the Fund as an international organization in providing direct access to funds by developing countries?
- How effective have the projects and programmes been in addressing the Environmental and Social Policy during the design and implementation of the activities at the national and regional levels as appropriate? What positive or negative effects have the Fund projects and programmes had on the resilience of target communities, and their social and environmental environment, including gender equality? What are the likely or observed impacts on women, poor and marginalized groups, and indigenous groups?
- To what extent has the Fund's project and programmes supported beneficiary countries in reaching their national adaptation plans? How are the Fund's projects and programmes likely to contribute to the effective implementation of the countries' Nationally Determined Contributions (NDCs) pledged under the Paris Agreement?

<sup>6</sup> 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"

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



- What has been the AF added-value from the perspective of the beneficiary countries in implementing concrete adaptation projects/programmes? What opportunities and challenges, if any, has the Fund presented to beneficiary countries in implementing concrete adaptation activities?
- What has been the effectiveness of the results based management framework, including the monitoring, reporting and evaluation system, in supporting the delivery of concrete adaptation activities across the Fund's portfolio of projects and programmes?
- Has the readiness programme been effective in supporting the delivery of concrete adaptation activities?
- How effective is the Fund in gathering and disseminating lessons learned from its portfolio of projects/programmes? What kind of learning has been achieved?
- To what extent have the projects/programmes of the Fund allowed a transformational change at the regional and national level and where relevant regional level(s) as appropriate?
- How can lessons learned on the effectiveness of the Fund's processes be used to inform any future readiness programme?

### Results/Sustainability

These questions assess the sustainability of the Fund's results from an economic, social, environmental, institution and financial standpoint. The evaluation will consider major factors influencing whether or not the Fund's portfolio of projects/programmes achieves sustainability.

- What are the positive and negative, foreseen or unforeseen effects produced by the Fund's portfolio at this point, including results already achieved by the Fund's projects and programmes, and how sustainable are these results?
- To what extent are the benefits arising from the projects likely to be sustained or replicated after the projects/programmes' completion? To what extent are these expectations based on well-founded assumptions, logic, and observations? How does the direct access modality impact results and, or the sustainability of the projects and programmes in comparison to multilateral/regional access?
- To what extent have the project designs identified risks to the sustainability of the benefits and any steps taken steps to mitigate risks?
- What lessons can be gleaned on the Results/Sustainability of the Fund's processes be used to inform any future readiness programme?
- To what extent does the involvement of local communities, community-based organizations and other relevant stakeholder increase the ownership and sustainability of the project?
- Do the projects/programmes manage to enhance the adaptive capacities of the most vulnerable group and improve their living conditions?
- Have there been unintended impacts for the countries / communities caused by the projects?

### PROPOSED EVALUATION APPROACH AND METHODOLOGY

**Inception:** The review by the evaluation team (a team proposed by the selected firm) 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 finalize these TOR, if needed. 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. The Evaluation team will also clarify the vocabulary that will be used during the evaluation in a glossary.

**Data collection:** Primary and secondary data and information will be collected through a mix of methods, tools and approaches, including: a literature review of background documents related to the Fund, especially the projects/programmes documentation available to date (see annex B), project and programme technical reviews of proposals; a review of the Fund's portfolio consisting of a meta-evaluation of existing evaluations (mid-term and final) and project performance reports, an analysis of the portfolio database; an assessment of the CMP guidance; and interviews of stakeholders, including PPRC members, projects beneficiaries and Implementing Entities. Such data and information will be collected through interviews, project desk documents reviews, assessment of the M&E system, collection from existing internal databases such as the Financial Intermediary Fund platform, site visits to projects and Implementing Entities (number of country visits to be determined during the inception phase). 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.

Existing evaluations, assessments and reviews, in particular, the analysis of the climate change adaptation reasoning in project and programme approved by the Board (AFB/PPRC.17/.5), the first phase of the overall evaluation of the Fund (AFB/EFC.17/3), performance of the AFB 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.

**Analysis:** Quantitative and qualitative data analysis will be used as appropriate. 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 evaluation questions and 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, results based management and environmental and social policy.

#### **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.

Access to certain stakeholders for interviews may be limited given the fact that community-level beneficiaries of the AF-supported projects/programmes may not be easily reachable, even remotely.

Changes in processes, operations and policies occurred since the Fund has been operationalized. The Environmental and Social Policy and the gender policy and action plan have for instance been approved during the last couple of years. Such updates and/or policies need to be accounted for during the evaluation.

Finally, budget and time constraints will need to be taken into account by the evaluation firm and stakeholders involved into the implementation of the evaluation.

#### **ESTIMATED SCHEDULE AND DELIVERABLES**

A period of ten months has been estimated for the implementation of the Phase 2 of the evaluation. Table 1 below presents the projected level of effort (estimated schedule) for the evaluation. This schedule will need to be adapted to the option that will be selected for conducting the Phase 2 of the evaluation.

Table 1. Estimated schedule of the evaluation

Tasks / Months	1	2	3	4	5	6	7	8	9	10
<b>Evaluation Design</b>										
TORs										
Select Consultants										
Protocol Development / Inception Report										
<b>Evaluation Context</b>										
Literature Review										
Portfolio review										
Conventions Guidance										
<b>Data Collection</b>										
Interviews										
Project Desk Review										
M&E Systems Assessment										
Field Visits										

Tasks / Months	1	2	3	4	5	6	7	8	9	10
<b>Analysis</b>										
Data analysis										
Draft Report										
Consultation Workshop										
<b>Report / presentation to the Board</b>										
Final Document										
Presentation to the Board										
Dissemination										

## DELIVERABLES

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

- Inception report with final TOR for Phase 2, evaluation framework, work plan, methodology, including tool selection, etc.
- Preliminary report with preliminary conclusions and recommendations.
- 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 products used during the analysis for the evaluation (survey result reports, graphs, maps, tables).

Specific deliverables and tasks will be developed and mutually agreed before the contract is signed.

## Submission guidelines

The evaluation team will submit an inception report, preliminary conclusions and recommendations report, as well as 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 beforehand.

## BUDGET

Budget shall be proposed by the evaluation team through World Bank standard procurement rules and guidelines during the Request for Proposal 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 Evaluation Team and any entity involved in the evaluation 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 based on 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"> <li>• Independence from policy-making process and management</li> <li>• Impartiality: giving accounts from all stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluators/evaluation teams will be independent of both the policy-making process and the delivery and</li> </ul>

Evaluations should be implemented based on 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"> <li>• Transparency: clear communication concerning the purpose of the evaluation, its intended use, data and analysis</li> <li>• Disclosure: lessons shared with general public</li> <li>• Ethics: regard for the welfare, beliefs, and customs of those involved or affected</li> <li>• Avoidance of conflict of interest</li> <li>• Competencies and Capacities: selection of the required expertise for evaluations</li> <li>• Credibility based on reliable data, observations, methods and analysis</li> <li>• Partnerships: between implementing entities, governments, civil society, and beneficiaries</li> <li>• Utility: serve decision-making processes and information needs of the intended users</li> </ul>	<ul style="list-style-type: none"> <li>• management of assistance to the project they are evaluating</li> <li>• Evaluators will be impartial and present a comprehensive and balanced appraisal of the strengths and weaknesses of the project/programme being evaluated</li> <li>• 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</li> <li>• Evaluators should be knowledgeable about Fund's operations and strategy, and about relevant Fund's policies such as those on project life cycle, M&amp;E, etc.</li> <li>• Evaluators should take into account the views of all relevant stakeholders in conducting final evaluations</li> <li>• 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&amp;E system</li> <li>• Evaluators should also seek the necessary contextual information to assess the significance and relevance of results; and</li> <li>• Evaluators will abide by the Implementing Entity Ethical Guidelines and other policies relevant to evaluations, if available and applicable.</li> </ul>

Based in the GEF IEO Ethical Guidelines

## ORGANIZATIONAL ASPECTS

At its twenty-seventh meeting, the Board considered two possible options for conducting the second phase of the evaluation of the Fund. In both cases, a firm or consortium would be recruited by the AFB Secretariat by request for proposals or by request for tenders, which could follow a request for qualifications or expression of interests following World Bank procurement guidelines and systems. Through a competitive process it is anticipated that the recruited evaluation team would be highly qualified in evaluation and climate change adaptation.

Option 1 proposed to have the Phase 2 implemented by an independent firm and overseen by an Independent Review Panel (IRP). In that case, an IRP would be selected to oversee the evaluation. Its role would include selecting the evaluation team, providing quality assurance during the evaluation process, ensuring the timely delivery of the evaluation by the evaluation firm, coordinating the inputs of the CSO representative (see below), and reporting on progress of the evaluation to the EFC. The IRP would include at least two International Experts (i) an evaluation specialist and (ii) an adaptation specialist, one of them being the IRP Team Leader. Contrary to the first Phase, the IRP Members would be remunerated for their contribution. Indeed, the IRP had stated after the first phase of the evaluation that being “engaged as pro bono is not viable given the responsibilities assigned”. As a result, the comparison below is based on the fact that the IRP members would be remunerated for their work. In addition to those IRP members, a representative from civil society will be invited to participate into the discussions held at the IRP level to ensure that CSO views are taken into account during the evaluation process. The AFB Secretariat would provide administrative support to the IRP and to the evaluation firm (e.g. processing the firm and IRP's contracts and payments, arranging their travels, etc.).

