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## PROGRAMME COMMITTEE

### Hundred and Eighth Session

Rome, 10 - 14 October 2011

### FUNDING OF EVALUATIONS - IMPLEMENTATION OF COUNCIL DECISIONS

#### Executive Summary

- This document responds to a request made by the Programme Committee in April 2010, to receive in 2011 a report on the implementation of the Council decision regarding the inclusion of evaluation provisions in voluntary-funded projects and programmes.
- Since 2010, a number of steps have been taken by the Organization to improve compliance with the Council decision, including establishment of the second trust fund pool account for evaluation of technical cooperation for development, issuance of the Field Programme Circular and a more systematic monitoring in the Office of Evaluation to identify projects with evaluation provisions.
- However, the number of projects with evaluation provisions is still low. With the move to a unified budget, the requirement under the IPA that all contributors will respect the Council decision that at least one percent of all extrabudgetary funds should be allocated for evaluation and an increase of the percentage of the Net Appropriation for evaluation, the lack of compliance is a matter of concern, especially since the position of the governing bodies has been that the Net Appropriation should not subsidize voluntary-funded activities.

#### Suggested action by the Programme Committee

- The Committee may wish to:
  - call the attention of Council to progress on the implementation of its June 2007 decision on funding of evaluations of voluntary-funded projects and programmes;
  - encourage resource partners of FAO to communicate to the relevant authorities in their countries about the importance of evaluation in the FAO governance structure and the need to comply with the Council decision; and
  - request that the Office of Evaluation continue to monitor and report to the Council and Conference, on voluntary-funded activities for which resource partners have not agreed to provide funds for evaluation, as per the Council decision.

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## Introduction

1. This document responds to a request made by the Programme Committee in April 2010, to receive in 2011 a report on the implementation of the Council decision regarding the inclusion of evaluation provisions in voluntary-funded projects and programmes.
2. Projects and programmes have been subject to evaluation since the establishment of an FAO evaluation function in 1968. Until the late 1990s, project evaluations comprised the bulk of FAO's evaluation work. Resources for these evaluations were made available from project and programme budgets. Up to the mid-1990s, much of FAO's Field Programme was funded by UNDP and evaluations were normally included in these projects.
3. The subsequent decade was marked by a number of changes in the Field Programme and how it was evaluated. As FAO began a more structured approach to design of its programmes with the adoption of the Strategic Framework 2000-2015 in November 1999, FAO began to move more towards strategic and thematic evaluations, covering both projects and work funded under the Regular Programme. At the same time, the number of project evaluations being conducted decreased substantially, from over 100 per year in the mid-1990s to around 30 per year by the mid-2000s.
4. The Programme Committee at its 97<sup>th</sup> session in May 2007 considered the evaluation of extrabudgetary work<sup>1</sup> and noted that evaluation coverage of the extrabudgetary programme had not been fully comprehensive and that this restricted the governing bodies from exercising their oversight function. It agreed that strategic evaluation should increasingly be undertaken on a programmatic and country basis, except for large projects of technical cooperation for development which should continue to be evaluated individually.<sup>2</sup>
5. The Council, at its 132<sup>nd</sup> session in June 2007, endorsed new arrangements for the evaluation of voluntary-funded initiatives in FAO.<sup>3</sup> The decision stated: The Council emphasised the importance of the systematic evaluation of the extrabudgetary work of the Organization, and endorsed the following arrangements for evaluation of extra-budgetary work:
  - a) the inclusion of a mandatory budget line for evaluation in all extra-budgetary 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 US\$ 4 million which would continue to be evaluated separately; and*
  - b) the institutionalisation of the arrangements for evaluation of emergency and rehabilitation programmes and the extension of similar arrangements to projects of technical cooperation for development. While respecting the independence of evaluation and the role of the Evaluation Service in this, these institutional relationships would include comprehensive dialogues with stakeholders, in particular funders and partner countries, on the selection of evaluations and their conduct."*
6. The Charter for the Office of Evaluation, approved by the Council in May 2010<sup>4</sup>, integrated the Council decision in relation to the two Trust Fund pool accounts and mandatory budget allocation for evaluation in all voluntary funded initiatives. It also stated that "*The criteria for separate evaluation and the levels of allocation in project budgets for evaluation will be in accordance with published guidelines that may be reviewed periodically by the governing bodies*".

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<sup>1</sup> PC 97/4f

<sup>2</sup> CL 132/11 paragraph 39

<sup>3</sup> CL 132/REP paragraph 76

<sup>4</sup> CL 139/4 Annex I

## **Progress in the implementation of the June 2007 Council decision on the evaluation of extrabudgetary work**

### *Evaluation provisions in large projects since the Council decision*

7. The Programme Evaluation Report 2007 outlined organizational policy for the evaluation of large technical cooperation initiatives that should be subject to separate evaluation. National and regional development projects including unilateral trust funds with budgets of USD 2 million or more would continue to be evaluated independently, unless covered by a thematic, strategic or country evaluation. This applied also to funding within framework agreements in support to the normative work of the Organization. However, all projects, including Unilateral Trust Funds, with budget over USD 4 million would always be subject to at least one full separate evaluation<sup>5</sup>.

