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Ethics and Finance Committee
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Agenda Item: 5 b)

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

ANNEX 3: DRAFT GUIDANCE NOTE, EVALUATION BUDGETING

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

Summary Cover Note: Evaluation Budgeting Guidance

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| <p>Current practice at the Fund</p> | <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 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.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.3. The Request for Project/Programme Funding from the Adaptation Fund¹ 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 <u>AF M&E guidelines</u> and compliance with its Gender Policy</i>”.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 applicants to review the following: “<i>Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&E plan?</i>” |
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¹ Annex 5 to OPG Amended in October 2017.

This guidance note is part of a series of technical guidance from the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) supporting reliable, useful, and ethical evaluations aligned with the Adaptation Fund's [Evaluation Policy](#). AF-TERG guidance documents are intended to be succinct, but with sufficient information to practically guide users, pointing to additional resources when appropriate. Additional AF-TERG evaluation resources on various topics can be accessed at the online [AF-TERG Evaluation Resource Webpage](#). Feedback is welcome and can be sent to AF-TERG-SEC@adaptation-fund.org.

The Adaptation Fund was established through decisions by the Parties to the United Nations Framework Convention for Climate Change and its Kyoto Protocol to finance concrete adaptation projects and programmes in developing countries that are particularly vulnerable to the adverse effects of climate change. At the Katowice Climate Conference in December 2018, the Parties to the Paris Agreement decided that the Adaptation Fund shall also serve the Paris Agreement. The Fund supports country-driven projects and programmes, innovation, and global learning for effective adaptation. All of the Fund's activities are designed to build national and local adaptive capacities while reaching and engaging the most vulnerable groups, and to integrate gender consideration to provide equal opportunity to access and benefit from the Fund's resources. They are also aimed at enhancing synergies with other sources of climate finance, while creating models that can be replicated or scaled up. www.adaptation-fund.org

The Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) is an independent evaluation advisory group accountable to the Fund Board. It was established in 2018 to ensure the independent implementation of the Fund's evaluation framework, which will be succeeded by the new evaluation policy from October 2023 onwards. The AF-TERG, which is headed by a chair, provides an evaluative advisory role through performing evaluative, advisory and oversight functions. The group is comprised of independent experts in evaluation, called the AF-TERG members. A small secretariat provides support for the implementation of evaluative and advisory activities as part of the work programme.

While independent of the operations of the Adaptation Fund, the aim of the AF-TERG is to add value to the Fund's work through independent monitoring, evaluation, and learning, www.adaptation-fund.org/about/evaluation/

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Acronyms

| | |
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| AF-TERG | Technical Evaluation Reference Group of the Adaptation Fund |
| EA | Evaluability assessment |
| ECD | Evaluation capacity development |
| Fund | Adaptation Fund |
| IE | Implementing Entity |
| M&E | Monitoring and evaluation |
| MEL | monitoring, evaluation, and learning |
| MTR | Mid-term review |
| RBM | Results-based management |
| RTE | Real-time evaluation |
| TOR | Terms of Reference |
| UN | United Nations |

1. What is this guidance note?

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](#). The intended audience for this guidance note is people who plan and manage Fund evaluation activities, with particular attention on those preparing evaluation budgets for Fund Implementing Entities (IEs), the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG), and the Fund secretariat and Board. However, this guidance note may also be useful to others budgeting or interested in the topic of budgeting evaluations in the climate change adaptation community and beyond.

This guidance note covers budgeting guidance for all levels and types of evaluation activity outlined in the Fund's Evaluation Policy – see **Figure 1**. Because these activities include baseline studies that contribute to both evaluation and monitoring,² this guidance note may be useful when budgeting for operational research, which may also feature data collection, analysis, and reporting methods.

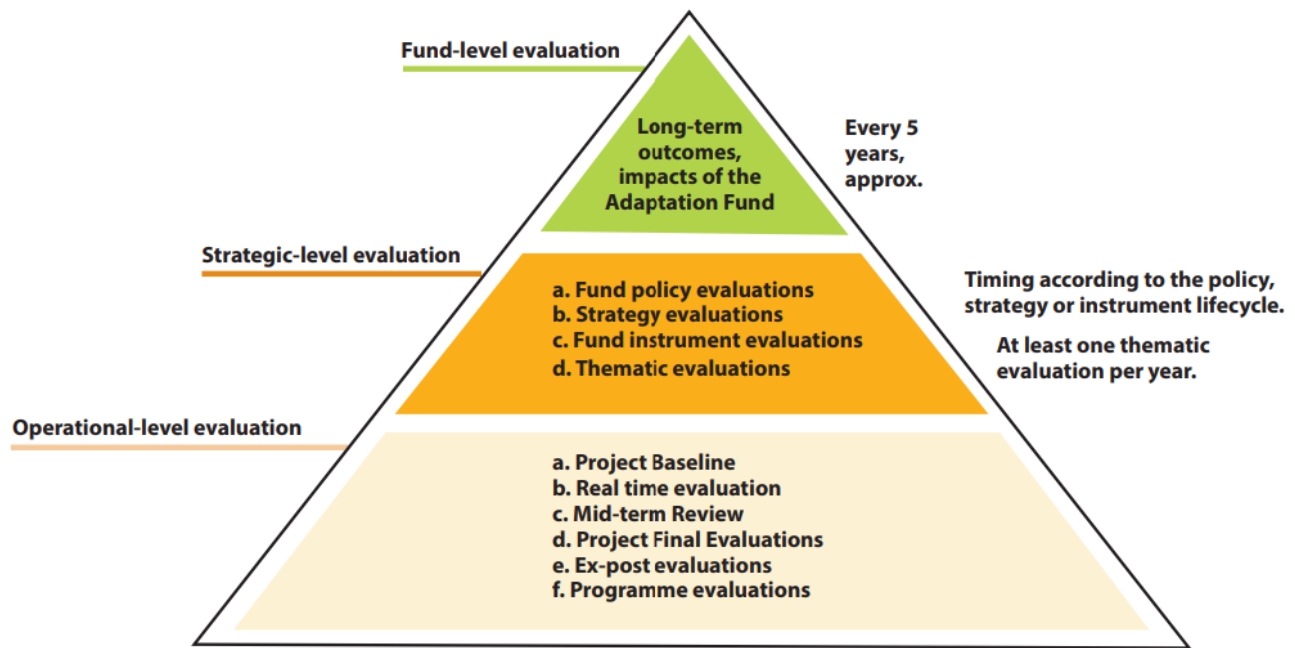


Figure 1: Fund evaluation levels and indicative types to be pursued³

2. What is an evaluation budget?

Evaluation budgeting is proactive financial planning for the future that generates estimated values for evaluation activities over a specific period of time. An evaluation budget is a document summarizing estimates of the projected expenses necessary to achieve the evaluation purpose for a

