

SUMMARY BRIEF

Evaluation Study For 12 Projects Financed By The Proadapt Facility

OBJECTIVE

The ProAdapt Facility was launched in 2013 by the IDB's Multilateral Investment Fund (MIF), now IDB Lab, and the Nordic Development Fund (NDF). The main objective of the Facility was to support climate resilience in MSMEs and the local communities where they operate, as well as to foster business and investment opportunities with private resilience solutions. The IDB and NDF commissioned an independent evaluation to assess the benefits of the funded interventions and the achievement of results of individual projects, including the effectiveness of the Facility in promoting the dissemination of results. The evaluation also aimed to draw lessons learned and formulate recommendations for similar initiatives and other IDB and NDF Group funds supporting MSME climate change adaptation.

CONTEXT

ProAdapt Facility supported the creation of new capacities and tools and the development of business models to achieve climate resilience. The Facility approved 12 technical cooperation projects, though one was cancelled before starting, for a total contribution of US\$ 11.52 million (including MIF and NDF funding) across 12 member countries. In addition, US\$16.56 million was leveraged as counterpart funding from executing agencies and project partners. Overall, ProAdapt Facility reached a total contribution of US\$28.08 million. The project portfolio was approved gradually between 2013 and 2019, and its implementation ended in March 2022.

■ Evaluation firms:

Technopolis Group and Global Factor

■ Countries:

Argentina, Belize, Bolivia, Brazil, El Salvador, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, and Saint Lucia.

■ Focus areas of the projects:



Access to basic services and green growth (five projects)



Inclusive cities (three projects)



Accessing markets and capabilities (two projects)



Smart agriculture (one project)

■ Topics

- Agriculture and Rural Development
- Energy
- Environment and Natural Disasters
- Private Firms and SME Development
- Urban Development and Housing
- Water and Sanitation
- Evaluation

KEY FINDINGS

- **The ProAdapt Facility responded to the local needs and challenges of the beneficiaries.** The Facility was innovative for the LAC region in that it showed how climate change adaptation solutions offer MSMEs the opportunity to increase their resilience and improve their incomes. The governance structure of the projects allowed to bring stakeholders that did not frequently partner together: local communities, the private sector, NGOs, and the public sector.
- **The design and implementation of ProAdapt Facility were compatible with other related interventions.** ProAdapt was consistent with other Climate Funds, such as the Climate Investment Funds (CIF) Pilot Programme for Climate Resilience (PPCR) launched by the Multilateral Development Banks, including the IDB Group. However, synergies with other funds were limited, as addressing climate change adaptation has been mainly associated with the public sector, while ProAdapt focused on the private sector. The ProAdapt Facility added value with an innovative approach by treating adaptation not only as a risk but also as an opportunity and by focusing on SMEs.
- **ProAdapt achieved, to a fair extent, its main objective of turning climate risks into opportunities.** Although unforeseen external and internal challenges led to uneven project implementation and mixed rates of achievement of project objectives, ProAdapt-supported projects achieved most of their objectives. Overall, the projects successfully improved climate-related business opportunities for MSMEs and their access to finance. However, they were even more successful in disseminating new knowledge, business models and methods and increasing communities' resilience to climate change.
- **ProAdapt was, to a great extent, efficient in organising and managing resources for the timely achievement of the objectives.** Overall, the design of the Facility's projects allowed for the allocation of sufficient resources so, given the pilot nature of the projects, the business case could be demonstrated. The use of the resources allocated to the projects was efficient because the projects achieved most of the planned objectives within budget and without cost overruns. To some extent, project activities were carried out as planned and in a timely manner.
- **ProAdapt appears to have generated positive impacts for the beneficiaries of the supported projects, based on the available evidence.** Although not all indicators on the achievement of portfolio objectives were reported on, the evidence gathered allows the conclusion that the positive effects can be attributed to a large extent to the Facility. The evaluation found that participating MSMEs increased their resilience to climate change, and these effects partially snowballed to other MSMEs. The target related to the number of MSMEs improving their climate resilience exceeded the initial target of 2000 as more than 5,200 MSMEs improved their climate resilience. As for the target of 10,000 MSMEs incorporating climate impact into business decision-making, only five projects reported on this indicator. Based on the limited evidence available, at least 5,049 MSMEs incorporated climate impacts. Overall, ProAdapt generated many positive results, which vary from project to project, ranging from economic (increased productivity, new markets, job creation, business creation) to social results (structuring of networks, the evolution of the role of women).
- **The programme contributed to awareness-raising through the generation of new knowledge, training and communication material.** In 2013, when the business case and even the concepts of adaptation and mitigation were not as widely known as they are today, ProAdapt was a pioneering fund. ProAdapt supported adaptation and resilience-building initiatives, especially taking advantage of new business opportunities related to climate adaptation. Models, tools and taxonomies were developed to help MSMEs in developing countries assess, manage and prioritise financial, operational and strategic climate risks and related business opportunities.
- **ProAdapt incorporated a gender perspective on the challenges of climate change adaptation.** ProAdapt's design was pioneering in bringing to the forefront and addressing the challenges posed by gender inequalities in the context of climate action. As a result, one gender-sensitive climate adaptation model/toolkit was developed for women-owned MSMEs, and one pilot adaptation project focused on women was implemented.
- **Studies supported by ProAdapt showed that there is an active market for private climate resilience**

solutions in Latin America, Africa and Asia. Still, private action in this area is vast and remains terra incognita. Specific market assessments supported by the Facility were conducted through the Private Markets for Climate Resilience project and other initiatives. The results of these assessments informed the publication of a global report that identifies business opportu-

nities related to climate change adaptation in specific sectors, value chains and geographies. The report presents a wide range of promising examples and business solutions for climate resilience. It provides conclusions and recommendations on how private sector stakeholders could become more active and better understand the business case for climate resilience.