Option 2 proposed to have the Phase 2 implemented by an independent firm overseen by the AFB Secretariat, with quality assurance ensured by the GEF Independent Evaluation Office. In that case, the AFB Secretariat will be responsible for drafting the TOR of the evaluation, selecting the evaluation firm, managing the work of the evaluation firm, coordinating the quality assurance inputs of the GEF IEO, ensuring the timely delivery of the evaluation by the firm, and reporting on progress of the evaluation to the EFC.

Because no consensus was reached regarding either option, the Board decided (Decision B.27/26) to request the AFB Secretariat to further investigate the availability of the previous Independent Review Panel members and continue discussions with the GEF-IEO, and to present updated options for the second phase of the evaluation of the Fund to the nineteenth meeting of the EFC. In parallel, the Board requested the AFB Secretariat to prepare options for providing the

Fund with an evaluation function, building upon previous work related to the evaluation framework of the Fund, for consideration at the nineteenth meeting of the EFC.

As such, the final role and responsibilities of the coordinating entity(ies) involved in the Phase 2 of the evaluation will be determined once the Board makes a decision regarding the option chosen to conduct Phase 2 of the evaluation.

In both cases, *the Evaluation Team* (a team proposed by the selected firm) will implement the evaluation. In doing so, the Evaluation Team will provide inputs to the evaluation design, 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 appropriate coordinating institution as required. Annex E 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 coordinating entity(ies) involved in the implementation of the evaluation
- Provide inputs to the evaluation design and develop the evaluation inception report including finalizing with the appropriate coordinating entity(ies) the 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 coordinating entity(ies) when needed for the evaluation, review information made available by the coordinating entity(ies) or 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 coordinating entity(ies) if needed
- Keep abreast of the implementation of the Fund's Third Review and remain available for meetings to discuss overlaps and collaboration with the team implementing the Review, as needed
- Provide progress reports to coordinating entity(ies)
- Analyse and synthesize information, interpret findings, develop and discuss conclusions and recommendations of the evaluation
- Develop a preliminary results report and distribute it to the coordinating entity(ies)
- Draft the evaluation report taking into consideration comments and correct factual errors or misinterpretations, and distribute it to coordinating entity(ies)
- Brainstorm with the coordinating entity(ies) and AFB Secretariat best ways to present findings
- Finalize and present the final report to stakeholders, specifically the AFB

#### ANNEXES

- A. Overview of the Adaptation Fund
- B. List of Projects approved by the Fund through May 2016
- C. Recommendations result of studies of the Adaptation Fund completed by other institutions
- D. Suggested report outline
- E. Description of desired and minimum skills of the Evaluation Team
- F. Adaptation Fund Theory of Change
- G. References and relevant publications

## Annex A: Overview of the Adaptation Fund

### Introduction

“In accordance with decision 1/CMP.3, paragraphs 1 and 2, The Adaptation Fund shall a) assist developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation; b) finance concrete adaptation projects and programmes that are country driven and based on the needs, views and priorities of eligible countries” (FCCC/KP/CMP/2008/11/Add.2 Annex IV). Since 2010 the Fund has dedicated US\$ 338 million to climate adaptation initiatives in 61 countries. Grant finance is accessed by developing countries parties to the Kyoto Protocol through Implementing Entities that have been accredited by the Adaptation Fund Board. At present, 12 MIEs, 6 RIEs and 23 NIEs have been accredited and are eligible to access finance from the Fund. The Fund is supervised and managed by the Adaptation Fund Board. The World Bank serves as trustee of the Adaptation Fund on an interim basis, and the GEF as the interim AFB Secretariat.

### Milestones in the Fund's history

Milestone	Year/Country	Decision (if applies)
Origins of the Adaptation Fund	2000, The Hague, Netherlands	UNFCCC Sixth Session of the Conference of the Parties (COP6)
Establishment of the Fund	2001, Marrakesh, Morocco	Decision 10/CP.7 Funding under the Kyoto Protocol, UNFCCC COP 7
Sharing the Proceeds from Certified Emissions Reductions Sales	2001, Marrakesh, Morocco	Decision 17/CP.7
Activities Supported by the Fund	2001, Marrakesh, Morocco	Decision 5/CP.7
Guidance for the operation of the Fund	2005, Montreal, Canada	Decision 28/CMP.1
The Clean Development Mechanism	2005, Montreal, Canada	Decision 3/CMP.1
Report of the CMP on its Second Session	2006, Nairobi, Kenya	Decision 5/CMP.2
AFB established	2007, Bali, Indonesia	Third session of the CMP; (Decision 1/CMP.3).
Adoption of the rules of procedure of the AFB, ,	2008, Poznan, Poland	Decision 1/CMP.4
Adoption of the MOU between the CMP and the GEF regarding Secretariat services, and the terms and conditions of services to be provided by the Trustee	2008, Poznan, Poland	Decision 1/CMP.4
Adoption of the strategic priorities, policies, and guidelines of the Fund	2008, Poznan, Poland	Decision 1/CMP.4
Outcome of the Work of AWG-LCA	2009, Copenhagen, Denmark	Decision 15/CP.15
Copenhagen Accord	2009, Copenhagen, Denmark	Decision 2/CP.15
Parties endorsed the decision of the AFB to accept the offer of Germany to confer legal capacity on the AFB.	2009, Copenhagen, Denmark	Decision 4/CMP.5; also Decision B.7-8/1 of AFB
Initial Review of the Adaptation Fund	2009, Copenhagen, Denmark	Decision 5/CMP.5
Invitation to nominate NIEs and RIEs for accreditation to the AF and to submit proposals through NIEs, MIEs, or RIEs was sent	2009	Decision B.7/5
The AFB adopted the Fund's fiduciary standards	2009	Decision B.7/2 of AFB
Adopted the amendments to the rules of procedure of the AFB as contained in the annex of decision 4/CMP.5	2009	Decision 4/CMP.5
The Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) were established	2009	Decision B.6/3 of AFB
The Fund becomes fully operational; the direct access modality is operationalized and the first project is funded.	2010	CMP takes notes of approval of two proposals Decision 5/CMP.6
Cancun Adaptation Framework and the Adaptation Committee	2010, Cancun, Mexico	Decision 1/CP.16
Announcement of Private donations to the AF are possible through a partnership with the UN Foundation.	2012, Doha, Qatar	COP18
Environmental and Social Policy approved and fiduciary standards adopted in 2009 adjusted	2013	Decision B.22/23 of the AFB
Completion of the first Adaptation Fund project in Senegal	2014	
AF mentioned in the decisions adopting the Paris agreement	2015, Paris, France	Decision 1/CP.21 Decision 1/CMP.3
Gender Policy and action plan	2016	Decision B.27/28



Sources: Adaptation Fund Handbook and Background of the Adaptation Fund

### Governing structure

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

A dedicated team of officials hired by the GEF provides secretariat services to the Board and the World Bank serves as the Fund's trustee on an interim basis. These interim institutional arrangements were reviewed in 2014 and extended at least until 2017 and 2017 respectively.

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

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

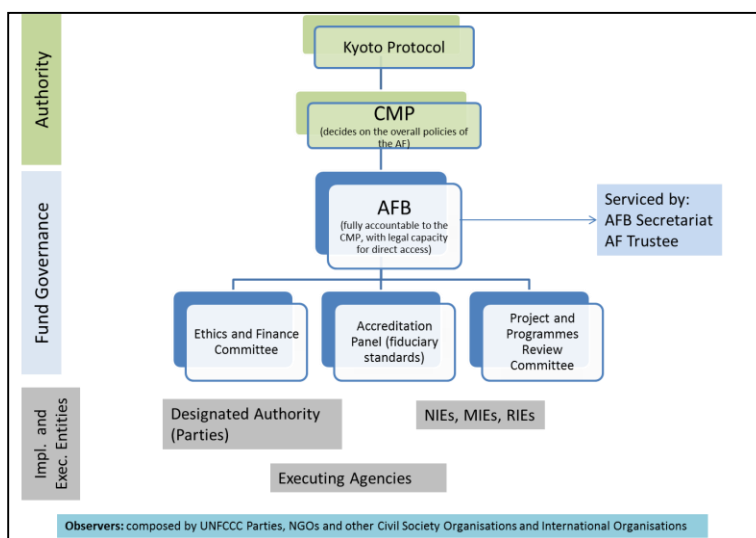


Figure: Adapted from O'Sullivan et al. 2011.

