

5 October 2018

Adaptation Fund Board

# Management Response to the Overall Evaluation of the Fund – Second Phase

The Adaptation Fund Board decided to:

- (a) Approve the management response to the Overall Evaluation of the Fund (Second Phase) in annex of this decision; and
- (b) Request the secretariat to post the approved management response on the Adaptation Fund website and send it to the Independent Review Panel (IRP) and TANGO International, for their information.

Decision B.31-32/30

## **Project Design**

### **Recommendation 1:**

The Adaptation Fund should strengthen its support and guidance to IEs to address gaps found in project designs across the portfolio. Areas to emphasize are:

- a) Improve the presentation of adaptation reasoning and problem analysis in project proposals. Theory of Change is one approach that can be used for good problem analysis and identifying assumptions related to project relevance, effectiveness and sustainability.
- b) Identify an appropriate stakeholder engagement strategy including roles for ensuring sustainability beyond the project lifetime.
- c) Design appropriate sustainability strategies taking into account future replication, scaling up and other systemic change that the project intends to catalyze.
- d) Estimate appropriate costing and feasibility of proposed activities

This support to IEs can be extended during climate finance readiness activities and through the proposal screening stage (connection with readiness)

Management response to the recommendation	Actions to be taken	Body in charge of action	Timeframe
The areas where providing additional guidance is recommended, are well noted.  The Board, supported by the secretariat has paid attention to these areas throughout the Fund's operations.  (a) The theme of adaptation reasoning is an area that continues to be under active debate under various UNFCCC processes. The Board has worked on adaptation reasoning over the last several years (e.g. documents AFB/PPRC/17/5 and AFB/PPRC/22/25) and continues to do so (Decision B.31/23). The Theory 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 24th meeting (March 2019). The AFB	The Board and the PPRC (keeping guidance to IEs under review)	Ongoing
recommended, in problem analysis and project design, however, it is worth noting that as it is not a standardized tool, it has its limitations in application as a quality assurance mechanism in project reviews.  (b) Stakeholder engagement strategies are considered routinely as part of project reviews, spanning engagement both during project	Secretariat will continue to showcase the most relevant approaches, tools and methodologies for quality project	The secretariat (showcasing through	Ongoing

development (the requirement for comprehensive consultation) and	design through its readiness	readiness and	
during project implementation (project document section on management	events and engagement with	other events)	
arrangements, and environmental and social management plan).	relevant institutions (possibly		
(c) Sustainability strategies are also considered routinely in project	through side events during		
reviews and are expected to be included in the project document section	UNFCCC meetings, discussion		
on sustainability. However, it is worth noting that while sustainability can	with the Adaptation Committee,		
be <i>enhanced</i> by active planning and engagement during project design	Adaptation Futures conference,		
and implementation, it cannot be always <i>ensured</i> , given that opportunities	etc.).		
to maintain, replicate and scale up project activities depend on political	,		
and financial considerations outside of the project's control.	In the context of the "learning and	Secretariat	FY19
(d) Budget analysis and feasibility assessment is also always done at the	sharing" pillar of the Medium-term	(knowledge	
project review stage, although a practical balance has to be struck in	Strategy (MTS), the secretariat will	repository)	
terms of how comprehensive and pervasive such assessments are, given	develop a knowledge repository of	10poonory)	
implications on project preparation costs.	relevant methodologies/tools and		
Implications on project proparation cocto.	will produce case studies to help		
In terms of facilitative support to project proponents, as the evaluation	design quality projects. E.g. a)		
correctly notes, the secretariat has provided training on the above matters	design of a project theory of		
through the activities of the readiness programme, as well as through	change; b) stakeholder		
other channels, such as organizing a "master class event" for	engagement strategy or plan; c)		
stakeholders during the Adaptation Futures conference held in June 2018	project sustainability or exit		
in Cape Town, South Africa.	strategy; d) adaptation reasoning,		
in Cape Town, South Amica.	etc.		
Particularly with regard to replication and scaling up, the Medium-term	610.		
Strategy for 2018-2022 adopted by the Board contains planned targeted	The Board plans to launch, under	The Board and	FY19
	the implementation plan of the	the secretariat	FIIB
support for <i>ex post</i> scaling up and replication.	MTS, targeted grants for scaling		
In the context of the "learning and sharing" pillar of the strategy, the Fund	, , , , , , , , , , , , , , , , , , , ,	(scaling up	
will explore the collection of learning materials to disseminate	up of already implemented	grants)	
approaches, methodologies and tools relevant to the 4 areas identified.	projects. The development of		
The Fund will beleton the number of internal and external events to the	proposals for such grants by the		
The Fund will bolster the number of internal and external events during	implementing entities and their		
which it will have the opportunity to raise awareness about how to	review by the secretariat will help		
address gaps found in project designs across the portfolio, including	collect lessons learned on key		
through applying the right tools, methodologies and approaches as	challenges and success factors for		
identified in the evaluation.	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 existing good practice examples in the portfolio to establish systematic linkages with other funds including the GCF to coordinate portfolios and to build complementarity for concrete adaptation projects that it supports. This should intend to build synergies and minimize duplication of projects.

