



ADAPTATION FUND

AFB/EFC.31/8
6 March 2023

Adaptation Fund Board
Ethics and Finance Committee
Thirty-first Meeting
Bonn, Germany, 21-22 March 2023

Agenda Item: 5 b)

**GUIDANCE IN SUPPORT OF THE
OPERATIONALIZATION OF THE EVALUATION POLICY**

**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 project (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the Ethics and Finance Committee (EFC) of the Board in March 2021 (document AFB/EFC.27/7), concluded the EF had become outdated and recommended the development of an Evaluation Policy (EP) to replace it.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 EFC, the Board decided:

(a) 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;

(b) To request the AF-TERG to submit and present to the EFC, at its twenty-eighth meeting, the draft evaluation policy for the Board's consideration.

(Decision B.36/32)

3. In accordance with the above decision, the AF-TERG developed the Evaluation Policy in collaboration with the Adaptation Fund Board secretariat (hereafter 'the secretariat'). The AF-TERG also established an Evaluation Policy Advisory Group with balanced representation across Fund stakeholders including participants from Implementing Entities, the CSO Network, the secretariat, and the Board. The Advisory Group served as an informal, voluntary forum that brought together different stakeholder perspectives in a shared space, bringing advice to the AF-TERG on the preparation of a draft, fit-for-purpose Evaluation Policy.

4. At the thirty-eighth meeting (March 2022), having considered the draft Evaluation Policy document (AFB/EFC.29/6/Rev.1) presented to the EFC by the AF-TERG, the Board decided:

(a) To approve the draft evaluation policy of the Fund set out in annex 1 to document AFB/EFC.29/6/Rev.1, as amended by the Board, as the Fund's evaluation policy, which shall not prejudice the Board's future consideration of the budget implications of the implementation of the evaluation policy;

(b) To request the Adaptation Fund Technical Evaluation Reference Group (AF-TERG) to work in consultation with the secretariat to introduce the Fund's evaluation policy to the Fund's stakeholders;

- (c) *To request the AF-TERG to develop, in consultation with the secretariat, evaluation guidance documents for the implementation of the Fund's evaluation policy, including budget implications, and to submit them to the EFC for consideration at its thirty-first meeting.*

(Decision B.38/48)

5. At the thirty-ninth meeting (October 2022), having considered the recommendation of the Ethics and Finance Committee on the Draft Framework for the Development of Evaluation Policy Guidance Documents presented to the EFC by the AF-TERG, the Board decided:

- (a) *To take note of the information provided by the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) on the overall approach to evaluation policy guidance development, and the proposed format, content and access environment for resources, as presented in document AFB/EFC.30/8/Rev.1, on the draft framework for the development of evaluation policy guidance documents;*
- (b) *To request the AF-TERG: (i) To continue to develop evaluation policy guidance documents, in consultation with the secretariat; AFB/B.39/14 30 (ii) To present the developed documents identified in document AFB/EFC.30/8/Rev.1 to the Ethics and Finance Committee for its consideration at its thirty-first meeting, in March 2023.*

(Decision B.39/55)

6. Pursuant to the Board Decision B.39/55, the AF-TERG has been developing guidance documents to support the operationalization and uptake of the Evaluation Policy from October 2023 onwards.

Introduction

7. The purpose of this document is three-fold: (i) to provide an information update to the EFC on the process and timelines for development of the evaluation policy (EP) guidance notes and their introduction to Fund stakeholders; (ii) to seek EFC endorsement of the first set of guidance notes to inform the operationalization of the Evaluation Policy scheduled for October 2023, and (iii) to frame a discussion on a budget range for a project or other intervention's budget needs.

