



ADAPTATION FUND

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Ethics and Finance Committee  
Twenty-Fourth Meeting  
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Agenda item 4

## **REVIEW OF THE STRATEGIC RESULTS FRAMEWORK AND THE ADAPTATION FUND LEVEL EFFECTIVENESS AND EFFICIENCY RESULTS FRAMEWORK**

## Background

1. At its tenth meeting, the Adaptation Fund Board (the Board) approved a Results-Based Management (RBM) framework and an approach to its implementation (AFB/EFC.1/3/Rev.1). The RBM framework includes a Strategic Results Framework which describes, at the Fund level, goals, expected impact, outcomes, and outputs, as well as indicators and targets. As part of the implementation plan, the Board requested that a monitoring and evaluation framework and guidelines for final evaluations be developed.
2. The RBM framework includes monitoring the efficiency and effectiveness of the Adaptation Fund (the Fund), or process monitoring, which assists the Board in tracking efficiency and effectiveness based on the set indicators and targets. Process monitoring takes place on an ongoing basis to track whether the Fund's portfolio is being implemented as intended, standards are being met, and resources are being used efficiently.
3. The current RBM approach operates at three main levels:
  - Conference of Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and Conference of Parties serving as the meeting of the Parties to the Paris Agreement (CMA)
  - Portfolio (Fund-level)
  - Projects/ Programme level
4. The Fund-level results framework includes seven key outcomes and associated outputs to facilitate aggregation and to present Fund level results that contribute to the overall goal and objectives of the Fund. The Fund's RBM system defines a goal as "the higher- order objective to which a development intervention is intended to contribute", impacts are defined as "positive and negative long-term effects on identifiable population groups produced by a development intervention;" and outcomes are "the intended or achieved short-term and medium-term effects of an intervention's outputs, usually requiring the collective effort of partners;" while outputs are "the products and services which result from the completion of activities within a development intervention". Indicators for Fund level processes will be tracked and reported annually. These indicators will take into consideration strategic relevance, role/contribution to the mandate of the Fund and relevance to the guidance of the CMP and CMA.
5. At the project/programme-level, monitoring is carried out by project executing entities, supervised by national implementing entities (NIEs), multilateral implementing entities (MIEs) and regional implementing entities (RIEs). Here, project and programme level objectives should align with those outlined for the Fund.
6. At its twenty-second meeting in November 2013, the Board approved Phase 1 of the Readiness Programme and through Decision B.22/24, adopted document AFB/B.22/6 which outlined options for the programme to support direct access to climate finance. The document also included a framework through which the Readiness Programme would be evaluated over two years.

7. At its twenty-seventh meeting the Board had decided to institutionalize the Readiness Programme and make it a more permanent feature of the Fund through Decision B.27/38, and at its twenty-ninth meeting, subsequently the Board approved the framework for the Readiness Programme as contained in document AFB/B.29/8, and requested the secretariat to take further steps to integrate the Readiness Programme into the Adaptation Fund work plan and budget, as well as to update its results framework in line with the Adaptation Fund RBM and in line with the Adaptation Fund Medium-term Strategy (MTS), when complete (Decision B.29/42).

8. At the thirtieth Adaptation Fund Board meeting in October 2017, the Board adopted the MTS, as contained in the Annex 1 of the document AFB/B.30/5/Rev.1, and at its thirty-first meeting the Board adopted the Implementation Plan of the MTS (AFB/B.31/5/Rev.1). The MTS organizes activities primarily along the three strategic foci (pillars): action, innovation, and learning and sharing, and has four cross-cutting areas: i) Engaging and empowering the most vulnerable communities and social groups; ii) Advancing gender equality and the empowerment of women and girls; iii) Strengthening long-term institutional and technical capacity for effective adaptation; and iv) Building complementarity and coherence with other climate finance delivery channels.

9. The MTS mentions that during the implementation phase of the strategy (2018-2022), the Fund will improve its RBM system by adding indicators and targets for operational processes, organizational culture, and strategic competencies. The Fund will also endeavor to render its RBM system more inclusive and integrate key principles of Adaptive Management.

10. Further, the MTS states that it constitutes the Fund's highest-level Results Framework for the 2018-2022 period (see Annex 1) and, as such, is the basis against which the Fund will be evaluated for both learning and accountability purposes.

11. At its 32nd meeting in October 2018, the Board, after having reviewed and approved the Fund's Annual Performance Report (APR) for fiscal year 2018 (AFB/EFC,10/4), requested the secretariat to provide:

“(i) A review of the Strategic Results Framework of the Adaptation Fund and the Adaptation Fund Level Effectiveness and Efficiency Results Framework, which were approved by the Board in decision B.10/13, to reflect the progress made by the Adaptation Fund; [...]