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

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

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

### Funding mechanisms and Operations

#### *Adaptation Fund Proceeds: CER Credits and donations*

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

#### *Allocation of resources: Strategic priorities and objectives (RBM)*

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

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

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

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

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

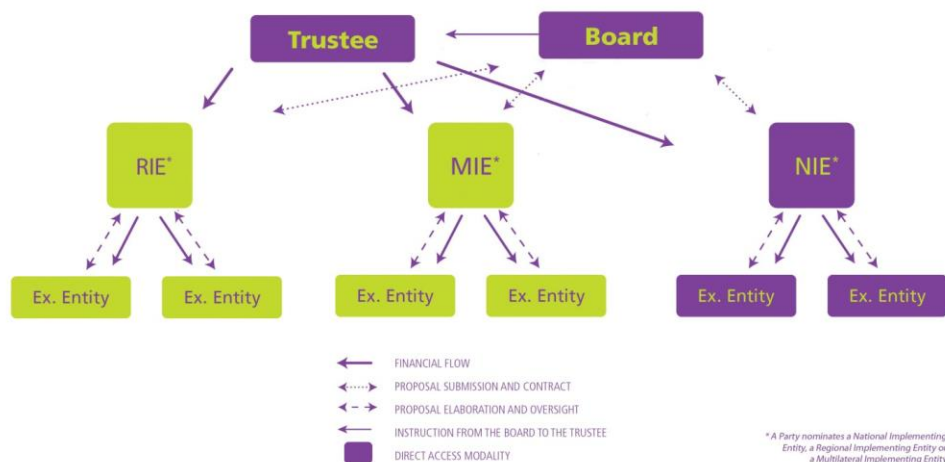
*Access to funding and Project / Program cycle*

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



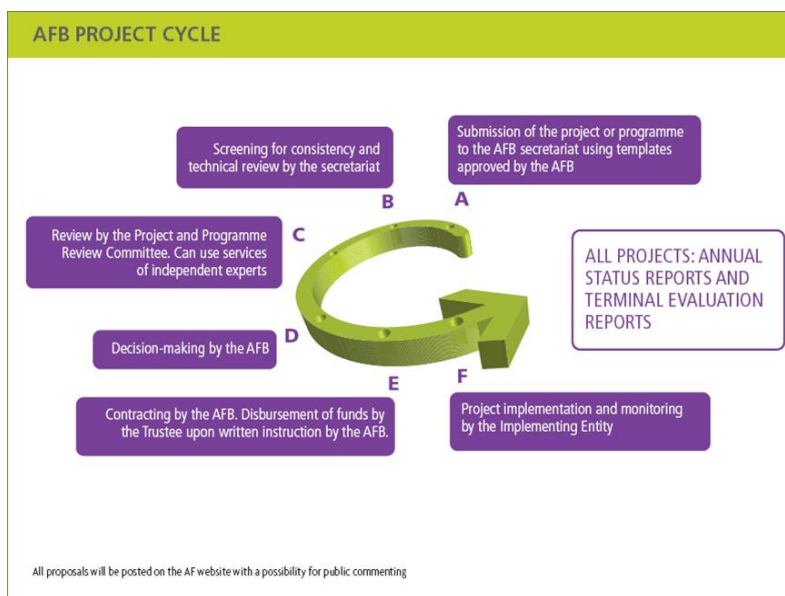
management of the projects and programmes financed by the Fund, and will bear all financial, monitoring and reporting responsibilities.

Figure: Modalities for accessing resources of the Adaptation Fund



Funding windows: Two possible project/ programme cycles are available in the Fund: the one step process for small-scale projects/programmes (less than one million USD) and a choice of a one-step (full proposal) or two-step process (concept approval and project document) for regular projects/programmes (larger than one

million USD). For regular projects, a Project Formulation Grant may be available to NIE proponents of endorsed concepts.



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

#### *Accreditation process*

National, regional, and multilateral institutions aspiring to be eligible to submit applications for project and program funding need first to demonstrate their good-faith compliance with fiduciary standards (Financial Integrity and Management, Institutional Capacity and Transparency and Self-Investigative Powers) to efficiently and effectively implement projects and grants of up to USD10 million disbursed by the Fund over a period of several years.

#### **The Fund's portfolio**

Since its full operationalization, the Fund has been financing 52 projects with a grant volume of USD338 million, of which USD162 million have been disbursed in different regions. 21 projects /programmes are being financed in Asia-Pacific, 16 in Africa, 14 in Latin America and the Caribbean, and one in Eastern Europe. UNDP is implementing the majority (22) of projects and programmes up to date, followed by the WFP (6), NABARD (5), UNEP (3), SANBI (2), and the World Bank (2). The other entities (ADA, AGCI, CSE, Fundecooperacion, MINIRENA, MOPIC, PIOJ, PROFONANPE, UCAR, ANII, PIOJ, and IFAD) implement one project. The Fund financed projects and programmes address mainly water management (9), agriculture (10), and rural development (6), food security (9), DRR (4), coastal zone management (7) and multi-sector (7). The list of projects and

programmes and levels of implementation is included in Annex B).

**Annex B: List of Projects approved by the Fund and associated available documents through May 2016**

	<b>Country</b>	<b>Title</b>	<b>Implementing Entity</b>	<b>Approved Amount (USD)</b>	<b>Approval Date</b>	<b>Project Start</b>	<b>Progress/Evaluation Reports Available</b>
<b>1</b>	Senegal	Adaptation to Coastal Erosion in Vulnerable Areas	CSE	\$8,619,000	17/9/2010	21/1/2011	1st, 2nd, 3rd, 4th, 5th, 6th, 7th semiannual PPR, MTR, final evaluation.
<b>2</b>	Honduras	Addressing Climate Change Risks on Water Resources in Honduras: Increased Systemic Resilience and Reduced Vulnerability of the Urban Poor	UNDP	\$5,620,300	17/9/2010	21/6/2011	1st, 2nd, 3rd, and 4th PPR MTR
<b>3</b>	Nicaragua	Reduction of Risks and Vulnerability Based on Flooding and Droughts in the Estero Real River Watershed	UNDP	\$5,500,950	15/12/2010	23/6/2011	1st, 2nd, 3rd, 4 <sup>th</sup> PPR MTR, Final Evaluation (in Spanish only)
<b>4</b>	Pakistan	Reducing Risks and Vulnerabilities from Glacier Lake Outburst Floods in Northern Pakistan -	UNDP	\$3,906,000	15/12/2010	15/11/2011	1st, 2nd, 3 <sup>rd</sup> PPR MTR
<b>5</b>	Ecuador	Enhancing resilience of communities to the adverse effects of climate change on food security, in Pichincha Province and the Jubones River basin -	WFP	\$7,449,468	18/3/2011	29/11/2011	1st, 2nd, 3rd PPR MTR
<b>6</b>	Eritrea	Climate Change Adaptation Programme In Water and Agriculture In Anseba Region, Eritrea -	UNDP	\$6,520,850	18/3/2011	6/11/2012	1st, 2nd PPR
<b>7</b>	Solomon Islands	Enhancing resilience of communities in Solomon	UNDP	\$5,533,500	18/3/2011	28/6/2011	1st, 2nd, 3rd, 4 <sup>th</sup> PPR MTE

		Islands to the adverse effects of climate change in agriculture and food security					
<b>8</b>	Mongolia	Ecosystem Based Adaptation Approach to Maintaining Water Security in Critical Water Catchments in Mongolia	UNDP	\$5,500,000	22/6/2011	15/6/2012	1st, 2nd, 3rd PPR MTR
<b>9</b>	Maldives	Increasing climate resilience through an Integrated Water Resource Management Programme in HA. Ihavandhoo, ADh. Mahibadhoo and GDh. Gadhdhoo Island	UNDP	\$8,989,225	22/6/2011	20/6/2012	1st, 2nd PPR (3rd under review)
<b>10</b>	Turkmenistan	Addressing climate change risks to farming systems in Turkmenistan at national and community level	UNDP	\$2,929,500	22/6/2011	22/5/2012	1st, 2nd, 3rd PPR
<b>11</b>	Mauritius	Climate Change Adaptation Programme in the Coastal Zone of Mauritius	UNDP	\$9,119,240	16/9/2011	30/8/2012	1st, 2nd, 3rd PPR MTR
<b>12</b>	Georgia	Developing Climate Resilient Flood and Flash Flood Management Practices to Protect Vulnerable Communities of Georgia	UNDP	\$5,316,500	14/12/2011	4/7/2012	1st, 2nd, 3rd PPR MTE
<b>13</b>	Tanzania	Implementation Of Concrete Adaptation Measures To Reduce Vulnerability Of Livelihood and Economy Of Coastal Communities	UNEP	\$5,008,564	14/12/2011	29/10/2012	1st, 2nd PPR (3rd under review)