This can be achieved through: Better exchange of portfolio information between the funds and establishing a referral system. Readiness activities can be organized to support IEs to design projects in a programmatic manner and structure financing from multiple sources.

Management response to the recommendation	Actions to be taken	Body in charge of action	Timeframe
This recommendation is currently being addressed.	The Board continues consideration of and dialogue on collaboration with the GCF.	The secretariat and the Board	Ongoing
The Board and the secretariat have taken action to promote linkages with other bodies under the Convention, such as the GCF, the GEF, the Adaptation Committee (AC), the Standing Committee on Finance (SCF), and the Climate Technology Centre and Network (CTCN).  The Board had also considered how to enhance complementarity with the GCF through concrete activities. Following the mandate given by the Board, the Chair of the Board has engaged, since May 2016, in a dialogue with the Co-Chairs of the GCF Board on potential linkages between the two funds, and the secretariat has discussed with the GCF secretariat concrete activities to initiate collaboration, including, but not limited to, the following areas: readiness support, including by organizing joint activities such as workshops or seminars in regions; results-based management; accreditation; and project/programme identification and scale up.	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.  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  The secretariat	Ongoing
Since the beginning of its operations, the Fund has shared information on its portfolio of projects fully transparently on its website. The transparent practices were compiled in the Open Information Policy adopted by the Board in 2013. Since the launch of GCF operations, the secretariat has provided information to the GCF on the status of its portfolio, whenever requested.	readiness programme, regular dialogue and exchange with the GCF on readiness activities and explore opportunities for complementarity of support.		
To further promote complementarity with other sources of funding, such as the GCF, the Medium-term Strategy for 2018-2022, adopted by the		The secretariat and the Board	2 <sup>nd</sup> half of FY19

Board in October 2017, foresees speci Adaptation Fund projects through sepa		The secretariat will present the scaling-up grants to the Board for its consideration during FY19.		
Complementarity of Activities	Recommendation 3:	no consideration during 1 175.		
The Adaptation Fund should support of national programmes and domestic fine This can also be achieved through: Caproposal screening stage by the AFB S	ancing schemes. pacity building of DAs and IEs in the	. ,		
Management response to the recomm	endation	Actions to be taken	Body in charge of action	Timeframe
Complementarity of projects at the national programmes is an important gethe Adaptation Fund which only funds for country. Luckily, there are other importing goal, such as the development of National Because of this, the Fund has to be correalistic impact it may have on complete Fund to support country-level complevel is training to Designated Authorities, which is provided by the secret Programme.	oal but one that is largely beyond few individual projects in each ant initiatives underway with this enal Adaptation Plans (NAPs). In gnizant of the appropriate and mentarity. The main modality for olementarity beyond the project es 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 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:

Given that positive results are emerging with respect to direct access, the Adaptation Fund should accelerate its direct access support. One way to achieve this is to further reduce the 50 percent cap for MIE proposals to encourage more NIE proposals. Adaptation Fund should continue its outreach on direct access activities through the readiness programme.

Management response to the recommendation	Actions to be taken	Body in charge	Timetrame
		of action	
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 secretariat and the Board	Ongoing
	The Board may consider the different funding caps and allocations at its future meetings.	The Board, supported by the secretariat	As needed

## Direct Access Recommendation 5:

The Adaptation Fund has been effective in supporting direct access to vulnerable countries such as LDCs, SIDS and countries with weak governance or institutional capacity, the Adaptation Fund should build on these experiences to expand direct access to vulnerable countries. One option is to establish a support system that allows a longer period of engagement for the Adaptation Fund to assist NIEs from LDCs, fragile states or countries with weak governance mechanisms to achieve accreditation.

