

Program Evaluation of the Special Climate Change Fund



Helping developing countries to innovate and adapt has become a central thrust of the SCCF. This evaluation provides evidence on SCCF's progress toward those objectives.

KEY FINDINGS

1. The SCCF is highly relevant to convention guidelines, GEF adaptation strategic objectives, and countries' national environmental and sustainable development agenda goals. There is a high degree of coherence between the SCCF portfolio's project objectives and the priorities and guidance provided to the fund from the United Nations Framework Convention on Climate Change (UNFCCC). The SCCF portfolio also strongly complements the three GEF adaptation strategic objectives of reducing vulnerability, strengthening capacities, and mainstreaming adaptation. SCCF projects were found to be strongly country driven, and well aligned with national environmental and sustainable development policies, plans, and priorities.

2. The SCCF has limited relevance to other, non-adaptation GEF focal areas and to GEF global environmental benefits. While almost 45

percent of projects will potentially contribute to the GEF land degradation focal area, the apparent potential for contributing to other focal areas is far more modest. Similarly, the SCCF portfolio's likely contributions to global environmental benefits will be very limited, and restricted to sustainable land management.

3. The SCCF's niche within the global adaptation finance arena has been to provide accessibility for non-Annex I countries and support for innovative adaptation projects. Accessibility for non-Annex I countries and openness to innovation were seen as particularly important in light of the nascent Green Climate Fund (GCF). A number of stakeholders felt that the SCCF had the potential to be an ideal incubator for countries to test and refine project concepts prior to seeking large-scale finance through the GCF.

4. The SCCF portfolio is highly likely to deliver tangible adaptation

PURPOSE AND METHODS: This evaluation seeks to provide insights and lessons on the Global Environment Facility (GEF) adaptation portfolio for the GEF-7 replenishment cycle. It assesses the Special Climate Change Fund's (SCCF's) efficacy, results, successes, and shortcomings through a thorough evaluation of the portfolio. In addition to a document review and extensive portfolio analysis, the team conducted three field visits to Ghana, Honduras, and the Philippines; and carried out interviews with key stakeholders to cross-check and validate the data collected. The data were analyzed and triangulated to determine trends and formulate main findings, conclusions, lessons, and recommendations.

WEB PAGE: <http://www.gefio.org/evaluations/program-evaluation-special-climate-change-fund-sccf-2016>

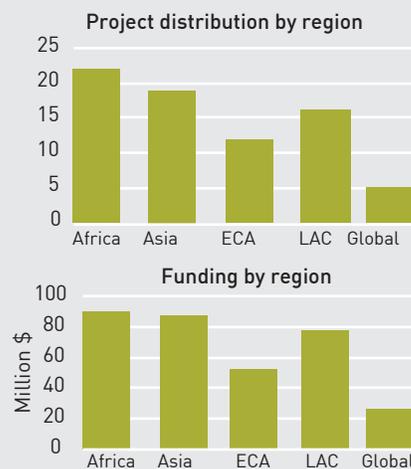
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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefio.org

PORTFOLIO OVERVIEW

GEF phase	No. of projects	FSP (as % of total no. of projects)	Budgetary allocation (million \$)				% of total
			MSP	FSP	Total	Average project size	
3	6	33.3	4.29	11.54	15.84	2.64	4.7
4	19	89.5	2.10	87.45	89.55	4.71	26.9
5	41	95.1	2.69	181.94	184.63	4.50	55.4
6	8	100.0	0.00	43.44	43.44	5.43	13.0
Total	74	89.2	9.09	324.37	333.45	4.51	100.0

NOTE: MSP = medium-size project, FSP = full-size project; ECA = Europe and Central Asia, LAC = Latin America and the Caribbean.



benefits and catalytic effects. Virtually all projects had either a high or very high probability of delivering tangible adaptation benefits; they were also found to have achieved some degree of catalytic effect, with SCCF work having a positive influence on activities, outputs, and outcomes beyond the immediate project.

5. The SCCF's catalytic effect of scaling-up often demands further investment. Most projects had obvious potential to achieve the ultimate catalytic goal of scaling-up, but the key constraint to actual scaling-up was the post-implementation difficulty in securing sufficient resources and/or mainstreaming the work within, for example, national budgets.

6. The SCCF's effectiveness and efficiency have been seriously undermined by limited and unpredictable resources. Despite the fund's continued relevance, its popularity among non-Annex I countries, and evidence that tangible adaptation results are being delivered, SCCF resources

have been completely inadequate to meet demand, with contributions to the fund effectively stalled since 2014. The SCCF resource situation can be characterized as a vicious circle: no resources are available, so no proposals are developed, which can be interpreted by donors as limited interest or lack of demand, so donors do not provide resources.

7. The gender performance of SCCF projects has improved. Based on analysis of three project elements—project design, project monitoring and evaluation, and project implementation—the evaluation found that the gender sensitivity of SCCF projects has improved markedly across all three elements. Important drivers behind this improvement are almost certainly the introduction of the GEF Policy on Gender Mainstreaming during the GEF-5 cycle and the approval of the Gender Equality Action Plan during GEF-6.