		In Tanzania					
<b>14</b>	Cook Islands	Strengthening the Resilience of our Islands and our Communities to Climate Change	UNDP	\$5,381,600	14/12/2011	4/7/2012	1st, 2nd, 3rd PPR
<b>15</b>	Uruguay	Uruguay: Helping Small Farmers Adapt to Climate Change	ANII	\$9,967,678	14/12/2011	22/10/2012	1st, 2nd PPR
<b>16</b>	Samoa	Enhancing Resilience of Samoa's Coastal Communities to Climate Change	UNDP	\$8,732,351	14/12/2011	28/1/2013	1st, 2nd PPR
<b>17</b>	Madagascar	Madagascar: Promoting Climate Resilience in the Rice Sector	UNEP	\$5,104,925	14/12/2011	24/10/2012	1st, 2nd PPR
<b>18</b>	Papua New Guinea	Enhancing adaptive capacity of communities to climate change-related floods in the North Coast and Islands Region of Papua New Guinea	UNDP	\$6,530,373	16/3/2012	26/7/2012	1st, 2nd PPR (3rd under review)
<b>19</b>	Cambodia	Enhancing Climate Resilience of Rural Communities Living in Protected Areas of Cambodia	UNEP	\$4,954,273	28/6/2012	21/5/2013	1st, 2nd PPR
<b>20</b>	Colombia	Reducing Risk and Vulnerability to Climate Change in the Region of La Depresion Momposina in Colombia	UNDP	\$8,518,307	28/6/2012	21/3/2013	1 <sup>st</sup> , 2nd PPR
<b>21</b>	Djibouti	Developing Agro-Pastoral Shade Gardens as an Adaptation Strategy for Poor Rural Communities in Djibouti	UNDP	\$4,658,556	28/6/2012	13/3/2013	1st, 2nd PPR
<b>22</b>	Egypt	Building Resilient Food	WFP	\$6,904,318	28/6/2012	31/3/2013	1st, 2nd PPR

		Security Systems to Benefit the Southern Egypt Region					MTR
23	Jamaica	Enhancing the Resilience of the Agricultural Sector and Coastal Areas to Protect Livelihoods and Improve Food Security	Planning Institute of Jamaica (PIOJ)	\$9,965,000	28/6/2012	2/11/2012	1st, 2nd PPR (2nd under review)
24	Lebanon	Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL)	IFAD	\$7,860,825	28/6/2012	15/09/2015	None
25	Mauritania	Enhancing Resilience of Communities to the Adverse Effects of Climate Change on Food Security in Mauritania	WFP	\$7,803,605	28/6/2012	14/8/2014	1st PPR (under review)
26	Sri Lanka	Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka	WFP	\$7,989,727	14/12/2012	4/11/2013	1st PPR
27	Argentina	Increasing Climate Resilience and Enhancing Sustainable Land Management in the Southwest of the Buenos Aires Province	WB	\$4,296,817	14/12/2012	11/06/2015	None
28	Argentina	Enhancing the Adaptive Capacity and Increasing Resilience of Small-size Agriculture Producers of the Northeast of Argentina	UCAR	\$5,640,000	4/4/2013	24/10/2013	1st, 2nd PPR (2nd under review)
29	Guatemala	Climate change resilient production landscapes	UNDP	\$5,425,000	14/09/2013	02/07/2015	None

		and socioeconomic networks advanced in Guatemala					
30	Rwanda	Reducing Vulnerability to Climate Change in North West Rwanda through Community based adaptation.	MINERENA	\$9,969,619	01/11/2013	2/6/2014	1st PPR
31	Cuba	Reduction of vulnerability to coastal flooding through ecosystem-based adaptation in the south of Artemisa and Mayabeque provinces	UNDP	\$6,067,320	20/02/2014	11/09/2014	1st PPR
32	Seychelles	Ecosystem Based Adaptation to Climate Change in Seychelles	UNDP	\$6,455,750	20/02/2014	30/10/2014	1st PPR (under review)
33	Uzbekistan	Developing Climate Resilience of Farming Communities in the drought prone parts of Uzbekistan	UNDP	\$5,415,103	20/02/2014	26/05/2014	1st PPR
34	Myanmar	Addressing Climate Change Risks on Water Resources and Food Security in the Dry Zone of Myanmar	UNDP	\$7,909,026	27/02/2014	17/02/2015	None
35	Belize	Implement priority ecosystem-based marine conservation and climate adaptation measures to strengthen the climate resilience of the Belize Barrier Reef System	WB	\$6,000,000	18/08/2014	17/03/2015	None
36	India	Conservation and Management of Coastal Resources as a Potential	NABARD	\$689,264	10/10/2014	23/06/2015	None



		Adaptation Strategy for Sea Level Rise					
<b>37</b>	India	Enhancing Adaptive Capacity and Increasing Resilience of Small and Marginal Farmers in Purulia and Bankura Districts of West Bengal	NABARD	\$2,510,854	10/10/2014	28/05/2015	None
<b>38</b>	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	FUNDECOOPERACION	\$9,970,000	10/10/2014	10/07/2015	None
<b>39</b>	Kenya	Integrated Programme To Build Resilience To Climate Change & Adaptive Capacity Of Vulnerable Communities In Kenya	NEMA	\$9,998,302	10/10/2014	01/29/2016	None
<b>40</b>	South Africa	Building Resilience in the Greater uMngeni Catchment	SANBI	\$7,495,055	10/10/2014	12/11/2015	None
<b>41</b>	South Africa	Taking Adaptation to the Ground: A Small Grants Facility for Enabling Local Level Responses to Climate Change	SANBI	\$2,442,682	10/10/2014	09/16/2015	None
<b>42</b>	Ghana	Increased resilience to climate change in Northern Ghana through the management of water resources and diversification of	UNDP	\$8,293,972	05/03/2015	05/23/2016	None

		livelihoods					
43	Mali	Programme Support for Climate Change Adaptation in the vulnerable regions of Mopti and Timbuktu	UNDP	\$8,533,348	25/03/2015	02/03/2016	None
44	Nepal	Adapting to climate induced threats to food production and food security in the Karnali Region of Nepal	WFP	\$9,527,160	01/04/2015	Not Started	None
45	Indonesia	Adapting to Climate Change for Improved Food Security in West Nusa Tenggara Province	WFP	\$5,995,666	11/05/2015	Not Started	None
46	Jordan	Increasing the resilience of poor and vulnerable communities to climate change impacts in Jordan through implementing innovative projects in water and agriculture in support of adaptation to climate change	MOPIC	\$9,226,000	10/04/2015	07/13/2016	None
47	Morocco	Climate changes adaptation project in oasis zones – PACC-ZO	ADA	\$9,970,000	10/04/2015	12/14/2015	None
48	India	Building adaptive capacities of small inland fishers for climate resilience and livelihood security, Madhya Pradesh	NABARD	\$1,790,500	10/04/2015	11/18/2015	None
49	India	Climate Smart Actions and Strategies in North Western Himalayan Region for Sustainable	NABARD	\$ 969,570	09/10/2015	Not Started	None

		Livelihoods of Agriculture-Dependent Hill Communities					
50	India	Enhancing Adaptive Capacity and Increasing Resilience of Small and Marginal Farmers in Purulia and Bankura Districts of West Bengal	NABARD	\$ 2,510,854	09/10/2015	Not Started	None
51	Chile	Enhancing resilience to climate change of the small agriculture in the Chilean region of O'Higgins	AGCI	\$ 9,960,000	09/10/2015	Not Started	None
52	Peru	Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries	Profonampe	\$ 6,950,239	18/03/2016	Not Started	None
53	Niger	Enhancing Resilience of Agriculture to Climate Change to Support Food Security in Niger, through Modern Irrigation Techniques	BOAD	\$ 9,911,000	07/05/2016	Not Started	None
54	Uganda	Enhancing Resilience of Communities to Climate Change through Catchment Based Integrated Management of Water and Related Resources in Uganda	OSS	\$ 7,751,000	07/05/2016	Not Started	None
			<b>TOTAL</b>	<b>\$354,892,037</b>			

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

### At the institutional level

#### *On capacity building and synergies*

- *Establishing NIEs:* Encourage 'learning by peers' (advice from accredited NIEs to countries interested in establishing an NIE). (Brown et al. 2010)
- *Funding for capacity building:* Assistance from other funders to support NIE capacity building (e.g. regional and multilateral implementing entities). Vulnerable countries need help to build their institutional capacity. (Brown et al. 2010)
- *Accreditation of NIEs:* A strong communication strategy that uses regional and international meetings is required to explain how to access Fund's resources rapidly. (Harmeling, and Kaloga 2010). 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 (Tango International, 2015).
- *Synergies with other adaptation funds:* Need to ensure that the GCF builds on the operational achievements of the AF, and ensure synergies with its adaptation window. (Canales Trujillo and Nakhooda 2013)
- *Gender:* 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) (Tango International, 2015).

