



Evaluation of Nature-based Solutions Investments Management response

Nature-based solutions (NbS) are a relatively new approach in DFAT development programming. Over the last six years, DFAT has funded the piloting of a small number of NbS investments with the aim of encouraging greater investment in climate mitigation, adaptation and resilient green growth in the Indo-Pacific. Initiatives were developed with short timeframes and without established definitions and frameworks. This affected time available for implementation and activities were necessarily iterative and adaptive.

In September 2023, DFAT commissioned an independent evaluation to examine the effectiveness of three NbS investments and to inform a more strategic approach to future NbS investments. The evaluation had the following objectives:

1. Assess the effectiveness of three investments: Climate Resilient by Nature, the Pacific Blue Carbon Program, and ReefCloud.
2. Identify lessons to inform and shape the next phase of DFAT's support for NbS.

DFAT notes the limitations of the evaluation, including that some evaluated programs were still in early stages. DFAT also acknowledges that, due to time and resource constraints, the evaluation team was unable to visit Climate Resilient by Nature activities in the Mekong. Additional interviews were conducted with DFAT staff in the Mekong to extract additional evaluative information. Further, some planned site visits in Fiji could not be conducted due to Cyclone Mal. Evaluation members instead held a one-day consultation with the WWF Pacific team.

DFAT would like to thank Alinea for conducting the independent evaluation, implementing partners for facilitating and contributing to the evaluation, and partner governments, communities and other stakeholders who shared their experiences and insights.

The evaluation report was completed in March 2024 and included useful finding and recommendations. DFAT has considered the report and responds below.

Evaluation recommendations – strategic level

Recommendation	DFAT response
1. An ambitious definition for NbS should be established at the strategic level.	Agreed. In 2024-25, DFAT will consider developing guidance to inform future NbS investments. A definition would be included in such guidance.
2. To operationalise the NbS definition, all NbS terminology, operational criteria, and minimum performance targets should be comprehensively defined.	Agreed. In 2024-25, DFAT will commence development of guidance to inform future NbS investments. Terminology, operational criteria and minimal performance targets will be addressed as part of such guidance.
3. The investment ambition should be clearly defined at the proposal and stop-go stages (design, pilot, rollout etc.). The ambition should be broadly defined, requiring investments or projects to demonstrate their ability to meet the defined criteria and performance targets. Piloting NbS to prove its concept is essential before rollout.	Partially agreed. In 2024-25, DFAT will commence developing guidance to inform future NbS investments. This will assist in helping to define clear ambition at different project stages. While piloting will be encouraged for NbS there may be occasions where proof of concept already exists.
4. Establishment of a guidance framework at strategic level that includes baselines, trends, and targets. The framework should focus on outcomes that can be aggregated from project to investment to portfolio levels.	Noted. DFAT will consider this recommendation in the context of broader MEL for climate in the development program.
5. Collaboratively establish progress and trend measurement methods through consultations with positive outlier projects.	Noted. DFAT will consider this recommendation in developing guidance to inform future NbS investments.
6. Establish a facility to provide technical support to all NbS investments.	Disagreed. DFAT's NbS portfolio is part of DFAT's broader climate investment portfolio. DFAT will consider Value for Money approaches to technical support for NbS through existing and future delivery mechanisms for climate programming.
7. Cross-cutting specialists provide their input at the design stage in collaboration with NbS experts to achieve an integrated approach. NbS presents significant opportunities for transformative impacts on cross-cutting issues such as GEDSI, localisation, and Indigenous engagement.	Agreed. DFAT considers early engagement of specialists to integrate cross-cutting issues as best practice across the development program.
8. Establish separate funding for expert services to incentivise their utilisation within NbS initiatives.	Disagreed. DFAT's NbS investments are part of DFAT's broader climate investment portfolio. DFAT will consider Value for Money approaches to accessing expert services for NbS through existing