8. The Project Management Information System (PMIS) has significant discrepancies. There are

significant inaccuracies in GEF PMIS project data. For example, 64 of the 117 projects reviewed had an incorrect project status in the PMIS. Cross-checking the available project data with GEF Agencies and progress reports to the GEF Council revealed further discrepancies in PMIS data.

BACKGROUND

The SCCF was established in response to guidance received from the Seventh Conference of the Parties (COP) to the UNFCCC meeting in Marrakesh in 2001, as one of its climate change adaptation financing mechanisms. The SCCF mandate is broad and includes support for adaptation activities in seven areas or sectors, climate-related health interventions, disaster risk management capacity development, support of the national adaptation plan process in non-least developed countries (non-LDCs), and technology transfer for climate change adaptation and mitigation. With its extensive scope covering both mitigation and adaptation, the SCCF represented the only comprehensive climate change fund under the UNFCCC until the establishment of the GCF.

By the first Least Developed Countries Fund (LDCF)/SCCF Council meeting in December 2006, 13 contributing participants had pledged \$61.5 million

“The future of the SCCF depends on redefining its niche in the changing global climate finance architecture.”

—Anna Viggh, IEO Senior Evaluation Officer

“The SCCF does not shy away from supporting innovative projects, and a number of stakeholders see SCCF projects to be the ideal incubator for countries to test and refine project concepts prior to seeking large-scale finance through the GCF.”

—Dennis Bours, IEO Evaluation Officer

toward the SCCF. As of September 30, 2016, 15 donors had pledged and signed contribution agreements/arrangements amounting to \$351.3 million. Project finance totaling \$333.5 million has been allocated for 74 projects endorsed by the GEF Chief Executive Officer (CEO). These projects have leveraged \$2.47 billion in cofinancing.

The SCCF project portfolio is relatively mature, with no projects pending CEO approval or endorsement, and with almost 25 percent of projects completed. The majority of SCCF projects—43 projects, accounting for \$193.5 million—are currently being implemented.

CONCLUSIONS

Relevance. The Fund was analyzed for its degree of alignment between SCCF-supported projects (74 projects), and between (1) relevant UNFCCC guidance and decisions, (2) the GEF’s strategic pillars for adaptation, (3) the GEF’s strategic objectives for adaptation, and (4) potential contributions to GEF focal areas other than climate change.

For the most part, SCCF projects were found to be highly relevant to UNFCCC decisions, GEF pillars, and GEF objectives. SCCF-funded projects are invariably focused on specific elements of convention guidelines that relate to the project’s SCCF activity window and outcome area. Largely as a consequence of this focus, projects in SCCF activity windows rarely contribute to SCCF outcome areas. In terms of GEF strategic pillars for adaptation, projects are highly relevant to the first pillar of integrating climate change adaptation with relevant policies, plans, programs, and decision making. There is less alignment

with the second GEF strategic adaptation pillar on synergies with other GEF focal areas; almost 40 percent of the SCCF projects did not align with this second pillar. However, all projects align to some degree with all three GEF adaptation strategic objectives, with close to 84 percent doing so from a large to an extremely large extent.

In terms of relevance to GEF focal areas other than climate change, almost 45 percent of projects potentially offer support in land degradation. The apparent potential for support to other focal areas is far more modest. Around 19 percent of projects appear likely to provide support in the ozone-depleting substances focal area, about 16 percent to the biodiversity area, and about 5 percent to the international waters focal area.

SCCF support was confirmed to be even more relevant to national contexts given today’s changing adaptation finance landscape. SCCF-supported projects are strongly country driven, tightly aligned with national environmental and development goals, and provide an opportunity to pilot new adaptation technologies and innovations to feed into larger projects. The SCCF was found to be particularly relevant to non-LDCs, as other adaptation-focused finance opportunities for them are comparatively limited.

Effectiveness. The review of project design documentation found 67.6 percent of projects have a very high probability of delivering tangible adaptation benefits. The remaining projects could typically have benefited from the articulation of clearer, more results-focused adaptation benefits and/or stronger risk

strategies. Evaluation interviewees felt that the SCCF was likely to deliver—and in some instances was already delivering—tangible adaptation benefits. The most common observation was that the three GEF adaptation strategic objectives (reducing vulnerabilities, strengthening capacities, and mainstreaming adaptation) were inherently important to any adaptation-focused intervention, regardless of whether it was an SCCF-supported intervention. SCCF projects are required to meet at least one of these objectives, thereby serving to solidify the adaptation focus of those projects. The SCCF’s emphasis on country ownership was also identified as an important foundation for effectiveness. Given that adaptation is often highly context specific, national ownership of project development was seen as essential in ensuring that the most important adaptation priorities were identified and the most appropriate responses delivered.