(Decision B.32/25)

## **Analysis on the Adaptation Fund Results Based Management Framework**

12. In light of the ad hoc readiness results framework and MTS new strategic areas, it is important to consider whether the current RBM system is comprehensive enough or needs to be revised in accordance with the new pillars of the MTS. The MTS includes a theory of change that combines the Sustainable Development Goal (SDG) 13 with the Paris Agreement, which can be considered a high level framework to which the Adaptation Fund can contribute in the Adaptation part and a summary framework (Annex 1), which constitutes a medium level tool for reporting the results of the Adaptation Fund following the three pillars of Action, Innovation, and Learning & Sharing and the MTS cross-cutting themes.

13. In the Strategic Results Framework, the higher goal “*Assist developing country Parties to the Kyoto Protocol and the Paris Agreement that are particularly vulnerable to the adverse effects of climate change in meeting the costs of concrete adaptation projects and programmes in order to implement climate-resilient measures*” and impact at fund level “*Increased resiliency at the community, national, and regional levels to climate variability and change*”, lay out objectives and priorities, supporting the measurement of results, and help demonstrate contributions to higher level goals, for example the CMP and CMA goals. Accordingly, while the fund level goal and impact are deemed still valid, it is important to include additional outcomes, outputs and outcome/output indicators as relevant, to present the Fund level results framework that contribute to the overall goal and objectives of the Fund, in accordance to the MTS framework. In particular, it is important to include: i) an output to report on the readiness impact on strengthening capacities of national and subnational entities to directly access adaptation funding, this is linked with direct and enhanced direct access modality and is stemming from the readiness results framework; ii) an output to reflect the impact on the learning and sharing pillar of the MTS, reflecting the strengthened capacity of national and subnational stakeholders and institutions to capture and disseminate knowledge and learning; and iii) a new outcome and related output on the innovation pillar, which will help to measure the Fund support in the development and diffusion of innovative adaptation practices, tools and technologies.

14. In addition, the results tracker reporting tool included in the Project Performance Report template requested annually by any AF-funded projects/programme, would consequently need to be updated to include these suggested outcome, outcome indicator, outputs and outputs indicators. The results tracker allows the Adaptation Fund to track specific indicators across its portfolio. It includes indicators from both (i) the Adaptation Fund Strategic Results Framework, and (ii) the Fund’s five core indicators. The AF five core indicators allow the Fund to aggregate quantitative indicators for a portfolio that is, by nature, diverse (including agriculture to water management, coastal management, rural development, food security, and Disaster Risk Reduction, among others). To increase transparency and demonstrate value, the Board has approved two impact-level results and five associated indicators to track under these impacts. These five indicators are:

Impact-level results	Core indicators
Increased adaptive capacity of communities to respond to the impacts of climate change	Number of beneficiaries (direct and indirect)
	Number of Early Warning Systems
	Assets produced, developed, improved, or strengthened
	Increased income, or avoided decrease in income
Increased ecosystem resilience in response to climate change-induced stresses	Natural assets protected or rehabilitated

15. Further, the secretariat conducted an analysis of the Adaptation Fund Level Effectiveness and Efficiency Results Framework, in light of the MTS three strategic areas: Action, Innovation,

and Learning & Sharing, along with related funding windows. This is entailing additional fund level processes, identified as follows: i) measuring the efficiency in the project cycle for all the small grants newly introduced (scale-up, innovation, learning); ii) including the large-scale innovation grants in the measurement of the concrete project cycle efficiency; and iv) measuring the results of the knowledge management pillar. By conducting this exercise, it emerged that other areas, pertaining to the business as usual modus operandi of the Adaptation Fund, need to be included and/or revised under the MTS pillars. Specifically, it is important to report against the results of the communication strategy (under the Learning & Sharing pillar), to measure the efficiency in the project cycle for single country and regional proposals, as well as to revise some targets under the concrete project cycle efficiency.

## **Suggested Revision of the Strategic Results Framework and Adaptation Fund Level Effectiveness and Efficiency Results Framework**

### *Strategic Results Framework*

16. As outlined in the OPG Annex 4 “Instructions for Preparing a Request for Project or Programme Funding from the Adaptation Fund”, any project or programme must align with the Fund’s results framework and directly contribute to the Fund’s overall objective and outcomes outlined. Not every project/programme outcome will align directly with the Fund’s framework but at least one outcome and output indicator from the Adaptation Fund’s Strategic Results Framework must be included at the project design stage.