Recommendation	DFAT response
9. Integrate regular implementation activities with interventions aimed at improving the operating environment of NbS initiatives.	and future delivery mechanisms for climate programming. Agreed in principle. See response to recommendation 10.
10. Prioritise manageable interventions that address the context of NbS initiatives attuned to country-specific political economy considerations. As NbS is a relatively new field, there are various challenges that need to be addressed, ranging from scientific issues to governance structures and regulatory frameworks. Therefore, it is important for NbS projects to allocate their resources judiciously and avoid spreading them too thin across the multitude of context-related challenges that may arise.	Agreed in principle. Future guidance for NbS investments will reference partner government needs and goals as set out in Development Partnership Plans. DFAT investment designs require consideration of political economy, policy dialogue opportunities, context-related risks and opportunities, and appropriate resourcing.

Evaluation recommendations – investment level

Climate Resilient by Nature

Recommendation	DFAT response
11. Prioritise investment in improving and replicating successful approaches to date. A comprehensive review of all projects, sub-projects, and early-stage pilots should be undertaken, drawing on criteria derived from an ambitious NbS definition. As a minimum, this should include assessment against the NbS criteria of biodiversity, climate change, and livelihoods. The intention of such a review is not to shift the goal posts of current projects, but to ensure that future activities are meeting the definition of a NbS.	Noted. Lessons learnt through the Climate Resilient by Nature investment would inform prospective DFAT guidance on nature-based solutions. This in turn will be considered in future NbS programming.
12. Proactively increase the provision of guidance and expertise. The support provided should be practical and tailored to the specific needs of each project.	Agreed. DFAT will engage with WWF on adequate technical support. Access to guidance and expertise could be considered in DFAT guidance to nature-based solutions.
13. Enhance the investment’s MEL function with a specific focus on project support. The MEL function should involve a comprehensive assessment of on-the-ground progress conducted by diverse experts who collaborate to establish an integrated approach, ensuring	Noted. DFAT will consider this recommendation in developing guidance to inform future NbS investments, which may include how to best capture on-ground progress within MEL frameworks and adequately integrate expertise.

Recommendation

DFAT response

that projects meet all NbS criteria, including cross-cutting issues.

Pacific Blue Carbon Program

Recommendation

DFAT response

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| 14. Document the different phases of implementation as a case study. The various aspects of project conceptualisation, government engagement, pilot design, assessment of the operating context, and site selection could all provide valuable lessons for other investments and projects. | Agreed in principle. DFAT will consider the range of existing NbS initiatives and lessons learned in developing guidance to inform development of future NbS initiatives. |
| 15. Foster collaboration with other investments and projects. Collaboration allows for the pooling of resources and the development of shared methodologies, ensuring consistency and comparability in measuring key NbS pillars. | Agreed. DFAT will look for opportunities to share lessons, resources, and methodologies from the Pacific Blue Carbon Program and other NbS investments to support collaboration across the portfolio. |
| 16. Revision of the investment's governance structure to enhance the integration of different components. A key aspect of this revision should involve designating a single organisation as responsible for the overall outcomes of the investment. | Agreed in principle. DFAT acknowledges the governance structure could be improved but does not propose this structure is altered as the program approaches the final stage of implementation. |
| 17. Collaborate with the Government of Fiji (GoF) to develop a preliminary plan for the nationwide rollout of NbS, particularly focusing on blue carbon initiatives. | Noted. DFAT will support the needs and development goals of the Government of Fiji with reference to the Development Partnership Plan. |

The Coral Reef Innovation Project

Recommendation

DFAT response

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| 18. Establish collaborative partnerships with NbS projects that are focused on reef restoration, particularly if the investment intends to secure ongoing funding from the DFAT NbS funding envelope. | Noted. The future of the Coral Reef Innovation Project will be considered with reference to partners' development goals as outlined in Development Partnership Plans and available opportunities for responding to community-identified needs. |
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