



ADAPTATION FUND

AFB/EFC.22/3  
10 March 2018

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Adaptation Fund Board  
Ethics and Finance Committee  
Twenty-second meeting  
Bonn, Germany, 20-21 March 2018

Agenda item 4

## **IMPLICATIONS OF THE ESTABLISHMENT OF THE FUND'S EVALUATION FUNCTION**

## Background

1. The Adaptation Fund Board (the Board) endorsed an evaluation framework for the Fund at its thirteenth meeting (March 2011 - Decision B.13/20.a). This framework was developed in accordance with international standards in evaluation; it includes evaluation principles and criteria and two overarching objectives. At its 14th meeting, the Board requested the secretariat and the Global Environment Facility - Independent Evaluation Office (GEF IEO)<sup>1</sup> to prepare a revised version of the evaluation framework to be presented to the Board at its 15th meeting (Decision B.14/23).

2. At its 15th meeting the Board reviewed two options to be considered for the implementation of the evaluation framework, i.e. a Technical Evaluation Reference Group (TERG) and support from GEF IEO. After considering the recommendation of the EFC, the Board approved the option of entrusting the evaluation function to the GEF IEO, for an interim three-year period. It also approved the revised evaluation framework contained in the document AFB/EFC.6/4. It also requested the GEF IEO and the secretariat to prepare a final version of the evaluation framework including the inclusion of the definition of the evaluation function as per decision B.15/23.

3. The final version of the evaluation framework<sup>2</sup> was amended as per decision B.15/23 including the insertion of the evaluation function entrusted to the GEF IEO for an interim period of three years. On March 11, 2014, the Director of the GEF IEO withdrew the GEF IEO as the interim evaluation function of the Fund. The Board, at its twenty-third meeting in March 2014, took note of this communication by the Director.

4. The re-establishment of a long-term evaluation function for the Fund was discussed at the eighteenth meeting of the Ethics and Finance Committee (EFC) in March 2016. Based on the recommendation of the EFC, the Board decided, at its twenty-seventh meeting, to:

[...]

- b) *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.*

*(Decision B.27/26)*

5. At its nineteenth meeting, the EFC reviewed options prepared by the secretariat and presented in document AFB/EFC.19/5, to re-establish a long-term evaluation function for the Fund. Based on the recommendation of the EFC, the Board - at its twenty-eighth meeting - decided:

*to request the secretariat to present further information on Option 1, "Through the GEF Independent Evaluation Office (GEF IEO)" and Option 2, "Through a Technical Evaluation Reference Group (TERG)" as set out in document AFB/EFC.19/5, including cost implications, for consideration by the EFC at its twentieth meeting.*

<sup>1</sup> Known as the Global Environment Facility (GEF) Evaluation Office at the time of decision B.15/23

<sup>2</sup> [https://www.adaptation-fund.org/wp-content/uploads/2015/01/Evaluation\\_framework.pdf](https://www.adaptation-fund.org/wp-content/uploads/2015/01/Evaluation_framework.pdf)

*(Decision B.28/36)*

6. The secretariat presented such further information on the two options in document AFB/EFC.20/3, which was reviewed by the Ethics and Finance Committee at its twentieth meeting in March 2017. Discussions included cost implications, recognizing that a large proportion of the costs would vary according to the Fund's evaluation needs and that to assess the costs of the evaluation function, it is necessary to review the evaluation requirements over the next 2-3 years. Based on the recommendation of the EFC regarding the two options for the evaluation function, at its twenty-ninth meeting, the Board decided:

- a) To request the secretariat *to prepare, for consideration by the Ethics and Finance Committee at its twenty-first meeting, a document containing, for each of the two options, additional information on:*
  - (i) *An indicative three-year work program, including estimated costs, for the evaluation function based on the foreseen workload, including the expected numbers of medium-term and final evaluations and other evaluations to be carried out; and*
  - (ii) *How the necessary technical expert guidance and inputs would be arranged at the set-up stage of the function and during its implementation, including possible assistance provided by the Global Environment Fund Independent Evaluation Office (GEF-IEO), should Option 2 be selected, or by a Technical Evaluation Reference Group, should Option 1 be selected.*