17. The below table intends to present suggested revisions to have a more comprehensive Strategic Results Framework.

<b>EXPECTED RESULTS</b>	<b>INDICATORS</b>
Goal: Assist developing country Parties to the Kyoto Protocol <b>and the Paris Agreement</b> that are particularly vulnerable to the adverse effects of climate change in meeting the costs of concrete adaptation projects and programmes in order to implement climate-resilient measures.	
Impact: Increased resiliency at the community, national, and regional levels to climate variability and change.	
<b>Outcome 1: Reduced exposure to climate-related hazards and threats</b>	1. Relevant threat and hazard information generated and disseminated to stakeholders on a timely basis
Output 1.1: Risk and vulnerability assessments conducted and updated	1.1. No. of projects/programmes that conduct and update risk and vulnerability assessments (by sector and scale) 1.2 No. of early warning systems (by scale) and no. of beneficiaries covered
Output 1.2: Targeted population groups covered by adequate risk reduction systems	1.2.1. Percentage of target population covered by adequate risk-reduction systems

<b>Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses</b>	2.1. Capacity of staff to respond to, and mitigate impacts of, climate-related events from targeted institutions increased
Output 2.1: Strengthened capacity of national and sub-national centers and networks to respond rapidly to extreme weather events	2.1.1. No. of staff trained to respond to, and mitigate impacts of, climate-related events (by gender)
	2.1.2 No. of targeted institutions with increased capacity to minimize exposure to climate variability risks (by type, sector and scale)
Output 2.2: Increased readiness and capacity of national and sub-national entities to directly access and program adaptation finance	2.2.1 Percentage of developing countries making use of the direct access and enhanced direct access modality
<b>Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level</b>	3.1. Percentage of targeted population aware of predicted adverse impacts of climate change, and of appropriate responses
	3.2. Percentage of targeted population applying appropriate adaptation responses
Output 3.1: Targeted population groups participating in adaptation and risk reduction awareness activities	3.1.1 No. of news outlets in the local press and media that have covered the topic
Output 3.2: Strengthened capacity of national and subnational stakeholders and entities to capture and disseminate knowledge and learning	3.2.1 No. of technical committees/associations formed to ensure transfer of knowledge
	3.2.2 No. of tools and guidelines developed (thematic, sectoral, institutional) and shared with relevant stakeholders
<b>Outcome 4: Increased adaptive capacity within relevant development sector services and infrastructure assets</b>	4.1. Responsiveness of development sector services to evolving needs from changing and variable climate
	4.2. Physical infrastructure improved to withstand climate change and variability-induced stress
Output 4: Vulnerable development sector services and infrastructure assets strengthened in response to climate change impacts, including variability	4.1.1. No. and type of development sector services modified to respond to new conditions resulting from climate variability and change (by sector and scale)
	4.1.2. No. of physical assets strengthened or constructed to withstand conditions resulting from climate variability and change (by sector and scale)
<b>Outcome 5: Increased ecosystem resilience in response to climate change and variability-induced stress</b>	5. Ecosystem services and natural resource assets maintained or improved under climate change and variability-induced stress
Output 5: Vulnerable ecosystem services and natural resource assets strengthened in response to climate change impacts, including variability	5.1. No. of natural resource assets created, maintained or improved to withstand conditions resulting from climate variability and change (by type and scale)
	6.1 Percentage of households and communities having more secure access to livelihood assets

<b>Outcome 6: Diversified and strengthened livelihoods and sources of income for vulnerable</b>	6.2. Percentage of targeted population with sustained climate-resilient alternative livelihoods
Output 6: Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability	6.1.1.No. and type of adaptation assets (tangible and intangible) created or strengthened in support of individual or community livelihood strategies
	6.2.1. Type of income sources for households generated under climate change scenario
<b>Outcome 7: Improved policies and regulations that promote and enforce resilience measures</b>	7. Climate change priorities are integrated into national development strategy
Output 7: Improved integration of climate-resilience strategies into country development plans	7.1. No. of policies introduced or adjusted to address climate change risks (by sector)
	7.2. No. of targeted development strategies with incorporated climate change priorities enforced
<b>Outcome 8: Support the development and diffusion of innovative adaptation practices, tools and technologies</b>	8. Innovative adaptation practices are rolled out, scaled up, encouraged and/or accelerated at regional, national and/or subnational level.
Output 8: Viable innovations are rolled out, scaled up, encouraged and/or accelerated.	8.1. No. of innovative adaptation practices, tools and technologies accelerated, scaled-up and/or replicated
	8.2. No. of key findings on effective, efficient adaptation practices, products and technologies generated

### Adaptation Fund Level Effectiveness and Efficiency Results Framework

18. As approved by the Board through the *RBM Approach Paper (AFB/EFC.1/3/Rev.2)*, Indicators for Fund level processes are tracked and reported annually. These indicators cover: (i) secure financing, financing mechanisms, and efficiency of use; (ii) project cycle efficiency; (iii) results driven performance; and (iv) accreditation processes.

