

Adaptation Fund Board  
Ethics and Finance Committee  
Thirty-fifth meeting  
Bonn, Germany

## **APPROACH TO THE EVALUATION OF PROCESSES AND SYSTEMS SUPPORTING GOVERNANCE (G/PS) FOR ENHANCED PERFORMANCE OF THE ADAPTATION FUND**

### **Summary**

This approach paper is intended to inform the AF-TERG's consultations with the Adaptation Fund Board to help shape the evaluation of the Fund's processes and systems to support its governance. This evaluation of the processes and systems supporting governance (G/PS) will be an input to the assessment of the Fund's overall performance – and a fundamental input to the on-going Comprehensive Evaluation of the Fund. The G/PS evaluation is also included in the AF-TERG's second multi-year work programme (2025-2027) and budget. This paper, and feedback from the Board, will inform the development of the terms of reference and subsequent procurement of the evaluation. The evaluation is expected to be completed by December 2025.

The focus is limited to a sub-set of systems and processes as these relate to the Fund's governance functions, particularly decision making, and is not intended to cover Fund-wide operations. It is framed at three levels<sup>1</sup>:

- (i) Macro level (as it relates to the Fund's goals and performance): – processes and systems supporting decision-making related to the Fund's mission and performance (at the level of the Board, its committees, the Board Secretariat).
- (ii) Meso level (as it relates to Fund's strategies, policies and processes) – processes and systems enabling external visibility and influence (at the level of the Board, the Board Secretariat).
- (iii) Micro level (as it relates to projects/programs) – efficiency and timeliness of decision-making systems across the project cycle (as these relate to the Board, Board committees, the Board Secretariat, the Accreditation Panel, and the AF-TERG).

Sections 1 and 2 of this paper set out the overall framing; section 3 outlines the proposed areas of focus that also drew on inputs from the AFB Secretariat; section 4 outlines the methodology; sections 5 set out the proposed implementation arrangements; and section 6 describes the timeline and proposed next steps. Annex 1 provides a snapshot of what other climate funds are doing.

## Purpose

The AF-TERG seeks the Board's guidance on the following issues:

1. Is the overall framing of the evaluation (see section 2) relevant to the Fund's governance, performance and strategic direction?
2. Is the overall scope of the evaluation (see section 3.1 and 3.2) appropriately defined and focused?
3. Are we focusing on the rights sets of evaluation criteria and questions (see section 3.3)?
4. Any advice on the timing and utility of this evaluation given the wider contextual shifts in the overall climate finance landscape?

## Recommended Decision

This document does not require a Board decision.

### 1. Introduction

The Adaptation Fund Board requested the AF-TERG to prepare two strategic evaluations, the findings of which are expected to inform the development of the Fund's next (third) medium term strategy and funding cycle: (i) Decision B.39/57 requests the AF-TERG to prepare a Comprehensive Evaluation of the Fund to be delivered by August 2026 (60 days prior to the forty-seventh meeting of the Board); and (ii) Decision B.40/72 requests the AF-TERG to prepare a mid-term review (MTR) of the Fund's Mid-term Strategy 2023-2027 (MTS2) and its Implementation Plan, which is to be presented at the forty-sixth meeting of the Board (March 2026). The Board approved the TORs for both studies in October 2024 and, and the procurement process of both evaluations is in the process of finalization.

At the request of the Board, the Comprehensive Evaluation adopts a building block approach that draws on a suite of knowledge, evidence and learning studies from existing and on-going work within the Fund. For example, some of the building blocks include evaluations that relate to the readiness, accreditation, scalability, innovation and the governance's processes and systems. The Board has mandated that one key building block for the Comprehensive Evaluation would be an assessment of the processes and systems that support effectiveness and efficiency in the governance of the Fund.<sup>1</sup> This evaluation will be undertaken through a separate contract, with distinct terms of reference, and with arrangements in place to ensure that the approach remains relevant, participatory and inclusive, and that the findings dovetail into the Comprehensive Evaluation.

The AF-TERG has refined this approach to focus on a sub-set of processes and systems related to governance, focusing on issues that have thus far not been evaluated. This approach takes into account the time, resources and most importantly context and relevance the proposed G/PS evaluation.<sup>2</sup>

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<sup>1</sup> Information on the governance structures of the Adaptation Fund are available at: <https://www.adaptation-fund.org/about/governance/board/>

<sup>2</sup> It is expected that the Comprehensive Evaluation will include a more comprehensive look at most of the Fund's processes and systems.

