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PROGRAMME COMMITTEE

Hundred and Twelfth Session

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REPORT ON IMPLEMENTATION OF THE COUNCIL DECISION ON FUNDING OF EVALUATION IN EXTRABUDGETARY ACTIVITIES

Executive Summary

- This document responds to a request made by the Programme Committee in October 2011,¹ to receive a progress report on the implementation of the Council decision regarding the inclusion of evaluation provisions in voluntary-funded projects and programmes.
- Since late 2011, a number of steps have been taken by the Organization to improve compliance with the Council decision, including enhanced communication with FAO staff and resource partners about the Field Programme Circular 2011/1, integration of evaluation in the newly prepared guidance documents on the FAO project cycle, and more systematic integration and monitoring of evaluation provisions in newly approved projects.
- These actions have already led to some progress, and further efforts are required, with both FAO staff and resource partners, to meet the guidance of the 2007 Council decision.

Suggested action by the Programme Committee

The Committee may wish to:

- call the attention of the Council to progress on the implementation of its June 2007 decision on funding of evaluations of voluntary-funded projects and programmes;
- draw the attention of resource partners of FAO to the importance of evaluation in the FAO governance structure and the need to comply with the Council decision.

Queries on the substantive content of this document may be addressed to:

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¹ CL 143/7

Introduction

1. 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.
2. 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 designing its programmes, the Evaluation Service 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.
3. The Programme Committee at its 97th session in May 2007 considered the evaluation of extra-budgetary work² 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.³
4. The Council, at its 132nd session in June 2007, following the recommendations from the Programme Committee, emphasised the importance of the systematic evaluation of the extra-budgetary work of the Organization and endorsed the following arrangements for evaluation of extra-budgetary work:⁴
 - 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."*
5. The Charter for the Office of Evaluation, endorsed by the Council in May 2010⁵, 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"*.
6. The trust fund for the evaluation of emergency and rehabilitation projects was established in late 2006. It has been used to finance major evaluation studies of emergency and rehabilitation interventions in individual countries, across regions and at global level. Contributions to the trust fund have been quite systematic, although participation in it by resource partners is not universal as some still insist on individual project evaluations or do not provide evaluation funding at all.
7. With respect to the trust fund for technical cooperation for development projects, in March 2011 the Technical Cooperation Department issued Field Programme Circular (FPC) 2011/1:

² PC 97/4f

³ CL 132/11 paragraph 39

⁴ CL 132/REP paragraph 76

⁵ CL 139/REP para. 24; CL 139/4 Annex 1

Evaluation Provisions in Technical Cooperation for Development projects funded by Voluntary Contributions, which provided detailed instructions to implement the Council 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.

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

9. In October 2011 the Programme Committee considered a progress report on the implementation of the 2007 Council decision.⁶ This report indicated that an insufficient number of projects approved in the period April-July 2011 had contributed to the Trust Fund for the Evaluation of Technical Cooperation for Development. This was attributed to the limited amount of time since the trust fund pool account had been established, and also to the fact that some resource partners were reluctant to fund evaluation provisions as a direct cost under the modalities defined by the Council decision.

10. The Programme Committee asked for a further update on this topic after an additional year of experience. This document corresponds to the Programme Committee's request.

Progress in the implementation of the June 2007 Council decision on the evaluation of extrabudgetary work since October 2011

11. Since October 2011, Management has taken the following actions:

- a) issued a communication to technical divisions, decentralized offices and resource partners urging systematic inclusion of evaluation provisions in all voluntary-funded projects and programmes;
- b) included evaluation coverage in the new Guide to the Project Cycle and related training module, with practical information for project formulators;
- c) enhanced monitoring by the TC Department and OED of compliance with the Council decision for all approved projects.

12. The baseline for assessment of progress for the present report was the group of projects approved in the period 1 April – 30 June 2011. Out of 33 approved initiatives in this period, 17 should have included evaluation provisions. Only 6 of these 17 projects (35%) actually did so. These 6 projects with evaluation provisions represented 54% of the total project funding over the period.

13. During the period 1 July 2011 - 31 July 2012, 167 new projects were approved. Of these, 75 projects (group 1) are exempted from evaluation by FAO, and 92 projects (groups 2-4 in Table 1) should have included evaluation components under the provisions of the FPC, as described below.