19. The below table presents suggested revisions to have a comprehensive Fund Level Effectiveness and Efficiency Results Framework.

<b>1. Secure Financing and Financing Mechanisms</b>						
<b>1.1 Increased and Diversified Resources</b>						
Item	FY13	FY14	FY15	FY16	FY17	FY18
Total value of CERs (USD millions)	188.2	190.4	194.2	196.6	197.82	199.4
Number of donors	11	14	15	16	19	20 <sup>1</sup>
Actual donor contributions (USD millions)	134.5	213.7	284.9	344.8	442.40	538.29

<sup>1</sup> Include the number of donors that have pledged. 19 donors include separately, Belgium, Brussels Capital, Flanders and Wallonia Regions.

Total cash transfers vs. funds committed	32%	44%	45%	53%	58.67%	61.8%	
<b>1.2 Efficient Cost Structure</b>							
Item	FY13	FY14	FY15	FY16	FY17	FY18	Target
Board, secretariat, and Trustee operational expenses against total Adaptation Fund resources committed - %	16.2% <sup>2</sup>	8.3%	4% <sup>3</sup>	16.6% <sup>4</sup>	9.2%	9.1%	5%
Implementing Entities fees against total Fund resources allocated	7.2%	8.0%	8.3%	6.8%	7.3%	7.4%	8.5%
Execution Cost against total grant (minus fees) - % <sup>5</sup>	6.2%	7.6%	8.1%	6.6%	8.4%	7.3%	9.5%
% of secretariat using training budget							
<b>2. Improve Efficiencies in Project Cycle (Action, Innovation, Learning &amp; Sharing)</b>							
<b>2.1 Concrete Project Cycle Efficiency (Single country, regional and large innovation grants)</b>							
Item	FY13	FY14	FY15	FY16	FY17	FY 18	Target
Average response time of secretariat to review submissions of projects/programs (months)	2	1.5	2	2	2	2	2
Average time from first submission to approval for one-step projects (months)	NA	5.1	10.1 <sup>6</sup>	21.4	7	7	9
Average time from first submission to approval for two-step projects (months)	12.6	6.4	18.4 <sup>17</sup>	31.2	28.8	28	18 <sup>7</sup> (before 12)
Average time from first submission to approval for three-step projects (months) <sup>8</sup>						23	24 (before 18)
Average time from first cash transfer to project start (NIEs) (months)	7.2	4.8	5.6	8.1	7.2	12.3 <sup>9</sup>	6
Average time from first cash transfer to project start (RIE) (months) <sup>10</sup>					10	6.9	6
Average time from first cash transfer to project start (MIEs) (months)	7	9.1	13.1 <sup>11</sup>	18.1	4	5	6

<sup>2</sup> If the projects in the pipeline had been approved (\$59 million in addition to the \$17.9 million approved) the % of expenses against resources committed would have been at 3.8%.

<sup>3</sup> The Fund's evaluation (USD 153,585 in FY15), a non-recurring cost, has been included in the operational expenses.

<sup>4</sup> Mainly due to the low level of financial commitments made during FY 16 in terms of projects/programmes approval (USD 18.8 million compared to USD 92.4 million during FY15).

<sup>5</sup> The project implemented by the NIE UCAR (Argentina) does not have any associated execution costs charged to the project budget. The average (based on the three approved projects) is therefore skewed to the lower average.

<sup>6</sup> For pipeline projects, the "approval date" is the date at which the project has been put in the pipeline.

<sup>7</sup> This target was set when the AFB had 3-4 meetings per year. From FY 14, the Board meets twice per year.

<sup>8</sup> New project cycle efficiency indicator.

<sup>9</sup> Average has been skewed to the higher end because the NIE projects that started implementation during FY18- Peru, Chile and Panama began implementation between 11 -20 months after first cash transfer.