#### *On allocation and access /decision making*

- *Technical review criteria:* The AFB may have to elaborate more detailed criteria for the technical review, provide additional guidance to IEs on how to show compliance with these criteria, and make public the technical review and the reason for the final decision. (Stadelman et al. 2012, 2013)
- *Decisions on allocation of funds:* Decision making and rationales need to be transparent and disclosed to allow verification that the decisions are consistent and based on sound reasoning. Sufficient technical experts needed to advise the AFB on technical merits of projects, leaving the AFB responsible for higher level strategic planning and decision making (Climate Focus 2011). 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 (Tango International, 2015).
- *Synergies between equity and cost-effectiveness:* "The AFB may look for ways to find synergies between equity and cost-effectiveness, even when cost-effectiveness is defined in purely economic terms. Following the suggestions of Blank (2002), the AFB may consider the following areas as fruitful for potential synergies: interventions with long-term benefits (e.g. flexible infrastructure and information on climate change), creating adaptive capacity within communities and countries with low capacity and incentive-based systems. Interestingly, most of these suggestions (flexibility, capacity and long-term orientation) are quite similar to the ones of Hallegatte (2009) and Fankhauser and Burton (2011)" (in Stadelman et al. 2013)

#### *On resource mobilization*

- *Alternative funding sources:* "If the AF should continue to play a significant role in the multilateral climate finance architecture, which it definitely should, other funding sources need to be secured." (p. 14, Kaloga and Harmeling 2011)  
*Strategy:* 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 (Tango International, 2015)

### Adaptation Fund Programme/ country level interventions

- **Country level interventions:** Further studies of country level interventions are necessary to offer more definitive insights about the AF. (Canales Trujillo and Nakhooda 2013). There are a number of challenges remaining, “.... the practical implementation of fund operations, particularly at the national level” (p. 1, Horstmann and Abeysinghe 2011)
- **Innovation:** Important to understand how the Fund has been supporting innovation in practice, and what the outcomes of its support are likely to be. (Canales Trujillo and Nakhooda 2013)
- **Visibility:** In some countries there is a need to raise the profile of the Fund’s activities. (Canales Trujillo and Nakhooda 2013)
- **Scalability and Replicability of Adaptation Fund interventions:** Need to monitor whether the approaches supported by the Fund are scalable and replicable. (Canales Trujillo and Nakhooda 2013)
- **Reaching the most vulnerable:** To reach out to most vulnerable communities, it’s crucial to engage those organisations that already are embedded in the most difficult conditions, which are often linked to poverty, social exclusion, and geographical marginality. (Canales Trujillo and Nakhooda 2013)

**Governance:** “Adaptation to the adverse effects of climate change requires good governance that recognizes the needs of the most vulnerable communities. It is increasingly recognised that communities need to be planning for the climate impacts that are unavoidable even with a concentrated mitigation effort (McEvoy et al. 2010). In order to utilize the full capacity of local communities, there is a significant need for financial resources to enable implementation of adaptation measures that will ‘safeguard development’ of the most vulnerable. As an ongoing process, adaptation planning and project implementation require long term, strategic monitoring and evaluation of strategic actions and therefore access to sustainable adaptation financial resources additional to ODA is crucial.” (p. 8, in Ratajczak-Juszkowski 2010). 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. (Tango International, 2015).

- 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. (Tango International, 2015).
- **Role of civil society in climate finance governance:** “...the potential benefits from joint action on institutional capacity development in vulnerable countries (to meet fiduciary standards of the climate funding regime) could help equalize certain dissonances.” (p. 8, in Ratajczak-Juszkowski 2010)
- **Community level implementation:** Funds “....are evaluated for multi-scalar support, strengthening procedures, innovative design and national ownership. This leaves community level implementation largely absent. Local level assessments of adaptation finance provide insight into localities where vulnerability is experienced and offer the effectiveness literature a means to empirically evaluate the outcome of vulnerability reduction.” (p.1820) “... gender, household functionality, and affiliation with Traditional Leaders, determines access to adaptation funds.” (p. 1827, Barret 2013)

**Annex D. Suggested outline of report****ACRONYMS****Table of content****1. EXECUTIVE SUMMARY****2. INTRODUCTION****3. BACKGROUND**

- Fund's overview and context of the evaluation

**4. EVALUATION PURPOSE**

- Evaluation objectives and questions (evaluation framework)

- Scope of Work

**5. EVALUATION APPROACH AND METHODOLOGY**

- Inception Phase

- Data Collection Phase

- Analysis and Reporting Phase

**6. FINDINGS**

- Context

- Relevance

- Efficiency

- Effectiveness

- Results/Sustainability

- Cross cutting issues in the portfolio

**7. CONCLUSIONS AND LESSONS****8. RECOMMENDATIONS****9. REFERENCES****10. ANNEXES**

- Evaluation framework

- Adaptation Fund overview and context

- List of interviewees

- Interview protocols/questionnaires

- Other sub studies (TBD)

- Terms of Reference

### Annex E. Description of desired and minimum skills of the Evaluation Team

Key profile components of the Evaluation Team implementing the evaluation include:

1. A mix of evaluative skills and thematic knowledge (teams need principal investigators and research assistants who can dedicate significant blocks of time to undertake searching, data collection and analysis.
  - Evaluation experience: extensive (at least 15 years for the Team Leader and five years for another team member) knowledge of, and experience in analyzing natural resources, environment, climate change adaptation, socio-economic or gender matters; and in applying, qualitative and quantitative evaluation methods; a strong record in designing and leading institutional level and formative evaluations; technical competence in the area of evaluation (theory and practice), a strong methodological background, particularly around developing effective and innovative ways to measure outcomes of adaptation projects and programmes.
  - Previous extended (five years for the Team Leader) experience in designing, implementing and evaluating adaptation projects and programs in developing countries
  - Experience in least developed countries or those most vulnerable to climate change impacts (at least one member of the team)
  - Extended knowledge of the Adaptation Fund and of UNFCCC, Kyoto protocol and climate change and other environmental international regimes and policies (at least one member of the team)
  - Extended knowledge on operational aspects of institutions (governance, accounting, etc.) (of at least one member of the Team)
2. Fluent in English (by all team members) and overall languages capacity of at least one member of the team in at least two other of the six official languages of the UN (Arabic, Chinese, French, Russian and Spanish) and experience on international work and ability and access to hire local experts in developing countries.
3. Independent evaluation capacity (of all team members) and team management (of Team Leader), Application of ethical guidance.
  - Absence of conflict of interest: the team/evaluator must not have been involved in the design and/or implementation, supervision and coordination of and /or have benefited from the fund/programme/project under evaluation. Evaluators are independent from the development intervention, including its policy, operations and management functions, as well as intended beneficiaries.
  - At least three references (for the Team Leader for multi-disciplinary teams)
4. Strong communication skills and outreach culture (of at least one team member).

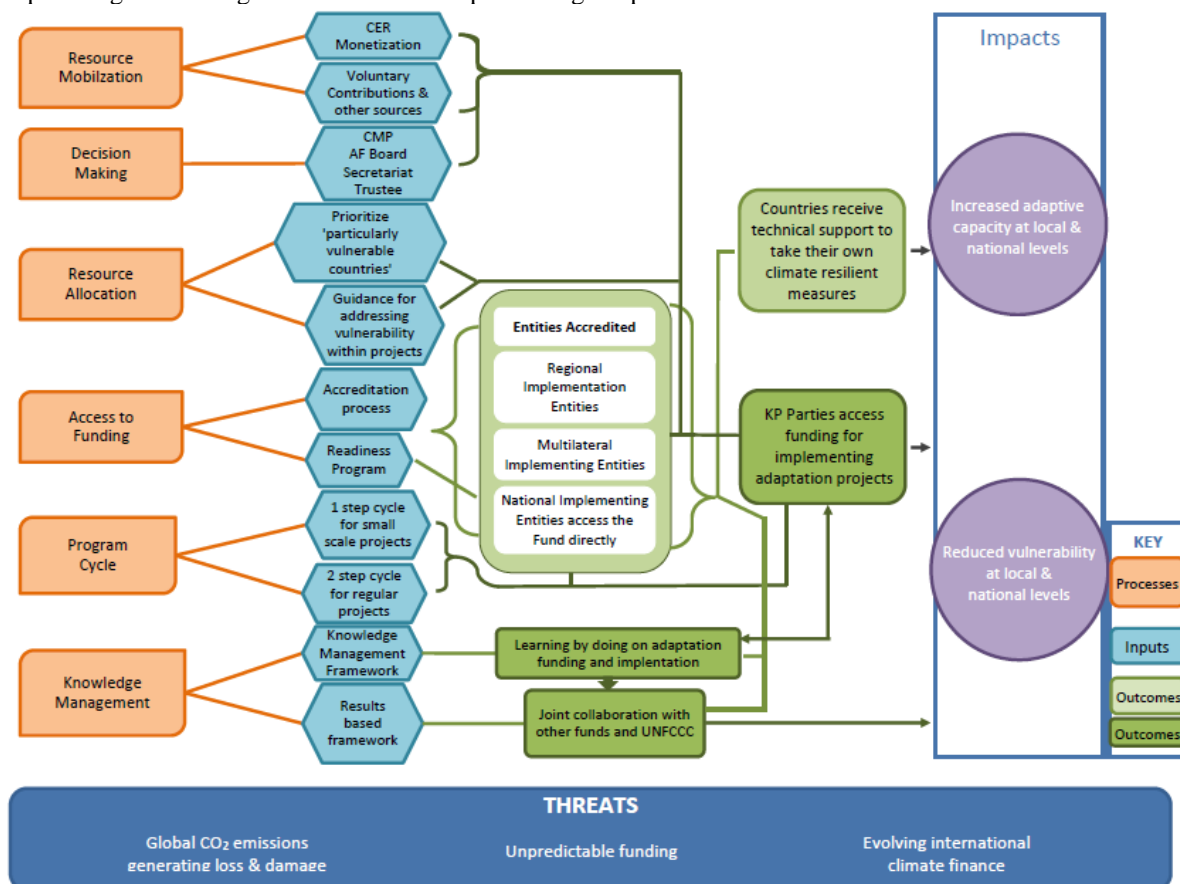
The Evaluation Team should demonstrate and ensure that its members are qualified to implement the evaluation. For example, in addition to compliance of all the above qualification by the Team Leader, which other Evaluation team members will cover which of the above qualifications.

