

May 18, 2012

## **Comments from United Kingdom on the Note on the Independent Evaluation of the CIF**

Dear Patricia (Ken),

Please see UK comments on the EOC consultation document on the Independent Evaluation. I'm not clear whether you intend to share/post these comments. However, please feel free to do so if this is your intention and/or will help generate other comments.

Regards,

**Ben**

**Ben Green** | Acting Team Leader - Low Carbon Development Team|Climate and Environment Department |Department for International Development

### **UK response to Independent Evaluation of Climate Investment Funds consultation document**

#### **Overall**

We welcome the consultation document and overall believe this and the range of issues and questions will provide a useful basis for the approach paper. We recognise that this evaluation is going to be formative rather than summative i.e. focussing process aspects of programme design, governance, management and in general establishment of the CIFs, rather than look for higher level outcomes or impact at this stage. This is also going to be most helpful as lesson learning to future climate financing i.e. the Green Climate Fund. However, we do hope that some early outputs and outcomes can be considered and provide a *trajectory* to impacts.

To ensure the evaluation is of use, and is used, timing of the evaluation products from the evaluation is crucial. The findings from the evaluation need to be available soon enough to be valuable in the development and design of the Green Climate Fund.

As raised at the joint meeting of the CTF and SCF committee in Washington on 1<sup>st</sup> May, while we have full confidence in the Evaluation Oversight Committee and the independence of your respective evaluation departments, we believe the governance structure of the Independent Evaluation needs to be strengthened. The International Reference Group is important to ensure a wide range of stakeholders beyond the MDBs and committee members see the evaluation as credible, transparent and accountable. To be of use to climate funds beyond the CIFs, this is vital. Below we suggest how the International Reference Group or Advisory group, which was supported at the joint committee, could be formed.

#### **Detail**

## **Evaluation Process and Projected Timeline**

### *International Reference Group*

As the decision of the joint committee notes it will be useful for the group to have eminent experts from developing and developed countries with a balance of skills and expertise from a range of sectoral interests; some with specific evaluation expertise would be useful. It would be particularly useful for this group to include experts with investment expertise in the public and private sector. They will be helpful, for example, in helping to identify the right skills needed by the consultants carrying out the evaluation, and reviewing these aspects of the evaluation.

There should also be clear ToR for the Reference Group – other recent joint international evaluations should provide examples. If necessary we would be happy to provide examples. To identify and recruit the Reference Group, one possibility would be for stakeholder groups (contributor countries, recipient countries, civil society observers etc) being invited to nominate experts for the Reference Group. This could be through the respective co-chairs of the CTF/SCF and contact points in the observer groups. This could be done very quickly, and possibly ahead of finalising the approach paper, so the timeframe of the evaluation is not extended by having to recruit the Reference Group.

### *Timing*

As highlighted above ensuring the evaluation is useful e.g. to the GCF design and establishment will require careful consideration of timing, but without compromising the quality, independence and credibility of the evaluation. It would be useful if the approach paper could consider phasing the evaluation and particularly looking first at the process aspects the GCF Board itself will be considering first, so that early findings can be helpful.

The Evaluation Terms of Reference, which it will be useful if the International Reference Group can review, will need to get the balance right between being prescriptive and allowing for innovation from the consultants in the RFPs and the methodology and approach that would emerge from the inception reports.

## **Proposed evaluation structure, issues and sample evaluation questions**

The Consultation document as the basis for the Approach Paper looks sensible, covering most of the OECD DAC Evaluation criteria, including Relevance, Efficacy (Effectiveness), Efficiency and Sustainability. Further consideration could be given to standard OECD DAC criteria, including issues of connectedness, and coverage.

While it is noted this will be primarily a formative evaluation given the relatively short duration of implementation so far and the reasons why impact is not explicitly covered, some of the questions highlighted will require an examination of early outcomes (in particular questions under 'Efficacy', 'Efficiency' and 'Sustainability'. This could more explicit in the scope, as will affect the approach taken in the evaluation.

Looking at the evaluation from a 'value-for-money' perspective, efficiency and effectiveness appear to be well covered, however, there could be more on economy of inputs.