<sup>10</sup> Approval and Inception of one RIE project in Uganda (OSS)

<sup>11</sup> Three projects that were approved during FY 12 or FY 13 (namely Argentina WB, Sri Lanka WFP and Mauritania UNDP) have started during FY15. If these three projects are subtracted, the indicator goes down to 7.



Average time between submission of project related requests and Board approval						
<b>2.2. Project Cycle Efficiency of small grants (scale-up; innovation; learning)</b>						
Item						
Average response time of secretariat to review submissions of projects/programs (months)						
Average time from cash transfer to project start (months)						
<b>3. Results Driven Implementation (Action, Innovation, Learning &amp; Sharing)</b>						
<b>3.1. Results Driven Implementation under the Action pillar</b>						
Item	FY13	FY14	FY15	FY16	FY17	FY 18
Percent of <b>concrete</b> projects that have received implementation ratings of MS or above	80%	70%	87%	94%	98%	98%
Average time between PPR 1 <sup>st</sup> submission and secretariat clearance						
Number of pre-concepts endorsed						
Number of project concepts endorsed	2	8	2	5	11	11
Number of project concepts submitted but not endorsed	2	2	4	5	7	9
Number of fully developed proposals approved	3	6	13	4	12	10
Number of fully developed proposals not approved	1	4	3	4	7	9
Number of project concepts rejected	0	0	0	0	0	0
Number of scale-up grants submitted but not approved						
Number of scale-up grants approved						
Number of fully developed <b>single country</b> proposals technically cleared and placed in pipeline	8	2	0	0	0	0
Number of fully developed regional proposals technically cleared and placed in pipeline						
Percent of projects that received MS rating or above at midterm review	NA	NA	100%	90%	100%	100%
Percent of projects that received MS rating or above at terminal evaluation	NA	NA	100%	100%	100%	100%
Number of suspended/canceled <b>concrete</b> projects	NA	NA	NA	NA	1	

						NA
Number of suspended/canceled scale-up projects						
Number of portfolio monitoring missions						
<b>3.2. Results Driven Implementation under the Innovation pillar</b>						
Item						
Number of innovation grants submitted but not approved						
Number of innovation grants approved						
Number of suspended/canceled innovation projects						
<b>3.3. Results Driven Implementation under the Learning &amp; Sharing pillar</b>						
Item						
Number of learning grants submitted but not approved						
Number of learning grants approved						
Number of suspended/canceled learning projects						
Number of project stories published						
Number of publications/ case studies published						

4. Accreditation Applications							
4.1 Increased and Diversified Access Modalities							
Item		FY13	FY14	FY15	FY16	FY17	FY18
MIEs	Number of Applications Accredited	0	1	0	1	0	0
	Number of Applications Not Accredited	0	0	0	0	0	0
	Number of Applications Re-accredited						
	Number of Accreditation/re-accreditation under fast track modality						
NIEs	Number of Applications Accredited	3	2	2	4	2	3
	Number of Applications Not Accredited	2	3	0	0	0	0
	Number of Applications Under Consideration	9	12	9	12	13	13
	Number of Applications Re-accredited						
	Number of Accreditation/re-accreditation under fast track modality						
RIEs	Number of Applications Accredited	1	2	0	2	0	0
	Number of Applications Not Accredited	1	0	1	0	0	0
	Number of Applications Under Consideration	4	3	2	3	2	2
	Number of Applications Re-accredited						
	Number of Accreditation/re-accreditation under fast track modality						
Total number of field visits		3	4	2	3	1	4
Field visits (percentage over total number of applications received)		20%	33%	16%	16%	25%	16%
Average months between first submission of accredited application and Board's decision (NIEs and RIEs)		10.6	21.3	20	15.6	19	29.6

Average months between first submission of accredited application and Board's decision (MIEs)	NA	23 <sup>12</sup>	NA	30.5	NA	NA
Average number of months between first submission of applications and Board decision (NIEs and RIEs)	11.3	17	19	NA	NA	NA

## Recommendation

20. Having considered the analysis provided by the secretariat, the Ethics and Finance Committee (EFC) may want to consider the document AFB/EFC.24/4 and recommend the Board to:

- a) Approve the Review of the Strategic Results Framework and the Adaptation Fund Level Effectiveness and Efficiency Results Framework as contained in document AFB/EFC.24/4; and
- b) Request the secretariat to prepare a document on a proposed revision of the results tracker and an updated document on guidance on the revised results tracker, to be presented at the twenty-sixth EFC meeting.

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<sup>12</sup> Based on accreditation of only one MIE application

## Annex 1: Summary Framework of the Adaptation Fund's Medium-Term Strategy 2018-2022.

