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Adaptation Fund Board Ethics and Finance Committee Twenty-third Meeting Bonn, Germany, 9-10 October 2018

Agenda item 5

MANAGEMENT RESPONSE TO THE OVERALL EVALUATION OF THE FUND (SECOND PHASE) AND ACTION PLAN

Management response to the Overall Evaluation of the Fund (2nd phase) and action plan

Project Design	Recommendation 1:			
The Adaptation Fund should strengt emphasize are:	then its support and guidance to IEs to	address gaps found in project desig	ns across the portfo	lio. Areas to
 can be used for good proble b) Identify an appropriate stak c) Design appropriate sustaina intends to catalyze. d) Estimate appropriate costin 	adaptation reasoning and problem an em analysis and identifying assumption eholder engagement strategy including ability strategies taking into account fun g and feasibility of proposed activities d during climate finance readiness acti	ns related to project relevance, effecti g roles for ensuring sustainability beyo ture replication, scaling up and other s	veness and sustain ond the project lifetil systemic change tha	ability. me. at the project
Management response to the re	commendation	Actions to be taken	Body in charge of action	Timeframe
worked on adaptation reasoning over documents AFB/PPRC/17/5 and AF so (Decision B.31/23). The Theory of	ariat has paid attention to these ons. ing is an area that continues to be JNFCCC processes. The Board has er the last several years (e.g. B/PPRC/22/25) and continues to do of Change approach can be used, as	The Board will keep its guidance to implementing entities in the areas identified by the evaluation under review. Particularly on the topic of adaptation reasoning, the Project and Programme Review Committee (PPRC) will consider an already commissioned paper by the secretariat at its 24 th meeting (March 2019). The AFB	The Board and the PPRC (keeping guidance to IEs under review)	Ongoing
recommended, in problem analysis worth noting that as it is not a stand application as a quality assurance n (b) Stakeholder engagement strateg of project reviews, spanning engage development (the requirement for co during project implementation (project	and project design, however, it is ardized tool, it has its limitations in nechanism in project reviews. gies are considered routinely as part ement both during project omprehensive consultation) and	Secretariat will continue to showcase the most relevant approaches, tools and methodologies for quality project design through its readiness events and engagement with relevant institutions (possibly through side events during	The secretariat (showcasing through readiness and other events)	Ongoing

 (c) Sustainability strategies are also considered routinely in project reviews and are expected to be included in the project document section on sustainability. However, it is worth noting that while sustainability can be <i>enhanced</i> by active planning and engagement during project design and implementation, it cannot be always <i>ensured</i>, given that opportunities to maintain, replicate and scale up project activities depend on political and financial considerations outside of the project's control. (d) Budget analysis and feasibility assessment is also always done at the project review stage, although a practical balance has to be struck in terms of how comprehensive and pervasive such assessments are, given implications on project preparation costs. In terms of facilitative support to project proponents, as the evaluation correctly notes, the secretariat has provided training on the above matters through the activities of the readiness programme, as well as through other channels, such as organizing a "master class event" for 	UNFCCC meetings, discussion with the Adaptation Committee, Adaptation Futures conference, etc.). In the context of the "learning and sharing" pillar of the Medium-term Strategy (MTS), the secretariat will develop a knowledge repository of relevant methodologies/tools and will produce case studies to help design quality projects. E.g. a) design of a project theory of change; b) stakeholder engagement strategy or plan; c) project sustainability or exit	Secretariat (knowledge repository)	FY19
stakeholders during the Adaptation Futures conference held in June 2018 in Cape Town, South Africa.	strategy; d) adaptation reasoning, etc.		
Particularly with regard to replication and scaling up, the Medium-term Strategy for 2018-2022 adopted by the Board contains planned targeted support for <i>ex post</i> scaling up and replication. In the context of the "learning and sharing" pillar of the strategy, the Fund will explore the collection of learning materials to disseminate approaches, methodologies and tools relevant to the 4 areas identified.	The Board plans to launch, under the implementation plan of the MTS, targeted grants for scaling up of already implemented projects. The development of proposals for such grants by the implementing entities and their	The Board and the secretariat (scaling up grants)	FY19
The Fund will bolster the number of internal and external events during which it will have the opportunity to raise awareness about how to address gaps found in project designs across the portfolio, including through applying the right tools, methodologies and approaches as identified in the evaluation.	review by the secretariat will help collect lessons learned on key challenges and success factors for replication and scaling up of projects, which can further inform sustainability considerations in the design of new projects.		