Below are more detailed comments against each of the criteria and questions included in the consultation document:

### Relevance

*Supply side relevance* – It will be important to consider mitigation as distinct from adaptation. Mitigation needs are a global as well as a regional and national issue. This links to the importance of looking at *vertical relevance* as included under this section.

*Horizontal relevance* – the question here asks on the cooperation with other development partners, it would be useful to see some political economy analysis on possible conflicts of interests that may have already obstructed transformation of key sectors.

*Relevance of design* – this could ask: Are the strategic approaches and priority activities sufficiently translated / reflected in the Investment Criteria / design documents for the different programmes? What assumptions and evidence the theory of change for each programme is based upon, and with regard to priority activities, what gaps, if any, this may be leaving?

### Efficacy

*Quality of the monitoring and reporting system:* In addition to the critical questions flagged in the consultation document, this could ask: in the absence of an established M&E framework for most of the programmes, what interim arrangements are in place to capture early lessons (e.g. narrative progress reporting)? Both this question and current questions in this area need to be addressed at the overall fund level as well as individual projects.

*Activities and outputs:* It is important this section ( but also under *relevance*) considers the place of the Investment Plan: Is the Investment Plan approach fit-for-purpose and ensures an appropriate balance between strategic priorities and objectives of the CIFs at a global, regional and national level? How do outputs and activities compare to what was expected, and why?

The track record in terms of financial disbursements and outputs produced is particularly important to address, given expressed concerns of slow disbursement. Equally the last question in this section on financial incentives within national investment plans to bring in the private sector is important to review given the sometimes mixed track-record of private sector leverage.

*Outcomes and objectives:* Transformative change needs to be considered at a regional and global level. In asking 'to what extent are the national investment plans and individual projects likely to achieve their intended objective?' how will this be assessed and what evidence can it be based upon, to ensure an objective assessment?

In looking forward to possible outcomes differentiated for men and women it would be worth considering the extent that gender has been integrated into programmes and considered as part of the design of both investment plans and projects.

### Efficiency

*Additionality* – This should ask: What is the actual impact of the CIFs in comparison to a business as usual scenario of scaling up MDB climate finance (what counterfactual is being considered and why)? Are CIF investments displacing wider MDB lending rather than leveraging investment? Are CIFs investing in those areas where there is currently marginal MDB, carbon market and private sector investment (not crowding out others)?

*Financial management* – This section could consider whether financial reports are appropriately situated in wider (performance) reporting so you can understand the context better.

*Cost effectiveness of individual activities?* Cost-effectiveness assessment should obviously be as wide as possible and look at a wide range of potential benefits. However, to what extent will it be possible to assess cost-effectiveness at this stage? What approach should be taken?

Consideration could be given to cost effectiveness of individual activities from a GHG abatement perspective so we have an idea of where the CTF is investing on the Marginal Abatement Cost Curve at a global level (and possibly a country level too).

### Governance and management

The questions in this area seem sensible and likely to be of particular use in providing early lessons to the formation and design stages of the GCF i.e. a possibly early phase of the evaluation.

It would be useful look at the capacity of CIF management from a value-for-money perspective, both in terms of economy of inputs, but also effectiveness in delivering the functions of a secretariat. This will be useful for the GCF design.

This section could also look at how responsive to change the management and governance have been, specifically to the recent set of improvements and reforms, such as the awareness of gender considerations.

It may be useful to consider some form of 'Gap Analysis' to inform future programming. For example are there any key evidence gaps emerging to inform the development of the GCF?

Knowledge is mentioned briefly but the focus could be stronger. To what extent are the CIFs enhancing the capacity of developing countries through the provision of knowledge and monitoring tools.

### Sustainability

The section on *Sustainability* is relatively weaker and needs strengthening. This needs to examine the evidence behind expectations about sustainability of benefits – e.g. both existing evidence from other projects and from early outputs / activities.

What are the sustainability of benefits and the potential for replication and scale up that is applied to a lot of the CTF projects. How can sustainability of benefits be assessed, to ensure objectivity and a robust assessment?