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Lessons from Evaluation: Rapid Review of Bilateral Climate Finance Evaluations

The OECD DAC Network on Development Evaluation's Climate Crisis Working Group was created to work on climate learning and impact, co-ordinate member action, and speed up learning from evidence at this critical moment for international action to slow climate change and build resilience to its effects.

In late 2022 – based on interest from members – and building on a review completed by EBRD Evaluation Department of multilateral development banks and development finance institutions, the Secretariat conducted this rapid review of climate finance evaluations. It was presented by EvalNet members at the Benelux-EIB Pavilion during the Committee of Parties (COP) 27th Meeting in Egypt in November 2022, circulated to EvalNet members for discussion at the 29th EvalNet Meeting and presented to the DAC in February 2023.

The review was conducted by Mayanka Vij, with Megan Kennedy-Chouane of the OECD Development Co-operation Directorate (DCD). The document has benefited from comments from the Environment Team of DCD, EvalNet participants and other colleagues.

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Key Messages to Inform Climate Finance Efforts

With countries striving to reach the collective goal of mobilising USD 100 billion per year to support climate action, it is increasingly important that the results of these efforts are better understood – and maximised. As policy makers look to increase the impact of current and future climate finance, they can consider the following lessons from evaluation:

1. **More needs to be done to manage potential – and perceived – trade-offs between climate and broader development objectives, and to strategically use different financing channels to maximise the benefits of climate finance within the broader development landscape**. While there is strong potential for synergies between all sustainable development goals, there is little evidence on whether priority target groups are being effectively reached through channels that receive the most climate finance. There appear to be trade-offs between mobilising large amounts of finance and effective interventions to achieve longer term goals, including reaching the furthest behind.
2. **An over-emphasis on financial input targets has implications for both relevance and impact**. Prioritising the mobilisation of (private) climate finance inputs over the achievement of climate outcomes can be detrimental to overall climate efforts. Credibly evaluating additionality and impact of mobilised private sector finance can support a targeted and relevant mobilisation strategy that achieves larger scale impact more efficiently.[1] Global demand for adaptation measures is increasing rapidly, potentially posing new challenges for the current financing structure.
3. **Climate action requires a coherent and multi-pronged approach – across and within governments – for effective and sustained outcomes**. Policy coherence remains a challenge and requires dedicated investment to maximise impact, coherence, and value for money. Shared strategic guidance on climate can strengthen the integration of climate finance into existing development co-operation policies and drive effectiveness and sustainability. Complementarity with external institutions and partners drives long-term sustainable change by stimulating alignment and reducing fragmentation.
4. **Mainstreaming climate finance requires a sharper and more holistic approach with consistent leadership and attention throughout planning, implementation, and evaluation**. Effective mainstreaming of climate into development co-operation requires clearer criteria and sharper focus on climate-specific outcomes in programme design, including in how these link to other objectives (going beyond generic links). Leadership influences mainstreaming significantly; unclear or changing prioritisation undermines progress.
5. **Speed is of the essence, but a challenge to manage**. Partners are struggling to respond to the scale and pace of the transformational change required to tackle the climate crisis. Positive results alone are not sufficient to achieve required changes at scale. A long-term programmatic approach is crucial to delivering transformational change. This can be at odds with the need to act in a timely manner, and in ways that reflect the pace of change required. Finding a balance between sustaining longer-term commitments and meeting short-term needs (and adjusting when necessary) is required to ensure climate finance stays relevant.

[1] See "**Evaluating financial and development additionality in blended finance operations**" (OECD, 2021) for further discussion of additionality and its evaluation. https://www.oecd.org/dac/evaluation/evaluating-private-sector-blended-finance.htm

Increasing international development co-operation to support climate adaptation and mitigation

Introduction to the rapid review

As countries strive to reach the USD 100 billion target for increasing climate finance, understanding the results of these efforts – including questions of relevance, coherence, effectiveness, and efficiency – is becoming increasingly important.

Several countries and multilateral institutions have started examining available data, providing insights into how their climate finance efforts are translating into real impacts for people and the planet. Diverse actors in their unique roles - from national governments, to aid agencies and civil society actors – can learn from this evidence base to inform their decisions and accelerate collective and individual progress.