² The Fund adopts the UN Evaluation Group (UNEG) definition of evaluation, which in essence encompasses exercises that judge the merit and worth of an intervention; baselines are a data source that contributes to evaluative assessment, and rather than ongoing monitoring, baselines are events like evaluations that are best budgeted separately beforehand.

³ AF-TERG. 2022. [Evaluation Policy of the Adaptation Fund](#)

specific period of time. Evaluation budgets can encompass single evaluations or multiple evaluations for projects or organizations. Section 5 below provides additional details of what to include in evaluation budgets.

It is important to note that monitoring is budgeted separately from evaluations in funding proposals submitted to the Fund. Box 1 provides an explanation for this practice.

BOX 1: Why evaluation budgets at the Fund do not include monitoring

While the Fund's Evaluation Policy recognizes the mutually reinforcing relationship between monitoring and evaluation (M&E), the Fund separates budgets to ensure that adequate funding is reserved for both functions. Day-to-day project monitoring is part of project management, and the costs for establishing and implementing systems and personnel to collect, manage, and report monitoring data are costed as part of a project's results-based management (RBM) system. Evaluations are distinct exercises, and their budgets are separate from monitoring and related RBM processes.

When budgeting, it is useful to consider three general categories of evaluation budgets:

1. **Single evaluation budgets:** This includes the estimated costs for planning and executing an individual evaluation exercise or event, such as a baseline study, final evaluation, or policy evaluation, whether mandatory or non-mandatory at the Fund.⁴ Typically, budgeting at this level involves estimating and aggregating costs for evaluation activities related to planning, design, data collection, analysis, and reporting for a single evaluation exercise, including costs for labor, travel, equipment, publications, etc. Section 5 and annexes 2 and 3 below detail practical considerations for budgeting at this level.
2. **Intervention evaluation budgets:** Funding proposals submitted to the Fund by IEs should include a cost estimate for a series of evaluation activities that collectively evaluate the proposed project over time, such as a baseline study, mid-term review, and final evaluation that need to be budgeted for a specific project or programme. Typically, budgeting at this level is part of a project proposal's budget request and involves aggregating estimated budget costs for multiple evaluations and other needs (see Sections 5.A and 5.B for more information).
3. **Organizational evaluation budgets:** This type of evaluation budget encompasses the combined costs for an organization's overall evaluation function, aggregating costs for multiple evaluations and other organization-wide evaluation needs, such as capacity development, reporting and learning. Typically, budgeting at this level is included as part of an organization's annual or multiyear budget. The AF-TERG, for example, has a budget for its evaluation function, and many national and international organizations have evaluation units or offices with this type of evaluation budget.

This guidance note primarily focuses on budgeting for single, discrete evaluation exercises because these exercises form the components of evaluation budgets for funding proposals and organizations. However, evaluation budgeting is also important for organizations at a higher level. A long-term evaluation and learning agenda that builds up an evidence base and the evaluation systems and capacities that support it can generate learning and inform programming. Benefits of evaluation budgeting, whether at the level of a single evaluation, an intervention, or an organization, are summarized below in **Box 2**.

⁴ Mandatory evaluations identified in the Fund's Evaluation Policy are project baseline reporting, mid-term reviews (MTRs) if project duration is four years or more, and project and programme independent final evaluations.

BOX 2: Benefits of evaluation budgeting

Evaluation budgeting...

- ✓ **Facilitates strategic planning** by helping managers plan ahead evaluation costs relative to other project and organizational needs.
- ✓ **Helps allocate and direct scarce resources** by effectively allocating funds to ensure core evaluation needs are funded.
- ✓ **Creates a sense of direction** by identifying specific evaluation budget targets (requests) aligned with project milestones and information needs.
- ✓ **Facilitates resource mobilization**, reassuring funders with a financial commitment to efficiency, effectiveness, learning and improvement.
- ✓ **Sustains funding for information generation over time** to build an evidence base for the complex contexts in which climate change adaptation is pursued.
- ✓ **Supports well-executed evaluations that provide** insights to improve performance and better support vulnerable communities to adapt to climate change.
- ✓ **Allows projects and programmes to demonstrate impact**, which is important in an increasingly competitive funding space.

3. When to develop an evaluation budget?

Evaluation budgets must be prepared for any evaluation planned and conducted at the Fund – whether at the operational, strategic, or Fund level (See Figure 1). For IEs, evaluation budgets must be included in the funding proposals submitted to the Fund for review and approval.

It is best to plan the evaluation budget early to ensure that adequate funds are allocated for evaluation needs. For project proposals submitted to the Fund by IEs, evaluation budgeting should take place at the project design stage:

- *At the concept note stage*, a rough estimate for evaluation costs should factor into the total funding requested.
- *At the funding proposal stage*, IEs should provide a budgeted M&E plan in Part III.D of the proposal template.