The context of the Adaptation Fund's growth and evolution will be a key consideration, bringing both a summative and formative lens to the assessment. The evaluation will also keep in view that the currently prevailing governance processes and systems were designed to support the direct access modality; and that both the direct access and locally-led funding modalities are cornerstones of the Fund's operations and programming. The Fund is also in transition to support the Paris Agreement, which will have implications for securing the sustainability and predictability of its financial flows. Additionally, the underlying processes and systems will become increasingly important in effectively programming these resources to maximize reach and impact.

The first overall evaluation of the Fund was completed in FY 18 and was conducted in two phases:

- (a) Phase 1,<sup>3</sup> implemented from 2014-2015, was a process evaluation that focused on Adaptation Fund institutional design and processes. It specifically looked at Fund processes of resource mobilization, decision-making processes, resource allocation, access to funding, project/program cycle, and knowledge management. It also considered cost-efficiencies of Fund institutional arrangements.
- (b) Phase 2<sup>4</sup> was an outcome evaluation that built on Phase 1. It covered the portfolio from 2010 – 2017, focusing on the long-term outcomes, impacts and sustainability of Adaptation Fund investments. It also drew on two reviews conducted by CMP in 2011-12 and 2014 respectively.

While the first overall evaluation provided valuable insights, several years have since elapsed: the Fund has established several institutional processes, and the external context and climate finance architecture continues to evolve. The proposed G/PS evaluation will build on previous work, focus on a more recent assessment of processes and systems supporting the Fund's governance, and on **evidence gaps** identified in the Rapid Evaluation Study, that are considered to be important inputs to the Comprehensive Evaluation of the Fund, and intended to help strengthen overall performance.

The proposed evaluation also aims to bring a **utilization focus**, such that the findings could contribute to informing on-going preparations by the Board and Secretariat for the transition of the Fund to support the Paris Agreement [as per decision 1/CMP.14, paragraph 2]. The findings could also become an input to other reporting to the UNFCCC [e.g. the fifth review of the Adaptation Fund; and the report of the AF Board in 2025] and be used to inform on-going complementarity and coherence measures with other climate funds (e.g. GCF, FRLD).

## 2. Framing

- (i) **Governance:** In the context of the G/PS evaluation, the Fund's governance is taken to represent the Fund's decision-making processes and systems as it relates to (a) supporting the Fund's mission and performance (macro level), (b) enabling external visibility and influence in relationship to the implementation of the Fund's strategies, policies, and processes (meso level), and (c) programming decisions across the project cycle to maximize impact (micro level).

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<sup>3</sup> TANGO International in association with the Overseas Development Institute. 2015. First Phase Independent Evaluation of the Adaptation Fund. Washington, D.C.: World Bank. Available at: [https://www.adaptation-fund.org/wp-content/uploads/2015/11/TANGO-ODI.2015.AF\\_final-report.pdf](https://www.adaptation-fund.org/wp-content/uploads/2015/11/TANGO-ODI.2015.AF_final-report.pdf)

<sup>4</sup> Overall Evaluation of the Adaptation Fund, July 2017 – June 2018. Available at: [AF\\_Phase2\\_Eval\\_4June.pdf](#)

The G/PS evaluation scope will not cover areas that have been determined or are expected to be determined through guidance by UNFCCC governing bodies.<sup>5</sup>

(ii) Stakeholders: The G/PS evaluation has defined the following groups of stakeholders within the Adaptation Fund:

- Category A: The Board members and its alternates, and the Board committees (**visionaries**) – responsible for setting direction / and decision-making for the Fund as a whole. [The Board committees include the Ethics and Finance Committee (EFC), and the Project and Programme Review Committee (PPRC)].
- Category B: AFB Secretariat, Accreditation Panel, AF-TERG, Fund Trustee (**enablers / facilitators**) – responsible for operationalizing processes and systems to enable delivery.
- Category C: Key partners – governments recipients of the AF projects and programs, IEs, civil society (**change agents**) – who both use and inform these processes and systems to deliver change.

To prioritize the scope of work, the G/PS will focus on stakeholders that are directly involved in systems and processes, in particularly key stakeholders from Categories A and B. While the findings of the G/PS evaluation are relevant to Category C stakeholders, this group will not be a focus of the evaluation since they are not directly involved in the decision-making process and governance. However, stakeholders from Category C may be consulted during the evaluation process.

(ii) Systems / Processes – in the context of this evaluation, the focus will be on decision making systems and processes that support the Fund's governance (vs. all Fund systems and processes). Some initial ideas on the areas that the evaluation could span include the following:

- Policy making processes
- Resourcing decisions
- Accountability mechanisms within the Fund
- Communication flows and transparency mechanisms
- Operational guidelines
- Data governance practices
- Risk management systems and tools
- Bodies that support the implementation of systems and processes, such as the AFB Sec, AF-TERG, Accreditation Panel, Board committees, Fund trustee.