This rapid review was conducted by the OECD/DAC EvalNet Secretariat as part of its ongoing work to help policy makers maximise the impact of current and future climate finance. The lessons presented in this review are directed at policymakers and programme staff working on climate finance in development agencies and development finance institutions. They may also be of interest to other stakeholders including national governments, implementing agencies and others working on climate action.

The review focuses on key emerging lessons regarding the relevance of climate finance to country needs and priorities, the effectiveness of efforts to mobilise private sector finance, and the ways in which climate finance is raised, managed, and allocated. It highlights where decision makers can focus attention and identifies the changes needed to improve future climate finance efforts and accelerate progress towards global climate objectives.

Approach and limitations of the rapid review

This review is a rapid review and summary of eight recent evaluations of bilateral climate finance conducted by the independent or central evaluation units of seven OECD Development Assistance Committee (DAC) member countries (see References for full citations):

- *Belgium* — Evaluation of international climate finance. How is Belgium tackling the global climate challenge in vulnerable countries?
- *Denmark* — Evaluation of Danish Funding for Climate Change Mitigation in Developing Countries
- *Denmark* — Evaluation of Danish Support for Climate Change Adaptation in Developing Countries.
- *France, AFD* — Evaluation of co-benefit projects for adaptation to climate change in sub-Saharan Africa (Evaluation des projets à cobénéfices adaptation au changement climatique en Afrique sub-saharienne) (forthcoming)
- *Germany* — Evaluation of Climate Change Adaptation Measures. Portfolio and Allocation Analysis

• *The Netherlands*	Funding in transition. Dutch climate finance for development. 2016-2019.
• *Switzerland, SDC*	Independent Evaluation of SDC's Engagement in Climate Change Adaptation and Mitigation 2015-2020
• *The United Kingdom (UK)*	Portfolio Evaluation 1 – Integration of International Climate Fund (ICF) Final Report.

Different evaluations of bilateral climate finance efforts reveal surprisingly similar results, despite underlying limitations in the data and the lack of a common approach in this field (both towards the use of climate finance and towards its evaluation). These commonalities are corroborated by an extensive review of the efforts of multilateral development banks and development finance institutions conducted by EBRD. The focus of this review is the common lessons that emerged across this body of evaluative work in the lead up to COP27 in Egypt.

This is not a systematic stock take of evidence on the topic, but summarises key emerging lessons, providing illustrative examples for each. The evaluations included in this review were selected based on their relevance and availability and relied on the quality assurance systems of the member organisations that published the evaluations. There was no quality criterion for inclusion.

Although a uniform definition of international climate finance (by UNFCCC) is used for this report, there is a lack of uniformity in how climate finance is measured and reported on by different DAC members – and by extension – in the different evaluations. All evaluations have measured climate finance volumes using the Rio marker, drawing from information systems of their respective ministries, and implementing agencies, and other data sources (programme reports etc.). However, there are marked differences in how different countries apply the Rio marker, how percentages of funds are deemed part (or not) of climate finance flows, and whether disbursements or commitments are analysed. The evaluations acknowledge the possibility of funds being under- or overestimated, which also results in reduced opportunities for systematic comparison of countries' performance and for generalising findings across the evaluations reviewed.

Despite these inconsistencies, the findings of the evaluations reviewed are remarkably consistent, and are also in line with the findings of the EBRD's more comprehensive review. It is therefore possible to draw reasonably reliable and generalisable lessons about the relevance and effectiveness of climate finance efforts, and the authors feel confident in the lessons described below based on the current evaluation evidence base. The evidence base is emerging quickly, and the findings and lessons identified may be refined as more evidence becomes available. This note focusses on lessons. It will therefore not give a view on the overall strength of evidence on specific topics.

Future work by the OECD DAC Network on Development Evaluation – in collaboration with Environment Network – may look at lessons from evaluation on additional topics, such as the effectiveness of energy sector net-zero transition support, or funding for climate diplomacy, in response to policy priorities.