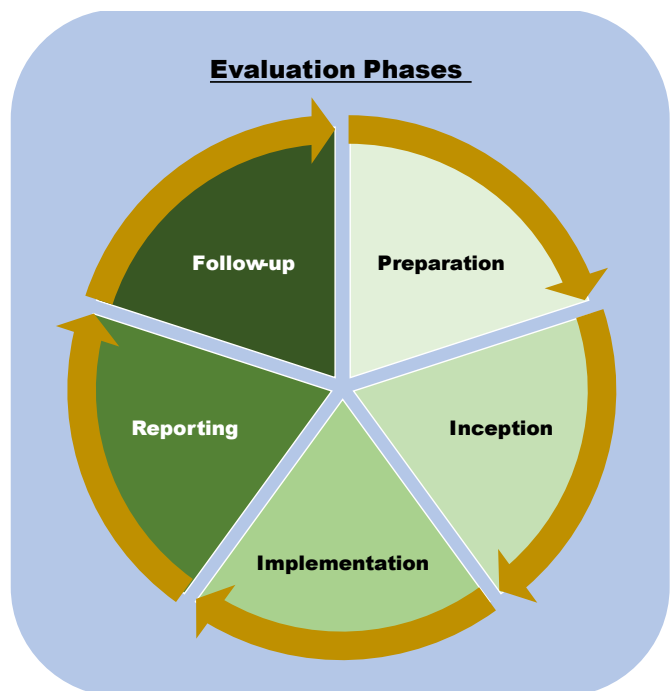


Figure 2: The evaluation phases

It may be difficult to detail an evaluation budget upfront. A general estimate may be budgeted for evaluation needs with the intention to develop a more detailed budget later in the project cycle, once a better understanding of the project's evaluation needs is established and expertise is in place. In other instances, an organization may make an overall budget estimate for evaluation as part of its annual budget planning cycle with the intention to detail budgets for specific evaluation exercises later in the year. Boxes 5 and 6 below summarize key tips to help anticipate and estimate evaluation budgets.

It is good practice to consult an evaluation resource person or external expert with evaluation experience to advise on the budget for evaluation activities as these experts can provide realistic cost estimates for evaluation activities and prepare budgets.

4. How much to budget for evaluation?

There is no set formula or recipe to establish an evaluation budget target. The first step, however, is to consider the types of evaluation activities that the project will have to undertake during implementation (see **Table 1**).

Table 1: Evaluation Requirements for Fund-Supported Projects

| Project Duration | Type of Evaluation | Required? | Required Format? |
|----------------------|----------------------|-----------|---|
| Shorter than 4 years | Baseline data report | Yes | No |
| | Mid-term Review | No | May be independent, semi-independent, or self-conducted |
| | Terminal Evaluation | Yes | Yes – must be independent |
| Four years or longer | Baseline data report | Yes | No |
| | Mid-term Review | Yes | May be independent or semi-independent |
| | Terminal Evaluation | Yes | Yes – must be independent |

Evaluation costs vary widely, depending on factors such as the number of evaluation questions and methodological rigor required to answer them, the composition and required expertise of the evaluation team, whether external evaluators will be used or programme staff, and the geographical scope and travel costs for data collection.

A general rule of thumb is that the evaluation budget should not be so small as to compromise the accuracy and credibility of results, nor should it be so big as to divert project resources to the extent that programming is impaired.⁵ Therefore, the evaluation budget should be realistic given the financial, human, and other resources of the corresponding programme or organization.

For Fund projects this would include at minimum the mandatory baseline study, mid-term review (if the project duration is four or more years), and final evaluation per the Fund's Evaluation Policy.⁶

Recognizing the variability in evaluation budget needs and contexts, it is important to stress that actual evaluation budget needs may differ, especially for complex interventions that characterize climate change adaptation interventions. In cases where new approaches are being piloted or are highly innovative, a

⁵ [IFRC M&E Guide](#), 2011: p. 75

⁶ It should be noted that the costs of ex post evaluations are covered by the Fund under the TERG budget.

higher evaluation budget may be required for a more rigorous evaluation design to establish whether the approach is suitable for scaling up.

Section 5 below provides a more detailed summary of different factors to consider when determining an evaluation budget, accompanied by a checklist and template in the annexes.

There are three important overall considerations to highlight when developing an evaluation budget:

1. **Evaluation budgeting research concludes that overall, most organizations under-budget for evaluation.**⁷ Therefore, do not underestimate evaluation costs, and if it is not clear how much to budget for evaluation, it is better to err towards more than less.
2. **Typically, larger interventions can meet evaluation needs at a lower percentage of the operational budget versus smaller interventions with a lower operational budget.** For instance, a \$50,000 evaluation would be 5% of a smaller project with an overall operational budget of 1 million dollars, but only 2.5% of a larger project of \$2,000,000.
3. **Economies of scale suggest that larger organizations have a cost advantage over smaller organizations for funding evaluations.** This is because the investment in evaluation systems, capacities, and processes in larger organizations allow them to support a larger number of evaluations at a lower cost. Consequently, smaller organizations typically need to dedicate a larger percentage of their operational budget for evaluation needs compared to larger organizations.

The following section focuses on how to develop a detailed evaluation budget, which can then be used to identify the specific amount to allocate for evaluation. However, as noted earlier, there are instances when overall evaluation budgets estimates are required for planning before it is realistic to itemize evaluation costs in detail.

5. How to develop an evaluation budget?

Developing an evaluation budget can be approached differently depending on the context. However, **key guiding principles apply across contexts**, such as working in partnership and synergistically with key IE, Fund, and any other relevant intervention stakeholders; ensuring cost-effective use of the Fund's resources; and remaining responsive to the Fund and its partner's operational, strategic, and governance priorities.⁸

A. Determining evaluation budgets for a single evaluation

Three primary cost categories are recommended for a single evaluation: **evaluation personnel**, **evaluation travel**, and **additional direct costs** (e.g., software, equipment, and supplies). Personnel costs and time spent for data collection and analysis are major drivers of evaluation costs, as is travel if the evaluation involves primary data collection multiple locations.

The **Illustrative Evaluation Budget Template** in Annex 2 lists cost factors for budgeting a single evaluation. These cost factors will be influenced by the evaluation purpose and approach. For example, the evaluation purpose and number of questions to answer will affect the evaluation's design, which will

⁷ E.g., [AmeriCorps](#) 2014, [Australian SocialValue Bank](#) 2018, [Corporation for National and Community Service](#) 2013, [UN Joint Inspector's Unit](#) 2014, [Lagarde et. al.](#) 2012, [The William and Flora Hewlett Foundation](#) 2014

⁸ See AF-TERG work principles, <https://www.adaptation-fund.org/document/work-principles-of-the-af-terg/>

also impact the frequency and type of data collection and associated costs. This, in turn will affect the level of expertise and personnel costs required to conduct the evaluation. The **Evaluation Budget Checklist** in Annex 1 provides further detail on cost categories and related cost factors.

