



ADAPTATION FUND

AFB/B.37/6  
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Adaptation Fund Board  
Thirty-seventh meeting  
Bonn, Germany (virtual), 19-21 October 2021

Agenda item 10

## **SPECIFIC OBJECTIVES AND INDICATORS FOR THE INNOVATION ASPECTS OF PROJECTS AND PROGRAMMES**

## Introduction

1. At the second session of the thirty-fifth meeting of the Adaptation Fund Board, the Board discussed the operationalization of the Large Grants for Innovation window, which would make available funding for innovation projects of up to US\$ 5 million to the implementing entities of the Adaptation Fund.

2. Having considered the recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

*(a) To approve the process for providing funding for innovation through large grants to Implementing Entities (IEs) as described in document AFB/PPRC.26.b/16, including the proposed objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features as described in the document;*

*(b) That the large grants for innovation would fall outside the country cap approved by the Board in decision B.13/23 or, in the case of regional or multi-regional proposals, the regional provision, whereas they would count against the Multilateral Implementing Entity cap as per decision B.12/9;*

*(c) To request the secretariat to prepare the first Request for Proposals to IEs for US \$30 million to be launched by the first quarter of calendar year of 2021; and*

*(d) To request the secretariat to consider the need to develop specific objectives and indicators for the innovation aspects of the projects, beyond what is included in the regular project performance reporting process, and make relevant recommendations to the Board at its thirty-seventh meeting.*

### **(Decision B.35.b/8)**

3. Following the consideration by the secretariat, this document presents the specific objectives and indicators, beyond what is currently included in the regular project performance reporting process, followed by the recommendation to the Board, as requested in the aforementioned decision B.35.b/8.

## Background

4. The Innovation Facility emerged from the innovation pillar of the Fund's Medium-Term Strategy for 2018-2022 (MTS) to further build on the Fund's innovative aspects, and contains the large and small grant windows for innovation. The pillar's objective is to accelerate, encourage and enable innovation for effective, long-term adaptation to climate change. It is aligned closely

with the Paris Climate Agreement, which calls accelerating, encouraging and enabling innovation 'critical' for an effective global response to climate change.

5. The Fund has supported innovation throughout its history. The Facility builds on the Fund's core strengths and comparative advantage as a highly functioning and innovative fund established to finance concrete adaptation projects in developing countries that are particularly vulnerable to climate change. The Fund has demonstrated its capacity to innovate by pioneering new models for accessing finance such as Direct Access and Enhanced Direct Access, new services that empower national institutions such as the Fund's Readiness Programme, and concrete adaptation projects that directly reach, engage, empower and benefit the most vulnerable communities and social groups.

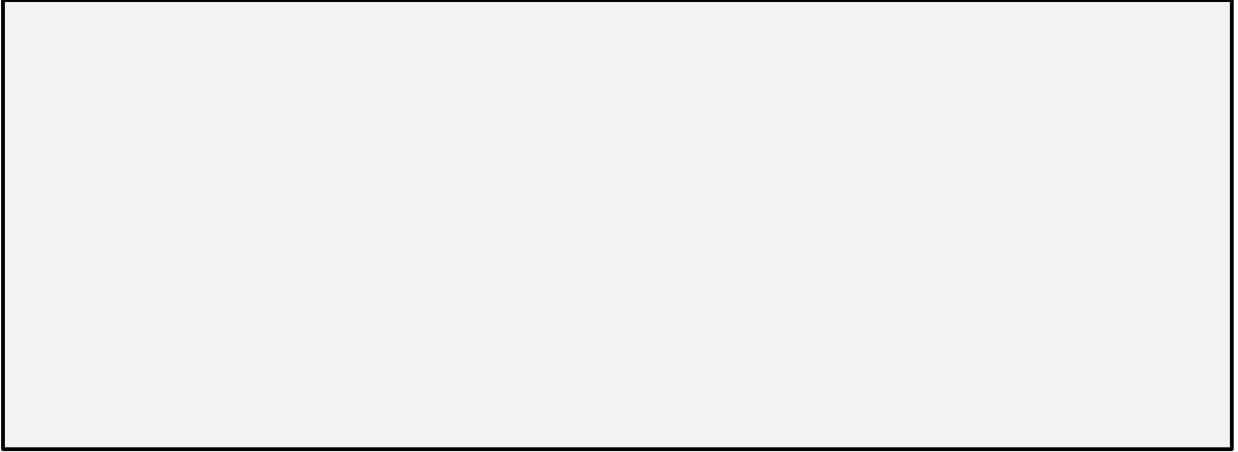
6. The Board decided that innovation themes include but are not be limited to advancing gender equality, disaster risk reduction, enhancing cultural heritage, inclusion of youth, enhancing communities, urban adaptation, nature-based solutions, social innovation, water and food security, innovative adaptation financing, and others. B.32/4, ref. document AFB/PPRC.23/4/Rev.2; B.32/5, ref. document AFB/PPRC.23/5; and B.36/24, ref. document AFB/PPRC.27/28.)