The climate finance context

Political prioritisation of climate change has increased over the past years including among international development partners. At the 15th Conference of Parties (COP15) of the UNFCCC in 2009, developed countries committed to a collective goal of mobilising USD 100 billion per year by 2020 for climate action in developing countries (UNFCCC Secretariat, 2010[1]). At COP21 in Paris, it was reiterated and extended to 2025 (UNFCCC Secretariat, 2016[2]). Parties are now working to define new targets beyond 2025.

In 2021, the OECD DAC published an “OECD DAC Declaration on a new approach to align development co-operation with the goals of the Paris Agreement on Climate Change”, reflecting a common commitment to redoubling efforts on alignment, adaptation, and mitigation, including mobilising additional finance to hit the USD 100 billion target.

Funding for the SDGs is increasing, but countries still fall short of climate finance commitments. Latest OECD data shows that USD 83.3 billion was provided and mobilised by developed countries for climate action in developing countries in 2020. While increasing by 4% from 2019, this was USD 16.7 billion short of the USD 100 billion per year by 2020 goal (OECD, 2022[3]).

As with other forms of official development assistance (ODA), a significant portion of ODA for climate, including funding used to mobilise private sector finance, is channelled through multilateral organisations. This includes UN agencies, multilateral development banks (MDBs) and global funds (such as the Green Climate Fund, Least Developed Countries Fund, and Adaptation Fund). In addition, DAC members use bilateral arrangements through ministries, embassies, civil society organisations (CSOs), national development finance institutions (DFIs) or implementing agencies. In some countries, climate finance is also channelled through public private partnerships and research institutions.

There is little evidence on the suitability of the relative prioritisation of adaptation and mitigation efforts beyond finance allocations. Germany’s adaptation portfolio analysis from 2011-2017 revealed that although commitments made for climate change mitigation and climate change adaptation measures are equal, funds were distributed differently across projects marked as having climate as ‘principal’ or ‘significant’ objectives. Adaptation funds are mostly implemented through projects marked ‘climate significant’ and mitigation through ‘climate principal’, meaning that the overall approach to adaptation tends to be one of mainstreaming, whereas mitigation projects are more specifically prioritised. The evidence does not allow for conclusions about the suitability of a mainstreaming versus a targeted approach to meet adaptation or mitigation objectives.

Sectoral allocations of climate finance were comparable across all DAC members reviewed (UK, Denmark, France, Germany, Switzerland, Belgium, and the Netherlands). Grants were allocated mostly to adaptation interventions, whereas ODA used to mobilise private climate finance was concentrated on mitigation. Agriculture and food security, water management, forestry and biodiversity preservation were the top three sectors where adaptation and resilience focused climate finance was allocated. Mitigation priorities were renewable energy, wind and hydropower, solar and off-grid energy systems (IOB Evaluation, 2021[4]; Caldecott et al., 2022[5]; ODI, 2020[6]; ODI, 2021[7]; Special Evaluation Office of the Belgian Development Cooperation, 2021[8]; Noltze and Rauschenbach, 2019[9]).

Recent global, aggregate analysis reflects similar trends. Over 2016-2020, mitigation took an overwhelming share (86%) in total climate finance mobilised or provided. The energy sector accounted for more than half of private climate finance and the remaining half was spread over a range of other sectors, notably industry, mining, and construction (11%); banking and financial services (9%); transport and storage (4%); and agriculture, forestry, and fishing (4%). In contrast, over 2016-2020, private climate finance mobilised for adaptation mainly targeted the industry, mining, and construction sector (36% of total adaptation private climate finance mobilised), energy and water supply and sanitation followed (14%). Sectors receiving no or very little mobilised private climate finance include health, government and civil society, and education (OECD, 2022[3]).

Between 2016 and 2020, Asia was the main beneficiary region of private climate finance mobilised, representing 38% of the total. The Americas (26%) and Africa (21%) followed while Europe (5%) and Oceania (0.1%) accounted for much smaller shares. Middle Income Countries (MICs) represented 67% of private climate finance mobilised for individual countries in 2016-2020, compared to only 5% for Lower Income Countries (LICs). Mitigation represented 91% of private climate finance mobilised in MICs while adaptation represented over 50% of private climate finance mobilised in LICs (OECD, 2022[3]).