*(Decision B.29/30)*

7. The secretariat had developed and presented to the Board at its thirteenth meeting document AFB/EFC.21/4 referred in decision B.29/30 above which presented budget implication for an indicative three-year evaluation work program for each option. The document also included the technical expert guidance and inputs needed to set up the evaluation function for each option. The Board decided:

- (a) *To approve the option of re-establishing a long-term evaluation function for the Adaptation Fund through a Technical Evaluation Reference Group (TERG), as described in documents AFB/EFC.20/3 and AFB/EFC.21/4;*
- (b) *To request the secretariat:*
  - (i) *To make the necessary arrangements for the establishment of the TERG, as described in document AFB/EFC.21/4;*
  - (ii) *To prepare the terms of reference of the TERG for consideration by the Board intersessionally;*
  - (iii) *To recruit the experts constituting the TERG following the Board's approval of the terms of reference as per sub-paragraph (b) (ii); and*

- (iv) *To present a budget and work plan for the TERG for consideration by the EFC at its twenty-second meeting;*
- (c) *To invite the Independent Evaluation Office of the Global Environment Facility to support the secretariat in setting up the TERG through providing guidance/advice; and*
- (d) *To request the EFC to review the long-term evaluation function of the TERG at its twenty-ninth meeting.*

*(Decision B.30/38)*

8. To implement the decision above, the secretariat had drafted the terms of reference of the Technical Evaluation Reference Group (TERG) and shared them with the GEF-IEO and the secretariat of the Global Fund's Technical Evaluation Reference Group (TERG), for their inputs and advice.

9. Following the consultation and based on the elements included in the draft TOR developed based on decision B.30/38, para c (ii), the secretariat has concluded that the planned arrangement of roles and responsibilities of the TERG is such that it would warrant a substantial discussion by the Board. As the possibilities for such discussion are limited in the intersessional process, the secretariat has suggested to the outgoing Chair and the incoming Chair the possible deferral of consideration of the TOR to the thirty-first meeting of the Board. Both Chairs have been supportive of this idea.

10. The main reason for suggesting in-session discussion by the Board is related to the nature of the changes that the establishment of the TERG could entail in the Fund's governance, which might include features such as the participation ex-officio of the TERG Chair in the meetings of the Ethics and Finance Committee (EFC), the establishment of a TERG Recruitment Working Group composed of Board members, and the recruitment of an additional secretariat staff member who will act as the secretariat of the TERG.

11. Given the implications of such changes on the Board working modalities and the Board and secretariat budget, and given the fact that such budget for fiscal year 2019 will be discussed at the thirty-first Board meeting, and following consultation with the Board, the present document was prepared by the secretariat for the twenty-second meeting of the EFC. It includes a proposed TOR including a management framework for the TERG, as well proposed amendments to the terms of reference of the EFC TOR. The proposed budget for the Evaluation Function during fiscal year 2019 is included in document AFB/EFC.22/8 "Administrative Budget of the Board and Secretariat, and Trustee for Fiscal Year 2019".

### **Proposed change at the Secretariat level**

12. As outlined in documents AFB/EFC.20/3 and AFB/EFC.21/4, the establishment of the AF-TERG would entail the provision of secretariat's support, through a dedicated AF-TERG Secretariat. The level of support as outlined in those documents was estimated to a half-time Program Analyst position and a consultant to be used on a part-time basis. However, following consultation with the GEF IEO when preparing the TOR for the AF-TERG, as requested by the

Board, it was suggested that, to ensure independence of the process, the secretariat dedicated staff should be a full-time position who will operationally report to the Chair of the AF-TERG and administratively report to the Manager of the AFB secretariat. The AF-TERG Secretariat will be supported by AFB secretariat administrative staff as needed.

