



ADAPTATION FUND

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Adaptation Fund Board  
Ethics and Finance Committee  
Twenty-seventh Meeting  
Bonn, Germany (Virtually held), 24-25 March 2021

Agenda Item: 5 a)

**PROGRESS UPDATE ON THE REVIEW AND REVISION OF  
THE EVALUATION FRAMEWORK,  
TECHNICAL EVALUATION REFERENCE GROUP  
OF THE ADAPTATION FUND (AF-TERG)**

## Background

1. The Adaptation Fund Board (the Board) has approved the Strategy and Work Programme document (AFB/EFC.26.a-26.b/3) of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) (Decision B.35.a-35.b/29), which includes the review and revision of the Evaluation Framework of the Adaptation Fund (the Fund).
2. The Fund's current Evaluation Framework was endorsed by the Board at its thirteenth meeting (March 2011 - Decision B.13/20). This was subsequently amended at the Board's fifteenth meeting, as per decision B.15/23. The Evaluation Framework has been in operation since 2012.

## Introduction

3. The purpose of this document is to update the Board on progress in the inception phase of the AF-TERG-led exercise to review and revise the Fund's Evaluation Framework, and to discuss emergent findings that will help to inform and shape the next phase of the exercise which is concerned with developing an evaluation instrument that is fit-for-purpose.<sup>1</sup>
4. The Fund's Evaluation Framework is intended to provide overall guidance, explain concepts, roles and use of evaluation within the Fund and the responsibilities of different entities participating in the Fund. Specifically, the Framework establishes requirements for evaluation at the levels of project, implementing entity and Fund. The Evaluation Framework provides for its own review and revision as follows: "*The evaluation framework ... should also be kept under review and updated to conform to the highest international principles, norms and standards. ... and its implementation should be evaluated in three or four years.*" (p.5)<sup>2</sup>
5. The AF-TERG recently completed the inception phase which focused on two tasks:
  - The first task identified key changes of significance within the Fund (e.g., Board decisions) since 2012, as well as relevant shifts within the wider climate change adaptation global discussion and international evaluation standards;
  - The second task focused on determining how these changes could be used to revise the Evaluation Framework or to develop a new instrument to inform and guide the Fund's evaluation function<sup>3</sup> to be fit-for-purpose.

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<sup>1</sup> The inception report is currently with the graphical editor and will be posted on the website once edited. We can send the unedited version upon request.

<sup>2</sup> Adaptation Fund (2012). Evaluation Framework. Available at: [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)

<sup>3</sup> For the purpose of this assignment, the Fund's *evaluation function* is defined as the totality of evaluative ambitions, responsibilities, work plans and budgets, and principles or values. While one section of the Fund may be responsible for its oversight (the Board) and another may be its primary custodian (the AF-TERG), the evaluation function is taken to mean the responsibilities of all key Fund stakeholders. Key Fund stakeholders include CMP/CMA, Board and its committees, AFB Secretariat, AF-TERG, Implementing Entities, Trustee, Accreditation Panel, Civil Society Organizations and national designated authorities.

The inception phase followed a consultative process, including discussions with IEs, other climate and evaluation experts, and the Adaptation Fund Board Secretariat, and an extensive review of climate and evaluation documentation.

6. The conclusion from the inception phase, summarized in Annex 1, is as follows:

(a) there have been many noteworthy Fund-level and external changes suggesting it is necessary to go beyond a simple updating of the Evaluation Framework's current form.

(b) after reviewing different options for the types of instruments, the inception phase found that an evaluation policy instrument might be best suited to the evaluation function of the Fund. This approach remains consistent with evaluation instruments in use by similar climate funds and multilateral agencies.

7. The next phase of the work proposes to develop the evaluation instrument.

### **Recommendation**

8. The Ethics and Finance Committee (EFC) may want to consider recommending to the Board to consider the information contained in Annex 1 of document AFB/EFC.27/7 and to:

a. Request the AF-TERG to prepare a draft evaluation *policy* for the Fund that would replace the current Evaluation Framework;

b. Request AF-TERG to submit and present to the EFC, at its twenty-eighth meeting, a draft evaluation policy for Board consideration.

