



ADAPTATION FUND

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Adaptation Fund Board  
Ethics and Finance Committee  
Twenty-eighth Meeting  
Bonn, Germany (Virtually held), 14-15 October 2021

Agenda Item: 5 a)

**PROGRESS ON DEVELOPMENT OF THE ADAPTATION FUND  
EVALUATION POLICY - INFORMATION UPDATE**

**TECHNICAL EVALUATION REFERENCE GROUP  
OF THE ADAPTATION FUND (AF-TERG)**

## Background

1. The Adaptation Fund Board (hereafter ‘the Board’) endorsed the Evaluation Framework (EF), which currently guides the evaluation function of the Adaptation Fund (hereafter ‘the Fund’), at its thirteenth meeting (March 2011 – Decision B.13/20.a) and approved its revised version at the fifteenth meeting (September 2011 – Decision B.15/23).

2. In May 2020, the Board approved a multi-year work programme (FY21-FY23) of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG), which included the plan to conduct a review of the EF (Decision B.35.a-35.b/29). The review, which was presented to the Ethics and Finance Committee of the Board in March 2021 (document AFB/EFC.27/7), concluded the EF had become outdated and recommended the development of an Evaluation Policy (EP) to replace it. In March 2021, having considered the findings of the review, and recommendation of the Ethics and Finance Committee (EFC), the Board decided:

*“to request the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG), in consultation with the Adaptation Fund Board Secretariat, to prepare a draft evaluation policy for the Adaptation Fund that would replace the current Evaluation Framework.”*

**(Decision B.36/32)**

3. Consequently, the AF-TERG developed the Evaluation Policy in collaboration with the Adaptation Fund Board secretariat (hereafter ‘the secretariat’). In 2021, the AF-TERG also established an Evaluation Policy Advisory Group (EP AG) of six participants selected from Implementing Entities (IEs) (3), NGO Network (1), the secretariat (1), and the Board (1). The EP AG serves as an informal, voluntary forum that brings together different stakeholder perspectives in a shared space. It advises the AF-TERG on the preparation of a draft, fit-for-purpose Evaluation Policy for consideration by the Board.

4. The EP AG has held four meetings – from June to August 2021. It has advised on the draft Evaluation Policy outline, as well as on different sections of the draft policy. Its advice has been incorporated in the current draft Evaluation Policy, which will be shared with IEs, the NGO Network, the secretariat, Board members and other climate funds for feedback.

## Introduction

5. This information document updates the Board on progress in developing the draft Evaluation Policy: a first draft has been completed but the AF-TERG has concluded that the EP would benefit from broader consultations with internal and external Fund stakeholders. The AF-TERG will submit a draft Evaluation Policy for the EFC to consider and to make a recommendation to the Board at the March 2022 meeting.

6. The objectives of this document are to:

- a. summarize the main changes to the EF in the current draft Evaluation Policy (15 September 2021)
- b. outline emerging implications of the changes for the Fund and its stakeholders
- c. provide a basis for eliciting EFC feedback on the proposed direction and approach for the policy that will incrementally build a stronger monitoring, evaluation and learning (MEL) effort in delivering more robust evidence and learning to further strengthen the Fund's overall performance.

## Key shifts in approach from the current Evaluation Framework

7. In the main change from the EF, the draft Evaluation Policy takes account of post-2012 Board decisions and Fund policies and strategy documents, and good, emerging, and best practice in climate change adaptation (CCA) evaluation policy. Overall, the draft policy has broadened and deepened several elements of the EF, and added several new elements as outlined below. We view the changes as innovative, introduced incrementally to enable the Fund's entities to build capacities and adapt more easily, while making evaluation contribute to the Fund's performance and impact.

8. Some of the most significant proposed changes and improvements to EF practice are as follows:

- (i) ***Broaden the evaluation function across Fund stakeholders to strengthen performance:*** the definition of the evaluation function is proposed to be broadened to a whole-of-Fund commitment with responsibility across key stakeholders of the Fund. This evaluation function is intended to cover all responsibilities from design to implementation, communication, and utilization, and from the project and programme level, to the strategic and Fund levels. It deliberately seeks to support the Fund to achieve its mandate, goal, mission, and vision through generating and ensuring the utilization of evaluation evidence, lessons, advice, and recommendations. The draft policy also links the evaluation function to monitoring; knowledge management; proposals, project cycles and reviews; project design and assessment; communications; and accreditation of IEs.

- (ii) **Expand focus from just learning and accountability to broader evidence-based MEL:** while the draft Evaluation Policy does not include monitoring, it encourages stronger mutual linkages between MEL and utilization. To that end, evaluation would be deliberately integrated into the design, implementation, and reporting of Fund-supported projects/programmes and strategies. In this way, evaluation would become a driver of evidence-based planning and critical learning for continuous improvement, and adaptive management within the Fund. This is in line with the Fund's role related to accelerated learning, innovation, and partner country capacity.
- (iii) **Expand levels and types of evaluations to strengthen Fund performance and learning:** the EF's three broad levels of evaluation (Fund-level, strategy level, and project level) have been retained. However, as elaborated in Figure 1, the draft policy has added thematic and instrument evaluations at the strategic level. It also makes ex-post evaluations a requirement rather than an option. As well, the draft policy adds "close to real-time" evaluations at the operation level.