B. Determining evaluation budgets for an intervention

Detailed evaluation budgeting for interventions, such as projects and programmes, typically consists of aggregating the budget costs of a series of single evaluation exercises, such as a baseline study, mid-term review, and final evaluation. However, there may be additional evaluation needs to budget that are not specific to any evaluation exercise but support overall evaluation needs for the intervention. For example, in addition to a series of individual evaluation exercises, (e.g., baseline, mid-term review, and final evaluation), a four-year project may also invest in data collection and analysis software that can be used for each exercise, and capacity development of project team members to participate in and support evaluation during the duration of the project. As with single evaluations, Fund-supported projects in countries and regions should allocate the primary costs of conducting the evaluation under project execution costs and the costs of supervising the evaluation under IE fees (see Box 3).

C. Determining evaluation budgets for an organization

The Fund and many of its IEs have their own organizational budgets for evaluation activities, evaluation capacity development, knowledge management, and learning from evaluation. **Annex 3** provides an **Illustrative Organizational Evaluation Budget Template** for itemizing the costs of evaluation at an organizational level. Further detail about these cost categories is provided in the companion **Evaluation Budget Checklist** in **Annex 1**.

The following three boxes highlight additional overall considerations for developing an evaluation budget. Box 4 looks at the utility of using an evaluability assessment (EA) to inform evaluation budgeting, acknowledging that it can be difficult to produce detailed evaluation budgets during the project formulation stage; Box 5 highlights additional tips for evaluation budgeting during project formulation; and Box 6 provides tips on ways to reduce the cost of evaluations. Additional cost-saving tips are included in the Evaluation Budget Checklist in **Annex 1**.

BOX 3: Using an evaluability assessment to inform evaluation budgeting

An EA is a systematic process to assess the degree to which an evaluation is justified, feasible, and likely to provide useful information. They can be a valuable exercise to inform evaluation budgeting, in addition to other aspects of evaluation planning. EAs can help uncover the level of existing knowledge about the subject of evaluation and availability of evaluative evidence and data sources, which can help determine the extent additional costs are needed for primary data collection. In other instances, EAs can help identify when the subject to be evaluated is very complex or innovative and therefore requires a larger evaluation budget to operationalize its design.

BOX 4: Tips for estimating IE evaluation budgets (before detail is forthcoming)

- ✓ **Hire an evaluation expert at the onset** of the proposal development to estimate the evaluation plan, scope of work, and budget.
- ✓ **Use the Evaluation Budget Checklist** in Annex 1 to scope and narrow down evaluation budget estimates.
- ✓ **Refer to evaluation budgets of interventions similar in purpose, size, scope, and geography.**

- ✓ **Consult with colleagues and partners working in the same programme area** to get a sense of what they spent for similar evaluations in size and scope.
- ✓ **Consult with staff working in locations where data collection will occur** to understand what kinds of evaluation sources, systems, and capacities are available, and what typical costs for data collection are.
- ✓ **Consult with organizational procurement or budgeting experts**, who may be able to advise and provide example budgets similar to the project's area of operations.
- ✓ **Conservatively over-budget rather than underbudget for evaluation** to ensure adequate funds are available for evaluation needs.
- ✓ **Budget for contingency costs** for unexpected expenses that may arise later during the evaluation process.
- ✓ **Consider activities financed by the project, the organization, or any partner or stakeholder that can complement the specific evaluation budget.**
- ✓ **Consider evaluability assessments (EA)**, which can support the development of realistic and potentially cost-saving evaluation budgets.

BOX 6: Cost-saving tips for evaluation budgets

- ✓ **Invest in and build sustainable data collection systems and instruments** for future evaluation needs.
- ✓ **Build a long-term research agenda** that can contribute to future evaluations and reduce the need and associated costs for primary data collection.
- ✓ **Use existing (secondary) data** to offset the need for more expensive primary data collection such as for surveys. Consider data sets from public agencies, universities, research centres, and other organizations working in your programme area and location to reduce primary data collections costs.
- ✓ **Utilize remote data collection** when appropriate, such as online video conferencing for individual or group interviews, to offset travel and facility costs for in-person primary data collection.
- ✓ **Develop internal staff capacity for evaluation**; in addition to reducing fees for external consultants when self-evaluations are appropriate, this can also support staff buy-in and prepare them to better support evaluation and work of external evaluators.
- ✓ **Utilize pro bono experts**, drawing upon local universities, professional evaluation associations, cooperative extension offices, and volunteer organizations. Pro bono service is not restricted to evaluation skills, but also other skill sets, such as interpretation or translation.
- ✓ **Consider cost sharing with organizations/partners** pursuing similar interventions through joint evaluations data sharing to reduce primary data collection costs.

Annex 1 – Evaluation Budget Checklist

This Evaluation Budget Checklist provides a more detailed summary of different cost factors to consider when determining how much to budget for evaluation. In addition to costing evaluation budgets, the checklist complements **Box 5** at the end of the previous section with additional cost-saving tips. The checklist may be used to support preparing an evaluation budget spreadsheet, for which example formats are provided in the following two annexes. Each evaluation cost factor is listed in the first (left) column of the checklist, whereas the second (right) column summarizes key considerations to inform thinking about each factor for evaluation budgeting. When using the checklist, it is important to remember that it is not exhaustive, and it should be tailored according to evaluation budgeting context and needs.