**Annex 1**



**CASE FOR REVISING THE EVALUATION FRAMEWORK**

**Board decisions and Fund policies, strategies and guidelines to which the evaluation function must adapt (and which are currently identified as gaps)**

1. Inception-phase research identified **30 Board decisions and 42 Fund policies, processes, guidelines and strategies, approved by the Board since 2012, that affect the evaluation function but are not reflected in the Evaluation Framework.** Prominent among these are the decision by the CMA that the Fund serves the Paris Agreement, the Medium-Term Strategy (MTS), the growth of the Fund portfolio of projects, and diversification of types of funding. None of these Board decisions are reflected in the current Evaluation Framework, and, collectively, they add up to necessitating a substantial rework of the evaluation instrument to ensure coherence.

2. In response to ***Serving the Paris Agreement***: Since the Fund commenced officially serving the Paris Agreement in 2019<sup>4</sup> (following Decision 1/CMP.14<sup>5</sup> and Decision 1/CMA.1<sup>6</sup>), Evaluation-relevant Paris Agreement clauses include:

- (a) Aligning action with parties' Nationally Determined Contributions.
- (b) Coordination and cooperation across climate action partners.
- (c) Action and learning should be country-driven, gender-responsive, participatory and a fully transparent approach. It should take into consideration vulnerable groups, communities and ecosystems. It should be based on and guided by the best available science and, as appropriate, traditional knowledge, knowledge of indigenous peoples and local knowledge systems, with a view to integrating adaptation into relevant socioeconomic and environmental policies and actions, where appropriate.
- (d) Accelerating learning cycles, encouraging and enabling innovation.

3. Institutionalization of ***Medium-Term Strategy*** (2018 – 2022) ambitions: The Fund's evaluation instrument should reflect the roles and responsibilities for evaluation and learning defined by the MTS and catalyse concrete actions that fulfil evaluation-related Effective Results areas of its three pillars, namely: 1. Action, 2. Innovation, and 3. Learning and sharing. In addition, a new instrument should incorporate into evaluative processes the MTS's four cross-cutting themes and generate the evidence base for how the Fund and partners are to fulfil and sustain them in their work and results.

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<sup>4</sup> Adaptation Fund (2019). Report of the Adaptation Fund Board, Note by the Chair of the Adaptation Fund Board – Addendum. AFB/B.3435/3. November 2019. Available at: <https://www.adaptation-fund.org/document/report-of-the-adaptation-fund-board-note-by-the-chair-of-the-adaptation-fund-board-addendum/>

<sup>5</sup> UNFCCC (2019). Report of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on its fourteenth session, held in Katowice from 2 to 15 December 2018. United Nations Framework Convention on Climate Change, Bonn, Germany. Available at: <https://unfccc.int/documents/193364>

<sup>6</sup> UNFCCC (2017). Report of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on the first part of its first session, held in Marrakech from 15 to 18 November 2016. United Nations Framework Convention on Climate Change, Bonn, Germany. Available at: <https://unfccc.int/processand-meetings/conferences/past-conferences/marrakech-climate-change-conference-november-2016/cma-1/cma-1decisions>