13. The Manager of the Secretariat will:

- a) Oversee the practical aspects of hiring of AF-TERG members and the management of their contracts within the World Bank administrative system;
- b) Appoint the dedicated secretariat team staff (the AF-TERG secretariat) who will support the AF-TERG, communicate their names and roles to the AF-TERG and supervise the administrative aspects of their work;
- c) Participate in AF-TERG meetings as member ex-officio and ensure timely responses from the secretariat to enquiries of the AF-TERG and efficient cooperation by the secretariat with the AF-TERG;
- d) Ensure relevant communications from the AF-TERG are received by the secretariat and conveyed to the Board, and addressed by the Board or the secretariat as appropriate;

Oversee the administrative aspects of the preparation of the official reports of AF-TERG meetings, the preparation of Board documents presenting the AF-TERG work programme and budget, as well as the publication or submission to the Board of deliverables of the AF-TERG work programme; and

- e) Oversee the compliance of procurement for evaluations with applicable administrative rules and guidelines, including contracting external organizations.

14. The Manager will NOT:

- a) Oversee the technical aspects of hiring of AF-TERG members and their technical work;
- b) Engage in direct supervisory roles of AF-TERG members;
- c) Oversee the technical aspects of the preparation of the official reports of AF-TERG meetings, or the preparation of Board documents presenting the AF-TERG work programme and budget;
- d) Engage in the substance matter aspects of procurement for evaluations.

### **Proposed change in the EFC**

15. The terms of reference of the EFC were first approved by the Board at its sixth meeting through Decision B.6/3. They were amended in the twenty-sixth meeting (Decision B.26/42) to clarify the responsibilities on monitoring and evaluation between the EFC and the Project and

Programme Review Committee (PPRC), giving the two committees responsibility for overseeing M&E issues at the Fund level and project level, respectively.

16. In light of the establishment of the AF-TERG, it is suggested that, to complement and in line with its mandate of reviewing the performance of the Fund and its accredited implementing entities, making use of both internal and external evaluations and reports from implementing entities and other sources, as appropriate, and addressing issues concerning monitoring and evaluation at the Fund level, the EFC will oversee the performance of the AF-TERG. This includes establishing an AF-TERG Recruitment Working Group and reviewing the AF-TERG annual work plan and budget. The Chair of the AF-TERG shall also attend the bi-annual meetings of the EFC as non-voting ex officio member.

### **Recommendation**

17. The Ethics and Finance Committee (EFC) may want to consider recommending the Board:

- a) To approve the terms of reference of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) as provided in Annex 1 of document AFB/EFC.22/3;
- b) To approve the amendment to the terms of reference of the Ethics and Finance Committee (EFC) as provided in Annex 2 of document AFB/EFC.22/3;
- c) To establish the AF-TERG Recruitment Working Group composed of the following Board members and alternates: [...]
- d) To request the AF-TERG Recruitment Working Group, with the support of the secretariat, to undertake the necessary arrangements for the recruitment of the AF-TERG Chair and members intersessionally between the thirty-first and thirty-second meetings of the Board and report back to the EFC at its twenty-third meeting.

**Annex 1**



**ADAPTATION FUND**

**TERMS OF REFERENCE OF THE TECHNICAL EVALUATION  
REFERENCE GROUP OF THE ADAPTATION FUND (TERG)**

## Mandate

18. The Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) is an independent evaluation advisory group, **accountable to the Board**, established to ensure the independent implementation of the Fund's evaluation framework. Specifically, the TERG will provide:

- a) *Evaluation Function:* Independently commission the evaluation of the relevance, effectiveness, efficiency and sustainability of the Fund through its overall operation, including its supported projects and programmes as well as implementing entities and report to the Board on lessons, findings, conclusions, and recommendations from relevant evaluation reports;
- b) *Advisory Function:* Set minimum evaluation standards within the Fund in order to ensure improved and consistent measurement of results;
- c) *Oversight Function:* Provide quality control of the minimum evaluation requirements and their practice in the Fund and track implementation of Board decisions related to evaluation recommendations. This includes providing advice to the Board in its efforts to incorporate findings and recommendations of evaluations into policies, strategies and procedures.