### **3. Evaluation purpose and scope**

#### **3.1 Evaluation purpose and objectives**

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<sup>5</sup> The areas that are out of scope include for instance, the Board's mandate, structure, representation and governance, as well as any governing instruments, rules and procedures, and the terms and conditions.

The purpose of this evaluation is to determine the strengths and areas for improvement of the Fund's processes and systems that underpin its governance. This is intended to support the objective of learning to enhance the Fund's performance; and the evaluation is therefore not intended as an accountability tool. The evaluation will assess the relevance, effectiveness and efficiency of a subset of AF processes and systems only as they relate to its effective governance and to the extent that it supports the Fund's performance. The evaluation will identify what is working well, areas for improvement, and will draw lessons, highlight good practices, and offer recommendations for future enhancements of these systems and processes.

The G/PS evaluation has three objectives according to the three levels of the Comprehensive Evaluation, as follows:

- (i) **Objective 1 (Macro/Strategic level): Relevance and Effectiveness of the organizational processes and systems in enabling the Fund's decision-making in supporting the Fund's mission.** The evaluation will examine the effectiveness of the lines of authority and decision-making across the Fund, flows of communication across the AF Board and its committees as they impact decision-making, processes and systems to enable pace and nimbleness in policy and decision making, and the extent to which governance practices are dynamic and adaptive to changing business needs.

A main focus of the evaluation will be to consider the operational modalities of the two Board committees (the Ethics and Finance Committee and the PPRC) and how the recommendations feed into the Board's decisions. The evaluation will also consider how Board decisions are followed and implemented by the AFB Secretariat, the Accreditation Panel, Fund Trustee and the AF-TERG. The evaluation will also consider other working groups and task forces.

- (ii) **Objective 2 (Meso/Tactical level): Effectiveness of systems and processes in enabling the Fund's external visibility and influence.** This will examine the extent to which underlying processes and approaches enable the Fund to position itself globally in an evolving external context, gain visibility with donors, UNFCCC, and parties to the Paris Agreement, and to remain a credible leader in climate adaptation action.

As a particular example of how the Fund positions itself, the evaluation could also include an assessment of the factors contributing to / hindering the effectiveness of the Fund's set-up and modalities in mobilizing resources.

- (iii) **Objective 3 (Micro/Operational level): Efficiency and timeliness of decision-making systems across the project cycle (operations).** This will examine the Fund's decision-making processes and support systems in enabling the planning, design, implementation, monitoring processes, closure, evaluation and learning of projects and programs – particularly in the context of an anticipated exponential growth in the Fund's resources once it fully transitions to the Paris Agreement. This will not be an assessment of the project cycle itself (which will be done within the scope of the Comprehensive Evaluation) but how decisions taken by the Board in relationship to programming (e.g., allocation of resources to different windows, creating of financial windows, identification of areas or topics of funding (e.g., innovation, scaling, learning, etc.) affect the decisions of IEs and governments in working with the Fund.

What is proposed to be out of scope:

- (i) **Board-level:** As stated in section 2 above, the evaluation will not assess Board effectiveness (e.g., constituencies and their working arrangements, membership, rules, Board officials, arrangements with the German government, etc.); instead, it is focused on assessing supporting systems and processes that enable governance of the Fund.
- (ii) **Secretariat-level:** The evaluation will not assess the structure and business model of the AFB Secretariat as internal actions on its structural and capacity needs are currently evolving.
- (iii) **AF-TERG:** The role and effectiveness of the AF-TERG would also be out of scope, as a separate in-house learning exercise is underway in preparation for the forthcoming peer review of the AF-TERG as outlined in its multi-year work programme.
- (iv) **Fund results framework:** Since the Strategic Results Framework of the Fund is currently undergoing revisions, it is too early to assess its effectiveness.

### 3.3 Evaluation criteria and questions

The evaluation will focus on three<sup>6</sup> of the nine AF Evaluation Policy criteria: Relevance, Effectiveness and Efficiency. A long list (indicative) is presented in the table below and the evaluation team will refine these questions for each of the criteria during the inception phase, in discussion with the AF-TERG and through a consultative process drawing on inputs from key stakeholders including the Board and the AFB Secretariat.

