



Comments from the Federal Ministry for Economic Cooperation and Development on the DEval Evaluation module "**Portfolio and Allocation Analysis**" (part of the evaluation of climate change adaptation activities)

The Federal Ministry for Economic Cooperation and Development (BMZ) welcomes the report presented by the German Institute for Development Evaluation (DEval) entitled "Portfolio and Allocation Analysis" as part of its evaluation of climate change adaptation activities. The present Portfolio and Allocation Analysis seeks to evaluate both the development policy relevance and coherence of Germany's adaptation portfolio.

Relevance of the findings

Climate change is one of the most important global challenges we are facing. Accordingly, mitigation of climate change, adaptation to its impacts and other climate-related policies are focal areas of the BMZ's work. As climate change progresses, the BMZ's partner countries face ever greater challenges. For example, increasingly frequent and severe weather events and gradual changes to the climate increase the risk of people being affected by poverty, hunger and disease; these events and changes also endanger access to natural resources and threaten people's (in some instances) already fragile livelihoods. Development policy can make an important contribution towards encouraging climate-neutral, resilient development. The considerable complexity and unpredictability of future changes to the climate make it extremely difficult for individual countries as well as the international community to plan and implement sustainable adaptation measures.

That is why the BMZ welcomes the ongoing evaluation of climate change adaptation measures, as it illustrates how both tried and tested and innovative measures or instruments can be further enhanced; how development policy processes and structures can be further improved; and how all can be streamlined in order to dovetail more closely with international development agendas, the activities of other donors and actors, and the priorities set by development partners.

The present evaluation module, the "Portfolio and Allocation Analysis" provides some initial insights on the development policy relevance and coherence of Germany's adaptation portfolio without, however, attempting to pre-empt the more detailed evaluation of individual measures, processes and structures which is to follow. The report analyses and evaluates the patterns of allocation and the strategic direction of the BMZ's portfolio of climate change adaptation measures. Owing to the approach it has taken and the data it has used, the report does, however, not fully reflect the complexity of the development-related issues in our partner countries. Nevertheless, it furnishes valuable information which will be taken into account in the ongoing development of our portfolio of adaptation measures.

Conclusions

The evaluation module confirms that Germany's government is meeting and delivering on its international climate action commitments. It highlights

as a positive achievement the increase both in international climate finance and in the volume of adaptation measures being implemented in accordance with international climate change adaptation targets. The BMZ is actually in charge of administering the greater part (more than 80 per cent) of the German government's international climate finance, with the other government departments, in particular the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), responsible for the rest.

The report confirms that, in its development cooperation activities, Germany is using instruments suited to the exigencies of adaptation and is adopting a comprehensive approach to the way it deals with climate risks. And it comes to the conclusion that, under German development cooperation, the climate change vulnerability and the lack of adaptation capacities of our partner countries are in effect the key criteria according to which funds for climate change adaptation are allocated. The report also confirms that the climate-related activities being pursued by the BMZ are in keeping with the major international framework agreements such as the 2030 Agenda for Sustainable Development and the Sendai Framework for Disaster Risk Reduction.

Building on the findings of the Portfolio and Allocation Analysis, the German Institute for Development Evaluation, DEval, recommends that, firstly, the BMZ investigate the drivers of the static proportion of funds implemented through civil society channels; and that, secondly, the BMZ should take into even greater account (a) the Nationally Determined Contributions of its partner countries and (b) its partner countries' climate change vulnerability when taking decisions on the allocation of funds; and that, finally, it should take into consideration the fact that there are multiple donors addressing adaptation issues in the same countries.

- The BMZ also feels that it would be desirable to see civil society become even more involved in activities to adapt to climate change. There is a need here, as the BMZ sees it, for further analyses, since current findings are not conclusive. This applies not only to the question of whether a general statement can be made that

the portfolio is stagnating, but also to the analysis of what instruments are best suited to finance adaptation measures. And as regards the instruments currently used by the BMZ to allocate public funds to German civil society organisations, here too one would need to analyse and evaluate more closely where there are capacity constraints among civil society actors.

- The current analysis also highlights where there is scope to align measures more closely with priority areas for each sector in the Nationally Determined Contributions (NDCs) specified under the Paris Agreement concluded in late 2015. However, in the period analysed (up to and not beyond 2017), the NDCs were so new that they barely figured yet as an established point of reference in our partner countries' development planning. Since the adoption of the Paris Agreement, the BMZ has been supporting its partner countries in numerous ways in their efforts to implement – as well as to refine – their NDCs, also in respect of adaptation to climate change. The support the BMZ has been providing in this respect – for example within the NDC Partnership programme, the InsuResilience Global Partnership and NAP Global Network – is to be extended even further. A further aim will be to support the partner countries in turning their NDC commitments into a sound basis for their planning, and to integrate them into adaptation strategies as well as overarching development and budget planning processes. On that basis, partner countries will be better able to deduce their own particular needs and to bring these to the table as their own priorities in their bilateral development cooperation with Germany. The NDCs are increasingly being regarded as the key reference for all of the BMZ's climate financing – of both mitigation and adaptation measures.
- There is general agreement that vulnerability to climate change needs to be regarded as an important criterion in the planning of adaptation measures and the corresponding allocation of funds. DEval's statistical analysis con-

firms that a partner country's climate vulnerability is in fact an important factor in deciding whether it receives funding from the BMZ for adaptation measures – in particular if it is a country that has little adaptive capacity of its own. However, DEval also points out that small island states for example, which are particularly severely affected by climate change, are considerably less likely to receive funding for adaptation measures through bilateral development cooperation. It must be pointed out, however, that the analysis does not take into account the sizable adaptation programmes being financed by international organisations and global multi-donor funds, since there is no key to the contributions made for individual countries. Such programmes include heavily funded instruments such as the Green Climate Fund, the World Bank's Global Risk Financing Facility, the Global Environment Facility (GEF), the Least Developed Countries Fund (LDCF) and other similar regional funds. Nor could DEval fully take into account in its evaluation the regional and global adaptation programmes which the BMZ is implementing at bilateral level – programmes that are geared in particular to the needs of island nations. The BMZ has already taken vulnerability into account in the past and will make an effort to do so even more systematically in the future.

- Finally, DEval's analysis also notes that the BMZ is primarily engaged in countries where many other donors are also active in the field of adaptation to climate change. Naturally, it is vital that the parties involved closely coordinate their activities in all areas of development cooperation work. Donors plan their allocations – including those intended for climate change adaptation measures – on a country-by-country basis. That is why coordination and complementarity between development partners can be improved first and foremost at country level, for example if each partner agrees to focus on specific regions or sectors.

The evaluation modules still to come should therefore examine whether the desired complementarity with the activities of other donors is actually being achieved – for example, whether a division of labour is taking place with regard to the sectors and regions in which measures are being implemented. Whenever several development partners are financing adaptation measures in the same country, then this can be a sign, for example, that development cooperation support is very much demand based.