Complementarity of Activities	Recommendation 2:			
The Adaptation Fund should build on exis the GCF to coordinate portfolios and to b synergies and minimize duplication of pro	uild complementarity for concrete ojects.	e adaptation projects that it supports.	This should intend t	o build
This can be achieved through: Better exc activities can be organized to support IEs				
Management response to the recommendation of	nendation	Actions to be taken	Body in charge of action	Timeframe
This recommendation is currently being a		The Board continues consideration of and dialogue on collaboration with the GCF.	The secretariat and the Board	Ongoing
The Board and the secretariat have taker with other bodies under the Convention, s Adaptation Committee (AC), the Standing and the Climate Technology Centre and I The Board had also considered how to er the GCF through concrete activities. Follo Board, the Chair of the Board has engage dialogue with the Co-Chairs of the GCF E	such as the GCF, the GEF, the g Committee on Finance (SCF), Network (CTCN). hance complementarity with owing the mandate given by the ed, since May 2016, in a	The secretariat has already established, jointly with CTCN, a communication channel for organizations providing readiness support for adaptation and is exploring ways to enhance communications and sharing of information.	The secretariat	Ongoing
between the two funds, and the secretaria secretariat concrete activities to initiate co- limited to, the following areas: readiness joint activities such as workshops or sem management; accreditation; and project/p scale up.	ollaboration, including, but not support, including by organizing nars in regions; results-based	Following the mandate given by the Board, the secretariat engages with the GCF secretariat to plan for practical collaboration. As part of this engagement, the secretariat will lead, through the Fund's	The secretariat	Ongoing
Since the beginning of its operations, the on its portfolio of projects fully transparen transparent practices were compiled in th adopted by the Board in 2013. Since the secretariat has provided information to th portfolio, whenever requested.	tly on its website. The e Open Information Policy launch of GCF operations, the	readiness programme, regular dialogue and exchange with the GCF on readiness activities and explore opportunities for complementarity of support.		
To further promote complementarity with as the GCF, the Medium-term Strategy for				

Board in October 2017, foresees specific support for scaling up Adaptation Fund projects through separate grants for that purpose.		The secretariat will present the scaling-up grants to the Board for its consideration during FY19.	The secretariat and the Board	2 nd half of FY19
Complementarity of Activities	Recommendation 3:		•	
The Adaptation Fund should support con national programmes and domestic final This can also be achieved through: Cap proposal screening stage by the AFB Se	ncing schemes. acity building of DAs and IEs in th			
Management response to the recommendation		Actions to be taken	Body in charge of action	Timeframe
Complementarity of projects at the nation in national programmes is an important of beyond the Adaptation Fund which only each country. Luckily, there are other im this goal, such as the development of Na Because of this, the Fund has to be cogo realistic impact it may have on complem the Fund to support country-level complet level is training to Designated Authorities Entities, which is provided by the secreta Programme.	goal but one that is largely funds few individual projects in portant initiatives underway with ational Adaptation Plans (NAPs). nizant of the appropriate and entarity. The main modality for ementarity beyond the project s and National Implementing	The secretariat will continue to emphasize the matter of complementarity of Adaptation Fund funded projects with national programmes and portfolios of projects in its trainings provided for and other engagements with DAs and NIEs.	The secretariat	Ongoing
The Strategic Priorities, Policies and Guidelines of the Fund approved by the Board and adopted by CMP 4 in 2008 includes among areas to be considered during project reviews "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" and "avoiding duplication with other funding sources for adaptation for the same project activity" that both address the issue of complementarity and harmonization, and that have been applied in project reviews since the first call for proposals. Further, the first area, confirming consistency with national strategies, is a standard statement required to be included in the endorsement letter by the Designated Authority for each project submission.		The secretariat will also seek to identify avenues to enhance country-level coherence and complementarity through its cooperation with other providers of adaptation finance.	The secretariat	Ongoing

