

**Evaluation on
the Climate Change Response Readiness of
EDCF Supported Interventions**

- Executive Summary -

April 2022

1. Evaluation Overview

Need for the evaluation

- The need for institutionalizing climate change response in EDCF supported interventions¹⁾ increases as a critical task of post COVID-19²⁾ Green Recovery and Korea's Green New Deal policy. Enhancement of climate change adaptation and mitigation will improve the sustainability of development effectiveness and sustainability of EDCF supported development activities.
- The OECD DAC newly added the coherence criterion to the evaluation criteria in 2019. This criterion intends to assess the overall harmonization of the development activities with other interventions or policies in a country, sector, or institution. Climate change response should be evaluated with this criterion since it influences various sectors. The criterion should be defined from the climate change response angle to apply coherence appropriately.

Purpose of evaluation

- As evaluation criteria, relevance, coherence, sustainability, and cross-cutting issues were used. Each criterion was defined and applied from the perspective of climate change response.
- EDCF projects and programs approved between 2015 and 2020 were evaluated in this evaluation. However, it was difficult to evaluate these EDCF supported interventions in terms of climate change response since climate change response was not mainstreamed when they were approved. Despite this limitation, this evaluation was conducted to establish a baseline for the green recovery of EDCF supported activities.

2. Project Overview

- EDCF supported 104 interventions in 30 countries approved from the year 2015 to 2020. Climate change-related factors of the interventions were the main focus of this evaluation.

1) The term 'EDCF supported interventions' refers to Economic Development Cooperation Fund(EDCF) Development Project Loan(s) and Program Loan(s).

2) Coronavirus disease 2019

- There were 28 Green ODA interventions in 16 countries, and the total amount of approval was \$1,807 million.
 - The Green ODA interventions were reviewed to assess the contribution of the EDCF supported interventions to climate crisis response. In 2015, EDCF interventions that were assigned CRS database climate change markers were classified as the Green ODA interventions. From 2016 to 2020, Green ODA interventions are the projects that were assigned Rio markers (mitigation, adaptation) or environmental markers.
 - The largest amount of approval of the Green ODA interventions was made in Mongolia, which is more than twice the second-largest amount of approval of the Green ODA interventions made in Cambodia. In terms of the sector, many interventions were approved in the order of water, environmental protection, and transportation.
- 28 Green ODA interventions in 16 countries and climate change response-related 9 non-Green ODA interventions in 8 countries were evaluated to assess how climate change responses were considered and reflected in the planning.
 - 17 interventions considered climate change-related components, explicitly setting up quantitative targets or indicators and allocating budget for climate change response. 14 projects stated briefly climate change-related issues. The other 6 projects either had no consideration for the climate change response or were unrelated to climate change issues.

3. Evaluation Criteria

- This evaluation applied relevance, coherence, sustainability, and cross-cutting issues in terms of climate change response.
- **(Relevance)** The relevance of the EDCF supported interventions regarding climate change response was evaluated in two sub-criteria: its relevance to policies and relevance to needs.
 - **(Relevance to policies)** EDCF supported interventions' relevance to the various policies, such as partner countries' climate change-related policies, the climate change-related component in Korea's Country Partnership Strategy(CPS), Green New Deal strategy, and Green EDCF strategy were examined.

- **(Relevance to needs)** EDCF supported interventions' relevance to the climate change response needs of partner countries were assessed. First, partner countries' climate change adaptation and mitigation needs were analyzed separately using EPI³⁾, ND-GAIN Index⁴⁾, and INFORM⁵⁾. The climate change-related index of EPI is applied to identify the demand for climate change mitigation in partner countries. ND-GAIN Index and INFORM Risk Index were used to identify the demand for climate change adaptation in partner countries.
- **(Coherence)** The coherence of EDCF supported interventions regarding climate change response was evaluated with two sub-criteria: internal and external coherence.
 - **(Internal coherence)** To evaluate the coherence between climate change response of partner countries and EDCF supported interventions, NDC⁶⁾, NAP⁷⁾, and/or sustainable development policies of the partner countries were reviewed. In addition, the synergy and counteraction in terms of adaptation and mitigation among EDCF supported interventions were assessed.
 - **(External coherence)** Interaction between EDCF supported interventions and the climate change response interventions of other institutions were reviewed. In order to derive meaningful lessons and recommendations for EDCF, a comparative review was conducted with the GCF(Green Climate Fund) and the WB(World Bank) projects.
- The sustainability of EDCF supported interventions related to climate change response was evaluated in four sub-criteria: Human resources and institutional sustainability, financial sustainability, technical sustainability, and sustainability of interventions' effectiveness.
- As for cross-cutting issues, the evaluators examined whether the protection and needs of the underprivileged group, such as the vulnerable and women, were reflected in EDCF supported interventions. The analysis aimed to find good practices among the interventions and to make recommendations for future EDCF supported interventions.