Management response to the recommendation	Actions to be taken	Body in charge	Timeframe
		of action	
The response to this recommendation must be prefaced by recalling that	The Fund will continue, and if	The Board and	Ongoing
while the mandate of the Adaptation Fund is to support particularly	possible further develop, the	the secretariat	
vulnerable countries, this has not been defined as the recommendation implies. Notwithstanding this matter of definition, the varying degrees of	activities by which it supports countries with varying degrees of		
implies. Notwithstanding this matter of definition, the varying degrees of	institutional capacity in gaining		

being addressed.  The Fund introduced the streamlined accretive the access of vulnerable countries such a countries with limited capacities, to the Fundament and made a number of decisions to further effectiveness of the accreditation process.  The NIEs from vulnerable countries, who accreditation process, have often recognize enhanced their institutional capacity. The support through South-South readiness guaccreditation and project development (to communication with vulnerable countries support for them.	s LDCs, SIDS and other and's financial resources. The her improve efficiency and at its 31st meeting.  have undertaken the zed that the process has pilot readiness package, the rants, the online training on be launched), and the ongoing	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:	<u> </u>		
The Adaptation Fund should promote enh  Management response to the recommen	·	ion building on the lessons from the p	roject in South Afric	ca
	dation	Actions to be taken	Body in charge	Timeframe
This recommendation is currently being a activities of the secretariat. It is worth not identification and development process re and the project in South Africa does indee Board had also approved a few other proj partly, an enhanced direct access approach	ddressed under on-going ing that whilst the project mains a country-driven process, or provide useful lessons, the ects that employ, wholly or	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.	Body in charge of action The secretariat	Timeframe

#### **Climate Finance Readiness**

**Recommendation 7:** 

Given that the Adaptation Fund has been implementing climate finance readiness activities since 2014 and positive results are emerging, it is timely to do an in-depth assessment of the readiness activities building on the findings of this evaluation. Such an assessment can help to further streamline and improve effectiveness of the readiness activities

١	Management response to the recommendation	Actions to be taken	Body in charge	Timeframe
			of action	
	This recommendation is currently being addressed.	The secretariat will reflect on the recommendations from the paper	The secretariat and the Board	Ongoing
	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.	on readiness and capacity building support when preparing the readiness workplan for FY20 and beyond for consideration by the Board.		
			1	1

#### **Climate Finance Readiness**

**Recommendation 8:** 

Furthermore, the ET recommends the following changes to the readiness activities:

- a) Streamline readiness activities into to two types of support: (i) outreach and support to NIEs to get accreditation and mobilize funding and (ii) capacity building to improve readiness in project implementation/delivery systems.
- b) Strengthen targeted outreach to DAs to mobilize political support and interest for direct access and more closely harmonize project activities with national programmes and other externally funded projects.
- c) Strengthen partnership and increase complementarity with other organizations that offer climate readiness support.

Management response to the recommendation	Actions to be taken	Body in charge	Timeframe
		of action	
a) This recommendation has already been partly addressed. The Board had already established the readiness programme in 2014 with the dual objectives of increasing the number of accredited NIEs and improving the quality of project proposals submitted to the Board for approval. The expanded focus on project implementation has been addressed by the Board through the MTS which includes readiness for project implementation.	The Fund will continue to support accreditation of direct access entities and project development and will include capacity building for project implementation based on needs and identified gaps.	The secretariat, the EFC (budget aspects) and the Board	Ongoing
b) DAs have been invited to attend all the previous regional readiness workshops. The recommendation is well noted however, to consider regional or other events exclusively for DAs.	Organizing high level events with DAs and senior government officials to raise awareness on	The secretariat, the EFC (budget	Ongoing

c) The secretariat hosted in partnersh 2017 on the margins of the SB46 n following that established a commu providing readiness support for ada	neetings in Bonn, Germany and unication channel for organizations	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.	aspects) and the Board  The secretariat	FY19
Gender and ESP	Recommendation 9:			
The Adaptation Fund should continue implementation.	The Adaptation Fund should continue its ongoing investments in strengthening IE capacity to apply gender and ESP principles in project implementation.			
Management response to the recommendation		Actions to be taken	Body in charge of action	Timeframe
This is currently being addressed.				
The secretariat has provided opportur increase relevant capacity of IEs and		The secretariat will provide training on ESP and GP matters for IEs in NIE seminars and webinars.	The secretariat	Ongoing

		1		1
Additionally, the Fund has provided NIEs with readiness grants for technical assistance on ESP and Gender. As at July 2018, the Fund has provided TA grants to 16 NIEs.		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 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
Gender and ESP	Recommendation 10:			
It should identify bottlenecks facing IE project conceptualization and implement			s, which would also	o strengthen
Management response to the recomm	mendation	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 documents into official UN languages, and will also update proposal template ESP and GP compliance to improve the	starting with French and Spanish, es and guidance documents for	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