8. The AF-TERG and secretariat proposed to sequence the development of the EP guidance notes and prioritize those that are immediately relevant to the operationalization and start-up of the EP in October 2023. The development of EP guidance resources is therefore being undertaken in a phased manner as follows:

- (i) The first suite of 10 EP guidance notes is submitted for consideration as a series of annexes to this document and is presented in three packages comprising: three cross-cutting notes; four phase-specific guidance notes; and three guidance notes for conducting different types of evaluations.
- (ii) Additionally, a second set of guidance is at an advanced stage of development and will be submitted to the EFC prior to the October 2023 launch of the Evaluation Policy. These include: a guidance note on real-time evaluation; a guidance note

- on evaluation follow-up and use; and an over-arching EP guidance document that summarizes the complete package of guidance.
- (iii) The AF-TERG and the secretariat have also continued discussion on budget guidance and its implications for Fund-supported projects and the operational procedures and guidelines, with additional discussion planned for this 31st meeting of the EFC.
 - (iv) Over the next few months leading up to October 2023, the AF-TERG in consultation with the secretariat, will work towards introducing the EP and the EP guidance to Fund stakeholders.

9. The development of guidance notes has been supported by the EP guidance advisory group, which is comprised of a balanced representation from the Fund's stakeholder groups, similarly to the model used for the development of the Evaluation Policy. The AF-TERG, the EP guidance advisory group, and the secretariat have all reviewed the proposed guidance notes for quality and alignment with the Fund's OPG, results-based management processes, the new Evaluation Policy, and practices from other climate funds and IEs.

10. The AF-TERG continues to follow developments related to the Paris Agreement, and AF-TERG members participated in Technical Discussion consultations on the Global Stocktake at COP27. The context of the Global Goal on Adaptation and Global Stocktaking were taken into account in the development of the guidance. As yet, there are no methods or indicators to assess progress towards the Global Goal on Adaptation, and the AF-TERG will update the guidance notes with any emerging developments and implications following the conclusion of the first Global Stocktake at COP28.¹

11. There have been several modifications to the list of guidance notes that was presented in Document AFB/EFC.30/8/Rev.1. For example, free-standing guidance notes have been developed for the evaluation principles and evaluation criteria instead of sections of a more general guidance note, because the AF-TERG determined a need for more detailed guidance in their application to evaluation activities. The AF-TERG and the secretariat have also agreed that while baselines are an important contribution to evaluations, these will continue to be treated as a monitoring activity by the Fund.

Evaluation Policy Guidance Notes

12. Table 1 provides a list of the ten guidance notes submitted for consideration as annexes to this document with a description of their scope.

¹ In 2015, the Paris Agreement defined the global goal on adaptation (GGA) and established a Global Stocktake (GST) process to track collective progress towards the GGA. At COP 26 in Glasgow, UNFCCC parties agreed to launch the Glasgow-Sharm el-Sheikh work program (known as GlaSS) under Decision 3/CMA.7 to advance the GGA. Progress has been low due to the methodological complexity involved, as well as political sensitivities around adaptation.

Table 1: Guidance Notes and their Scope

Guidance Note	Overview of Scope
The Evaluation Function: Cross-Cutting Guidance Notes	
Evaluation Principles	This guidance note elaborates the seven evaluation principles introduced in the Fund's Evaluation Policy . The guidance note first looks at what are and when to use the Fund's evaluation principles, and then examines each principle individually with guidance for its operationalization provided in the annexed checklist.
Evaluation Criteria	This guidance note elaborates the nine evaluation criteria introduced in the Adaptation Fund's Evaluation Policy . The guidance note first examines what are and when to use the Fund's evaluation criteria, and then examines each criterion individually with guidance for its operationalization.
Commissioning and Managing an Evaluation	The purpose of this guidance note is to support the commissioning and managing of an evaluation of a Fund funded operation in accordance with the Adaptation Fund's Evaluation Policy . The note covers guidance related to commissioning and managing an evaluative activity at all levels included in the Fund's Evaluation Policy.
Evaluation Guidance Notes in Support of Specific Phases of the Evaluation Process	
Evaluation Budgeting	The purpose of this guidance note is to support the preparation and implementation of evaluation budgets that are realistic and fit-for-purpose to finance reliable, useful, and ethical evaluations in accordance with the Adaptation Fund's Evaluation Policy . This guidance note covers budgeting guidance for all levels and types of evaluation activity outlined in the Fund's Evaluation Policy.
Evaluation Terms of Reference	The purpose of this guidance note is to support the preparation of an evaluation terms of reference (ToR) for an evaluation of the Adaptation Fund's work. More generally, this guidance note may also be useful to those developing a ToR for an evaluative activity that falls broadly within climate change adaptation and related areas of work. This guidance note covers ToR guidance for all levels and types of evaluation outlined in the Fund's Evaluation Policy , including baseline studies and mid-term. While the emphasis is on developing ToRs for evaluation purposes, the ToR guidance can apply to other activities across the Fund portfolio.
Evaluation Inception Report	The purpose of this guidance note is to support the development of a project or programme evaluation inception report in accordance with the Adaptation Fund's Evaluation Policy . It provides an overview of inception reports to inform and be tailored to all levels and types of evaluations outlined in the Fund's Evaluation Policy , including baseline studies and mid-term reviews. The note also presents a sample annotated inception report outline and a checklist of quality assessment criteria to guide inception report development.
Evaluation Reporting	The purpose of this guidance note is to support the preparation of evaluation reports, which is key in conducting reliable, useful and ethical evaluations, in accordance with the Adaptation Fund's Evaluation Policy . It provides a