Lessons on climate finance for DAC members

This section describes each of the five lessons in more detail and provides examples of evaluation findings that support each lesson. In all cases the lessons are supported by a preponderance of evidence from the limited evaluations reviewed (even when only one example is given).

Lesson 1. More needs to be done to manage potential – and perceived – trade-offs and strategically use different financing channels and instruments to maximize benefits of climate finance while aligning to partner country priorities and needs.

Donors use different methods to align their funding with partner country priorities.

The most common tool used to assess alignment of climate finance of bilateral donors with country priorities and needs is through Nationally Determined Contributions (NDCs). However, evaluations revealed that while partner countries' priorities do drive financial allocations, NDCs only play a supplementary role.

- For instance, while German adaptation funding was found to be partner and demand oriented, and the decisive setting of priorities was an iterative process between BMZ and partner country governments, only 54% of total adaptation funds committed by Germany were in line with NDCs.
- Likewise, the French Development Agency's (AFD) evaluation recommends improving the consistency with and contribution of projects with the climate strategies of partner countries (NDCs).
- The Swiss Agency for Cooperation and Development aligned its climate finance to at least one key national and sub-national development plan, key national priorities or the relevant NDC. Belgium's references for alignment were Poverty Reduction Strategies and economic development policies. Other countries are using National Adaptation Plans or Long -Term Strategies[2], which may become more common reference points for alignment of international partners.

Aligning allocation decisions with a robust climate risk analysis, country needs, and available evidence increases the relevance of climate finance portfolios. Simultaneously, supporting partner countries in articulating needs and priorities can help manage the perception of trade-offs between climate and broader development objectives.

- Evaluations investigating the relevance of climate finance portfolios identified disconnects between portfolios and country needs. Where this question was investigated, the results are not promising, showing that available evidence on needs is not correlated with overall allocations. For example, Germany's adaptation portfolio analysis found an ambiguous relationship between publicly available, rigorous scientific evidence and allocation decisions driving their adaptation portfolio. Climate vulnerability (increased exposure and low adaptive capacity) increased the probability of a country receiving German adaptation funding, although the amounts committed did not increase in proportion to a country's vulnerability. These findings confirm other OECD analyses showing

[2] Long term strategies (UNFCCC, 2023): https://unfccc.int/process/the-paris-agreement/long-term-strategies

that more vulnerable countries did not consistently receive higher commitments and Small Island Developing States (SIDS) benefitted below average, despite having greater identified need (OECD, forthcoming[10]).

- Denmark's adaptation evaluation found that national planning and budget allocation to support adaptation initiatives was essential in responding to identified priorities. At the same time, strengthening climate change knowledge and supporting planning processes to assist partners in setting meaningful priorities helped in managing (perceived) trade-offs with other development objectives. Denmark's mitigation evaluation highlighted that partner countries could be supported in defining more complete and effective mitigation action programmes in their NDCs, thereby contributing to "choice awareness" in terms of reduced Green House Gas emissions and explicitly highlighting alignment with other national development priorities.

There is little evidence on whether priority target groups - such as women and girls, people with disabilities, indigenous people, and extremely economically poor people – are being effectively reached through channels that receive significant climate finance.

- The French Development Agency's (AFD) adaptation evaluation revealed difficulties in targeting the most vulnerable populations: only 39% of the projects sampled identified climate-vulnerable populations, among which 21% used specific indicators to monitor actions aimed at these populations. Climate vulnerability is often considered in the broader sense of vulnerability: projects targeting vulnerable populations do not specify the type of vulnerability, and do not link it to climate risks.

One way some providers work to strengthen the reach of their assistance to the communities that have been made vulnerable to climate change is through civil society organisations. While some evaluation evidence shows effective work to reach local communities[3], there is little evidence on how such projects contribute to achieving higher order and longer-term objectives. The CSO channel cannot, in most places, readily absorb large volumes of finance – when compared to multilateral channels or budget support for example.