| EVALUATION BUDGET CHECKLIST | |
|---|---|
| KEY FACTORS | IMPLICATION FOR EVALUATION BUDGETING |
| 1. OVERALL CONSIDERATIONS | |
| 1) Operational budget | Given the Fund’s minimum requirement of three percent of an intervention’s operational budget for evaluation needs, the operational budget is a key consideration. |
| 2) Evaluation type | Includes baseline studies, real-time evaluations (RTEs), mid-term reviews (MTRs), final, ex post, or programme evaluations; Fund policy, strategy, instrument, or thematic evaluations; Fund-level evaluations; other evaluation types (e.g., joint evaluations). |
| 3) Evaluability assessment (EA) | Per Box 3 above, if an evaluability assessment has been conducted of the feasibility of an evaluation, how does it inform budgeting, such as understanding existing data sources and the level of complexity in evaluation context, purpose, and design as it affects costs? Evaluability assessment findings cut across the other sections summarized below. |
| 4) Related evaluations | Will the evaluation budget need to fund only this evaluation, or are there other evaluation exercises that need to be funded, (e.g., a baseline study to be followed by an MTR and final evaluation)? |
| 5) Prior evaluation | An intervention that has already been evaluated may only require a “lighter” assessment as to whether it remains “on track,” and evaluation design, personal, data, and resources from any prior evaluation may be contribute to the planned evaluation with associated cost savings. |
| 6) Evaluation’s timeframe | When and how long the evaluation is to be conducted (i.e., over 3 or 12 months) is an important budget consideration. |
| 2. EVALUATION PURPOSE & DESIGN | |
| 1) Evaluation questions & criteria | As the evaluation scope increases with the number of evaluation questions, criteria, and related issues to assess, evaluation costs typically increase because more topics to evaluate adds time and associated costs for data collection, analysis, and reporting. |
| 2) Geographic & demographic scope | The variability of operational contexts to assess (the evaluand) can have significant implications for evaluation costs. For instance, evaluation across multiple sites and including different demographic groups will have higher data collection and analysis costs. |
| 3) Evaluation design strength | Typically, evaluation costs increase with the strength, rigor, and complexity of its design. For example, increasing the sample size for greater statistical significance and a lower margin of error will entail more rigorous methods at greater costs. Even for non- |

| EVALUATION BUDGET CHECKLIST | |
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| KEY FACTORS | IMPLICATION FOR EVALUATION BUDGETING |
| | experimental qualitative methods, the more people interviewed for greater rigor will entail more time and associated costs. |
| 4) Justification versus verification | Evaluation to justify the efficacy of a new approach, (<i>proof of concept</i>), can entail greater design rigor and associated costs than evaluation of well-established intervention areas that have already been rigorously evaluated. Evaluation of a new or less proven approach often requires experimental designs and scientific studies to establish causality and demonstrate results. On the other hand, evaluation of established intervention types may only need to verify a limited number or outcome measures at a lower cost to assess adequate performance. |
| 5) Attribution versus contribution analysis | Related to the above point, evaluation costs will increase with the level of desired “proof” to assess the degree to which an intervention caused an outcome or had an identifiable impact on a problem. Caution is advised because attribution analysis of CCA objectives is typically limited, whereas analysis of an intervention’s contributions may be more realistic, sufficient, and cost efficient. The need to establish causality for attribution analysis, typically requires more complex experimental designs or survey methods that are prohibitively expensive relative to the cost of the intervention itself. |
| 6) Mixed methods | Also consider how any combination of different evaluation data collection and analysis methods incorporated into an evaluation’s design affects costs. Do they increase costs, or does the addition, for instance of qualitative methods help reduce more expensive quantitative methods? |
| 3. EVALUATION DATA COLLECTION AND ANALYSIS | |
| 1) Data collection frequency | As the frequency of data collection increases, so do the costs. Consider whether data collection is limited to one time/period, at the project beginning (baseline) and end, multiple times (e.g., quarterly), or longitudinal over time. |
| 2) Evaluation location/s & context | <ul style="list-style-type: none"> • Number and accessibility of data collection sites - more sites and remoteness will increase transportation costs of evaluation personnel for primary data collection. • Cost of living as it affects prices for travel, accommodation, meals, facilities, and materials. • Security and safety – fragile contexts with conflict, civil unrest, unstable infrastructure, or health threats will have related cost implications for precautions (e.g., security, vaccines, etc.). |
| 3) Role and availability of secondary data | Existing (secondary) data that can be used for evaluation can reduce the need for and associated costs of primary data collection – ensuring that secondary data is reliable and relevant. Examples of secondary data include: project records (e.g., monitoring, quarterly and annual reports); baseline, RTEs or MTRs evaluation reports; census and other publicly assessable data (e.g., government ministry, UN agency, university, or research centre). Related, more accessible, or readily available secondary data sources can have significant cost reductions. |
| 4) Remote data collection | The degree to which primary data collection can be conducted remotely (online, telephone, or mail) versus in-person can have considerable cost reduction implications in relation to travel and accommodation expenses for face-to-face data collection. |
| 5) Surveys | <ul style="list-style-type: none"> • Using or adopting an existing survey can reduce costs associated with designing, reviewing, and piloting a new survey. |

| EVALUATION BUDGET CHECKLIST | |
|--|--|
| KEY FACTORS | IMPLICATION FOR EVALUATION BUDGETING |
| | <ul style="list-style-type: none"> • Survey translation (and back-translation⁹) will increase costs. • Costs respectively increase for surveys conducted using an online interface (e.g., Survey Monkey), a write-in self-administered paper format, over the telephone, or in-person. |
| 6) Interviews | <ul style="list-style-type: none"> • Costs can respectively increase if the interview is structured (using closed-ended questions), semi-structured (using both closed and open-ended questions), or unstructured (asking open-ended questions). • Costs can respectively increase depending on whether the interview is conducted online, over the telephone, or in-person. • Interview data capture costs respectively increase depending on whether it involves note taking, recordings and transcriptions, or separate note-taker in addition to interviewer. |
| 7) Observation administration | In addition to the distance, time, and mode of transportation to observation site, consider the observation protocol, i.e., using a relatively quick checklist to note specific observations, versus more costly video recording, or deeper observations requiring extensive time at the observation site. |
| 4. EVALUATION REPORTING AND COMMUNICATION | |
| 1) Reporting frequency | The more time spent reporting increases costs: i.e., baseline, inception and final evaluation reports; monthly, interim, or annual evaluation reports; survey and field visit/observation reports. |
| 2) Report format | For example, an oral or slide presentation typically requires a lower level of effort and related costs than a formal written report or edited video report. |
| 3) Evaluation communication | Increasingly, the strategic communication of evaluation findings is pursued beyond reports to support evaluative learning and follow-up, including the use of social media outlets, webinars, presentations at industry forums, etc. Determine the extent these costs should be included as part of the evaluation's budget, or covered separately (e.g., communications or learning budget) |
| 5. PERSONNEL COSTS | |
| Personnel costs are typically the largest evaluation budget item, and therefore require careful attention. | |
| 1) Number of & fees for evaluators | The size of an evaluation team and respective pay scales is an important cost consideration. When commissioning an evaluation team, consider the degree to which tasks that require a lower level of expertise (e.g., data entry) can be assigned to individuals costing a lower daily/hourly rate. Similarly, when a single evaluator is commissioned, consider tasks that can be done by programme staff that require a lower level of expertise at a lower cost (e.g., administrative or data entry tasks). Consider engaging locally based or regionally based evaluators before considering (often more expensive) international experts. |
| 2) Self-conducted versus independent evaluations | Commissioning an external, independent evaluation team versus a self-evaluation team led by organizational personnel, (or a semi-independent evaluation team with both), will affect costing depending on daily rates of external evaluators versus in-kind services of internal evaluators. |