#### **Recommendation 11:** Gender and ESP The Adaptation Fund should review existing barriers to achieving gender outcomes in projects that were evident in this evaluation, identify good practices and strategies to overcome these barriers and ensure that these strategies are incorporated to the existing guidance note to IEs and other resources relevant to gender. The Adaptation Fund should also ensure that these lessons and strategies are applied in project proposals more systematically (connected with project design). Management response to the recommendation Body in charge Timeframe Actions to be taken of action This finding is very well taken. The evaluation is the first instance when The secretariat will collect and The secretariat Ongoing such results have been brought to light. The results may be partially disseminate good ESP and GP explained by the fact that the projects considered in the evaluation were compliance practices. ones approved before the adoption of the gender policy. Nevertheless, the result requires further analysis. The secretariat will continue to identify bottlenecks facing IEs particularly and will collect and disseminate good ESP and GP compliance practices. 2<sup>nd</sup> half of Based on lessons learned, the secretariat will continue to improve M&E The secretariat will further improve The secretariat system to better monitor ESP and Gender aspects in the projects and its RBM system in terms of gender FY19 and by developing a Fund Gender ongoing programs. Score Card, and other relevant policies and procedures. **Recommendation 12: Monitoring and Evaluation** Ensure performance data are captured and utilized in the portfolio database, in APRs and that the performance data is used for portfolio monitoring. Management response to the recommendation Timeframe Actions to be taken Body in charge of action This recommendation is already partially addressed through the APR will be upgraded to include The secretariat Ongoing development of the Annual Performance Report (APR), that is presented performance data at portfolio level to AFB to the Board on a yearly basis (covering the period July 1st to June 30th of including new funding windows meeting 32 the following year). The APR for FY18 will include new performance developed as part of the mediumand indicators, to monitor the progress on the implementation of the Mediumterm strategy for 2018-2022. beyond as term strategy of the Fund. 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

FIF platform will be upgraded to

include a module capturing

The secretariat

2nd half of

FY19/1st

the portfolio level. However, once the current upgrades are finalized, such enhancements will be scheduled as a priority.		performance data at the project level, that could be used to analyze at the portfolio level.		half of FY20
Monitoring and Evaluation	Recommendation 13:		•	
Prioritize impact monitoring and impact as term strategy highlights its role as an enti results measurement and generate evide	ty that promotes learning, it is im	portant that the Adaptation Fund show		
Management response to the recommer	dation	Actions to be taken	Body in charge of action	Timeframe
This recommendation is well taken. Monit in terms of reduced vulnerability and incre confirming that the Fund is achieving its ghowever, often challenging due to the lon adaptation.  Additionally, the AF Board approved the residence deep to solve the Fundamendant available function for the Fundamendant available function function for the Fundamendant available function function function for the Fundamendant available function for the Fundamendant available function function for the Fundamendant available function f	eased resilience is crucial for loals. Measuring impact is, g-time scales involved in e-establishment of an	AF-TERG will be operationalized	The secretariat,	2nd half of
independent evaluation function for the Fimplementation of the Fund's evaluation fevaluation Reference Group (AF-TERG), group of experts in evaluation who are all secretariat and accountable to the Board. composed of a full-time dedicated staff poconsultant and Secretariat administrative support to the AF-TERG. The recruitment TERG and its Secretariat's staff is underwellected past AF projects/programmes with programs on an annual basis.	ramework, through a Technical comprised of an independent functionally independent of the A small AF-TERG secretariat esition supported by a part-time staff as needed will provide of the members of the AF-way. Impact evaluations of	and develop impact assessment and monitoring guidance and prepare work programmes including impact evaluations of selected past AF projects and programmes.	the AF-TERG Recruitment Working Group, the Board (through the EFC) and the Technical Evaluation Reference Group	FY19 and ongoing (as needed)

# **Knowledge Management**

Recommendation 14:

Given the demands of a rapidly-growing portfolio, it is imperative that knowledge management be prioritized. Key actions to take are:

- a) Consolidate project experiences and knowledge on adaptation impacts and lessons.
- b) Identify channels and feedback loops to systematically apply lessons from the portfolio. Entry points include proposal screening stages and accreditation steps.

Management response to the recommendation	Actions to be taken	Body in charge	Timeframe
		of action	
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.			2 <sup>nd</sup> half of FY19 for the 1 <sup>st</sup> one; additional
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	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 taken into account and the secretariat is already working on the development of various knowledge management tools (e-learning, KM repository of information, knowledge platforms for readiness for climate finance, publications and other studies) aimed at capturing and disseminating the knowledge accumulated to the relevant stakeholders.	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 accreditation workflow	The secretariat	1 <sup>st</sup> half of FY19

	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 <sup>nd</sup> half of FY19