- The Netherland's climate finance evaluation found that CSOs had a distinct advantage in their proximity to communities and vulnerable groups. However, target groups were rarely included in project design, approval and monitoring plans of the funds and programmes studied. Although gender equality is a top policy priority for the Netherlands (and many other DAC members), an effective gender focus was not achieved in the climate funds and programmes that were studied. Again, this finding echoes other OECD analyses.

Multilateral organisations receive a significant portion of climate funds, but it is challenging to identify focus areas and measure impact due to lack of disaggregated data.

Multilateral organisations offer longer-term continuity, maximum collective impact through pooled funds and insulation from the impact of political uncertainty or changing priorities in donor institutions. They received a significant proportion of climate finance funds, in some cases up to 40% of the total reported amount. A common challenge faced across multiple evaluations was determining whether multilateral organisations channelled funds to mitigation or adaptation projects due to the nature of unearmarked contributions. It was also challenging to assess which target groups have been reached. Several of the evaluations reviewed highlight the need for improved transparency and disaggregated data from multilateral organisations to enable a stronger allocation analysis.

[3] Vis-à-vis other bilateral channels of climate finance such as sector-specific budget support and climate finance flowing through DFIs.

A coherent strategy that considers the comparative advantage of all channels and instruments – as well as mainstreaming across development portfolios – can maximise the benefits of climate finance.

Bilateral development co-operation institutions use different ways to finance their climate commitments, including mainstreaming and dedicated funds. For example, Luxembourg's National Energy Climate Fund is financed through a CO_2 tax and emission trading system credits. Denmark has a climate envelope. Evaluations found that dedicated national climate finance funds were mainly supporting increased financing of mitigation.

- Belgium's climate finance evaluation found that while climate mitigation could benefit from specific climate finance instruments, they risk weakening a strategic climate mainstreaming effort in broader development objectives. Similarly, IOB Netherlands point out that because climate adaptation objectives are strongly entwined with sustainable development co-operation objectives, a dedicated climate fund could risk ringfencing climate objectives from intersecting and overarching development objectives.
- Based on the evaluation of Dutch climate finance, IOB Netherlands proposes a strategy to maximise the benefit of climate related ODA and private sector finance using a process that could be followed in either direction:
  - A three-stage 'greening strategy' can maximise policy coherence. This involves first identifying the amount of dedicated climate finance, then mainstreaming climate into ODA and private finance, and then working towards policy coherence. This means not only mobilising private finance but also greening all other financial flows.
  - The alternative direction or a 'filling gaps strategy' assures a stronger focus on additionality by identifying what policy coherence and greening all financial flows can achieve, then identifying how climate-smart assistance can fill unmet needs in developing countries, and finally identifying how dedicated climate finance can fill the remaining gaps.[4]

Lesson 2. An over-emphasis on financial input targets has implications for both relevance and impact. Prioritising the quality of climate finance – and not just the quantity – and maintaining an optimum leverage ratio[5] for mobilised private finance, can strengthen effectiveness and help meet global needs.

Tensions exist between achieving short-term mobilisation targets and the transformational impacts required for both mitigation and adaptation. A focus on mobilising (private) climate finance inputs instead of on achieving outcomes may have unintended effects including greenwashing (unsubstantiated or exaggerated environmental benefits) and reduced additionality.

- Some evaluations note that prioritisation of providing climate finance for short-term outcomes (usually associated with mitigation projects) over longer term outcomes (as part of adaptation projects) may result in the unintended consequence of not paying enough attention to climate adaptation– and on mitigation, paying insufficient attention to additionality and impact – and having

[4] See "**Evaluating financial and development additionality in blended finance operations**" (OECD, 2021) for further discussion of additionality and its evaluation. https://www.oecd.org/dac/evaluation/evaluating-private-sector-blended-finance.htm

[5] An optimised leverage ratio for mobilised private finance, as opposed to a maximised leverage ratio, considers issues of additionality, commercial viability and consequently sustainability and scalability of climate interventions for maximum development impact. An optimum leverage ratio would arguably vary by sector and context – higher in situations with more commercial opportunities and lower in high-risk, fragile contexts with limited commercial interest.

insufficient time frames to achieve goals. EBRD's synthesis found that climate adaptation-related outcomes span over longer time horizons than climate mitigation outcomes. UNDP's evaluation of energy sector reform recommended longer project timelines.