8. Since the Council decision in June 2007, a total of 203 projects have been approved with a budget over USD 2 million. Of these, 99 (49%) included a mention in the project document of an intent to evaluate the project at some time. Within this group, 94 projects had budgets above USD 4 million. Of these, 43 projects (46%) included reference to an evaluation. This is a low figure, given the importance attached to evaluation by the governing bodies and its key role for organizational accountability and learning.

9. Since 2010, the Office of Evaluation has adopted a more pro-active approach to identify projects meeting the criteria for evaluation through Field Programme Management Information System (FPMIS) triggers and targeted messages to Budget Holders when project documents contain evaluation provisions. However, the final decision on when to have an evaluation is made by the Budget Holder, in consultation with other stakeholders. The availability of funds and existing commitment to carry out an evaluation are often decisive factors.

### *The trust fund pool accounts*

10. By the time of the Council decision in 2007, the trust fund for the evaluation of emergency and rehabilitation projects had already been established. The trust fund has been used to finance major evaluation studies of emergency and rehabilitation interventions in individual countries, across regions (e.g. Horn of Africa) and at global level (e.g. two real-time evaluations of FAO's work on Highly Pathogenic Avian Influenza). The trust fund has allowed for evaluations that: take into account the specificities of the humanitarian context and are thus programme rather than project-oriented; are more systematic in assessing accountability; and cover more fully FAO's emergency and rehabilitation operations. It has also allowed FAO to participate in UN system-wide evaluations of emergency and rehabilitation operations and improved learning of lessons from evaluations. However, participation in the trust fund by donors is not universal as some still insist on individual project evaluations or do not provide evaluation funding at all.

11. The establishment of the Trust Fund pool account for the evaluation of technical cooperation voluntary funded initiatives was accomplished in early 2011, with the issuance of the FAO Field Programme Circular (FPC) 2011/1: Evaluation Provisions in Technical Cooperation for Development projects funded by Voluntary Contributions. In compliance with the Council's decision, the FPC states that:

- 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 Development. 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;
- 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; in these cases, funds would remain in the project budget and not be transferred to the Trust Fund pool account.

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<sup>5</sup> C 2007/4, paragraphs 26-27

12. The level of allocations for evaluation is indicated in the FPC. It is identical to the one that has been applied since its establishment for the trust fund for evaluation of emergency and rehabilitation projects.

13. Due to the limited amount of time since the trust fund pool account for the evaluation of technical cooperation for development was established, it is too early to assess whether resource partners will respect the Council decision. However, based on experience with the Trust Fund for emergency and rehabilitation evaluations, one of the biggest issues remains the unwillingness of some resource partners to fund evaluation provisions as a direct cost under the modalities defined by the Council decision.

### **Conclusions**

14. Since 2010, a number of steps have been taken by the Organization to improve compliance with the Council decision, including establishment of the trust fund pool account for evaluation of technical cooperation for development, issuance of the Field Programme Circular and a more systematic monitoring in the Office of Evaluation to identify projects with evaluation provisions.

15. However, the number of projects with evaluation provisions is still low. With the move to a unified budget, the requirement under the IPA that all contributors will respect the Council decision that at least one percent of all extrabudgetary funds should be allocated for evaluation<sup>6</sup> and an increase of the percentage of the Net Appropriation for evaluation, the lack of compliance is a matter of concern, especially since the position of the governing bodies has been that the Net Appropriation should not subsidize voluntary-funded activities.

16. As part of the effort to address the situation, FAO management is undertaking the following actions:

- a) communication to headquarters technical divisions, decentralized offices and resource partners about the provisions of the Evaluation Charter and the FPC, so that staff are able to discuss, and resource partners will be informed, about the need to include systematically evaluation provisions in all voluntary-funded projects and programmes being formulated;
- b) the FPC is being included in the new draft Project Cycle Guidelines, as an integral part of the project formulation stage; and
- c) the requirement for evaluation and the related budgetary provision in line with the FPC will be included in the training module on the project cycle being developed for project formulators.

### **Suggested Action by the Programme Committee**

17. The Committee may wish to:

- call the attention of Council to progress on the implementation of its June 2007 decision on funding of evaluations of voluntary-funded projects and programmes;
- encourage resource partners of FAO to communicate to the relevant authorities in their countries about the importance of evaluation in the FAO governance structure and the need to comply with the Council decision; and
- request that the Office of Evaluation continue to monitor and report to the Council and Conference, on voluntary-funded activities for which resource partners have not agreed to provide funds for evaluation, as per the Council decision.

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<sup>6</sup> Immediate Plan of Action for FAO Renewal, action 2.78