4. Other Board decisions and approvals that have a bearing on the Fund's evaluation function include:

- (a) Policies to interlink:
  - (i) **Gender** Policy and Action Plan; Guidance Document for IEs on Compliance with the Adaptation Fund Gender Policy including minimum requirements for monitoring and evaluation of gender dimensions (2017).
  - (ii) Incorporation of implications for evaluation and learning of the **Environmental and Social Policy** (ESP, 2013); IE guidance on compliance with the ESP (2016) and minimum requirements for monitoring and evaluation of environmental and social risks (2016).
- (b) Evaluation-related decisions to integrate:
  - (i) Establishment of the **AF-TERG**, its ToR and workplan; and the revised ToR of the **EFC** (2018).
  - (ii) The request to develop post-implementation (ex post) **evaluation options** (2017 and 2018).
  - (iii) Evaluation and **learning decisions** contained in the management responses to the recommendations of the first and second evaluations of the Fund (2015 and 2018).
  - (iv) The Revised **Knowledge Management** Strategy and Action Plan (2016).
- (c) Results instruments to recognize:
  - (i) Guidance document to complete **Project Performance Reports** – and results tracker guidance (2020).
  - (ii) Fund Level Effectiveness and Efficiency **Results Framework** (2019).
  - (iii) The results of the Review of the **Strategic Results Framework**.
  - (iv) New core **indicators** (2014).

### Urgency of climate action

5. Perhaps the most important challenge for climate change adaptation (CCA) focused evaluation is for its intended learnings and uses to respond to **the urgency of climate action**. The planet is already on the verge of exceeding its capacity to provide enough natural resources and food, while absorbing a growing amount of human waste and pollution. CCA needs to learn and take action faster than ever before<sup>7</sup>. The Synthesis Report of the IPCC Fifth Assessment

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<sup>7</sup> Picciotto, R. (2015). *The 5th wave: social impact evaluation*. Rockefeller Foundation.

Report (AR5)<sup>8</sup> states that human influence on the climate system is clear, and recent anthropogenic emissions of greenhouse gases are the highest in history. And based on current pledges under the Paris Agreement, the world is heading for at least a 3°C temperature rise this century<sup>9</sup>. *“Twice what climate experts have warned is the limit to avoid the most severe economic, social and environmental consequences. The near-term impacts of climate change add up to a planetary emergency”*<sup>10</sup>.

6. The inevitable conclusion is that the urgency of climate change demands a faster development and use of evaluative lessons, commensurate to the urgency of the crisis<sup>11</sup>. For the Adaptation Fund, this would require a more flexible evaluation instrument that adopts an integrated whole-of-process approach to monitoring and evaluation, given monitoring is where timely learning can be generated to inform project adjustments which can fill the gap before the mid-term evaluation and between the mid-term and the final evaluation.

### Changes in the evaluation context

7. The evaluation literature recognises that evaluative practice needs to take into account shifting technical, social and geopolitical contexts in order to be relevant, useful and usable. Generally speaking, the external contexts have shifted faster than conventional evaluation standards, theory and practice have kept pace. While evaluation is modern in its belief of improving society via data gathering and rational decision making<sup>12</sup>, it often does not address growing complexity and interconnections of the world in which development projects take place<sup>13</sup>.

8. Evaluation in the context of CCA particularly needs to cope with *“assumptions of unpredictability as well as incompleteness, instability, and a plurality of perspectives.”*<sup>14</sup> Conceptual shifts to consider include:

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<sup>8</sup> IPCC (2014). Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. Intergovernmental Panel on Climate Change, Geneva, Switzerland. Available at: <https://www.ipcc.ch/report/ar5/syr/>

<sup>9</sup> UNEP (2021). Adaptation Gap Report 2020. United Nations Environment Programme, Nairobi, Kenya. Available at: <https://www.unep.org/resources/adaptation-gap-report-2020>

<sup>10</sup> WEF (2020). The Global Risks Report 2020. Insight Report. 15th ed. World Economic Forum, Cologny, Switzerland. Available at: [http://www3.weforum.org/docs/WEF\\_Global\\_Risk\\_Report\\_2020.pdf](http://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf)

<sup>11</sup> Patton, M. Q. (2019). *Blue Marble Evaluation*. Guilford Press, New York,

Ofir, Zenda. Updating the DAC Criteria – blog series, in *Evaluation for Development: a focus on transformation and the Global South*. Available at: <https://zendaofir.com/tag/dac-criteria/>