- The Netherlands' evaluation highlighted the lack of available disaggregated data, especially for mobilised private climate finance. Lack of reliable data obstructs insight into the impact and effectiveness of mobilised climate finance, increasing risks of 'greenwashing' and a higher focus on financial targets than results. An optimum leverage ratio for mobilised private finance might not necessarily imply a maximised leverage ratio. As a recommendation to reduce perverse incentives of reporting as much mobilised private climate finance as possible, Netherlands IOB recommends shifting the focus from mobilising private finance from selected companies to nudging private finance in whole sectors to align with climate objectives.

Evaluating additionality of mobilised private sector finance can highlight funding gaps and support a targeted and relevant mobilisation strategy that achieves larger scale impact more efficiently.

- The Netherlands climate finance evaluation found additionality of projects varied in phases between innovative ideas on the one hand and commercial upscaling on the other, where innovative ideas with uncertain business cases made a convincing ex-ante additionality claim but did not manage to graduate from innovation to upscaling. This finding highlighted a lack of clear strategy for different instruments to graduate from public support to commercial support. IOB Netherlands recommend a private sector development strategy for climate that would support project evolution from innovations to commercial upscaling to exit with full commercial investment. The findings are in line with other evaluations conducted by OECD DAC members looking at blended finance.

Global demand for adaptation measures is increasing rapidly, potentially posing new challenges for the current financing structure of adaptation measures and a need to identify effective ways of engaging private finance to achieve priority outcomes efficiently.

Over 90% of adaptation finance provided and mobilised in 2016-2020 stemmed from public sources (OECD, 2022[3]). Most private finance mobilisation efforts are targeting climate mitigation projects. With increasing adaptation needs, one way in which adaptation-related investments could be incentivised is by evaluating and leveraging the positive externalities of such investments (through financial instruments, such as taxes or subsidies that capture the value of the positive externality and provide reimbursement to the investor).

Lesson 3. Climate action requires a coherent and multi-pronged approach – across and within governments – for effective and sustained outcomes. Policy coherence remains a challenge and requires dedicated investment.

Working across different parts of governments strengthens and enables a shared comprehension of overarching climate objectives amongst all actors and helps ensure internal coherence. Though inter-ministerial and cross-agency collaboration has been found to be resource-intensive, it supports maximising impact and value for money.

Climate finance is spread across different portfolios of ministries in OECD DAC countries. Several evaluations found low levels of co-ordination between different government agencies and ministries working with climate finance due to resource intensity, constrained staff capacity and limited technical knowledge. Evaluations highlighted the utility of a whole-of-government, long term and realistic climate vision and clear indicators to enable a consistent and efficient approach (for instance through shared climate risk assessments or country-profiles) and structured measurement of mainstreaming efforts.

- Belgium's evaluation found that in the absence of clear criteria and vision for mainstreaming the climate strategy across development cooperation, staff and partners were unclear on the specificities of climate action and what distinguishes it from more generic environmental action. The evaluation found that working through thematic portfolios (which included clear collaboration plans across multiple regional programmes with a mixed group of staff members and partner country actors) and focusing on strengthening operational MEL frameworks helped increase clarity around the climate strategy.
- Germany's evaluation highlighted that different time-periods presented specific opportunities to co-ordinate across agencies and improve efficiency – 1) the inception stage of programmes where existing climate research and knowledge can be harnessed from other departments (for instance by co-developing shared 'climate change profiles' for a country); 2) when a single department undertakes/completes its internal strategic review.

Complementarity with external institutions and partners drives long-term sustainable change by stimulating alignment and reducing fragmentation.

Co-ordination between donors also increased the effectiveness of climate finance by complementing technical capacities and thematic synergies and reducing potential for fragmentation of efforts.