## Composition

19. The AF-TERG shall be comprised of an independent group of experts in evaluation who are all functionally independent of the secretariat, Board, and Board committees. The members will serve in their personal capacities only and will not represent their employers, governments or Fund's entities.

20. There shall be **at least 5 members including the Chair** and a member **from civil society organizations**.

21. Membership of the group will be drawn from a range of stakeholders, including practitioners, research institutions, academics, donor and recipient countries, and non-governmental organizations.

## Working Modalities

22. The AF-TERG will meet at least once a year, depending on its workload. It is foreseen that during the initial period, at least, there may be a need for additional meetings. The duration of each meeting will be two to three days depending on the agenda to be discussed. Meetings will be scheduled at a time convenient to a majority of the members. Additional meetings may be scheduled if the need arises, as requested by the AF-TERG Chair. To facilitate the exchange of views among AF-TERG members between in-person meetings, other means of communication will be maintained, including electronic discussion groups, conference calls or video conferencing.

23. The Chair of the AF-TERG shall also attend the bi-annual meetings of the Ethics and Finance Committee (EFC) of the Board as ex-officio member.



24. The Chair of the AF-TERG shall report to the Board through the EFC as frequently as deemed appropriate and will present results of evaluations and other work conducted by the AF-TERG. Recommendations from the AF-TERG – including an annual budget - are expected to be considered by the EFC, as per the EFC's terms of reference, which would in turn forward them to the Board for information, together with any recommended decisions.

25. A small **AF-TERG secretariat** composed of a full-time dedicated staff position supported by a part-time consultant and AFB secretariat administrative staff as needed would provide support to the AF-TERG, in particular with regard to the arrangements for the implementation of the evaluation work programme. The full-time staff will operationally report to the Chair of the AF-TERG and administratively report to the Manager of the AFB secretariat. The workload of the AF-TERG secretariat will vary depending on the work programme.

26. The Board, through the EFC, will oversee the performance of the AF-TERG, in a manner that does not infringe on the **independence of the AF-TERG in terms of content and conclusions of evaluations**. The Board may also commission independent evaluations on the AF-TERG, in order to capture lessons learned and amend the arrangement as needed.

27. The expected workload of AF-TERG members and its Chair would be approximately **16 and 24 days a year**, respectively (6 to 14 days in person meeting including the Chair's participation in Board meetings, and 10 days to be involved remotely in focal point activities on specific reviews or evaluations under the work programme).

28. Additional experts may be brought in as necessary to implement the work programme.

### **Recruitment and Appointment of AF-TERG Members**

29. The **recruitment** of AF-TERG members shall be managed by the EFC with support from the secretariat through an open, transparent and criteria-based process. Criteria for selection will include:

- credibility and independence
- expertise and experience in evaluation
- country experience
- knowledge of topics in adaptation to climate change impacts
- commitment and availability to participate in a part time basis
- absence of conflict of interest
- geographic representation and
- gender balance.

30. The first Chair of the AF-TERG will be appointed by the Board following recommendation from the AF-TERG Recruitment Working Group to be established by the EFC, through a competitive recruitment process administratively supported by the AFB secretariat. The AF-TERG Chair will be a member of the Working Group for the appointment of the other members. Subsequent Chairs and other AF-TERG members will be appointed by the Working Group. Members of the AF-TERG shall normally serve for a period of three years, and shall be eligible to serve not more than two consecutive terms or six years. The membership of the AF-TERG shall be managed so that approximately one-third of its membership shall retire by **rotation** every two years. The very first members of the TERG shall therefore be granted exception in number of

years of service to allow for effective initiation of the rotation system. The member from civil society will be appointed following the same competitive selection process as the other members.

### **AF-TERG Work Plan and Budget**

31. The AF-TERG will **commission and oversee independent evaluations** and relevant tasks on behalf of the Board and its Committees according to the evaluation framework. The AF-TERG will prepare multi-year work programmes and budget in accordance with the evaluation framework requirements. Where relevant, the content of these multi-year work programmes should be linked to strategies of the Fund, such as medium-term strategies. Proposed multi-year work programmes will be presented to the EFC for consideration and for recommendation for approval by the Board. The AF-TERG will then design, commission and oversee these independent evaluations, with administrative support from its secretariat. As part of its advisory role however, the AF-TERG may develop guidance notes, recommendation papers or any relevant document for consideration by the Board.

