

	FIELD PROGRAMME CIRCULAR	No. FPC 2011/01
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Subject: Evaluation Provisions in Technical Cooperation for Development projects funded by Voluntary Contributions

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1. Introduction

FAO Governing Bodies have consistently expressed support for systematic evaluation of *all* of the Organization's activities, whether funded from assessed or voluntary contributions.

The purpose of this Circular is to set out arrangements for the funding of the evaluation of voluntary funded technical cooperation for development activities. A separate funding arrangement, for the evaluation of emergency and rehabilitation activities, was established in 2006.¹ Under both arrangements, evaluation costs are treated as direct or average direct costs, as per agreed practice in the context of the UNDG-HLCM Finance and Budget Network.² Evaluation services form part of the technical support provided by FAO. They do not qualify as administrative and operational support services.

According to the policy of the Organization "*All programmes are subject to evaluation under its managerial responsibility, including voluntary funded activities. Such evaluation provides not only accountability on results, but provides lessons and recommendations to improve the future performance of FAO and an evidence-base for decision-making.*"

In the results-based management system, achievement of Organizational Results depends on activities funded from both assessed and voluntary contributions, which are now presented in a unified, integrated budget. Therefore, evaluation must be conducted in a framework that examines activities regardless of source of funding.

A document presented to the FAO Programme Committee at its 97th session in May 2007³ proposed to evaluate technical cooperation for development funded by voluntary contributions in thematic areas, rather than individually. Such evaluations, similar to those that have been carried out for many years by the Office of Evaluation with Regular Programme funding, are intended to facilitate the

¹Evaluation Service Note on the Approach and Funding Arrangements for the Evaluation of FAO's Work in Emergency Response and Rehabilitation

² UNDG-HLCM Finance and Budget Network, Working Group on Cost Recovery Policies, 30 November 2007, FAO headquarters, Rome

³ PC 97/4 f) "Conduct and Resourcing of Independent Evaluation of Extrabudgetary Work"

identification of lessons learned across projects in relation to results achieved from both voluntary and assessed contributions funding. Only activities funded by large voluntary contributions would continue to be evaluated at project level.

The Programme Committee approved the proposal and the subsequent 132nd session of the Council (June 2007) endorsed the following arrangements for evaluation of activities funded by voluntary contributions:

“The inclusion of a mandatory budget line for evaluation in all extrabudgetary⁴ projects on a published scale. Two Trust Fund pool accounts would be established for this purpose: one for emergency and rehabilitation projects, and another for technical cooperation for development projects. The exception to this would be those projects of technical cooperation for development over USD 4 million which would continue to be evaluated separately”.

At its 103rd session (April 2010), the Programme Committee stressed that the June 2007 decision of the Council regarding funding of evaluations should be respected by resource partners and brought to their attention where necessary by the FAO Secretariat. The Committee requested that FAO should report to it on the implementation of the Council decision in 2011.

In cases where resource partners do not agree to the arrangements described under paragraphs 2 and 3 below, other arrangements must be agreed on a case by case basis in consultation with the Office of Evaluation (OED). Whichever option is taken:

- it is the responsibility of the project formulator to ensure evaluation costs are budgeted at agreed rates;
- it is the responsibility of the budget holder to confirm the availability of funds, including for evaluations, and to authorize commitments and expenditure in support of the project work plan and in line with FAO rules and regulations⁵.

2. Activities funded by voluntary contributions subject to separate evaluation

In accordance with the Council decision, any voluntary funded activity with a budget **over USD 4 million** must include adequate provision for at least one separate, independent evaluation in its lifetime in the project budget.

However, resource partners may also desire separate evaluations for initiatives below USD 4 million if the project is particularly innovative and there are perceived opportunities for lesson-learning. Thus, for activities funded by voluntary contributions, separate evaluations may be programmed in cases where resource partners have specific requirements.

Adequate provision means that the full cost of the evaluation(s) foreseen for the project must be included in the budget. This will vary depending on the number of evaluations foreseen for the activity, its overall scope, geographical coverage (evaluations of regional projects cost more as the team has to travel to more countries) and complexity of the project.

The clearance of the project document will be conditional upon the inclusion of an adequate provision for evaluation.

⁴ In the context of the integrated budget adopted by FAO and starting from the 2010/11 biennium the term “extrabudgetary” has become obsolete and been replaced by “funded by voluntary contributions”.

⁵ For the comprehensive definition of the term Budget Holder together with broad roles and responsibilities see link in PIREs: <http://pires.fao.org/pires/Info/BudgetHolderFAO.pdf>

The charges will be made by Office of Evaluation (OED) when evaluation costs are charged as direct costs to individual projects following current practice.

3. Voluntary funded activities to be evaluated through the Trust Fund for Evaluation of Technical Cooperation for Development

In line with the Council decision, the *mandatory evaluation component* of activities funded by voluntary contributions **below USD 4 million** will accrue to the Trust Fund for the Evaluation of Technical Cooperation for Development⁶. The Trust Fund ensures that resources are provided for the evaluation of activities funded by voluntary contributions. This Trust Fund will be used to carry out strategic, thematic and country evaluation activities.

Such evaluations will be endorsed by the Programme Committee, as part of the approved work plan of the Office of Evaluation (OED) following normal practices for consultation with FAO units and the Evaluation Committee (Internal).

In accordance with the Council decision, all activities funded by voluntary contributions **below USD 4 million** will include a provision in the budget line for evaluation according to the following scale (identical to the one used for emergency and rehabilitation activities):

Evaluation Budget Lines for Voluntary Funded Activities Contributing to the Evaluation Trust Fund

Total project Budget (USD)	Provision for Evaluation USD)	Total project Budget (USD)	Provision for Evaluation (USD)
Below 200 000	0	over 500 000 to 1 000 000	8 000
over 200 000 – 300 000	2 500	over 1 000 000 to 2 000 000	15 000
over 300 000 – 500 000	4 000	over 2 000 000 to 4 000 000	35 000

Such provisions will be included in projects with the understanding that the project will not be independently evaluated but the funds will be used as part of a strategic, thematic and/or country evaluation.

The charges will be made by the FAO Office of Evaluation as a lump sum, in line with the evaluation provisions included in the project budget, during project implementation. The funds will be transferred to the Trust Fund for the Evaluation of Technical Cooperation for Development .

4. Management of the Evaluation of Technical Cooperation for Development Trust Fund (Operational specifications)

The budget holder of the Trust Fund will be OED.

⁶ With the exception of activities funded by voluntary contributions below USD 4 million where a separate evaluation is programmed as per paragraph 2 above.

The Trust Fund account will be assigned the Trust Fund category containing the “internal (corporate) FAO” activities (donor code FZP). It will be operated following the rules and procedures applicable to other trust funds. In particular, any staff charged to the pool will follow the Trust Fund staff cost regime and be allocated its share of the Trust Fund staff cost uplift.

The budget holder will be responsible for ensuring expenditure monitoring, whereby total expenditures must be within the total funds transferred to the Trust Fund in the framework of the aforementioned policies and procedures and for reporting expenditures, in line with the approved work plan of OED.

5. Budget line for evaluations of activities funded by voluntary contributions

All evaluation charges in extrabudgetary activities will be made to Technical Support Services – Parent account (5027) and expenditure account 6116 “Project evaluation costs”.