Guidance Note	Overview of Scope
	foundation for reporting for all levels and types of evaluations outlined in the Fund's Evaluation Policy , including baseline studies and mid-term reviews.
Evaluation Type Guidance Notes	
Mid-Term Review	The purpose of this guidance note is to support the planning and implementation of fit-for purpose project mid-term reviews in accordance with the Adaptation Fund's Evaluation Policy . This guidance notes outlines what is an MTR, when does it occur, who is involved, and how to plan and implement project MTRs. The accompanying annexes provide a general checklist for planning, implementing, and using MTRs and common analytical approaches.
Final Evaluations	The purpose of this guidance note is to support the planning and implementation of project and programme final evaluations in accordance with the Adaptation Fund's Evaluation Policy . This guidance note outlines what is Final Evaluation at the Fund, when it occurs, who is involved, and how to plan and implement final evaluations in accordance with the Fund's Evaluation Policy. The accompanying annexes provide a general checklist for planning, common analytical approaches, and the evaluation criteria rating scales.
Ex Post Evaluation	The purpose of this guidance note is to support the preparation of ex post evaluations that are realistic and fit-for-purpose to support evaluations in accordance with the Adaptation Fund's Evaluation Policy . This guidance note explains how ex post evaluations at the Fund work in terms of approach and practical logistics. Additional information on the roles and responsibilities of stakeholders are also provided.

13. The proposed guidance notes were also reviewed in terms of changes from the 2011 Evaluation Framework. Table 2 provides an overview of the changes, further discussed in each note.

Table 2: Overview of Changes Compared to the 2011 Evaluation Framework

Guidance Note	Practice under the 2011 Evaluation Framework	New Guidance under the 2022 Evaluation Policy
The Evaluation Function: Cross-Cutting Guidance Notes		
Evaluation Principles	<p>The 2011 Adaptation Fund Evaluation Framework identifies ten evaluation principles (p. 14):</p> <ol style="list-style-type: none"> 1) Independence from policy-making process and management 2) Credibility based on reliable data, observations, methods and analysis 3) Transparency: clear communication concerning the purpose of the evaluation, its intended use, data and analysis 4) Ethics: regard for the welfare, beliefs, and customs of those involved or affected 5) Impartiality: giving accounts from all stakeholders 6) Partnerships: between IEs, governments, civil society, and beneficiaries 7) Competencies and Capacities: selection of the required expertise for evaluations 8) Avoidance of conflict of interest 9) Disclosure: lessons shared with general public <p>Utility: serve decision making processes and information needs of the intended users</p>	<p>The new Fund Evaluation Policy identifies seven evaluation principles:</p> <ol style="list-style-type: none"> 1) Relevance and utility 2) Credibility and robustness 3) Transparency 4) Impartiality and objectivity 5) Equitable and gender-sensitive inclusivity 6) Complementarity 7) Complexity <p>Given that the principles are essential recommended good practice for evaluation at the Fund, they should apply to all contexts in which evaluation is conducted, unless otherwise justified why not.</p>
Evaluation Criteria	<p>The 2011 Adaptation Fund Evaluation Framework identifies five evaluation criteria (p. 14-15):</p>	<p>The new Fund Evaluation Policy identifies nine evaluation criteria. Four of the criteria follow closely</p>