LESSONS FROM THE PROADAPT FACILITY FOR FUTURE PROGRAMMING SUPPORTING MSMEs CLIMATE ADAPTATION:

- 1 Coordination and fund synergies:** Ensure continuity in the coordination role to guarantee the implementation of activities, such as the monitoring of individual projects, the integration of indicators for aggregate reporting on programme performance, and the generation and dissemination of knowledge products.
- 2 Framework for monitoring and evaluation at programme and project levels:** Funds' M&E framework should be conceived based on an explicit and detailed programme-wide intervention logic. This approach will guide the design of the intervention logic of individual projects so that their respective M&E frameworks and indicators facilitate the identification and assessment of each project's contributions to the overall programme objectives. In addition, this approach will allow for a more robust analysis to draw lessons learned from the
- 3 Data on gender equity and resource mobilisation:** Standardise the generation of data on projects regarding the characteristics of the beneficiary population, especially concerning gender, and the resource mobilisation leveraged, e.g. from counterpart funds.
- 4 Stakeholder information collection methods:** It is necessary to establish in advance the most appropriate method for collecting information when planning evaluations given the characteristics (e.g., gender, geographical location, level of schooling, connectivity conditions) and contact information of the stakeholders (e.g., implementing agencies, project partners, beneficiaries located in rural areas and/or with connectivity restrictions). Activities and budgeting should consider the possibility, for example, of local support for the collection of this information.

RECOMMENDATIONS: funds

Recommendations on a strategic and operational level are:

- 1 Prioritise adaptation as a key intervention area and develop initiatives (programmes/facilities) that foster a programmatic/systemic approach to climate resilience.** The following actions could be taken: analysing the need to establish dedicated financial instruments (focusing on adaptation or embedding adaptation in existing/potential instruments), implementing measures to raise awareness about the financial instruments and their support for adaptation, and supporting public stakeholders to develop and implement adaptation-related policies and enabling conditions.
- 2 Continue to support private initiatives on adaptation** by continuously undertaking market studies and assessing the needs of the private sector to develop climate adaptation solutions. In addition, it implies setting up the framework conditions through technical assistance and financial support for the private sector to develop new products and services and adapt current ones for improved climate resilience.
- 3 Mainstream gender equality for effective climate action.** A gender perspective should be taken into account in the strategic design and operationalisation of funds aimed at addressing the effects of climate change. It should be considered that in situations of poverty, women often face more significant risks and burdens from the effects of climate change. Furthermore, gender equality and women's empowerment must play a critical role in identifying and implementing solutions for climate adaptation and sustainable development.

- 4 **Promote synergies by integrating initiatives aimed at mitigation and adaptation** by continuously assessing the needs of the private sector regarding climate adaptation, undertaking market studies to leverage funds for adaptation, and setting up the framework conditions to support interventions combining adaptation and mitigation components. Furthermore, raising awareness about the benefits of synergies of initiatives aimed at mitigation and adaptation and ensuring complementarity between the support provided by IDB for mitigation and adaptation would also help integrate mitigation and adaptation initiatives.
- 5 **Ensure broader sector coverage for supporting private sector climate adaptation solutions** by identifying the sector and geographies most at stake in climate adaptation, undertaking market studies to understand sectoral/geographical needs, and establishing selection criteria to ensure funding towards priority areas.
- 6 **Continue and expand awareness-raising activities among the public and private sectors about the potential of the markets in order to increase solutions that build resilience to manage climate risks.** Activities could include developing communication activities on climate risks and potential solutions, setting up local and regional networks dedicated to exchanging on issues and solutions related to climate adaptation and designing a repository of examples and good practices to support mainstream climate adaptation.
- 7 **Implement strategies to preserve and disseminate the knowledge, tools and good practices generated through the Facility** by collecting all deliverables produced as part of the projects supported and by developing a repository and dedicated webpage to disseminate the knowledge material from ProAdapt.
- 8 **The design of climate change adaptation funds should include the development of effective monitoring and evaluation systems.** M&E systems would report on the progress and achievements of interventions and facilitate the evaluation of their impacts. They should incorporate gender-sensitive indicators and indicators to measure adaptation and resilience outcomes. This M&E system should align with the highest standards and latest developments, include possibilities for data disaggregation and have established guidelines to ensure that the M&E system at the project and programme level is adequately completed throughout the programme's life.
- 9 **Continue to promote project governance structures with an inclusive stakeholder approach during design and execution** by identifying project stakeholders (e.g., local communities, the private sector, NGOs, small-holders and MSMEs associations) at the onset and setting up a governance structure integrating these various stakeholders.



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