7. At its thirty-second meeting, the Board adopted the process for providing funding for innovation through small grants to National Implementing Entities (NIEs), as described in document AFB/PPRC.23/4/Rev.2, including the proposed objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features, followed by the call for proposals for the small grants of innovation funding window at the Conference of the Parties in December 2018 (Decision B.32/4).

8. At the thirty-fourth meeting of the Board, two Multilateral Implementing Entities (MIE) aggregator programmes were approved through decisions B.34/33 and B.34/34, implemented by the United Nations Environment Programme and United Nations Development Programme, respectively. Subsequently, the joint platform (Adaptation Fund Climate Innovation Accelerator, or AFCIA for short) was operationalized and opened for proposals in November 2020.

9. At the second session of its 35<sup>th</sup> meeting, the Board approved the process for providing funding for innovation through large grants to Implementing Entities (IEs). Decision B.35.b/8 included the approval of the large innovation grants process as described in document AFB/PPRC.26.b/16, including the proposed objectives, review criteria, expected grant sizes, implementation modalities, review process and other features as described in the document, and requested the secretariat to consider the need to develop specific objectives and indicators for the innovation aspects of the projects, beyond what is included in the regular project performance reporting process, and make relevant recommendations to the Board at its thirty-seventh meeting.

10. At the 36<sup>th</sup> meeting, the Board adopted through document AFB/B.36/8 a vision and definition for innovation within the Fund as a way towards a more concrete understanding of how the Board pursues innovation through programming.



**Box: Definition of Innovation (AFB/B.36/8)**

Under the innovation pillar of the Adaptation Fund, innovation is understood as the creating, testing, deployment or diffusion of new, adapted or improved adaptation solutions, developed contextually and with the inclusion of the communities most vulnerable to climate change, to enable those communities to become more resilient to climate change. Innovation solutions may include approaches, technologies and mechanisms. Innovation projects and programmes differ from concrete adaptation projects and programmes under the action pillar in the nature of their stakeholder engagement, including with unconventional actors, and in the emphasis on iterative deployment where change, learning, and new information is embraced and can take innovation projects and programmes in different directions.

11. At the same meeting, the Board decided:

*(a) To approve the Large Grant Project Proposal template, the Review Criteria template and the Instructions for Preparing a Proposal for Innovation Large Grants, as described in annexes II, III and IV to document AFB/PPRC.27/28;*

*(b) To launch the request for proposals so that submissions of Innovation Large Grants proposals are invited to be considered as early as the thirty-seventh meeting of the Board.*

**(Decision B.36/24)**

**Innovation in the Medium-term Strategy of the Fund**

12. The Medium-term Strategy (MTS), together with its implementation plan, outlines expected results, outputs, and activities that will be undertaken to put the MTS into action, indicators for measuring performance and a tentative budget and timeline.