Guidance Note	Practice under the 2011 Evaluation Framework	New Guidance under the 2022 Evaluation Policy
	<ol style="list-style-type: none"> 1) Relevance 2) Effectiveness 3) Efficiency 4) Impact 5) Sustainability 	<p>the criteria in the Fund Framework (2011), one of the criteria (*) is substantively revised (Sustainability), and four new criteria (bold) have been added to reflect the nature of climate change adaptation interventions.</p> <ol style="list-style-type: none"> 1) Relevance 2) Coherence 3) Effectiveness 4) Efficiency 5) Impact 6) Equity 7) Adaptive management 8) Scalability <p>Human and ecological sustainability and security</p>
Commissioning and Managing an Evaluation	<p>The 2011 Adaptation Fund Evaluation Framework <u>minimum evaluative requirements</u>:</p> <ol style="list-style-type: none"> 1. Project/Programme mid-term evaluation Project/Programme final evaluation 	<p>The Fund requires IEs to conduct all mandatory operational-level evaluations:</p> <ol style="list-style-type: none"> 1. Baseline data report 2. Mid-term Review 3. Final project and program evaluations
Phase-Specific Evaluation Guidance Notes		
Evaluation Budgeting	<p>Summary: Budget specifications (fixed minimum or maximum amount or percentage of investment budget) are not provided in the previous Evaluation Framework or related Fund policy and/or protocol. Below are further details of what is available.</p> <ol style="list-style-type: none"> 1. The Fund provides an explanation of what kinds of M&E activities are covered from the IE fee and the execution fee, but it does not distinguish between monitoring activities and evaluation activities, nor does it prescribe 	<p>The Evaluation Budget guidance note provides overall guidance to IEs on what elements should be considered in developing a budget for evaluation activities.</p> <p>Specific guidance on the funding source and recommended range for evaluation budgets is pending EFC discussion.</p>

Guidance Note	Practice under the 2011 Evaluation Framework	New Guidance under the 2022 Evaluation Policy
	<p>budgets for these activities other than stating that monitoring and evaluation activities are supported under IE fees and project execution costs, which are capped at a percentage of total project costs that varies by project type.</p> <ol style="list-style-type: none"> <li data-bbox="520 493 1264 688">2. The 2011 Guidelines for Final evaluations state, <i>“The cost of the Final Evaluation should be covered by the project; in particular, it should be part of the M&E budget.”</i> The guidelines stipulate that final evaluation should review the appropriateness of the M&E budget but do not provide specifics. <li data-bbox="520 704 1264 997">3. The Request for Project/Programme Funding from the Adaptation Fund² on the IE proposal template to request project/programme funding states: <i>“describe the monitoring and evaluation arrangements and provide a budgeted M&E plan, in compliance with the ESP and the Gender Policy of the Adaptation Fund”</i> and to <i>“include a budgeted M&E plan, which should be in compliance with the AF M&E guidelines and compliance with its Gender Policy”</i>. <li data-bbox="520 1013 1264 1273">4. The Adaptation Fund Project/Programme Review Criteria that provide a template for proposal review by the Board secretariat and PPRC identify the need to consider the adequacy of M&E budget, but without specific budget allocations. The document only requires to review the following: <i>“Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&E plan?”</i> <li data-bbox="520 1289 1264 1338">5. The Framework did not provide guidance on budgets for other types of evaluations, those not project related. 	

² Annex 5 to OPG Amended in October 2017.