⁹ When a survey questionnaire is translated into the target language by one translator and then translated back into the source language by an independent translator who is blinded to the original questionnaire to ensure cultural and linguistic accuracy.

| EVALUATION BUDGET CHECKLIST | |
|--|--|
| KEY FACTORS | IMPLICATION FOR EVALUATION BUDGETING |
| 6. TRAVEL COSTS | |
| Travels costs can be another major budget item or may be minor, depending on the evaluation location and context (i.e., an expensive or remote country where transportation costs are high) and evaluation design (i.e., an evaluation relying on secondary data and/or remote data collection will have relatively low travel costs). | |
| 1) Travel purpose | In addition to primary data collection, travel costs can be incurred for evaluation planning, preliminary findings / validation workshop, reporting and presentations, capacity building / training, etc. |
| 2) Travel location | Travel costs will vary depending on the location of in-person evaluation activities relative to the evaluators' homebase, i.e., remote locations are more costly than well service locations. Related, locations that are well serviced with public transportation are typically less costly than areas that require private transportation. |
| 3) Frequency and number of trips | In addition to data collection needs (see above), this also includes travel for planning meetings, feedback workshops, participant involvement, etc. Multiple or single site visits will also affect frequency and cost of travel. |
| 4) Mode of transportation | This encompasses transportation to and at evaluation locations, and can include flights, ground, and water transportation. Transportation can be public, (i.e., bus, train, or taxi) or private (taxi or car rentals), boat, bicycle (with helmet!), and walking. (Remember that safety trumps cost savings when considering travel mode). When appropriate, also consider additional costs related to mode of transportation such as excess baggage or upgrades for longer flights. |
| 5) Per diem and meals | Check on and provide travellers with organization policy on whether a day-by-day or lump sum per diem is provided or whether meals and other travel expenses should be itemized with receipts (and if so, what are the daily limits). |
| 6) Miscellaneous travel costs | When applicable, factor into travel costs associated with obtaining visas, vaccines, travel insurance, excess baggage, parking, and any other relevant expenses. |
| 7. ADDITIONAL DIRECT COSTS | |
| 1) Capacity development / training | Include any capacity development costs to manage or conduct the evaluation, including enumerator training, software training, safety training for field work, etc. This is an important consideration because, for instance, whether project team has experience or requires training to conduct a household baseline survey can affect costs for an enumerator training versus commissioning an external service provider for the survey. |
| 2) Software | License for or purchase of software for data collection, management, analysis, or communication purposes, (e.g., software for survey platform, statistical or qualitative data analysis, video conferencing, and data visualization) |
| 3) Equipment | Includes purchase or rental of hardware, (e.g., desktop or portable computers, handheld devices, and smartphones to collect, store, manage, analyse, and/or share/report data), as well as other specialised equipment, such as audio or video recorders. |
| 4) Facility costs | Includes costs for renting spaces for evaluation activities, such as a meeting room to facilitate a feedback workshop or conduct private key informant interviews. |
| 5) Communication costs | It is important to itemize these costs when they are substantial, (e.g., postage, telephone calls, video conferencing, etc.). |

| EVALUATION BUDGET CHECKLIST | |
|--|---|
| KEY FACTORS | IMPLICATION FOR EVALUATION BUDGETING |
| 6) Copying and printing | Costs for printing and copying consent forms, surveys, reports, communication, and promotional materials, and employing a graphic designer or outsourcing printing jobs. |
| 7) Office supplies | If substantial, then itemize. |
| 8) Additional costs | Can include purchasing data sets and survey tools; incentives for participation in the evaluation; meals or refreshments for meetings, etc. |
| 8. ORGANIZATIONAL / PROGRAMME SUPPORT COST | |
| Even with an independent evaluation conducted by external consultants, there is typically a significant time commitment from organizational (project / programme) staff that may not appear on an itemized budget but should be recognized and accordingly planned. These costs can be estimated as a percentage of assigned staff (or volunteer) workload. | |
| 1) Evaluation management | Evaluation management cost are covered by the IE Fees. This encompasses the oversight of the preparation of the TOR, commissioning the evaluation, supervising the evaluator/s, reviewing evaluation deliverables and quality assurance, ensuring the evaluation upholds policy and principles, support for implementing the recommendations, disseminating evaluation results and learning, and more. Administrative support can include scheduling meetings, data entry, and other secretarial tasks. |
| 2) Evaluation administrative & other support | Administrative support can include scheduling meetings, data entry, and other secretarial tasks. As noted above, it may be cost effective to provide organizational support for other tasks relative to using external consultants, e.g., translation, interpretation, data analysis, report editing, etc. |
| 3) Evaluation review & validation | One should not underestimate the time and associated costs for the review and validation of evaluation deliverables. In addition to evaluation reports and data collection tools, this can also include the review of applicants for recruiting for external evaluations. Often, a committee or advisory group is part of the review process, which, in addition to review time, entails time managing and communicating for these groups. |
| 4) Evaluation follow-up and learning | Post-evaluation follow-up and learning activities are typically pursued and paid for separately by an organization / programme team. As noted above this can include producing and disseminating evaluative learning on a variety of media, including social media outlets, webinars, presentations at industry forums, etc. |

Annex 2 – Illustrative Evaluation Budget Template

This Illustrative Evaluation Budget Template is to support the evaluation budgeting for single, discrete evaluations, including all twelve evaluation types identified in the Fund’s Evaluation Policy at the operational, strategic, and Fund levels. As discussed in Section 2 above, the costs of a single evaluation exercise are core costs to aggregate to determine the evaluation budget at the level of an intervention or organization, which typically include multiple evaluation exercises and associated costs (budgets).