In addition to the above qualifications, the evaluation of the composition of the team will be based on other criteria such as:

- Relatively equal gender distribution in the Evaluation Team
- Manageable size of the Team (three to four team members)
- Relevance and complementarity of proposed team

### Annex F. Adaptation Fund Theory of Change

The Adaptation Fund theory of change (ToC) presented below is a graphic representation of the Adaptation Fund's implicit logic and design. It has been developed during the phase 1 of the evaluation.





## Annex G. References and relevant publications

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### **Webpages**

Note:

AFB decisions can be found at: <https://www.adaptation-fund.org/meeting>

CMP Decisions can be found at:

<http://unfccc.int/documentation/decisions/items/3597.php?dec=j&such=j&cmp=/CMP> respectively.

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Global Environment Facility - <http://www.thegef.org/gef/> (Accessed from January 2015 to April 2015)

Publish What You Fund-The Global Campaign for Aid Transparency: [www.publishwhatyoufund.org](http://www.publishwhatyoufund.org) (Accessed from January 2015 to April 2015)

UNFCCC – <http://newsroom.unfccc.int> (Accessed from January 2015- April 2015)



## ADAPTATION FUND

### ***Call for Evaluators: Phase II of the overall evaluation of the Adaptation Fund - Document Summary***

#### **REQUEST FOR EXPRESSIONS OF INTEREST**

If interested, please submit electronically through World Bank Group eConsultant2

<https://wbgeconsult2.worldbank.org/wbgec/index.html>

#### **ASSIGNMENT OVERVIEW**

**Assignment Title: Phase II of the overall evaluation of the Adaptation Fund**

#### **ASSIGNMENT DESCRIPTION**

The objective of the assignment is to conduct the Second Phase of the overall evaluation of the Adaptation Fund.

The Adaptation Fund was established “to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol” and those that “are particularly vulnerable to the adverse effects of climate change”. Since 2010, as of September 2016, the Fund has allocated US\$ 354 million to climate adaptation initiatives in 61 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). The Adaptation Fund (the Fund) is supervised and managed by the Board.

The two-phase evaluation approved by the Board at its twenty-third 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 responded 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. Phase 1 was achieved in 2015. The [evaluation](#) and an associated [management response](#) from the AFB Chair are available online, on the Fund’s website.

The overall purpose of the second phase of the evaluation is to provide the AF Board with evaluative evidence of the Fund’s relevance and emerging results. The main objective of this evaluation, as follow-up to the Phase I, is to provide evaluative evidence on the progress towards the Fund’s objectives, major achievements and lessons learned since the Fund’s establishment in response to Decision 10 as part of the Seventh Conference of Parties to the 2001 UNFCCC meeting in Marrakech.

More specifically, Phase 2 intends to assess the progress made across the Fund’s active portfolio of projects and programmes, evaluate the major achievements in terms of results and lessons learned, and formulate recommendations for potential improvements. It will analyse the extent to which the Fund’s projects and programmes’ activities through both ‘soft’ and ‘hard’ measures are aligned with the Fund’s mandate to finance concrete adaptation projects and programmes in countries that are particularly vulnerable to the adverse effects of climate change. It will analyse long term outcomes and impacts, the sustainability of any interventions, formulating potential adjustments to its working modalities as required, with a view of improving the delivery of ground-level results. The evaluation will also study the limits of the adaptation reasoning analysis performed by the Fund taking into account the evolutions/changes of the



adaptation concept/definition through the successive Assessment Reports of the IPCC, focusing in particular on how resilient, incremental and transformational actions are created across the Fund's portfolio of projects and programmes.

As a result, the main evaluative question asked by the evaluation is: What is the overall relevance, effectiveness, efficiency, broader progress to impact and sustainability of results (technical, institutional, and financial) of the Fund's portfolio of projects/programmes, and what are the main lessons learned and recommendations which can be drawn upon for any future operations?

The evaluation will focus on the projects and programmes listed under Annex B of the TOR that are at different level of maturity (see "*Inclusion of Interventions According to Status*" table below).

Inclusion of Interventions According to Status

<b>Core Criteria</b> <b>Status</b>	<b>Relevance</b>	<b>Effectiveness</b>	<b>Efficiency</b>	<b>Impact, Results and Sustainability</b>
Completed	Full	Full	Full	Full
Under implementation	Full	Likelihood	Likelihood	Likelihood
Approved, but not under implementation	Expected(1)	N/A	N/A	NA

(2) Quality at entry review.

#### Sub-questions of the evaluation:

##### Relevance of Fund's processes

- How relevant is the Fund's portfolio of projects/programmes to the COP/CMP guidance, the Sustainable Development Goals, National Determined Contributions (NDC), regional sustainable development strategies and adaptation programmes, national sustainable development strategies, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and any other relevant instruments?
- What is the relevance of the Fund's intended and actual projects/programmes within the context of adaptation to climate change at the global and national levels? What are the identified gaps between the relevance of intended and actual projects/programmes? How can the Fund address such gaps, including through any future readiness programme?
- Are the activities and outputs of projects/programmes supported by the AF consistent with the AF mandate? Have they led to, or assisted in the achievement of such mandate at the local (national or regional as appropriate) level(s)? To what extent the readiness programme helps in achieving this goal? To what extent are the AF projects/programmes delivering concrete adaptation results to countries that are particularly vulnerable to climate change? How relevant is the distinction between small-size projects/programmes compared to regular ones?
- To what extent are the scope of activities and actions of the AF different or similar to those of other institutions addressing similar climate-related challenges, including the GEF, the LDCF, the SCCF, the CIF, the GCF, and other climate-relevant activities? Have complementarities been identified with institutions addressing similar climate-related challenges? What are the comparative advantages or added value of the Fund, notably with respect to the direct access modality, in comparison with those programs?
- Can the fund assist Parties under the Paris Agreement achieve their Nationally Determined Contributions (NDCs) for adaptation actions? How can it help to achieve the commitments of countries of Art 7. of the Paris Agreement, the Cancun Adaptation Framework 1/CP.16 and the adaptation specific provision of the UNFCCC?
- What lessons can be drawn on the relevance of the AF processes and used, in any future readiness programme?

##### Efficiency of the Fund's processes

- What is the efficiency of the Fund's intended and actual projects/programmes within the context of adaptation

to climate change at the global and national levels, including in comparison with other financial mechanisms that address adaptation to climate change?

- How efficiently have the resources provided by the Fund's portfolio been converted into expected results? To what extent have the Fund portfolio of projects/programmes been efficient in helping beneficiary countries to achieve concrete adaptation results? What lessons can be gleaned for any future readiness programme on how efficient has the fund been in supporting the development and implementation of projects/programmes of the Fund's portfolio? To what extent have the projects/programme been designed and implemented, and their outputs achieved in a cost-effective way? Have they provided synergies among any other goal than concrete adaptation?
- How efficient are the governance and institutional arrangements' structure across the Fund's portfolio? How efficient is the Fund's project cycle and management of funds and resources, at project stages?
- What has been the efficiency of the results based management framework, including the monitoring, reporting and evaluation system, in supporting the delivery of concrete adaptation activities across the Fund's portfolio of projects and programmes?
- How efficient is the Fund in gathering and disseminating lessons learned from its portfolio of projects/programmes?
- How can lessons learned on the efficiency of the Fund's processes be used to inform any future readiness programme?

### **Effectiveness**

- How effective is the Fund's portfolio in achieving expected outcomes or progress towards achieving expected outcomes and impacts? Have the concrete adaptation measures supported by the Fund portfolio addressed the adverse impacts of and risks posed by climate change at the international, regional or national levels? What are the major factors enabling or hindering the effectiveness of the projects/programmes?
- What elements have positively or negatively affected the effectiveness of the projects/programmes supported by the Fund? How effective is the Fund as an international organization in providing direct access to funds by developing countries?
- How effective have the projects and programmes been in addressing the Environmental and Social Policy during the design and implementation of the activities at the national and regional levels as appropriate? What positive or negative effects have the Fund projects and programmes had on the resilience of target communities, and their social and environmental environment, including gender equality? What are the likely or observed impacts on women, poor and marginalized groups, and indigenous groups?
- To what extent has the Fund's project and programmes supported beneficiary countries in reaching their national adaptation plans? How are the Fund's projects and programmes likely to contribute to the effective implementation of the countries' Nationally Determined Contributions (INDCs) pledged under the Paris Agreement?
- What has been the AF added-value from the perspective of the beneficiary countries in implementing concrete adaptation projects/programmes? What opportunities and challenges, if any, has the Fund presented to beneficiary countries in implementing concrete adaptation activities?
- What has been the effectiveness of the results based management framework, including the monitoring, reporting and evaluation system, in supporting the delivery of concrete adaptation activities across the Fund's portfolio of projects and programmes?
- Has the readiness programme been effective in supporting the delivery of concrete adaptation activities?
- How effective is the Fund in gathering and disseminating lessons learned from its portfolio of projects/programmes? What kind of learning has been achieved?
- To what extent have the projects/programmes of the Fund allowed a transformational change at the regional and national level and where relevant regional level(s) as appropriate?
- How can lessons learned on the effectiveness of the Fund's processes be used to inform any future readiness programme?