3) Environmental Performance Index

4) Notre Dame Global Adaptation Initiative Index

5) Index for Risk Management

6) Nationally Determined Contribution

7) National Adaptation Plan

4. Lessons Learned and Recommendations

Results of evaluation and lessons learned

- **(Relevance_Relevance to policies)** The second-generation CPS did not fully reflect climate change response. Also, a clear sector or country-level strategy for the Green ODA had not been developed at the time of the project/programme appraisal. Therefore, it was difficult to assess the relevance of EDCF supported interventions to those policies. However, according to the case study results in Mongolia and Cambodia, EDCF supported interventions in these countries appeared to be relevant to each CPS. These two countries showed the best practice in EDCF's climate change response.
- **(Relevance_Relevance to needs)** Climate change response was not mainstreamed in EDCF supported interventions approved between 2015 and 2020. However, in the case of interventions that aimed to affect climate change adaptation and mitigation were relevant to the partner countries' needs.
- **(Coherence_Internal coherence)** There was a tendency that a partner country only got either climate change adaptation or mitigation support from EDCF, not both in the same country. Since the number of EDCF projects in each country was rather very few, focusing on either adaptation or mitigation side of climate change response would increase the effectiveness of EDCF supported interventions. However, the synergy between EDCF's climate change adaptation and mitigation activities could not be evaluated due to this tendency.
- **(Coherence_External coherence)** The direction of support for the project showed relatively high external coherence but some low external coherence in planning detailed activities and target setting.
- **(Sustainability)** 4 of 104 EDCF supported interventions considered the sustainability of the climate change effects, and 1 intervention had specific action plans and goals.
- **(Cross-cutting issue_Vulnerable group)** 3 interventions took into account the vulnerable group from the perspective of climate change response, and one of them chose the project site in consideration of the vulnerable group.

- **(Cross-cutting issue_Gender equality)** Overall, EDCF supported interventions hardly included gender equality from the perspective of climate change response.

Recommendations

- **(Mainstreaming climate change in ODA policy)** The selection of EDCF supported intervention is mainly based on CPS. Therefore, if CPS has unclear goals and strategies on climate change-related issues, it is difficult for EDCF to achieve relevance to CPS and the need for climate change response. CPS should be improved for mainstreaming climate changes. To achieve this, related ministries should work together in a more coordinated manner during the development of CPS.
- **(Improvement of the EDCF Green Index)** To enhance the usefulness of the EDCF Green Index, it is necessary to develop detailed scoring standards that can increase inter-rater reliability. In addition, climate change adaptation and mitigation performance should be separately measured and managed in the portfolio.
- **(Assessment of climate change readiness and vulnerability in F/S⁸⁾)** It is necessary to plan climate resilience projects as a way to improve climate change readiness. For that, it is suggested to add climate change readiness and vulnerability assessment in the F/S process.
- **(Needs assessment in climate change response)** It is recommended to consider the demand for climate change adaptation and mitigation in partner countries and to make institutional complement for sufficient reflection in the projects or programs by using composite indexes such as INFORM, ND-GAIN, and EPI used to assess climate change demand in this evaluation
- **(Intervention design for reducing greenhouse gas emissions)** Action for climate change mitigation is requested not only for developed countries but for all countries, including developing countries. Accordingly, EDCF, as a responsible donor in international development, should consider the minimization of greenhouse gases when planning and reviewing projects or programs.

8) Feasibility study

- **(Separate evaluation on climate change adaptation and mitigation performance / Consideration of interrelationship between climate change adaptation and mitigation factors)** When evaluating EDCF supported interventions, lessons on the interrelationship between each performance should be derived by separate evaluation of climate change adaptation and mitigation performances. Besides, the expected interrelationship between climate change adaptation and mitigation factors should be considered from the project planning stage.
- **(Review on climate change response policies in partner countries)** In order to secure internal coherence with the climate change response policy of partner countries in the approval process (including F/S) of EDCF supported interventions, it is necessary to review the policies related to climate change response of the partner countries, including NDC and NAP.
- **(Monitoring other institutions' climate change-related projects and policies)** Climate change response is becoming more mainstream in both OECD member countries and partner countries, and climate change response is required for every sector of development interventions. Thus, regularly monitoring other institutions' projects and policy directions is necessary to understand the interrelationship and coherence with projects of other donor countries and aid organizations.
- **(Considering the sustainability of climate change response impacts)** When evaluating EDCF projects, it is necessary to consider the sustainability of human, institutional, financial and technical capacities and project impacts (the project's climate change response), reflecting the perspective of climate change response.
- **(Consideration of vulnerable groups in planning climate change response projects)** The impact of climate change tends to increase on vulnerable groups and women. Therefore, local environmental surveys and a stakeholder analysis for climate risk and socioeconomic context should be conducted to identify vulnerable groups at the project planning stage and consider them when establishing detailed project action plans.