This template is organized into three key cost categories identified for budgeting evaluation costs: 1) Evaluation personnel, 2) Evaluation travel, 3) Additional direct costs. Further detail about these cost categories is provided in the companion **Evaluation Budget Checklist** in Annex 1. The template also visually suggests formats to consider when itemizing evaluation costs. However, the template format and cost categories are examples and users should tailor their evaluation budget templates according to evaluation context and need.

| ILLUSTRATIVE SINGLE EVALUATION EXERCISE BUDGET TEMPLATE | | | | | | | | | | |
|--|---------------------------|------------------------|------|-----------------|------|----------|------|---------------------------|------|------------|
| 1. EVALUATION PERSONNEL | | | | | | | | | | |
| <i>It useful to break down and consider personnel costs associated with the evaluation phases. Section 5 in the Evaluation Budget Checklist (Annex 1) provides further guidance on budgeting for this cost category. For evaluations that include personnel from the commissioning organization, (self-conducted and semi-independent evaluations), costs can be recorded as a percentage of the staff’s workload.</i> | | | | | | | | | | |
| Personnel | Hourly or daily rate (\$) | Planning & Preparation | | Data Collection | | Analysis | | Reporting & Communication | | Total Cost |
| | | Days | Cost | Days | Cost | Days | Cost | Days | Cost | |
| Team Leader | \$ /day | | | | | | | | | |
| Subject Expert | \$/day | | | | | | | | | |
| Analyst | \$/day | | | | | | | | | |
| Assistant A (support person) | \$/day | | | | | | | | | |
| Assistant B (support person) | \$/day | | | | | | | | | |
| Interpreter and/or translator | \$/day | | | | | | | | | |
| Etc. | | | | | | | | | | |

| | | | | | | | | | | |
|------------------------------------|--|--|--|--|--|--|--|--|--|--|
| Total Personnel Costs Total | | | | | | | | | | |
|------------------------------------|--|--|--|--|--|--|--|--|--|--|

2. EVALUATION TRAVEL
It is useful to estimate and itemize travel cost by trip, illustrated below with columns provided to help calculate expenses. Not that the trips listed below are only examples as trips itemized in this cost category will vary greatly depending on the evaluation design and extent of primary data collection. For further guidance, refer to Section 6 in the Evaluation Budget Checklist (Annex 1).

| Trip | Dates | Transportation | Accommodation | Per diem, meals | Miscellaneous Travel costs | Total Cost |
|--|-------|----------------|---------------|-----------------|----------------------------|------------|
| Evaluation planning meeting | | | | | | |
| Survey enumerator training workshop | | | | | | |
| Field visit for survey and interviews – Location A | | | | | | |
| Field visit for survey and interviews – Location B | | | | | | |
| Presentation and verification of findings meeting | | | | | | |
| Conference presentation | | | | | | |
| Etc. | | | | | | |
| Total Travel Costs | | | | | | |

3. ADDITIONAL DIRECT COSTS
Direct costs will vary greatly according to evaluation needs and context, and the example items below are not exhaustive nor applicable for all evaluations. For further guidance, refer to Section 7 in the Evaluation Budget Checklist (Annex 1).

| Item | Further Explanation (if necessary) | Unit Cost <i>(If applicable)</i> | # Units | Total Costs |
|----------------|------------------------------------|-------------------------------------|---------|-------------|
| Software | | | | |
| Equipment | | | | |
| Facility costs | | | | |

| | | | | |
|-------------------------------|--|--|--|--|
| Communication costs | | | | |
| Copying and printing | | | | |
| Other additional costs | | | | |
| Total Additional Costs | | | | |

Annex 3 – Illustrative Organizational Evaluation Budget Template

This Illustrative Organizational Evaluation Budget Template is to support evaluation budgeting for an entire organization, including the twelve evaluation types identified in the Fund’s Evaluation Policy at the operational, strategic, and Fund levels. This template is organized into six key cost categories identified for budgeting evaluation costs: 1) Evaluation exercises, 2) Evaluation capacity development, 3) Additional evaluation activities, 4) Evaluation personnel, and 5) Additional direct costs. Whereas the companion **Evaluation Budget Checklist** (Annex 1) focuses largely on budgeting guidance for individual evaluation exercises, it also contains guidance to support working with the evaluation cost categories at the organizational level. As noted in its title, the template is illustrative and therefore should be tailored according to evaluation context and need.

ILLUSTRATIVE ORGANIZATIONAL EVALUATION BUDGET TEMPLATE

1. EVALUATION EXERCISES

The following category of expenses should itemize the estimated total budget costs for all evaluation exercises in an organization, including the twelve evaluation types identified in the Fund’s Evaluation Policy at the operational, strategic, and Fund levels. Individual evaluation exercises at the organizational and strategic level (see below), can be aggregated with project/programme evaluation costs (typically the combined costs of multiple evaluation exercises) to estimate the total organizational costs for these evaluation exercises during the given period (e.g., and organization’s fiscal year).