<sup>12</sup> Schwandt, T. A. (2019). Post-normal evaluation? *Evaluation*, 25(3), 317–329,

<sup>13</sup> Ofir, Zenda. Updating the DAC Criteria – blog series, in *Evaluation for Development: a focus on transformation and the Global South*. Available at: <https://zendaofir.com/tag/dac-criteria/>

<sup>14</sup> Picciotto, R. *op.cit.*

- (a) Understanding that legitimacy, sustainability and usefulness of evaluations requires that **local, indigenous and most impacted peoples** become co-creators<sup>15</sup> in the evaluation design and interpretation<sup>16</sup>.
- (b) Understanding that the Paris Agreement and other global accords have shifted development to **country ownership** and national priorities.
- (c) Being able to measure vulnerabilities and programmatic impacts on **not just human systems, but environmental systems** as well.
- (d) Understanding that, where previously, evaluations could represent a single cohesive point of view, the discipline now recognises that each intervention encounters multiple, **divergent adaptation values**, perceptions, and goals of different stakeholders.
- (e) **Evaluating adaptation project effectiveness when climate change** impacts are still uncertain.
- (f) **Development and evaluation approaches are changing rapidly** as a result of a rapid expansion of non-traditional actors such as social activists, philanthropic foundations and international NGOs. Some of the new and pervasive development models are emanating from a **market systems** perspective (blended finance, social impact investing, enterprise finance).<sup>17</sup>

9. Consequently, the Evaluation Policy needs to accommodate these changes and enable the Fund's evaluation function to be more agile, flexible, participatory and innovative, work with others and become more open to higher levels of public scrutiny.

### **Risks of not substantially revising the current Evaluation Framework**

10. We identified several risks of not making an overhaul of the Evaluation Framework and not having an evaluation policy that will elevate the evaluation function. These risks include:

- (a) **Stasis in the evaluation function.** The Evaluation Framework itself declares that it should be "*kept under review and updated to conform to the highest international principles, norms and standards*" (p.5) and revised every three to four years<sup>18</sup>. Best practice in evaluation has shifted significantly in the last nine years. Therefore, major revision is imperative.
- (b) **Not keeping pace with internal demand for evaluation.** The size of the Fund's portfolio has increased significantly since 2012. Where before only a handful of projects required mid-term and terminal evaluations, overall growth, combined with maturing of

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<sup>15</sup> Schwandt, T., *op.cit.*

<sup>16</sup> Gaotlhobogwe, M., Major, T. E., Koloi-Keaikitse, S., & Chilisa, B. (2018). Conceptualizing evaluation in African contexts. In F. Cram, K. A. Tibbetts, & J. LaFrance (Eds.), *Indigenous Evaluation. New Directions for Evaluation*, 159, pp. 47–62.

<sup>17</sup> Evaluating Impact Investing, *Module 9 – Standards*. [www.evaluatingimpactinvesting.org/syllabus/standards](http://www.evaluatingimpactinvesting.org/syllabus/standards).

<sup>18</sup> Adaptation Fund (2012), *op.cit.*



earlier projects means the volume of project evaluations will balloon in the early 2020s. This presents a coordination challenge as well as a major learning opportunity for synthesizing adaptation lessons from around the world.

(c) ***Narrow understanding of the evaluation function.*** The current Evaluation Framework has not promoted organizational learning interlinkages with other functions of monitoring, knowledge management, project design and proposal assessment, IE accreditation, and communications. It defines the evaluation function narrowly as the work of the office overseeing evaluation – which, at the time, was the GEF Evaluation office and now the AF-TERG.<sup>19</sup> Consequently, it does not adequately enable learning synergies across different actors and levels. A new instrument is required that interprets the evaluation function as the totality of evaluative ambitions, responsibilities, work plans and budgets, and principles or values. In the absence of a more aspirational evaluation instrument, the advent of the AF-TERG may further cement attitudes among other functions that evaluation is the responsibility of the AF-TERG and not a whole-of-Fund responsibility and asset.