13. The objective of the innovation pillar of the MTS is to support the development and diffusion of innovative adaptation practices, tools, and technologies. This objective is supported through the establishment of an Innovation Facility, which includes small and large grants. All accredited implementing agencies, whether national, regional or multilateral, are eligible to receive large grants for innovation. The large grants for innovation may fund single-country, regional or multi-regional projects and programmes. The funding from this window is separate from that used to fund regular single-country or regional projects or programmes under the action pillar of the MTS, and as such, does not count towards respective funding caps in place for such projects.

14. According to the Implementation Plan of the MTS (document AFB/B.31.5/Rev.1), the objective of the Fund's pillar on innovation is to support the development and diffusion of innovative adaptation practices, tools, and technologies.

15.

**Box: Strategic Focus on Innovation, Implementation Plan of the MTS (2018-2022)**

Objective: Support the development and diffusion of innovative adaptation practices, tools, and technologies

Expected results:

- ER1 – Successful innovations rolled out. Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions
- ER2 – Viable innovations scaled up. Innovative adaptation practices, tools and technologies that have demonstrated viability at a small scale piloted at larger scales
- ER3 – New innovations encouraged and accelerated. Development of innovative adaptation practices, tools and technologies encouraged and accelerated
- ER4 – Evidence base generated. Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up

Outcome: Innovation for effective, long-term adaptation to climate change accelerated, encouraged and enabled

16. For the large innovation projects specifically, two expected results have been identified by the MTS implementation plan:

- (i) Successful innovations rolled out. Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions (ER1);
- (ii) Viable innovations scaled up. Innovative adaptation practices, tools and technologies that have demonstrated viability at a small scale piloted at larger scales (ER2).

### **Innovation and the Strategic Results Framework of the Fund**

17. The Strategic Results Framework (SRF) of the Fund, most recently amended in March 2019 (AFB/EFC.24/4/Rev.1) consists of impact level results, with associated core indicators, as well as outcomes (of which there are eight) and outputs, and indicators associated with the outcomes and outputs. The SRF is intended for all the adaptation projects of the Fund and, therefore, applies to the funding windows under the Innovation Facility of the Fund.

18. It should be noted that among the eight outcomes listed in the current SRF, Outcome 8, is focused specifically on innovation. Indeed, the objective of the Innovation Strategic Focus under the Implementation Plan of the MTS, which is to “support the development and diffusion of innovative adaptation practices, tools, and technologies” is aligned to Outcome 8. Its associated outcome indicators in the current SRF cover some of the ground with respect to measuring the results under the innovation pillar. Table 1 displays Outcome 8 of the current SRF.

**Table 1. Outcome 8, objectives and indicators (March 2019)**

Outcome 8: Support the development and diffusion of innovative adaptation practices, tools and technologies	Indicator 8: Innovative adaptation practices are rolled out, scaled up, encouraged and/or accelerated at regional, national and/or subnational level
Output 8: Viable innovations rolled out, scaled up, encouraged and/or accelerated	Indicator 8.1: No. of innovative adaptation practices, tools and technologies accelerated, scaled-up and/or replicated
	Indicator 8.2: No. of key findings on effective, efficient adaptation practices, products and technologies generated

19. However, given the more recent developments, specifically the approved vision and definition for innovation at the thirty-sixth meeting of the Board, the operationalization of the large grants as well as the on-going implementation of the AFCIA grant, there are additional options for setting targets and monitoring results from the Innovation Small and Large Grants and the AFCIA Small Grants Administered by the UNDP/ UNEP-CTCN, which are proposed further below.