Per Annex 2 above, an evaluation budget spreadsheet can be use estimate the cost of each single evaluation to enter here. Per the Fund’s Evaluation Policy, consider the following categories of evaluation when identifying individual evaluations to cost and itemize here:

- **Organization-level evaluations** – *To assess the long-term outcomes and impact of the organization; Fund-level evaluations are conducted approximately every 5 years.*
- **Strategic-level evaluations** – *Includes policy, strategy, thematic, and instrument evaluations at the Fund, and can also include organizational meta-evaluations, systematic reviews on strategic priority areas, etc.*
- **Operational-level evaluations** – *Includes the aggregated costs for each intervention of all evaluation exercises. This includes project baselines, real time evaluations, mid-term reviews, project final evaluations, ex post evaluations, and programme evaluations.*

Note, when entering the name of the evaluation exercise in column one, use the project or program name for the overall evaluation costs at the project or programme level for multiple evaluation exercises.

| Evaluation Exercise | Date | Further Explanation (if necessary) | Total Costs |
|--|------|------------------------------------|-------------|
| <enter single evaluation exercise or project/programme name> | | | |
| <enter single evaluation exercise or project/programme name> | | | |
| <i>Etc.</i> | | | |

2. EVALUATION CAPACITY DEVELOPMENT (ECD)

This section illustrates one way to capture a set of costs related to activities for evaluation capacity development (ECD) in an organization. It is activity-based by the name of the deliverable for each activity (or set of activities). As with evaluations, the total costs for individual ECD activities should include all associated cost, such as

personnel, any travel or accommodation, materials, etc. (Note that this category could be otherwise covered by "Other Evaluation Activities," but organizations often prefer to cluster ECD related activities) . Examples of ECD activities include:

- **In-person ECD activities**, such as workshops, coaching, mentoring, exchange visits (e.g., South-to-South ambassador visits)
- **Online ECD activities or resources**, such webinars and workshops, self-directed training, podcasts recordings, webpages with discussion boards and/or blogs, etc.
- **Printed (PDF) ECD resource development**, including guidelines, manuals, technical and guidance notes, etc.

| ECD Activity | Time Period | Further Explanation (if necessary) | Total Costs |
|----------------------|-------------|------------------------------------|-------------|
| <enter ECD activity> | | | |
| <enter ECD activity> | | | |
| Etc. | | | |

3. ADDITIONAL EVALUATION ACTIVITIES

This section of the evaluation budget can be used to itemize organizational-wide costs for the evaluation function not already captures in the activity categories above. For example, it can include costs associated with participation attendance at evaluation conferences or other evaluation knowledge sharing forums, publishing scholarly articles or other evaluations research on CCA, employing a recruitment firm to hire qualified evaluation personnel, etc.

Note that some of these activities may entail personnel costs that should be aggregated as part of the activity cost (deliverable) to enter here. For instance, an activity cost for the development of an online evaluation database for an organization may entails personnel costs for a consultant for its design and periodic maintenance.

| Evaluation activity | Time Period | Further Explanation (if necessary) | Total Costs |
|---------------------|-------------|------------------------------------|-------------|
| <enter activity> | | | |
| <enter activity> | | | |
| Etc. | | | |

4. EVALUATION PERSONNEL

This section is for evaluation personnel costs at the organizational level that are not already accounted for in the budgets for separate evaluation exercises and activities above. This is to avoid double costing in the budget for personnel costs already accounted for in the estimated activity costs and their deliverables. Typically, personnel costs in this section of the organizational evaluation budget are those to staff any evaluation department, unit, or other body for evaluation, such as the AF-TERG.

| Evaluation Personnel (position title) | Salary or daily rate | Time Period | Further Explanation (if necessary) | Total Costs |
|---------------------------------------|----------------------|-------------|------------------------------------|-------------|
| <enter evaluation exercise> | | | | |
| <enter evaluation exercise> | | | | |
| Etc. | | | | |

5. ADDITIONAL DIRECT COSTS

Direct costs will vary greatly according to organizations' evaluation needs and contexts, and the example items below are not exhaustive nor applicable for all evaluations. For further guidance, refer to Section 7 and 8 in the Evaluation Budget Checklist (Annex 1).

| Item | Further Explanation (if necessary) | Unit Cost # Units | Total Costs |
|-----------------------------|---|------------------------------|------------------------|
| Software | | | |
| Equipment | | | |
| Communication costs | | | |
| Copying and printing | | | |
| Office supplies | | | |
| Facility costs | | | |
| Utility costs | | | |
| <i>Etc.</i> | | | |

Annex 4 – Resources

Resources for evaluation budgeting are limited. Given the sparse attention on the topic, it is not surprising that the consensus in what the research there is concludes that most organizations underbudget for evaluation (as noted earlier in this guidance note). The following resources informed the development of this guidance note.

- AmeriCorps. 2014. [Budgeting for Evaluation](#) slide presentation.
- Australian SocialValue Bank. 2018. [Evaluation – What Percentage of Your Budget Should You Spend?](#)
- Corporation for National and Community Service. 2014. A quick guide for social innovation fund applicants: budgeting for rigorous evaluations. Washington, DC.
- Horn, J. 2001. [A checklist for developing and evaluating evaluation budgets](#). Western Michigan University, Evaluations Checklist Project.
- IFRC. 2011. [Project/programme Monitoring and Evaluation Guide](#)
- Lagarde, F., J Kassirer, and L Lotenberg. 2012. [Budgeting for Evaluation: Beyond the 10% Rule of Thumb](#). Social Marketing Quarterly 18(3): 247-251.
- Lammert, J. D., & Fiore, T. A. 2015. [Budgeting for evaluation: Key factors to consider](#). Rockville, MD: Westat.
- Social Innovation Fund. Undated. [Evaluation Budgeting Quick Guide](#).
- The Pell Institute for the Study of Opportunity in Higher Education. 2022. [Evaluation Toolkit: Create a Budget](#)
- Twersky, F., & Arbretton, A. 2014. [Benchmarks for spending on evaluation](#). Menlo Park, CA: The William and Flora Hewlett Foundation
- UN Joint Inspection Unit, 2014. [Analysis of the Evaluation Function in the United Nations System](#) (JIU/REP/2014/6)
- The William and Flora Hewlett Foundation. 2014. [Benchmarks for Spending on Evaluation](#).
- Zandniapour, L & N Vicinanza. 2013. [Budgeting for Rigorous Evaluation: Insights from the Social Innovation Fund](#). Corporation for National and Community Service, Office of Research and Evaluation: Washington, DC.