⁶ PC 108/7

Table 1: compliance with FPC 2011/1 for period 1 July 2011-31 July 2012

Group	Definition	Number	% of total number	% of total budget
1	Projects not subject to evaluation due to budget size or other characteristics	75	45%	13%
2	Projects that will contribute to the Evaluation Trust Fund	11	7%	4%
3	Projects that contain provisions for separate evaluation	33	20%	59%
4	Projects that were negotiated before 1 April 2011 but approved after the FPC was issued	13	8%	4%
5	Projects that do not comply with the FPC	35	21%	20%
	Total	167	100%	

- **Group 1:** among the 75 projects that are exempted from evaluation by FAO, 59 had a total budget equal to or less than USD 200,000, 9 were United Nations Joint Programmes that did not include evaluation provisions by individual participating agencies, and 7 were exempted in agreement with OED;
- **Groups 2 and 3:** these comprise 44 projects in total that should be evaluated and that comply with the FPC. When compared to the baseline, this group represents an improvement by 13% in terms of number of projects, and by 9% in terms of volume of funding;
- **Group 5:** the 35 projects that did not comply with the FPC represent 38% of the projects that should include evaluation provisions; the ‘missing contribution’ from this group of projects to the trust fund is estimated to be approximately USD 250,000. There were three main reasons for projects to be classified as non-compliant:
 - 1) in eight projects, the justification provided for non-compliance with the FPC was not satisfactory;
 - 2) in six projects, although an evaluation component was included in the project document narrative or project budget, funds allocated were inadequate and not in compliance with the FPC directives;
 - 3) in 21 projects, there was no evaluation planned as managed by FAO Office of Evaluation in the narrative of the project document and/or the projects did not have an evaluation budget line. This was usually due to resource partners’ decisions to maintain their own evaluation procedures, which were in some cases incompatible with FAO evaluation policy.

14. Table 2 shows the distribution of the projects that do not comply with the FPC, by resource partner, as compared to the total number of projects requiring evaluation provisions, funded by the same donor.

Table 2: projects approved during period 1 July 2011 to 31 July 2012 in Group 5, by donor

Donor	Total no. of projects approved that should have evaluation provisions	Projects approved that did not comply with evaluation provisions (Group 5)
European Union	20	10
Multilateral	5	3
Germany	6	2
Argentina	2	2
Standards and Trade Development Facility in SPS Measures	3	2
United Nations Office For Project Services	2	2
Bill and Melinda Gates Foundation	2	2
USA	3	1
Australia	1	1
Belgium	1	1
Brazil	1	1
Colombia	1	1
GEF (FAO)	3	1
Italy	3	1
Switzerland	1	1
UK	2	1
ERCIM	1	1
France	1	1
Japan	2	1

Conclusions

15. A significant number of projects (34% of the total) funded through FAO since April 2011 have budgets below the minimum threshold to include a provision for evaluation, i.e. USD 200,001.

16. Actions taken by FAO management to promote compliance with FPC 2011/1 and the 2007 Council resolution on the evaluation provision of extrabudgetary-funded initiatives have resulted in an improved proportion of projects that include evaluation provisions in line with FPC 2011/1.

17. Nevertheless, further efforts are needed to ensure that all pertinent projects are approved with adequate provisions for evaluation, through both enhanced dialogue and clarifications with resource partners and internal monitoring.

18. Contributions to the Trust Fund for the Evaluation of Technical Cooperation for Development by the end of 2012 are estimated to be in the order of USD 250,000, about half of the amount if all projects with budget below USD 200,000 complied with the FPC. Initial proposals for the use of these funds will be presented to the Programme Committee during 2013.

19. Management will continue to monitor compliance with FPC 2011/1 and the 2007 Council resolution.

Suggested actions by the Programme Committee

20. The Committee may wish to:
- call the attention of the Council to progress on the implementation of its June 2007 decision on funding of evaluations of voluntary-funded projects and programmes;
 - draw the attention of resource partners of FAO to the importance of evaluation in the FAO governance structure and the need to comply with the Council decision.