### **Results/Sustainability**

- What are the positive and negative, foreseen or unforeseen effects produced by the Fund's portfolio at this

point, including results already achieved by the Fund's projects and programmes, and how sustainable are these results?

- To what extent are the benefits arising from the projects likely to be sustained or replicated after the projects/programmes' completion? To what extent are these expectations based on well-founded assumptions, logic, and observations? How does the direct access modality impact results and, or the sustainability of the projects and programmes in comparison to multilateral/regional access?
- To what extent have the project designs identified risks to the sustainability of the benefits and any steps taken steps to mitigate risks?
- What lessons can be gleaned on the Results/Sustainability of the Fund's processes be used to inform any future readiness programme?
- To what extent does the involvement of local communities, community-based organizations and other relevant stakeholder increase the ownership and sustainability of the project?
- Do the projects/programmes manage to enhance the adaptive capacities of the most vulnerable group and improve their living conditions?
- Have there been unintended impacts for the countries / communities caused by the projects?

A period of ten months has been estimated for the implementation of the Phase 2 of the evaluation, that should start in late 2016, early 2017.

See further information (ToR)

## **ELIGIBILITY**

### **INDIVIDUAL / FIRM PROFILE**

The consultant will be a firm or group of consultants

### **SUBMISSION REQUIREMENTS**

The World Bank now invites eligible consultants/firms to indicate their interest in providing the services. Interested qualified consulting firms must provide information indicating that they are qualified to perform the services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc. for firms). Please note that the total size of all attachments should be less than 5MB. The EOI submission shall be in the form of a single attached PDF proposal, including any annexes. Consultants should limit their EOI to a focused and tailored submission.

Interested consultants are hereby invited to submit expressions of interest.

Expressions of Interest should be submitted, in English, electronically through World Bank Group eConsultant2 (<https://wbgeconsult2.worldbank.org/wbgec/index.html>) by xx, no later than xx hours local time (Eastern Standard Time – USA).

## **NOTES**

Following this invitation for Expression of Interest, a shortlist of qualified firms will be formally invited to submit proposals. Shortlisting and selection will be subject to the availability of funding.

### **Criteria**

Provide information showing that the Consultant/Firm is qualified in the fields of the assignment – adaptation to climate change/ evaluation (sub criteria include: list, at least three, previous experience in evaluating environmental funds or programs at international and national level and on adaptation to climate change).

Provide information on the technical and managerial capabilities of the Consultant/Firm to conduct the assignment (sub-criteria include: independent and applied evaluation capacity; administrative and managerial capacity to conduct an international evaluation; knowledge management and research capacity of the firm; demonstrated ability and access to potentially hire local experts in developing countries; experience in evaluating climate change adaptation projects/programmes).

Provide a short description conveying understanding of the assignment's purpose, objectives, and development context

Provide information on the Consultant/Firm's core business and years in business.

Provide information on the qualifications and competence of key staff.

Key profile components of the Evaluation Team implementing the evaluation include:

5. A mix of evaluative skills and thematic knowledge (teams need principal investigators and team members who can dedicate significant blocks of time to undertake searching, data collection and analysis.
  - Evaluation experience: extensive (at least 15 years for the Team Leader and five years for other team members) knowledge of, and experience in analyzing natural resources, environment, climate change adaptation, socio-economic or gender matters; and in applying, qualitative and quantitative evaluation methods; a strong record in designing and leading institutional level and formative evaluations; technical competence in the area of evaluation (theory and practice), a strong methodological background, particularly around developing effective and innovative ways to measure outcomes of adaptation projects and programmes.
  - Previous extended (five years for the Team Leader) experience in designing, implementing and evaluating adaptation projects and programs in developing countries
  - Experience in least developed countries or those most vulnerable to climate change impacts (at least one member of the team)
  - Extended knowledge of the Adaptation Fund and of UNFCCC, Kyoto protocol and climate change and other environmental international regimes and policies (at least one member of the team)
  - Extended knowledge on operational aspects of institutions (governance, accounting, etc.) (of at least one member of the Team)
6. Fluent in English (by all team members) and overall languages capacity of at least one member of the team in at least two other of the six official languages of the UN (Arabic, Chinese, French, Russian and Spanish) and experience on international work and ability and access to hire local experts in developing countries.
7. Independent evaluation capacity (of all team members) and team management (of Team Leader), Application of ethical guidance.
  - Absence of conflict of interest: the team/evaluator must not have been involved in the design and/or implementation, supervision and coordination of and /or have benefited from the fund/programme/project under evaluation. Evaluators are independent from the development intervention, including its policy, operations and management functions, as well as intended beneficiaries.
  - At least three references (for the Team Leader for multi-disciplinary teams)
8. Strong communication skills and outreach culture (of at least one team member).

The Evaluation Team should demonstrate and ensure that its members are qualified to implement the evaluation. For example, in addition to compliance of all the above qualification by the Team Leader, which other Evaluation team members will cover which of the above qualifications.

In addition to the above qualifications, the evaluation of the composition of the team will be based on other criteria such as:

- Relatively equal gender distribution in the Evaluation Team
- Manageable size of the Team (three to four team members)
- Relevance and complementarity of proposed team

**ATTACHMENTS**

Terms of reference for the phase 2 of the evaluation

## Annex 5: Chronology, status of the portfolio and summary of phase 1 of the evaluation

### Chronology

29. At its thirteenth meeting the Board approved an evaluation framework (AFB/EFC.4/5 – February 2011) for the Fund, discussed whether and when to undertake an overall evaluation for the Fund, and asked the secretariat and the GEF Evaluation Office to explore different options on who would be responsible for implementing the evaluation framework (Decision B.13/20).

30. At its twentieth meeting, the Board decided to request the secretariat to prepare a document for the twelfth meeting of the EFC to inform the discussion of the overall evaluation of the Fund, covering options for the terms of reference, cost, and timing of an overall evaluation, as well as options for commissioning the evaluation.

31. Document AFB/EFC.12/4 was prepared by the Evaluation Office (EO) of the Global Environment Facility (GEF), in its capacity as interim evaluation function for the Fund (Decision B.15/23). This document included a schedule of expected mid-term and final evaluations of the projects/programmes from the portfolio, the implementation status of each project/programme, and the timing of an overall evaluation of the Fund. This document was presented at the EFC twelfth meeting (July 2013).

32. Based on the comments and recommendations of the EFC, the Board – at its twenty-first meeting (July 2013) requested the secretariat to prepare a second document (Decision B.21/17) 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.

33. This second document (AFB/EFC.14/5 – February 2014) reviewed the main aspects of an evaluation, including options for a quality assurance process of the evaluation. It also provided an overview of guiding principles and best practices to implement this type of evaluation including the selection of evaluation teams and two options for selecting an evaluation team (request for proposals and request for tenders). The document identified 4 possible options to conduct an overall evaluation of the Fund, with strengths, opportunities, weaknesses and threats for each one and an estimated budget:

- a) **Option 1: Process Evaluation.** It would focus on project, programme, and policy implementation and improvements, and evaluate the internal dynamics of the funding institution paying special attention to the Fund's flagship processes – accreditation process, direct access modality, transparency, governance, etc.
- b) **Option 2: Limited Overall Evaluation.** Considering limitations posed by its young portfolio, a limited overall evaluation would include process and performance evaluation of the internal dynamics of the funding institution as well as outcome evaluation of interventions where possible.
- c) **Option 3: Two-phased Evaluation.** Phase 1 would focus on a process/performance evaluation (similar to option 1 above) and Phase 2 would focus on an evaluation of the portfolio including long term outcomes, impacts and sustainability of the Fund's interventions.
- d) **Option 4: Delayed Overall Evaluation.** Delay the overall / comprehensive evaluation until the portfolio reaches maturity. It would then assess progress towards the Fund's objectives, the major achievement and lessons from the Fund's implementation and formulate recommendations for potential improvement.