Direct Access	Recommendation 4:			
to achieve this is to further redu	merging with respect to direct access, the ce the 50 percent cap for MIE proposals to ties through the readiness programme.			
Management response to th	e recommendation	Actions to be taken	Body in charge of action	Timeframe
This recommendation is currently being addressed in terms of continued efforts to enhance direct access activities through the readiness programme. The Readiness Programme has been strengthened with the Pilot Readiness Package specifically aiming at increasing the use of direct access through the accreditation of new NIEs. It should be noted that as NIEs and RIEs have never jointly reached, or been close to reach, the level of 50 per cent of project funding, reducing "the other half", i.e. the MIE 50 per cent cap, would likely not be effective in encouraging NIE proposals. A more effective means could be raising the US\$ 10 million country cap, for which there have been repeated calls from Parties and IEs. However, it should be noted that there would be opportunity costs to such approach.		The Readiness Programme has been strengthened with the pilot readiness package specifically aiming at increasing the use of direct access through the accreditation of new NIEs. The success of the pilot will be assessed by the secretariat and the Board, and based on that, further enhancements to the Readiness Programme will be considered. The Board may consider the	The secretariat and the Board	Ongoing As needed
		different funding caps and allocations at its future meetings.	supported by the secretariat	
Direct Access	Recommendation 5:			
governance or institutional capa One option is to establish a sup	effective in supporting direct access to vu ncity, the Adaptation Fund should build on port system that allows a longer period of overnance mechanisms to achieve accred	these experiences to expand direct a engagement for the Adaptation Fund	ccess to vulnerable	countries.
Management response to th	e recommendation	Actions to be taken	Body in charge of action	Timeframe
while the mandate of the Adapta vulnerable countries, this has no	dation must be prefaced by recalling that ation Fund is to support particularly of been defined as the recommendation atter of definition, the varying degrees of	The Fund will continue, and if possible further develop, the activities by which it supports countries with varying degrees of	The Board and the secretariat	Ongoing

currently being addressed. The Fund introduced the streamlined acc the access of vulnerable countries such a countries with limited capacities, to the Fu Board made a number of decisions to furt effectiveness of the accreditation process The NIEs from vulnerable countries, who accreditation process, have often recogni enhanced their institutional capacity. The support through South-South readiness g accreditation and project development (to communication with vulnerable countries support for them.	as LDCs, SIDS and other und's financial resources. The ther improve efficiency and at its 31 st meeting. have undertaken the zed that the process has pilot readiness package, the irants, the online training on b be launched), and the ongoing	institutional capacity in gaining direct access to its resources. The existing activities include the pilot readiness package, the peer-to peer readiness support through South-South cooperation grants, the project development and the ongoing active communication with the vulnerable countries including the LDCs and SIDS during accreditation. In addition to these activities, the Medium-term Strategy of the Fund includes new modalities of support, such as the online training course on accreditation, which is being developed for launch during FY19.	The Board, supported by the secretariat	Ongoing
Direct Access	Recommendation 6:			
The Adaptation Fund should promote en	hanced direct access implement	ation building on the lessons from the	project in South Afi	rica
Management response to the recommendation				
	nendation	Actions to be taken	Body in charge of action	Timeframe
This recommendation is currently being a activities of the secretariat. It is worth not identification and development process reprocess, and the project in South Africa d lessons, the Board had also approved a f wholly or partly, an enhanced direct access	ddressed under on-going ting that whilst the project emains a country-driven loes indeed provide useful ew other projects that employ,	Actions to be taken The secretariat through the readiness programme will explore ways of enhancing knowledge exchange, experience sharing and overall capacity for entities to develop and manage the implementation of projects/programmes that support enhanced direct access.	, .	Timeframe Ongoing

		enhanced direct access during FY19.		
Climate Finance Readiness	Recommendation 7:			
Given that the Adaptation Fund has been timely to do an in-depth assessment of th further streamline and improve effectiven	ne readiness activities building on			
Management response to the recommendation		Actions to be taken	Body in charge of action	Timeframe
This recommendation is currently being addressed. A study on readiness and capacity building support is currently underway which will conclude with a publication that looks at readiness and capacity building in the broader UNFCCC climate finance architecture and specific readiness activities supported by the Fund. The paper will include recommendations to enhance effectiveness of the Fund's readiness programme.		The secretariat will reflect on the recommendations from the paper on readiness and capacity building support when preparing the readiness workplan for FY20 and beyond for consideration by the Board.	The secretariat and the Board	Ongoing
Climate Finance Readiness	Recommendation 8:			
activities with national programm	to to two types of support: (i) outr ove readiness in project implement DAs to mobilize political support a es and other externally funded pr	reach and support to NIEs to get accre ntation/delivery systems. and interest for direct access and mor	e closely harmonize	-
Management response to the recomm	nendation	Actions to be taken	Body in charge of action	Timeframe