- Belgium and the Swiss Agency for Cooperation and Development's evaluations found that institutional partnerships at thematic levels globally and regionally supported project delivery, networking, replication, and informed policy development at national and local level, and influenced the transformative potential of climate change projects. Participation in such thematic platforms also contributed to strengthening and multiplying climate action and leveraging influence.
- The phenomenon of 'donor herding' was apparent in Germany's adaptation portfolio analysis, where the likelihood of Germany pledging adaptation funds to a country was positively correlated to the level of donor concentration in that country. While different reasons for this might be plausible (existing infrastructure and capacities in-country, higher climate vulnerability or a higher absorptive capacity), it does risk that some countries might be receiving little climate-focused development aid and others witnessing a reduction in the marginal impact of aid. This finding highlights a need for increased donor coordination, with an eye for reducing duplication and avoiding creation of aid vacuums.

Policy coherence for sustainable development requires more attention and should remain high on policy agendas to reduce incoherence between sustainable development goals and other priorities – for instance, private sector development or promotion of investment – which are undermining current efforts.

Alignment of all finance with global development goals, including specifically phasing out the use of fossil fuels, is an urgent need. The specific role of development co-operation in supporting the rapid phasing out of fossil fuels was mostly absent in evaluations looking at relevance or alignment, both in terms of how finance was supporting resource rich LICs and MICs in phasing out fossil fuels and how donor policies were aligning with other policies with climate finance commitments. None of the evaluations specifically looked at (potential) trade-offs between goals, and only one mentioned avenues for international co-operation on 'supply-side mitigation', encouraging divestment from fossil fuels by influencing multilateral development banks and reforming the international investment regime. Very few EvalNet members have a mandate to evaluate policy coherence across their own governments, which creates accountability gaps for priority actions to reduce climate pollution.

Coherence is also important within development co-operation portfolios, and here the evidence shows strong potential for co-benefits, or serving multiple poverty and climate related goals simultaneously.

- In an upcoming study on policy coherence, preliminary results from the Netherlands suggest that successful climate adaptation in Bangladesh and Mozambique is strongly related to coherence:

internal coherence between water management, climate adaptation, and agriculture; external coherence with policies and programmes of national government and municipality; temporal coherence, anticipating climate change and water availability in the future; and spatial coherence, between local project implementation and national ambitions and effects. All four policy coherence aspects were enhanced by the joint formulation of a long-term strategy (Bangladesh Delta Plan 2100, Beira Master Plan), and intensive government-donor coordination.

Lesson 4. Mainstreaming climate finance requires a holistic approach with focussed attention throughout planning, implementation, monitoring and evaluation.

Mainstreaming climate finance into ODA should go further than a 'do-no-harm' analysis. Where possible applying an explicit co-benefits lens can increase responsiveness of ODA portfolios.

Co-benefits might be thought of as secondary benefits accompanying a primary objective, in this case benefits around development objectives other than climate change adaptation or mitigation. Effective mainstreaming of climate action into development co-operation requires clearer criteria and sharper focus on climate-specific outcomes in programme design, including how these link to other objectives (going beyond generic links). Several evaluations included found the link between interventions labelled as climate action and climate change was often implicit and lacking in evidence of ex-post effects that justified the label.

- Denmark's evaluations found clear links to climate objectives and projects were missing, despite designation of a specific climate envelope meant to guide strategic action. Climate change was in some cases only found to be a secondary consideration when identifying programmes and setting objectives.
- The AFD's adaptation evaluation highlights the need to better identify adaptation results when designing projects. Identifying explicit co-benefit adaptation activities at the project design stage would help optimise co-benefits and identify the main levers for action and associated results indicators. If the expected adaptation co-benefits are not clearly specified ex ante, it is difficult to identify, measure and robustly allocate them ex post.

For climate adaptation, integration into development objectives is key as broader development objectives such as poverty reduction are intertwined with resilience and remain high on policy agendas. Drawing on the evaluation findings, an option for better articulating climate-related needs in relation to development co-operation could involve classifying them with three criteria: climate relevance (explicitly work towards climate objectives), climate sensitivity (acknowledge potential effects on climate change and avoid harming the climate) or climate blindness (unaware of potential negative or positive impact on climate). Meaningful mainstreaming requires both minimum thresholds for not causing harm, and more ambitious actions that aim to achieve good outcomes. This might require also recognising that support in certain sectors – such as basic education – may not be directly climate-relevant but is nonetheless appropriate.