Guidance Note	Practice under the 2011 Evaluation Framework	New Guidance under the 2022 Evaluation Policy
Evaluation Terms of Reference	The 2011 Adaptation Fund Evaluation Framework commits evaluators to include the evaluation ToR as an appendix in the final evaluation report.	The 2022 Evaluation Policy mentions the Terms of Reference in relation to: <ol style="list-style-type: none"> 1) Principles – Principles must be followed while writing the ToR 2) Criteria – Deviation from Fund criteria must be justified in the ToR
Evaluation Inception Report	The 2011 Adaptation Fund Evaluation Framework and the Fund's 2011 Guidelines for Project/Programme Final Evaluations do not mention inception reports. Under current practice, inception reports for evaluations of projects or programmes are not required but are used when indicated in the evaluation's ToR. Inception reports are produced by some IEs as a part of the mid-term and final evaluation process, particularly when they are required by their existing M&E guidelines.	The new Fund Evaluation Policy does not represent a change in current practice, although it explicitly identified inception reports, noting that: "If an evaluation commissioner or evaluator considers any of the policy's criteria or principles to be inapplicable to a specific evaluation, they must justify the evaluation terms of reference or inception report/evaluation design to the AF-TERG."
Evaluation Reporting	The Fund's 2011 Guidelines for Project/Programme Final Evaluations has a "Section IV" devoted to Criteria for Rating Quality of Final Evaluation Reports, which was referred to in the preparation of these guidelines. The Fund's 2011 Adaptation Fund Evaluation Framework states that, "Reporting requirements should be kept as simple as possible."	This guidance note provides for the first-time specific evaluation report guidance for the Fund evaluation types identified in the Evaluation Policy, including an annexed template/checklist with illustrative sections to structure the evaluation report. The recommend report template (outline) is illustrative, thus allowing evaluation reporting to be adaptive to the wide evaluation types and needs at the Fund. Similarly, the decision has been made not to include an additional checklist for rating the quality of evaluation reports (as in the 2011 Fund Guidelines for Project/Programme Final Evaluations) so as to minimize process (procedure) that can come across as compliance-focused, and instead focus on a clear user-friendly guidance

Guidance Note	Practice under the 2011 Evaluation Framework	New Guidance under the 2022 Evaluation Policy
		<p>template/checklist for developing quality evaluation reports and to facilitate learning.</p> <p>The prior 2011 requirement for final evaluations to provide a rating scale remains and is further detailed in the guidance note devoted to final evaluations.</p>
Evaluation Type Guidance Notes		
Mid-Term Review	<p>The Fund's 2011 Adaptation Fund Evaluation Framework states that:</p> <ol style="list-style-type: none"> 1. Projects and programmes that have more than four years of implementation will conduct a mid-term review (MTR) after completing the second year of implementation 2. MTRs should at a minimum examine: <ol style="list-style-type: none"> a. Initial outputs and results of the project b. Quality of implementation, including financial management c. Assumptions made during the preparation stage, particularly objectives and agreed upon indicators, against current conditions d. Factors affecting the achievement of objectives e. M&E systems and their implementation 	<p>The Fund's 2022 Evaluation Policy maintains MTRs are mandatory for projects with four or more years of implementation. IEs must submit MTR reports to the secretariat no later than six months after project mid-point. MTRs are optional for projects less than four years in duration. The EP outlines that MTRs assess "project performance and context to inform project management decision-making and course correction during the remaining implementation."</p>
Final Evaluations	<ol style="list-style-type: none"> 1. The Fund's 2011 Guidelines for Project/Programme Final Evaluations states that final evaluations have the following objectives: <ul style="list-style-type: none"> • To promote accountability and transparency within the Fund, and to systematically assess and disclose levels of project or programme accomplishments. 	<ol style="list-style-type: none"> 1. The Fund's 2022 Evaluation Policy states that: "All Fund-supported projects and programmes that complete implementation should conduct a final evaluation". The policy also states that all IEs are required to commission an independent final evaluation, submitted to the secretariat and