32. The AF-TERG, through its Chair, will report annually to the EFC and/or Board on the implementation of its work plan.

33. The annual **budget** of the AF-TERG, its secretariat and work programme will be prepared together with the AFB secretariat and will be submitted for approval by the Board as part of the administrative budget of the Fund.

34. Activities within the work programme are diverse and include the following:

- a) Review of AF Monitoring & Evaluation (M&E) related Frameworks, Policies and Guidelines;
- b) Quality review of project-level mid-term and final evaluation reports;
- c) Performance evaluations, including ex-post evaluations;
- d) Country studies;
- e) Thematic evaluations; and
- f) Overall corporate- or portfolio-level evaluations.

### **Compensation**

35. Travel costs and daily subsistence allowance shall be paid to the AF-TERG member who is a Board member and attending a meeting of the AF-TERG or undertaking any official site visit as approved by the Board, in accordance with UN rules.

36. Members of the AF-TERG who are external experts shall be paid fees for their services and travel expenses.

### **Relations with the AFB Secretariat**

37. The AF-TERG will operate in an arrangement that guarantees **the independence** of the evaluations overseen by the AF-TERG. The primary focal point for the AF-TERG in the AFB Secretariat is the Manager.

38. All communications of a strategic nature from the AF-TERG Chair and its members shall be addressed and channeled to the EFC and/or the Board through the Manager of the secretariat. The AF-TERG will inform the Manager of AF-TERG conclusions and/or activities that require his/her attention or strategic engagement.

39. The Manager will:

- a) Oversee the practical aspects of hiring of AF-TERG members and the management of their contracts within the World Bank administrative system;
- b) Appoint the dedicated secretariat team staff (the AF-TERG secretariat) who will support the AF-TERG, communicate their names and roles to the AF-TERG and supervise the administrative aspects of their work;
- c) Participate in AF-TERG meetings as member ex-officio and ensure timely responses from the secretariat to enquiries of the AF-TERG and efficient cooperation by the secretariat with the AF-TERG;
- d) Ensure relevant communications from the AF-TERG are received by the secretariat and conveyed to the Board, and addressed by the Board or the secretariat as appropriate;
- e) Oversee the preparation of the official reports of AF-TERG meetings, the preparation of Board documents presenting the AF-TERG work programme and budget, as well as the publication or submission to the Board of deliverables of the AF-TERG work programme;
- f) Oversee the compliance of procurement for evaluations with applicable administrative rules and guidelines, including contracting external organizations.

40. The Manager will NOT:

- a) Oversee the technical aspects of hiring of AF-TERG members and their technical work;
- b) Engage in direct supervisory roles of AF-TERG members;
- c) Oversee the technical aspects of the preparation of the official reports of AF-TERG meetings, or the preparation of Board documents presenting the AF-TERG work programme and budget;
- d) Engage in the substance matter aspects of procurement for evaluations.

### **AF-TERG Member Profile**

41. The AF-TERG will be comprised of an independent group of experts in evaluation who will serve in their personal capacities only and will not represent their employers, governments or Fund's entities.

42. Membership of the group will be drawn from a range of stakeholders, including practitioners, research institutions, academics, donor and recipient countries, and non-governmental organizations, taking into account geographical and gender balance and diversity of technical sector experience.