### Issues and Challenges in Measuring Innovation

20. There are many challenges in measuring innovation. A successful innovation project depends greatly on a successful process that leads to a desired innovation outcome, and, unlike conventional projects, the pathway to a desired innovation outcome is not necessarily clear from the outset or linear in progression. Instead, typically an innovation project requires many iterative loops (or double-learning loops) in order to arrive at an optimal result. Measuring innovation would require measuring the learning process, the successes and failures along the way, and the intangible conditions that lead to or hold back success in innovation.

21. Finding metrics for the outcomes of innovation is important because it is essential for measuring progress, figuring out what works and what does not, and comparing the actual outputs, outcomes and impacts to what the project initially set out to do, thus giving valuable input regarding theory of change and both project and portfolio levels. This kind of information is useful for understanding both the process of innovation as well as impact, and, during the life of the project, it can be used for course-correction and decisions whether to continue funding a project.

22. Another reason why measuring innovation is challenging is that innovation inherently entails some risk. The classical definitions of risk usually imply a development or event that may negatively affect the achievement of results and hence should be avoided. In a typical project, initiatives and activities that may result in a failure are avoided. However, in an innovation project,

the view of risk could be more nuanced as to include barriers in the way of undertaking initiatives and activities that may result in exceptional success. Therefore, the traditional metrics of success – or failure – are not necessarily appropriate for measuring innovation.

23. Given such challenges, as well as the Fund’s stated focus on innovation and its rapidly developing innovation portfolio, it is foreseeable that the objectives and indicators for innovation will need to be periodically revisited and potentially refined.

## Options for Indicators

24. Decision B.35.b/8 requests the secretariat to develop specific objectives and indicators for the innovation aspects of the large innovation projects. Therefore, the starting point of this effort was to ensure that the large grants for innovation will have the specific objectives and indicators needed to measure the innovation aspect.

25. However, it is also worth noting that the objectives and indicators proposed below can be used for all the funding windows developed under the innovation facility, as appropriate, i.e. also including the small grants for innovation and the small grants under the MIE aggregator programme, named Adaptation Fund Climate Innovation Accelerator (AFCIA). Moreover, the objectives and indicators may also be applicable to the innovation aspects of the single-country and/or regional projects financed outside the funding provisions established under the Innovation Pillar of the MTS.

26. One of the key considerations of this exercise was to ensure that additional indicators would complement those already available under the existing SRF (e.g. “Number of Beneficiaries” is already a core indicator, for measuring progress towards impact level results.) Another was that the indicators should be SMART<sup>1</sup>, and appropriate for project level use by IEs at project development and implementation stage (as opposed, for instance, for impact evaluation stage or indicators appropriate at the level of the portfolio.)

27. The secretariat has researched other climate funds’ results frameworks, in an attempt to identify, where available, objectives and indicators directly relevant to innovation in adaptation. The secretariat also researched results frameworks of a number of funding institutions focused on innovation (for the list of the most relevant reference documents consulted, please see Annex I.) In addition, the secretariat has consulted and received substantial input from the Technical Evaluation Reference Group of the Adaptation Fund.

28. Table 2 presents some options for indicators for the innovation aspects of projects of the Fund.

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<sup>1</sup> SMART here refers to “specific”, “measurable”, “appropriate”, “relevant” and “time-bound”.



**Table 2. Proposal for specific indicators**

<b>Performance Indicator</b>	<b>Definition</b>	<b>Measurement</b>	<b>Comment</b>
<i>Number of innovations advanced</i>	<i>Number of new, adapted or improved adaptation solutions, developed contextually and with the inclusion of the communities most vulnerable to climate change, to enable those communities to become more resilient to climate change. Innovation solutions may include approaches, technologies and mechanisms.</i>	<i>Number of innovations</i>	This elaborates on Indicator 8.1 and may replace it.
<i>Number of innovators supported</i>	<i>Number of persons who can introduce an innovation, supported.</i>	<i>Number of innovators, disaggregated by gender (male/female) and youth status (youth/non-youth)</i>	This is a new indicator, disaggregated in line with the innovation programme's effort to promote gender equality and youth inclusion.
<i>Number of partnerships leveraged</i>	<i>Number of partnerships leveraged for exchange of goods or services or ideas, consultations and assistance (that could be in form of technical assistance, funds, in-kind contributions and other) between grantee and a stakeholder (for example, contributor, recipient governments, accredited Implementing Entities, the AF NGO Network and other civil society stakeholders, as well as other relevant stakeholders, including unconventional actors.)</i>	<i>Number of partnerships</i>	This is a new indicator in line with the definition and vision on innovation adopted by the Board that includes stakeholder engagement on innovation