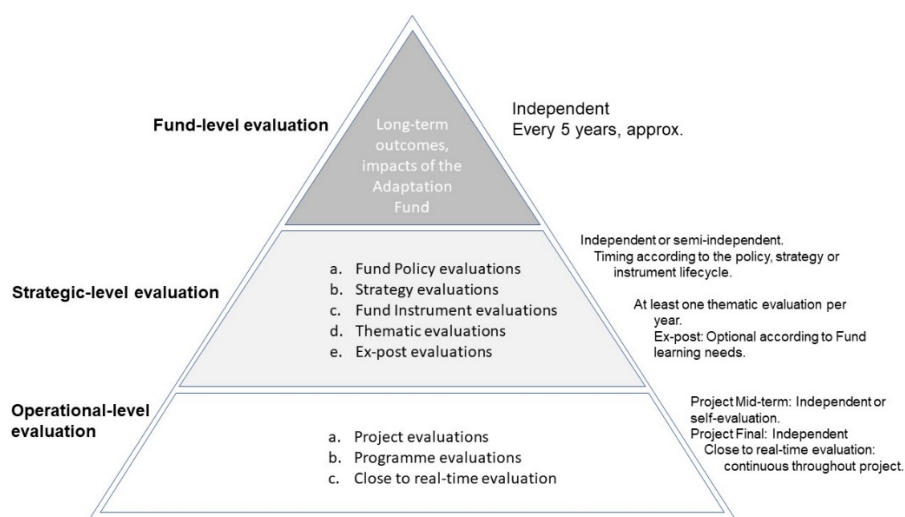


Figure 1. Levels and types of evaluations to be pursued

- (iv) **Recognize and connect with Fund policies and the Medium-Term Strategy, thus bringing a more comprehensive approach:** the draft Evaluation Policy has included an explicit intention to address existing and future policies and strategies of the Fund. Currently, these include the Gender Policy and the Environmental and Social Policy, and the Medium-Term Strategy 2018-2022 (MTS). The MTS, which outlines the vision, mission, goal, niche, and strategic areas of focus for the Fund, has influenced the contents of the draft policy. At the same time, the draft policy provides for the following: (a) evaluation of the MTS (mid-term and final evaluation), (b) clarification and measurement of key concepts such as adaptation, innovation, and climate rationale, (c) identification of wider impact of the Fund's adaptation concrete projects, (d) development of capacity of systems to implement the MTS,

which would include evaluation capacity, and (e) identification of unintended impacts of project/programme implementation.

- (v) **Add principles and criteria linked to the Fund's uniqueness so that evaluation strengthens the Fund's niche:** the draft Evaluation Policy has added the principles and criteria that address the uniqueness of the Fund: (a) provides quick and direct financing, (b) creates new solutions built on what works, (c) supports innovative solutions with higher risk, (d) complements others through catalytic financing, and (e) brings new players into the CCA space. The three principles that have been added are (a) participation inclusion, and gender-responsiveness within the Fund, (b) synergy with other CCA actors; and (c) contribution to community and ecological resilience/transformation. The new criteria are: (a) equitable voice, (b) learning, (c) innovation, (d) scaling, and (e) human and ecological sustainability.
  
- (vi) **Provide guidelines for budget allocation:** the draft Evaluation Policy introduces budget guidelines and figures (percentages and/or amounts) for the “central” evaluation function involving the AF-TERG and the secretariat, and for “decentralized” evaluation by IEs. The guidelines are based on research and consultations with peer organizations.
  
- (vii) **Align with the global UNFCCC objectives:** The draft Evaluation Policy recognizes the Fund also has an opportunity to contribute to the UNFCCC’s collective cooperation, tracking and sharing for global action on adaptation. This is especially the case for aligning to the UNFCCC’s “Global Goal of Adaptation” (required by Article 7.1 of the Paris Agreement) and “global stocktake” (GST) of CCA progress (required by Article 14 of the Paris Agreement). Consequently, it provides for the following: fostering synergies between different existing CCA-related MEL systems that are put in place domestically to respond to Article 13 of the Paris Agreement on Transparency; and synchronization of the review of the Evaluation Policy with the GST so that it benefits from wider CCA developments and insights.