- AFD's evaluation shows that the link between projects' development results and adaptation results (co-benefits) is not always explicit, and the share of co-benefits is not strictly correlated with the specific objectives of the logical framework.
- Denmark found that all mitigation actions and investments require specification of the anticipated effects (measured as tonnes of CO_2 equivalent) as well as the baseline conditions, the criteria, and the indicators for assessing progress towards targets. UK FCDO's evaluation on integrating climate finance found that when climate benefits (both primary and secondary) were explicitly included in programme log frames, teams focus was more likely to be maintained on delivering those benefits alongside other objectives.

- The evaluation of the Swiss Agency for Cooperation and Development (SDC)[6] climate change portfolio revealed that unpacking the concept of co-benefits offered a more consistent method to address thematic complexities and explore synergies within the Humanitarian-Development-Peace nexus.

Leadership influences mainstreaming significantly: changing or unclear political prioritisation undermines progress.

Evaluations highlighted the importance of higher-level support, both at policy levels and operational levels, for creating a conducive environment to mainstream climate finance in development co-operation. This was found to be true for all stakeholders (funding, implementing, etc) and for provider as well as recipient countries. Several evaluations suggest that a change in donor political priorities can subject climate-mainstreaming efforts to uncertainty and risks.

- UK FCDO's evaluation found that government priorities were a key factor in senior management's motivations to address climate risks in their programmes. Desk officers and analysts were also found to be sensitive to changes in management and political priorities. The evaluation found that some staff thought that mainstreaming climate finance did not represent additional funding, which impeded mainstreaming efforts. For ODA portfolios to deliver additional climate benefits, the evaluation recommended senior management provide sustained attention to the importance of mainstreaming climate action.
- At partner country level, EBRD's synthesis of climate finance efforts identified the receptiveness of partner country governments as an important precondition in improving the quality and efficiency of climate investments. A stronger political prioritisation translated to better engagement and an enabling environment for innovation uptake at partner country level.

Lesson 5. Speed is of the essence – and a challenge to manage.

Positive results alone are not sufficient to achieve changes at the pace and scale required to avert the most catastrophic climate impacts. A long-term programmatic approach is crucial to delivering transformational change but might not be fit to react in a timely manner to the scale of the climate crisis and the pace of change required to respond.

- The Swiss Agency for Cooperation and Development's evaluation highlighted pertinent considerations: "global and regional tipping points that could commit the biosphere to a mid-century (2050 ± 10 years) climate breakdown; for mitigation, early GHG savings are worth far more in mitigation terms than later ones." Failure to rapidly address mitigation priorities is increasing adaptation needs. These considerations profoundly affect calculations of value for money and decisions on what to invest in and when. This will become increasingly difficult as climate crisis impacts and resulting humanitarian needs rise quickly over the next ten years.
- AFD's evaluation notes the difficulty of integrating long-term scenarios based on climate change projections. Nevertheless, AFD's sustainable development analysis grid7 offers the possibility of taking better account of the long term. This grid awards higher rating to projects that anticipate

[6] Switzerland has two public entities charged with the implementation of official development assistance. These are the Swiss Agency for Development and Cooperation (SDC) of the Federal Department of Foreign Affairs and the State Secretariat for Economic Affairs (SECO) belonging to the Federal Department of Economic Affairs, Education and Research.

[7] Grilles analyse de développement durable (AFD) Sustainable Development Analysis Grids | AFD - French Development Agency

transformational effects or favour no-regrets measures and take account of the uncertain nature of climate projections, while ensuring a certain flexibility in project components and activities.

As donors continue to leverage ODA for climate, honing in on maximum benefit and most urgent needs is essential to maximise collective impact. Finding a balance between sustaining longer-term commitments and meeting short-term needs is required to ensure climate finance stays relevant and timely.

Time-sensitivity in climate finance instruments also has implications on how efforts are evaluated, for instance by affecting the parameters within which relevance and effectiveness are defined.

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