<i>Number of “learning and sharing” initiatives</i>	<i>Number of learning and sharing initiatives undertaken, including communication initiatives. This can include studies and reports, lessons-learned events and workshops, articles, broadcasts, social media. This can also include any “change, learning and new information” initiatives that support iterative deployment of the innovation, and can take innovation projects and programmes in different directions.</i>	<i>Number of “learning and sharing” initiatives</i>	This indicator complements indicator 8.2.  It also strengthens the link between learning-and-sharing pillar and innovation pillar.
<i>Number of applicants to innovation calls under the project or programme</i>	<i>Number of individuals or organizations that submit an application to an innovation competition or challenge.</i>	<i>Number of applicants</i>	This indicator would serve the MIE aggregator programmes (AFCIA), and any large or small innovation projects that include innovation competitions.

### **Next steps/ recommendation**

29. Having considered the information contained in document AFB/B.37/6 on the specific objectives and indicators for the innovation aspects of projects and programmes, the Board may wish to decide:

- a) To request the secretariat to pilot the use of the indicators, as laid out in document AFB/B.37/6;
- b) To request the secretariat to report on the progress and status of the use of the indicators, including any recommendations, to the Project and Programme Review Committee at its twenty-ninth meeting;
- c) To encourage the secretariat, while piloting the use of indicators, to continue consulting with the Technical Evaluation Reference Group of the Adaptation Fund as needed;

- d) To request the secretariat to provide an update on this matter to the Board at its thirty-ninth meeting, in light of any relevant developments at the Fund, including those following from a) and b), above.

## **Annex: Key References**

Climate Technology Centre & Network Monitoring and evaluation System. CTCN, March 2020, [https://www.ctc-n.org/sites/www.ctc-n.org/files/resources/ctcn\\_me\\_system.pdf](https://www.ctc-n.org/sites/www.ctc-n.org/files/resources/ctcn_me_system.pdf)

EIT Climate-KIC KPIs for 2018 and 2019, EIT Climate-KIC Key Performance Indicators, Version 2018 1.0 - 20 July 2018. Grant Management Office, <https://www.climate-kic.org/wp-content/uploads/2019/02/EIT-and-Climate-KIC-KPIs-2018-and-2019.pdf>

Integrated Results Management Framework. Green Climate Fund, June 2021, <https://www.greenclimate.fund/sites/default/files/document/gcf-b29-12.pdf>

Practical Impact Assessment. Global Innovation Fund, 2021, <https://www.globalinnovation.fund/practical-impact-assessment/>

Results-based Management Handbook: Harmonizing RBM concepts and approaches for improved development results at country level. UNSDG, October 2011, <https://unsdg.un.org/sites/default/files/UNDG-RBM-Handbook-2012.pdf>

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Updated Results Architecture for Adaptation to Climate Change under the Least Developed Countries Fund and the Special Climate Change Fund (2018-2022). Global Environment Facility, November 2018, [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.LDCF\\_.SCCF\\_.25.Inf\\_.05\\_Updated\\_Results\\_Architecture\\_for\\_Adaptation\\_to\\_CC\\_under\\_LDCF\\_SCCF-LDCF\\_0.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_.SCCF_.25.Inf_.05_Updated_Results_Architecture_for_Adaptation_to_CC_under_LDCF_SCCF-LDCF_0.pdf)