34. This document was reviewed by the Board at its twenty-third meeting (March 2014). Following discussion on the four options presented in the document, the Board approved option 3 (Two-phased Evaluation) as identified in the document (AFB/EFC.14/5), as well as a request for EFC to propose an Independent Review Panel (IRP) consisting of three members (i) an evaluation specialist (ii) an adaptation specialist and (iii) a representative from civil society (Decision B. 23/18). Responsibilities of the IRP were detailed in TORs; they included the review of the final TOR for the evaluation - which was to include elements of the scope of Decision 2/CMP.9 for the second review of the Fund<sup>8</sup> - select the evaluation team and provide quality assurance during the evaluation process.

35. 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 through an inter-sessional decision of the Board (Decision B.23-24/4 – May 2014).

36. The TORs for Phase 1 of the Evaluation of the Fund were drafted by the secretariat, reviewed by the IRP, and submitted to the Board for its approval. The TORs were approved through an inter-sessional decision of the Board (Decision B.23-24/10 – July 2014).

37. A consortium - Tango International and the Overseas Development Institute (ODI) - was recruited to conduct the Phase 1 evaluation of the Fund. An inception report summarized the inception phase of this exercise and was submitted to the secretariat in November 2014. It presented the approach to be used to conduct this phase 1 evaluation, which was aligned with the TORs. It included an evaluation matrix which defined the detailed scope of work for this phase 1 evaluation.

38. Preliminary findings were presented by the Lead Evaluator at the sixteenth EFC meeting on April 8, 2015. The final report of the Phase 1 evaluation was completed in August 2015. This report was reviewed by the EFC at its seventeenth meeting (October 2015) and based on the recommendations from the EFC, the Board – at its twenty-sixth meeting (October 2015) - requested the secretariat to prepare a management response to the Evaluation of the Fund (stage I) and to prepare options for conducting phase 2 of the evaluation (Decision B. 26/30).

39. At the eighteenth meeting of the EFC, the secretariat presented options for conducting the second phase of the overall evaluation of the Fund. The options, which had been identified by the secretariat in accordance with decision B. 26/30, were: (1) implementation by an independent firm overseen by an Independent Review Panel (IRP); and (2) implementation by an independent firm overseen by the secretariat, with quality assurance by the Global Environment Facility (GEF Independent Evaluation Office IEO (GEF-IEO)).

40. During the discussion at the eighteenth EFC meeting, there was some support for option 1 given that a similar approach had worked fairly well for the first phase. There was also support for option 2, primarily on the basis that it could serve to build capacity within the secretariat and within the GEF-IEO. The Manager of the secretariat cautioned that option 2 as presented may require a level of interaction with the evaluators that would compromise the independence of the evaluation. One member suggested a third option, proposing that the Board should take on the responsibility of

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<sup>8</sup> The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) decided to undertake a second review of the Fund in accordance with the TOR contained in the annex to Decision 2/CMP.9. The objective of this second review is to ensure the effectiveness, sustainability and adequacy of the operation of the Fund, with a view to the CMP adopting an appropriate decision on this matter at CMP 10. The scope of the second review of the 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 Fund;
- c) The institutional linkages and relations, as appropriate, between the Fund and other institutions, in particular institutions under the Convention;
- d) The institutional arrangements for the Fund, in particular the arrangements with the interim secretariat and the interim trustee.

implementing the second phase of the evaluation, by drafting the terms of reference in consultation with the secretariat, sending out a request for proposals, reviewing the responses and issuing a contract with the controls needed for the review process.

41. The broader question of the evaluation function of the Fund was also raised during the discussion. It was noted that the Fund had not had an evaluation function since the GEF-IEO had withdrawn from its role as the independent evaluation office in 2013, and generally agreed that it would be wise to re-establish the evaluation function. The EFC recommended the Board to Request the secretariat to prepare options for providing the Fund with an evaluation function, building upon previous work related to the evaluation framework of the Fund, for consideration at the nineteenth meeting of the EFC.

42. Following the discussion and the recommendation of the EFC to the Board, the Board decided to *“initiate the second phase of the Evaluation of the Fund, drawing upon its first phase, and to i) Establish an Evaluation Task Force comprised of Ms. Fatuma Mohamed Hussein (Kenya, non-Annex I Parties), Mr. Marc-Antoine Martin (France, WEOG) and Mr. Philip S. Weech (Bahamas, GRULAC) to work intersessionally, supported by the secretariat, to develop terms of reference and a request for proposals for the second phase of the evaluation of the Adaptation Fund with inputs from civil society organizations through the AF NGO network and in coordination with independent evaluation organizations (including the Global Environment Facility Independent Evaluation Office (GEF-IEO)) for quality assurance and present them to the nineteenth meeting of the EFC; and ii) Request the secretariat to further investigate the availability of the previous Independent Review Panel members and continue discussions with the GEF-IEO, and to present updated options for the second phase of the evaluation of the Fund to the nineteenth meeting of the EFC [...]”* (Decision B.27/26). This document presents such updated options to the EFC as requested by the Board.

### **Status of the Fund's Portfolio**

43. At the time of initiating the phase 1 evaluation, the portfolio of the Fund included 23 projects, which were all still under implementation; 4 of them were approved in 2010, 13 in 2011, 5 in 2012 and 1 in 2013. Few mid-term evaluations (MTE) were available and no final evaluations were conducted. As of September 2016<sup>9</sup>, the portfolio grew to 52 projects representing a total approved grant of US\$337 million, which includes 18 projects implemented by National Implementing Entities (NIEs) and 34 implemented by Multilateral Implementing Entities (MIEs). In addition, the Fund also approved 17 project formulation grants for single-country proposals and 6 for regional proposals.

44. A review of the progress reports as well as evaluation reports indicates that 32 projects have produced their first Project Progress Reports (PPRs), 26 their second PPRs, 16 their third PPRs, 6 their fourth PPRs, 1 its fifth, sixth and seventh PPRs. In addition, 10 mid-term reviews are also available and three final evaluations. On the other hand, 20 projects have not produced any progress reports yet (see *Annex 2*).

### **Review of the Selected Option: Option 3 - Two-phased Evaluation**

45. At its twenty-third meeting (March 2014), the Board approved the third option – a two-phased evaluation – for the overall evaluation of the Fund. Phase 1 was to assess whether the operational design and logic corresponds with actual operations, and identifies results of implementation of such operations. Phase 2 was to review the progress toward the Fund's objectives, assess the long term results of the portfolio, including the sustainability of the Fund's interventions, and formulate recommendations for potential improvement. This option assumes a linkage between phase 1 and 2 and phase 2 should be undertaken when the portfolio has matured.

46. An advantage of this approach identified when this option was selected was that more projects

<sup>9</sup> Ethics and Finance Committee, 4 October, 2016, *Annual Performance Report for the Fiscal Year 2016*



and programmes will be completed by the time Phase 2 of this evaluation will be underway, which will provide more information on long-term outcomes and impacts and the possibility to identify lessons learned. On the other hand, it was identified that the risk of a time lag between the 2 phases may render the first phase results inadequate for analysis during the second phase.

## **Brief Summary of Phase 1 Evaluation**

### *Objectives of Phase 1*

47. Phase 1 was a process evaluation intended to inform discussions and decisions on the Fund's operational aspects. It assessed how well the Fund's implicit or assumed logic and the design are working in relation to key processes including:

- Resource mobilization related processes;
- Decision-making processes;
- Resource allocation;
- Access to funding;
- Project/programme cycle;
- Knowledge management processes at the Fund level.

48. This phase 1 evaluation also included the identification of good practices, of processes that require improvement, and to recommend how these improvements can be carried out.

49. The Phase 1 evaluation focused on the Fund's operational performance from its establishment through June 2015. It measured how well the Fund has been operating by assessing its operations and determining whether its target population is served. It identified 5 key questions:

- How relevant is the Fund's design to stakeholder policies and priorities?
- How effective are the Fund's main processes?
- How efficient are the Fund's main processes?
- How sustainable is the Fund?
- Is the Fund on-track to achieve intended outcomes at the process level?

### *Key Findings of Phase 1 Evaluation*

50. The evaluation found that the Fund's design was coherent and that it has been contributing directly to various adaptation work streams and complements the role of other climate funds by extending access to all developing countries. The major features of the Fund 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.

51. It also found that the Fund is quickly becoming an effective institution capable of achieving its ambitious objective and outlined that the Fund's unique niche is to be at the nexus of innovation and learning about concrete adaptation activities and access modalities. The Fund's main processes are generally effective and demonstrate steady improvement, with the exception of resource mobilization and knowledge management. Inadequate allocation of resources to knowledge management undermines the Fund's short-term effectiveness and long-term significance. Nevertheless, the 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; it is characterized as a learning institution. 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. However, the secretariat is overstretched and urgently requires more resources to meet its strategic responsibilities; particularly if responsibilities increase beyond current core functions.

52. The Fund and its institutional arrangements provide good value for money. Most of the Fund's main processes are reasonably efficient, with some room for improvement through 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 the efficiency of Fund operations; the Fund NGO Network plays a "bridging role" between the Board and civil society. The Fund fosters efficient communication with eligible Party governments and entities through Designated Authorities.

53. 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. Otherwise, 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.

#### *Recommendations Made by the Phase 1 Evaluation*

54. On the basis of these findings, the Evaluation Team recommended a series of 13 recommendations:

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