Dimension	Evaluation Criteria and Questions (long-list for discussion and refinement)
Relevance and Effectiveness of the organizational processes and systems in enabling the Fund's decision-making in supporting the Fund's mission.  (macro/strategic level)	<p><b>Relevance</b></p> <p><b>Alignment with Mission and Objectives</b></p> <ul style="list-style-type: none"> <li>• Are the current Board decision-making mechanisms (between and across category A and B stakeholders) well aligned with the Fund's mission and strategic objectives?</li> <li>• Is there sufficient clarity on decision-making processes across different processes and systems within the Fund?</li> <li>• Do the systems / processes sufficiently enable the Board to review the outcomes of its decisions when implemented?</li> <li>• To what extent do the Board's processes and systems reflect global best practices in climate and development finance?</li> </ul>

<sup>6</sup> The other six criteria of the Evaluation Policy are not included in this evaluation as the scope of work is focused on aspects that will inform the Comprehensive Evaluation, and that takes into account value-addition, as well as time and budget constraints.

	<p><b>Agility and Adaptability</b></p> <ul style="list-style-type: none"> <li>To what extent are the governance processes and systems sufficiently agile in enabling the Board to respond to changing goals, the external context (environmental, social, and financial), innovative approaches, and evolving needs of Fund stakeholders?</li> </ul> <p><b>Effectiveness</b></p> <p><b>Timeliness and Quality of Decisions</b></p> <ul style="list-style-type: none"> <li>How effective are the Board committees and supporting processes in ensuring timely and high-quality decision-making to meet the Fund's objectives?</li> <li>To what extent are decision-making processes efficient and coherent in delivering the Fund's mission (across Board committees, between the Board and the functions provided by the Secretariat and other support functions)?</li> </ul> <p><b>Support for Evidence-Based Decisions</b></p> <ul style="list-style-type: none"> <li>Do the Fund's systems provide decision-makers with relevant, timely, and reliable data, tools, and resources to make evidence-based decisions?</li> <li>Are Board committees sufficiently supported by the Fund's systems and processes in carrying out their roles?</li> </ul>
<p>Effectiveness of systems and processes in enabling Fund's external visibility and influence (in terms of its future growth ambitions)</p> <p>(Meso/tactical level)</p>	<p><b>Relevance and Effectiveness:</b></p> <p><b>Visibility:</b></p> <ul style="list-style-type: none"> <li>Are the tools and platforms used for outreach relevant in maximizing the Fund's presence in relevant global and regional discussions?</li> <li>How effectively do the Fund's systems and processes support its external communications and visibility among key stakeholders?</li> </ul> <p><b>Influence:</b></p> <ul style="list-style-type: none"> <li>To what extent do the Fund's processes enable it to shape policies, strategies, or actions of external stakeholders, implementing entities, and partner organizations?</li> <li>How well do systems support the Fund's role as a credible advocate or thought leader in thematic areas?</li> </ul> <p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>What factors are contributing to / hindering the effectiveness of the Fund in mobilizing resources (vis-à-vis its future growth and</li> </ul>

	evolutions). How effective are the Fund's systems in responding to these factors?
<p>Efficiency and timeliness of decision-making systems across the project cycle</p> <p>(micro/operational level)</p>	<p><b><u>Efficiency and Effectiveness</u></b></p> <p><b>Design and Approvals:</b></p> <ul style="list-style-type: none"> <li>• Do the Fund guidelines adequately encourage clarity of goals, roles, and responsibilities among stakeholders in project design?</li> <li>• Do Fund systems and processes (e.g., submission steps, rolling approvals) support efficiency in project approval processes by the Board and its committees?</li> <li>• Do the processes enable the Fund to ensure that the pace of project pipeline development and approvals are aligned with Fund resources?</li> <li>• Do the direct access modalities and locally-led adaptation windows sufficiently enable devolved decision-making at national and sub-national levels?</li> </ul> <p><b>Implementation and monitoring:</b></p> <ul style="list-style-type: none"> <li>• To what extent do current systems enable Board oversight of project / portfolio results?</li> <li>• Does the Fund's risk management framework adequately inform Board decisions in enabling adjustments or responsiveness to changes in context?</li> <li>• To what extent are Fund-level monitoring mechanisms informing decision-making at the Secretariat and Board levels?</li> </ul> <p><b>Closure and Learning:</b></p> <ul style="list-style-type: none"> <li>• To what extent is the Fund positioned as a learning organization? Are final results and lessons captured? Are there systematic processes for these to be used in informing future programming?</li> </ul>

#### 4. Methodology

The evaluation will adopt a utilization-focused approach so that the findings are practical, actionable, and useful for the Board, its committees, the AFB secretariat, and other intended users. The evaluation will be participatory and inclusive. The exact methodology and approaches will be developed and agreed together with the vendors selected to conduct each of the evaluations. This must be evidence-based and is likely to include qualitative and quantitative methods for data collection and analysis. This could include review of key documentation, semi-structured interviews with key Fund stakeholders ensuring that diverse representative views are included (across all stakeholder groups comprising the visionaries, facilitators, change agents), and an online survey for the Board.