*Expertise and experience* - The AF-TERG member profile as a group will include diversity in areas of relevant expertise, evaluative skills and thematic knowledge including the following:

- a) At least 15 years of professional experience in evaluation work at progressively increasing levels, related to monitoring / evaluation / research and management;
- b) At least 8 years of professional experience in development at field level and international level;
- c) Evaluation experience: extensive knowledge of, and experience in applying, qualitative and quantitative evaluation methods; a strong record in designing and leading overall evaluations; technical competence in the area of evaluation (theory and practice), and a strong methodological background;
- d) Climate finance experience, especially extensive knowledge of, and experience in applying climate change adaptation concepts;
- e) Strong knowledge in project management with strong emphasis on monitoring and evaluation;
- f) Extended experience in designing, implementing and evaluating adaptation projects and programs in developing countries, covering key adaptation thematic areas;
- g) Experience in least developed countries, working with those most vulnerable to climate change impacts;
- h) Extended knowledge of the Adaptation Fund and of UNFCCC, Paris Agreement, Kyoto Protocol and climate change and other environmental international regimes and policies;
- i) Extended knowledge on operational aspects of institutions (policies, governance, and accounting);
- j) Strong communication and outreach skills;
- k) Strong gender skills and experience.

*Languages –*

43. Language capacity in English and extent of international work (all AF regions). Fluency in at least one of the other six official languages of the United Nations (Arabic, Chinese, English, French, Russian and Spanish) would be an asset.

44. In addition to the expertise and skills mentioned above, the following will be expected when selecting the AF-TERG Chair:

- Demonstration of high levels of autonomy and integrity;
- He/she is widely recognized across the evaluation community as a source of knowledge;
- Ability to communicate on complex and highly specialised issues at senior management and executive meetings;
- A track record in strategic and global thinking;

- Excellent relationship and communication management skills;
- Experience in setting up and executing a budget;
- Sensitivity to gender, political, and respect for cultural, aspects;

*Independent evaluation capacity –*

- 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/ project/ programme under evaluation. Evaluators are independent from the development intervention, including its policy, operations and management functions, as well as intended beneficiaries.

*Key personal competencies* - The AF-TERG member profile for individual members includes the following competencies and responsibilities:

- a) A knowledge and personal commitment to the Adaptation Fund principles, core values and its activities;
- b) A facilitative and consultative approach including ability to work independently as well as in a multi-cultural environment;
- c) Good communication skills;
- d) High ethical standards; and
- e) Flexibility and time availability.

**Revision of the TOR**

45. The Board will revise these terms of reference as necessary.

## Annex 2: Proposed revised TORs of the Ethics and Finance Committee



### ADAPTATION FUND

#### ETHICS AND FINANCE COMMITTEE

##### TERMS OF REFERENCE

1. The Ethics and Finance Committee (EFC) shall be responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit.
2. In this regard, the EFC shall:
  - a) Develop, for approval by the Board, a draft Code of Conduct for the implementation of section VII of the Rules of Procedure in order to protect Board members and alternates and the staff of the secretariat from conflict of interest in their participation, identifying cases of conflict of interest and the related procedures;
  - b) Oversee the implementation of the Code of Conduct and address differences in its interpretation as well as consequences of breach of the Code of Conduct;
  - c) Review and provide advice on the budget for the operating expenses of the Board, secretariat and trustee;
  - d) Advise the Board on overall resource mobilization policy and approach, including recommendations from the trustee with respect to monetization of CERs and receipt of contributions from other sources;
  - e) Review the financial statements of the Fund;
  - f) **Oversee the performance of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG), including establishing an AF-TERG Recruitment Working Group, reviewing its annual work plan and budget; the Chair of the AF-TERG shall also attend the bi-annual meetings of the EFC as ex-officio member;**
  - g) Review the performance of the Fund and its accredited implementing entities, making use of both internal and external evaluations and reports from implementing entities and other sources, as appropriate;
  - h) Address issues concerning monitoring and evaluation at the Fund level; including the Annual Performance Report of the Fund, and other matters in accordance with the Operational Policies and Guidelines for Parties to Access resources from the Adaptation Fund;
  - i) Oversee the activities of the secretariat involving recruitment and procurement of services and other activities related to the area of responsibility of the Committee;
  - j) Oversee the activities of the trustee in areas relevant to the responsibility of the Committee;

- k) Consider any other matter the Board deems appropriate.
- 3. The EFC, in consultation with the Board Chair, may require assistance and/or advice from experts in the performance of its functions;
- 4. When the matter under discussion so requires, the trustee will attend the meetings of the EFC.