Guidance Note	Practice under the 2011 Evaluation Framework	New Guidance under the 2022 Evaluation Policy
	<ul style="list-style-type: none"> • To organize and synthesize experiences and lessons that may help improve the selection, design, implementation, and evaluation of future AF-funded interventions. • To understand how project achievements contribute to the mandate of the AF. • To provide feedback into the decision-making process to improve ongoing and future projects, programmes, and policies. • To assess the relevance, effectiveness, and efficiency of project design, objectives, and performance. <p>2. The Fund's 2011 Adaptation Fund Evaluation Framework outlines that final evaluations should provide ratings (i.e. on a Likert scale) on how well the project satisfies (or not) the evaluation criteria and principles of the AF.</p>	<p>the Designated Authority, within 9 months of project completion.</p> <p>2. This note focuses specifically on Fund Final Evaluations in accordance with the requirements outlined in the 2021 Evaluation Policy, the AF Guidelines for Project/Programme Final Evaluations, and the 2011 AF Evaluation Framework. Guidance is provided on: when and how to plan and conduct FEs, who is involved and how to analyse evidence.</p> <p>3. This note includes an annexed template/checklist highlighting key tasks to consider when conducting a FE. Also included in the annex are rating scales for each of the nine evaluation criteria outlined in the 2021 Evaluation Policy. This is in response to requirement for all FEs to include ratings as a measure of programme performance.</p>
Ex Post Evaluation	<p>Ex post evaluations were not part of the previous Evaluation Framework. Work on these evaluations is the result of Decision b.23/32 (October 2016), in which the Board requested the Board Secretariat to “Propose, at the twentieth meeting of the PPRC, options for how post- implementation learning and impact evaluation could be arranged for Adaptation Fund projects and programmes...,” Decision B.31/24 (March 2018), in which the board proposed to delegate the selection of arrangements for ex post evaluations to the TERG.</p> <p>The Adaptation Fund Board approved the Strategy and Work Programme document (AFB/EFC.26.a-26.b/3) of the Technical Evaluation Reference Group of the Adaptation Fund</p>	<p><u>1.</u> The new EP states that “Ex post evaluations are to be budgeted by the AF-TERG under the Fund’s evaluation function.”</p> <p><u>2.</u> This ex post guidance note introduces the following guideline: IEs are highly recommended to archive all project data and information for five years in an accessible, identifiable location at the IE. Comprehensive documentation includes the project application and design documents, baseline report, annual reports, mid-term review (MTR), a final (terminal) evaluation, project board / steering committee membership and meeting notes,</p>

Guidance Note	Practice under the 2011 Evaluation Framework	New Guidance under the 2022 Evaluation Policy
	<p>(AF- TERG) between the first and second parts of the thirty-fifth meeting (Decision B.35.a-35.b/29), which includes the conduct of ex post evaluations during the TERG's indicative three-year evaluation work program. In June 2020 (Decision B.35.a-35.b/29), the Board approved the TERG's proposal to test methods in at least two pilots and to continue ex post evaluations over time. The TERG conducted two pilot ex post evaluations in 2022.</p>	<p>participant lists for trainings, project-related social media archives, press releases, and engineering documentation and permits for any project-supported infrastructure as well as sampling frames, theory of change and any exit strategy documentation.</p>

Timeline and Roll-out of Evaluation Policy Guidance

14. The EP guidance will take effect from the date of operationalization of the Evaluation Policy but will be used by Fund stakeholders based on the different stages of the accreditation and project cycles. Fund-supported projects that are approved in October 2023 and beyond are subject to the guidance, as are higher-level evaluations commissioned by the AF-TERG. In addition, the EP states that Fund-supported project MTRs or final evaluations that take place less than 1.5 years after approval of this policy may choose to apply evaluation standards from this policy or the Fund's previous 2012 Evaluation Framework. As of 1.5 years after the Board's approval of this policy, all Fund evaluations must adhere to this policy's requirements and good practices.

15. The AF-TERG, in collaboration with the secretariat, will develop and apply a socialization strategy to introduce all approved guidance.

16. First, general awareness will be raised among stakeholders, particularly IEs, through the use of presentations at Fund events and through other outreach to ensure that stakeholders are aware of the EP and its guidance notes. The guidance notes will be available on the Fund's website.

17. Second, the AF-TERG will provide targeted outreach to key stakeholders. One group of key stakeholders consists of IEs that will need to apply the EP from the start of it coming into effect in October 2023; i.e., those with projects that are approved at the 40th AFB meeting and IEs with projects that will undertake a mid-term review or final evaluation in the months following the EP's entry into effect. Another group of key stakeholders consists of the secretariat itself, as it will be necessary to review projects for compliance with the policy prior to submission to the PPRC. Outreach may be provided via webinars or video calls involving presentations and supporting materials.