I the previous regional readiness is well noted however, to consider y for DAs. hip with CTCN, a meeting in May meetings in Bonn, Germany and unication channel for organizations aptation.	Organizing high level events with DAs and senior government officials to raise awareness on direct access to fund resources would be possible within the scope of the Readiness Programme. The secretariat will explore this opportunity and if feasible, propose practical next steps in the annual work plan of the secretariat for consideration by the EFC/Board. Due to the high costs envisaged with such an event, it might be best undertaken in partnership with a mutually interested organization/partner. The secretariat will explore establishing a quarterly e-news bulletin of activities and news updates from organizations providing readiness support for adaptation. The secretariat will also initiate regular meetings with the GCF on readiness and capacity building support with the expectation that these would expand to include other climate funds under the UNFCCC in future.	The secretariat, the EFC (budget aspects) and the Board	Ongoing FY19
Recommendation 9:			
	y for DAs. hip with CTCN, a meeting in May meetings in Bonn, Germany and unication channel for organizations aptation.	 y for DAs. officials to raise awareness on direct access to fund resources would be possible within the scope of the Readiness Programme. The secretariat will explore this opportunity and if feasible, propose practical next steps in the annual work plan of the secretariat for consideration by the EFC/Board. Due to the high costs envisaged with such an event, it might be best undertaken in partnership with a mutually interested organization/partner. The secretariat will explore establishing a quarterly e-news bulletin of activities and news updates from organizations providing readiness support for adaptation. The secretariat will also initiate regular meetings with the GCF on readiness and capacity building support with the expectation that these would expand to include other climate funds under the UNFCCC in future. 	y for DAs. officials to raise awareness on direct access to fund resources would be possible within the scope of the Readiness Programme. The secretariat will explore this opportunity and if feasible, propose practical next steps in the annual work plan of the secretariat for consideration by the EFC/Board. Due to the high costs envisaged with such an event, it might be best undertaken in partnership with a mutually interested organization/partner. The secretariat will explore establishing a quarterly e-news bulletin of activities and news updates from organizations providing readiness support for adaptation. The secretariat will also initiate regular meetings with the GCF on readiness and capacity building support with the expectation that these would expand to include other climate funds under the UNFCCC in future.

Gender and ESP	Recommendation 10:			
The secretariat is currently also updating the project performance report template to further improve ESP and GP related monitoring aspects.		The secretariat will revise the PPR template to improve the performance monitoring in terms of ESP and GP.	The secretariat	Ongoing
Additionally, the Fund has provided technical assistance on ESP and G provided TA grants to 16 NIEs.	I NIEs with readiness grants for ender. As at July 2018, the Fund has	The Fund will continue to provide readiness grants for technical assistance on ESP and Gender.	The Board, supported by the PPRC and the secretariat	Ongoing
The secretariat has provided oppor increase relevant capacity of IEs a	tunities for training on ESP and GP to nd will continue to do so.	The secretariat will provide training on ESP and GP matters for IEs in NIE seminars and webinars.	The secretariat	Ongoing

It should identify bottlenecks facing IEs and EEs and disseminate good practices to IEs during readiness activities, which would also strengthen project conceptualization and implementation (connected with readiness and knowledge management)

Management response to the recommendation	Actions to be taken	Body in charge of action	Timeframe
The Board has made conscious investments in knowledge management including, developing a knowledge management strategy and hiring relevant staff. Knowledge management is also one of the three pillars of the MTS, and its implementation plan lays out several support modalities for enhancing the Fund's work in the area.	The secretariat will continue to make use of readiness and other capacity building activities to identify gaps and bottlenecks faced by IEs, including by reviewing readiness grant reports submitted by readiness grant recipients.	The secretariat	Ongoing
In addition, the secretariat has started translating available guidance documents into official UN languages, starting with French and Spanish, and will also update proposal templates and guidance documents for ESP and GP compliance to improve their user-friendliness.	The secretariat will continue translating all of its guidance documents into official UN languages. The secretariat will also improve proposal templates and guidance and provide more user-friendly ESP and GP compliance.	The secretariat	FY19 and ongoing

Gender and ESP	Recommendation 11:			
practices and strategies to overcome	these barriers and ensure that these he Adaptation Fund should also ens	outcomes in projects that were eviden e strategies are incorporated to the exi ure that these lessons and strategies a	sting guidance note	e to IEs and
Management response to the rec	ommendation	Actions to be taken	Body in charge of action	Timeframe
This finding is very well taken. The event such results have been brought to lig explained by the fact that the projects ones approved before the adoption o the result requires further analysis. T identify bottlenecks facing IEs particul disseminate good ESP and GP comp	ht. The results may be partially s considered in the evaluation were f the gender policy. Nevertheless, he secretariat will continue to larly and will collect and	The secretariat will collect and disseminate good ESP and GP compliance practices.	The secretariat	Ongoing
Based on lessons learned, the secretariat will continue to improve M&E system to better monitor ESP and Gender aspects in the projects and programs.		The secretariat will further improve its RBM system in terms of gender by developing a Fund Gender Score Card, and other relevant policies and procedures.	The secretariat	2 nd half of FY19 and ongoing