## **5. Implementation Arrangements**

The evaluation will be undertaken by an external corporate vendor hired through the World Bank procurement. The evaluation will be managed and supervised by the AF-TERG and will remain under its overall leadership and responsibility. The AF-TERG will maintain ownership of the final report but will acknowledge all contributions, including that the work has been undertaken by the vendor.

The AF-TERG will update the EFC / Board at critical milestones – which could include the end of the inception phase, emerging draft findings, and at the stage of finalization of the report.

The AF-TERG will form an Evaluation Advisory Group, with representatives from the AF-TERG and the AFB Secretariat. The ERG's role will be to provide relevant information, provide a technical steer and overall guidance throughout the evaluation, ensure that the strategic direction set by the EFC / Board is maintained, endorse the evaluation matrix and data collection approaches, and quality assure all products before these are finalized and submitted to the Board.

## **6. Next steps proposed**

- S1: Circulation of the paper to the Board (Feb 20 – Mar 5, 2025)
- S2: Webinar with the Board (1.5 hours between March 3-5, 2025)
- S3: Finalize approach paper (March 7, 2025)
- S4: Submit to the Board (March 10, 2025)
- S5: Present the Approach Paper at the EFC meeting on April 8-9, 2025
- S6: TORs finalized, and procurement processes initiated by mid-April (in case of non-objection by the Board)
- S7. Inception phase completed, August 2025
- S8. Data collection and analysis, July - September 2025
- S9. Interim findings presented to EFC, October 2025
- S10. Report finalized, December 2025

## Annex 1

### How the proposed GPS compares to approaches of the other Climate Funds

Both the GCF and the GEF are each conducting comprehensive evaluation exercises for their respective Funds, aligned with replenishment cycles.

- **GEF:** The eight comprehensive evaluation of the Global Environment Facility (OPS8) is on-going and will be presented to the GEF Council in late 2025. Its focus is on two interconnected themes: (i) the GEF strategy, institutional issues, and programming; and (ii) GEF performance, impact, and sustainability, drawing on evaluations conducted by the IEO, and evidence collected by the evaluation units within the GEF Agencies. Previously, OPS6 (2017) assessed the GEF's relevance, performance, impact, institutional, and operational governance.
- **GCF:** The Third Performance Review (TPR) of the GCF will commence in 2025, with the final report expected in early 2027. Its focus is on five themes: (i) GCF as an institution in the multilateral system and financial mechanism under the UNFCCC; (ii) GCF as an organization (strategic, policy, operational), covering the governance, strategic frameworks, and operational efficiencies; and the institution's responsiveness to evolving climate priorities; (iii) GCF as a funding agency; (iv) GCF as an implementer; and (v) GCF as a catalyst for paradigm shift. The preceding Second Performance Review (SPR, 2023) included an evaluation of the GCF's institutional architecture and performance.

A comparison of approaches for previous performance evaluations of the GEF (OPS6, 2017) and the GCF (2<sup>nd</sup> performance review, 2023) are captured in the table below:

	GREEN CLIMATE FUND (GCF)	GLOBAL ENVIRONMENT FACILITY (GEF)
<b>INSTRUMENT</b>	Second Performance Review (2023) covered evaluation of Institutional architecture and performance	Governance assessed in OPS6
<b>FOCUS</b>	Board roles, board operations and guidelines, routine functions, policy development and approval, governance representation voice and accountability	The governance structure of the GEF and the extent to which the overall structure of the expanded GEF partnership, based on the quality and relevance of interactions among the partners, enables the GEF to effectively and efficiently support the delivery of global environmental benefits.
<b>THEMES</b>	<ul style="list-style-type: none"><li>- Institutional structures and processes</li><li>- Status of Board policy/strategy development and implementation</li><li>- Knowledge, learning and communication</li><li>- Accreditation and re-accreditation</li><li>- Readiness support</li></ul>	<ul style="list-style-type: none"><li>- Regional balance;</li><li>- Representation and voice;</li><li>- Strategic decision making and accountability;</li><li>- Overlaps in functions;</li><li>- Transparency in governance and management.</li><li>- Extent to which the governance of the GEF continues to follow good practices.</li></ul>