18. Third, the AF-TERG will utilize feedback and learning from this period to recommend modifications in the EP guidance notes and other materials as needed. The AF-TERG will also introduce additional topics and propose guidance notes as the need arises.

19. Being cognizant of the fact that key stakeholders of the Fund work in a variety of languages, the Evaluation Policy of the Fund and related guidance notes will be translated in French and Spanish, to facilitate uptake.

Evaluation Budgets

20. The 2011 Evaluation Framework does not provide specific guidance on the indicative costs of evaluation activities. Consequently, current practice across Fund projects varies significantly.

21. Looking at the practice from other climate funds, for the project level the Green Climate Fund's 2021 Evaluation Policy states that "Overall evaluation budgets included within project budgets, consistent with global evaluation international best practices, should range from 2–5 per cent of the project budget." The Global Environment Facility (GEF) advises a budget cap for both monitoring and evaluation activities of five per cent for projects with grant funding of up to US\$ 5

million, three per cent for projects from US\$ 5 million to US\$ 10 million, and two per cent for projects over 10 million. The GEF provides budget templates but no normative costing. Monitoring and evaluation budgets in the GEF are provided in the total project budget as a stand-alone component.

22. The new Evaluation Policy of the Adaptation Fund states, “The AF-TERG will develop budget guidelines, in consultation with the secretariat, for Board approval in line with the policy’s thrust of making evaluation contribute directly to project performance, value addition, and impact,” (p. 23). Based on best practice, the AF-TERG proposes for discussion the following:

- (a) To separate out the evaluation costs into a separate budget line. This is expected to help IEs in early planning and prioritization, and for realistically costing the Fund’s mandatory evaluations; and,
- (b) To provide advice to IEs on a recommended range for evaluation of between one per cent to five per cent of the total project budget for evaluation activities. This is based on internal AF-TERG analysis of current practice by a limited set of projects in the Fund and a comparison of existing practice by other climate funds.

23. The AF-TERG is also in discussion with the secretariat on the implications of these proposed suggestions on the project execution costs and implementing entity fee, both of which support selected evaluation activities. This process does not immediately impact the detail set out in the Budget GN, which is focused on providing overall guidance to IEs on what elements should be considered in developing a budget for evaluation activities.

Recommendations

The Ethics and Finance Committee (EFC) may want to consider and recommend that the Board decides to:

- (a) Acknowledge and approve the following guidance notes provided by the AF-TERG in the annexes of Document AFB/EFC.31/8, in support of the operationalization of the Evaluation Policy of the Adaptation Fund;
 - (i) Annex 1: Evaluation Principles
 - (ii) Annex 2: Evaluation Criteria
 - (iii) Annex 3: Evaluation Budgeting
 - (iv) Annex 4: Commissioning and Managing an Evaluation
 - (v) Annex 5: Evaluation Terms of Reference
 - (vi) Annex 6: Evaluation Inception Report
 - (vii) Annex 7: Evaluation Reporting

- (viii) Annex 8: Mid-Term Review
- (ix) Annex 9: Final Evaluations
- (x) Annex 10: Ex Post Evaluation
- (b) Request the AF-TERG to:
 - (i) Continue the development of Evaluation Policy guidance documents, in consultation with the secretariat and the EPG Advisory Group;
 - (ii) Present subsequent guidance notes to the Ethics and Finance Committee for its consideration at its thirty-second meeting in October 2023.
- (c) Acknowledge and take note of the information in Document AFB/EFC.31/8, specifically the timeline and information on roll-out, and request the AF-TERG to provide an update on progress related to socialization activities to the Ethics and Finance Committee at its thirty-second meeting in October 2023.
- (d) Acknowledge and take note of the information in Document AFB/EFC.31/8, specifically the proposed discussion on a separate budget line for evaluation costs, and evaluation budget guidance being provided to IEs as a specific range of total project budget.
- (e) Request the secretariat to work collaboratively with the AF-TERG to assess the policy implications of AF-TERG recommendations in relation to point (d), and prepare a review of implications and options for the Board to decide on at its Forty-first meeting in October 2023.