monitoring.			
Management response to the recommendation	Actions to be taken	Body in charge	Timeframe
		of action	
This recommendation is already partially addressed through the development of the Annual Performance Report (APR), that is presented to the Board on a yearly basis (covering the period July 1 st to June 30 th of the following year). The APR for FY18 will include new performance indicators, to monitor the progress on the implementation of the Medium-term strategy of the Fund.	APR will be upgraded to include performance data at portfolio level including new funding windows developed as part of the medium- term strategy for 2018-2022.	The secretariat	Ongoing – to AFB meeting 32 and beyond as necessary

The FIF platform in its current form does not include a module capturing performance data at the project level, that could be used to analyze at the portfolio level. However, once the current upgrades are finalized, such enhancements will be scheduled as a priority.		FIF platform will be upgraded to include a module capturing performance data at the project level, that could be used to analyze at the portfolio level.	The secretariat	2nd half of FY19/1st half of FY20
Monitoring and Evaluation	Recommendation 13:			
Prioritize impact monitoring and impact a term strategy highlights its role as an enti results measurement and generate evide	ity that promotes learning, it is im	portant that the Adaptation Fund sho		
Management response to the recommendation		Actions to be taken	Body in charge of action	Timeframe
This recommendation is well taken. Monitoring and assessing impact e.g. in terms of reduced vulnerability and increased resilience is crucial for confirming that the Fund is achieving its goals. Measuring impact is, however, often challenging due to the long-time scales involved in adaptation. Additionally, the AF Board approved the re-establishment of an independent evaluation function for the Fund, to ensure the independent implementation of the Fund's evaluation framework, through a Technical Evaluation Reference Group (AF-TERG), comprised of an independent		AF-TERG will be operationalized and develop impact assessment and monitoring guidance and prepare work programmes	The secretariat, the AF-TERG Recruitment Working Group,	2nd half of FY19 and ongoing (as needed)
group of experts in evaluation who are all functionally independent group of experts in evaluation who are all functionally independent of the secretariat and accountable to the Board. A small AF-TERG secretariat composed of a full-time dedicated staff position supported by a part-time consultant and Secretariat administrative staff as needed will provide support to the AF-TERG. The recruitment of the members of the AF- TERG and its Secretariat's staff is underway. Impact evaluations of selected past AF projects/programmes will be part of the AF-TERG work programs on an annual basis.		including impact evaluations of selected past AF projects and programmes.	the Board (through the EFC) and the Technical Evaluation Reference Group	needed)

Knowledge Management	Recommendation 14:			
a) Consolidate project experier	ces and knowledge on adaptation im	wledge management be prioritized. Ke pacts and lessons. ons from the portfolio. Entry points inc	-	
Management response to the recommendation		Actions to be taken	Body in charge of action	Timeframe
This recommendation has partially been addressed through the activities contained in the KM pillar of the MTS that are expected to multiply the volume of knowledge produced at the fund level. The secretariat is producing a paper capturing lessons learned from Portfolio Monitoring Missions which will be made available through the AF website.		The secretariat, will further develop publications capturing best practices on Direct Access with a sectoral focus.	The secretariat	2 nd half of FY19 for the 1 st one; additional publications to be developed in FY21
		The Fund will also produce lessons learned case studies and best practices on key project knowledge in collaboration with IEs and academia with a thematic/sectoral focus	The secretariat	FY20 and FY22
The additional recommendations are secretariat is already working on the management tools (e-learning, KM re platforms for readiness for climate fir studies) aimed at capturing and disso accumulated to the relevant stakeho	development of various knowledge epository of information, knowledge ance, publications and other eminating the knowledge	The secretariat will develop various knowledge tools aimed at addressing the issue, namely: i) E-learning course consisting of two modules, one on addressing ESP policies in project design and the other on accreditation, including gaps identified ii) Study capturing and integrating the sharable knowledge of the	The secretariat	1 st half of FY19

	accreditation workflow system into the project cycle iii) KM microsite aimed at being a repository of information and data related to climate change adaptation		
Furthermore, a new funding window will become available as part of the newly approved Medium-term Strategy consisting of learning grants aimed at NIEs capturing and transferring knowledge to each other and to the wider adaptation communities.	Call for proposals for the grants to be developed and grants to be launched.	The Board, supported by the secretariat	2 nd half of FY19