(d) ***Disconnect with the niche of the Adaptation Fund*** - The Adaptation Fund's strategic niche, which was clarified after 2012, is an important consideration in shaping the review and revision of the Evaluation Framework. Fund documentation, including the MTS, outlines that the Fund aspires to play a more effective and agile role in the climate finance landscape among other actors contributing to similar goals. If the evaluation function continues to be disconnected to the Fund's niche, it will miss opportunities to incorporate practices that would place the Fund at the forefront of the evaluation discipline.

(e) ***Constraint on the Fund's influence on global CCA learning.*** The current Evaluation Framework neither provides for the Fund to leverage for global climate change action advocacy nor encourages cross-learning with other climate funds serving the UNFCCC or CMP or CMA.

(f) ***Disconnect with provisions of the Paris Agreement and thrust of the MTS.*** The Paris Agreement and the Fund's MTS place significant emphasis on preferencing the interests and ownership of implementing and country partners to serve their interests and needs. This implies responsibility upon the Fund to support monitoring and evaluation capacity development of such partners. Yet, the current Evaluation Framework "does not deal with the capacity of Implementing Entities to do monitoring and evaluation, since this is covered within the accreditation process,"<sup>20</sup> (p.4).

### **The benefits of formulating an evaluation *policy***

11. Based on inception research findings the AF-TERG concludes that an evaluation *policy* would be the most appropriate evaluation instrument to replace the Fund's current Evaluation Framework.

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<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

12. The Adaptation Fund will benefit from adopting a carefully customized Evaluation *Policy* for numerous reasons, which are outlined below:

(a) **High-level authority to pursue the Fund's purpose.** By virtue of its status as a Board policy, an evaluation policy would ensure the evaluation and learning functions are whole-of-Fund commitments, regardless of how peripheral any given role is to evaluation activities. A policy obligates not just internal Fund stakeholders, but also external implementing partners. A policy's universal authority will mitigate the risk of siloed work culture and optimize collaborative learning internally and externally.

(b) **Increased agility in evaluation and learning.** A policy sets out a high-level set of aspirations and principles from the Board but not detailed instructions on how to operationalize them. Delegating its operationalization to the AF-TERG, AFB Secretariat, IEs enables flexibility, responsiveness and innovativeness in carrying-out evaluation and learning. Such adaptability is crucial for establishing and maintaining the relevance and usefulness of evaluations to generate useful lessons to guide action. Such a direction towards nimble learning contrasts with the Fund's current approach to evaluations which have long cycles between evaluation lessons not commensurate with urgency of climate change.

(c) **Internal consistency.** The Fund has already set the precedent for positioning important whole-of-Fund, cross-cutting reforms at the level of policy. The ESP and the Gender Policy have created consistent understanding of accountability among all internal and external stakeholders. Evaluation is critical function that is central for achieving the Fund's learning and improvement aspirations, equal to gender and ESP. The evaluation instrument, therefore, needs to be at the same level for consistency.

(d) **A driver of improvements in strategy and projects.** Placing organizational priorities into the form of a policy leads to tangible improvements in project quality. This is a lesson that has emerged from initial findings of the mid-term review of the MTS. The review found that the Fund's adoption of the ESP and the Gender policy was a key driver to widespread improvements in those cross-cutting themes in Adaptation Fund projects.

(e) **External Alignment.** Adopting an evaluation policy would bring the Adaptation Fund into alignment with similar climate finance and multilateral agencies' evaluation instruments.

### **Risks of developing an evaluation policy**

13. There are some risks when introducing a higher-level instrument, such as a policy. These are normal in any organization and the Fund has dealt with similar challenges when new policies and procedures have been approved or changes have been made to existing procedures. Examples of risk include:

(a) Introducing new conditions and requirements may necessitate changing previous/existing agreements for some Fund stakeholders. This may cause concerns if some conditions are more strenuous than before.