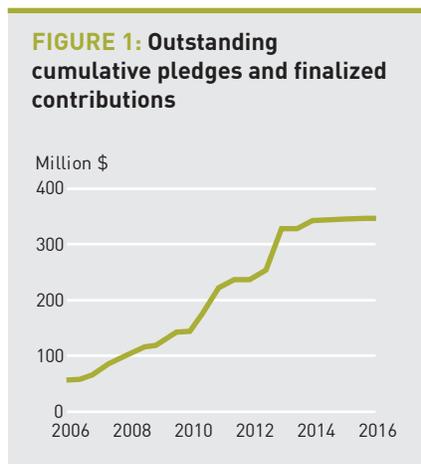
Efficiency. The portfolio analysis ($n = 74$, excluding canceled projects) found that 35.1 percent of the portfolio had experienced delays in approval and implementation. However, the great majority of delayed projects (84.2 percent) were associated with the GEF-4 cycle. Given that GEF-4 was the first cycle during which SCCF funding was disbursed, it is perhaps not surprising that delays were more prevalent in those early years.

SCCF projects were found to attract a very high proportion of cofinancing, with cofinancing accounting for 88.1 percent of the average SCCF project’s budget. The high proportion of cofinancing can partly be explained by a common GEF Agency approach, whereby SCCF money is not used to support a discrete, stand-alone project, but rather finances the introduction or mainstreaming of adaptation across an existing larger project.

The most frequently noted factor affecting SCCF efficiency was unpredictability of funding. The SCCF is replenished through voluntary

contributions, and pledges have been made in an ad hoc manner. Over time, there has been an increase in contributions, but non-Annex I country demand for funding far exceeds the cumulative pledges. The GEF has reported that, during fiscal year 2014, the SCCF could only meet less than 30 percent of the demand captured in the priority project documents submitted to the GEF Secretariat for review. Since then, the SCCF has only received \$7.19 million in pledges, while \$100–\$125 million in resources is needed to fulfill the results of the work program envisaged in the Council-endorsed GEF programming strategy on adaptation to climate change (figure 1). Several GEF Agencies indicated they were reluctant to develop—or to encourage partners to develop—project concepts due to the limited and unpredictable SCCF resources. Some Agencies confirmed that they had altogether stopped considering or promoting the SCCF when discussing proposal developments with project partners. Some stakeholders noted that when SCCF resources do become available, GEF Agencies probably will have few (if any) project proposals that are sufficiently mature. The time required to develop or strengthen proposals may slow the rate of SCCF disbursement, which in turn may further hamper the Fund's efficiency.

Catalytic effects. The analysis of completed SCCF projects with respect to catalytic effects ($n = 15$) revealed that virtually all projects were found to have achieved—at least to a moderate extent—the first two effects on the catalytic chain, namely production of a public good and demonstration. Performance was not as strong against the latter two catalytic steps, replication and scaling-up; nevertheless,



two-thirds of projects did deliver replication to at least a moderate extent, and over half of projects demonstrated at least a moderate degree of scaling-up. Three projects—in the Andean region, China, and Morocco—performed well on scaling-up. The other projects would require support, often including additional financing, toward a next phase to achieve similar success.

Global environmental benefits.

The SCCF portfolio's likely contributions to global environmental benefits will be very limited. This is not surprising, given that such contributions are not mandatory for the majority of SCCF projects. Where contributions are apparent or likely, these will be delivered mainly through sustainable land management. This also is unsurprising, as sustainable land management is arguably the global environmental benefit that has the greatest, clearest relevance to adaptation.

Gender equality. The evaluation considered SCCF portfolio progress toward the GEF's three gender-related outcomes, looking in particular at the extent to which gender had been mainstreamed within project design,

the application of gender-responsive results frameworks, and a broader assessment of overall gender mainstreaming. No projects within the entire SCCF portfolio were identified as not gender relevant. Conversely, no projects were identified as gender transformative; that is, there are no exceptional gender performers within the SCCF portfolio. However, over 65 percent of SCCF projects were assessed as either gender sensitive or gender mainstreamed. Gender mainstreaming has increased over time, with markedly stronger performance in GEF-5 and GEF-6 projects. This improvement is attributable at least in part to the introduction of the GEF Policy on Gender Mainstreaming during GEF-5 and the approval of the Gender Equality Action Plan during GEF-6.

RECOMMENDATIONS

Based on its evaluation of the SCCF, the GEF IEO recommends the following steps for the GEF Secretariat:

1. Reaffirm and strengthen a recommendation from the 2011 SCCF program evaluation by prioritizing the development of mechanisms that ensure predictable, adequate, and sustainable financing for the fund, given its support for, and focus on, innovation.
2. Articulate and publicly communicate the SCCF's niche within the global adaptation finance landscape, to include an explicit statement regarding the SCCF's relation with and complementarity to the GCF.
3. Ensure that PMIS data are up to date and accurate. ■