## Implications of the changes in the draft Evaluation Policy

9. The table below outlines the main shifts from the current EF and the main implications for internal stakeholders.

Key changes	Implications
<b>Implementing Entities</b>	
<ul style="list-style-type: none"> <li>• Stronger and more systematic focus on learning and adaptive management.</li> <li>• Alignment/harmonization of evaluation with in-country evaluation systems to reduce duplication.</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting more evaluation work arising from the integration of MEL throughout all stages of the project/programme cycle – i.e., readiness, planning, monitoring and evaluation, and utilization of evaluation products.</li> <li>• Increasing capacity for evaluation and quality of evaluation products.</li> </ul>
<b>The Board</b>	
<ul style="list-style-type: none"> <li>• An emphasis shift from evaluation compliance to ensuring all stakeholders use evaluation evidence to improve Fund performance.</li> <li>• Greater emphasis on leveraging evaluation evidence to inform and influence the global agenda for CCA action.</li> </ul>	<ul style="list-style-type: none"> <li>• Overseeing the proper and adequate introduction of Evaluation Policy to the Fund's internal and external stakeholders.</li> <li>• Overseeing implementation of the Evaluation Policy.</li> <li>• Supporting that evaluation evidence and lessons get incorporated by relevant internal Fund stakeholders, and such lessons are offered more broadly to inform the global agenda for CCA action.</li> </ul>
<b>EFC</b>	
<ul style="list-style-type: none"> <li>• See changes for the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• See Board implications.</li> </ul>

<b>PPRC</b>	
<ul style="list-style-type: none"> <li>• Alignment of dedicated MEL budget with the Evaluation Policy in proposals.</li> <li>• Greater specificity about how to utilize evaluation results to assess new proposals</li> </ul>	<ul style="list-style-type: none"> <li>• Revising proposal assessment criteria.</li> </ul>
<b>Accreditation Panel</b>	
<ul style="list-style-type: none"> <li>• Cover reaccreditation assessments.</li> <li>• Greater specificity on how to utilize evaluation results to assess accreditation and reaccreditation submissions.</li> </ul>	<ul style="list-style-type: none"> <li>• Adding and applying the specified guidelines to accreditation and reaccreditation assessment criteria.</li> </ul>
<b>NGO Network</b>	
<ul style="list-style-type: none"> <li>• Contribute to development of the Fund's evaluation guidance tools, and to Fund-level or strategic-level evaluations as critical friends.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing participation in evaluation processes of the Fund.</li> </ul>
<b>Board Secretariat</b>	
<ul style="list-style-type: none"> <li>• An enhanced shift from IEs' evaluation compliance towards active support for IEs to use evaluation lessons to improve capacity.</li> <li>• Joint responsibility with the AF-TERG to create cumulative knowledge from project evaluation results.</li> </ul>	<ul style="list-style-type: none"> <li>• Developing strategies on how IEs may incorporate real-time evaluation for project effectiveness.</li> <li>• Leading the development of a monitoring document aligned to the Evaluation Policy.</li> <li>• Monitoring and reporting on MEL expenditure.</li> </ul>
<b>AF-TERG</b>	
<ul style="list-style-type: none"> <li>• Clear provision for working collaboratively with the secretariat in evaluation and learning and supportive guidance documents.</li> <li>• Provision for evaluation capacity development in the Fund.</li> <li>• Provision for joint evaluation learning with peer and partner organizations to contribute to CCA.</li> </ul>	<ul style="list-style-type: none"> <li>• Leading development of a wider suite of evaluation guidance in collaboration with the secretariat.</li> <li>• Working with the secretariat to support the development of MEL capacity among Fund entities.</li> <li>• Conducting evaluation capacity development and work with peer and partner organizations.</li> </ul>

10. The main cost of the new policy will be associated with increasing capacity to conduct and utilize the MEL products throughout the value chain of projects/programmes and strategies. The AF-TERG will collaborate with the secretariat to help embed these changes.

11. There will be budgetary costs associated with: (i) improving evaluation capacity across the system, (ii) improving evaluation systems and harmonizing them with national evaluation systems in the case of IEs, and (iii) contributing to CCA action beyond the Fund.

12. The main benefits will be: (i) enabling evaluation to contribute more strongly towards CCA knowledge and innovation in the Fund, (ii) increasing number of quality evaluation products and

improving their use to improve organizational performance at operational, strategic and Fund levels, and (iii) making evaluation contribute better to the Fund's impact and influence.

### **Request for EFC guidance**

13. The AF-TERG would welcome EFC feedback and guidance regarding the following questions:

- (i) Is the broad direction of the new Evaluation Policy likely to meet expectations of the EFC and the Board in better serving the Fund's niche and ambition?
- (ii) Is the approach of introducing incremental shifts to current practices suitable for the Fund's requirements, for instance by enabling the Fund's entities to build capacities and adapt more easily to these changes?

### **Next steps**

14. The work to finalize the draft Evaluation Policy will continue over the remainder of fiscal year 2022 (FY22):

- Consultation with internal stakeholders and selected external stakeholders (*End of September to early November 2021*)
- Incorporation of comments from wider consultations (*Early November to third week of November 2021*)
- Survey or other mechanism to seek feedback from the EFC and any other Board Committees (*Third week of November to mid-December 2021*)
- Incorporation of all comments and finalization of draft Evaluation Policy and submit draft to the Board (*January to mid-February 2022*)
- EFC considers the draft Evaluation Policy for possible recommendation to the Board (*Mid-late March 2022*).