(b) The new instrument may introduce new expectations for evaluations for which some stakeholders may not have capacity to fulfil. Such new requirements and conditions may require some stakeholders to step-up their own competencies to implement them.

(c) Furthermore, a policy structure is designed to be stable for many years and requires Board engagement to be revised, hence it is not providing the most flexibility. Given the evidence that the Fund's evaluation function needs to be nimble and responsive to new lessons and changing circumstances, the flexibility should come through evaluation guidance to execute the expectations of the policy.

### **Broad indications of what the evaluation policy may cover**

14. As stated earlier, literature and peer practice both signal that an evaluation policy should be a relatively brief document that establishes evaluation principles and aspirations that reflect the organization's vision and values for its evaluation function. The details of how the aspirations and principles will be actioned would cascade from the policy into the strategies, work programmes and/or work plans of the AF-TERG, the Secretariat and other key Fund stakeholders, and into evaluation guidance documents and templates.

15. The AF-TERG proposes that the evaluation policy includes the following tentative/preliminary areas (more analysis during the development and in particular, consultation with key Fund stakeholders and evaluation experts will further fine-tune the content of the policy):

(a) **High-level directives/aspirations.** To provide long-term relevance, the evaluation policy may set-down aspirational directions or intended outcomes of the evaluation function.

(b) **Principles and ethical values that are fit-for-purpose (not generic).**

(c) **The Fund's definitions** of terms and descriptions of evaluation concepts and how they are applied in the Fund's context.

(d) An articulation of the **categories of evaluands (evaluation subjects)**, and when they should be evaluated, and why each is important to the learning of the Fund and global allies in CCA. The policy should discuss that evaluations will happen at the three levels: (i) Fund-level, (ii) Strategy-level, and (iii) project level. The Policy may also describe the Fund's preference for when to conduct self-evaluations and when to commission independent evaluations according to purpose and utility<sup>21</sup>.

(e) **Roles, responsibilities and resources** – to give clarity to accountabilities of the various functions or roles in planning, conducting and using evaluations. This content

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<sup>21</sup> The World Bank Independent Evaluation Group describes an independent evaluation as one that is "is carried out by entities that are structurally, functionally, and behaviourally independent from those responsible for the design and implementation of the intervention." Their purposes often focus on accountability and high-level learning. A self-evaluation "are conducted by operational staff or specific units within the management structures..." and their purpose more likely to focus on operational learning most relevant to the implementing organization, their partners and participants.

could also outline the cost the Fund considers appropriate to ensure effectiveness and stability of the evaluation function.

(f) **Policy life cycles** - the policy may incorporate a defined lifecycle for its review and revision and nominate which office will be responsible for its conduct or commissioning.

### Looking Ahead: How the evaluation policy may be developed

16. The AF-TERG proposes that the process of developing the Evaluation policy follows the following steps:

(a) Step 1: The Board provide the AF-TERG with a **mandate** to lead the development of a Fund Evaluation Policy to replace the current Evaluation Framework.

(b) Step 2: **Finalize the review** of the current Evaluation Framework and research into best practice content for a new policy. This will include a section-by-section review of the Evaluation Framework, consultations with key Fund stakeholders, external partners and global experts in evaluation and further analysis of literature and evaluation instruments of organizations identified as leaders in evaluation contemporary best-practice.

(c) Step 3: **Formulate** an Adaptation Fund draft evaluation policy based on the analysis in Step 2, plus ongoing consultations with Fund stakeholders.

(d) Step 4. **Circulate** the draft evaluation policy for feedback and incorporate revisions.

(e) Step 5. **Present** the final draft evaluation policy to the EFC and the Board (October 2021).

17. The development of the new instrument will take into account the earlier mentioned risks, including through informed consultations with key Fund stakeholders, and include a risk assessment and proposed mitigation activities to clarify changes from the previous Evaluation Framework and how the Fund can support the stakeholders to satisfy these new conditions.