

Summary of Document GEF/ME/C.42/06

Work Program and Budget of the GEF Evaluation Office

Recommended Council Decision

The Council, having reviewed document GEF/ME/C.42/06, “*Work Program and Budget of the GEF Evaluation Office*,” approves the annual budget for the Evaluation Office for fiscal year 2013 for a total of US\$2.74 million.

The multi-annual budget for the evaluation program of the GEF Evaluation Office is approved for an amount of US\$ 3 million for evaluations carried out in fiscal year 2013 and evaluations continuing on into fiscal year 2014. This amount includes the funding approved by the Council for the Fifth Overall Performance Study and the mid-term evaluations for STAR and the NPFE/CSP related activities of the GEF, as requested by Council.

Executive Summary

1. The four year work program of the Evaluation Office for GEF-5 was approved by the GEF Council in May 2011. Furthermore, Council decided to create an annual budget for administrative costs of the Evaluation Office and a multi-annual budget for its evaluation activities. The experience of the first year of the multi-annual budget shows that it enables the Office to operate beyond the boundary of a fiscal year, which is essential for its work program of evaluations, many of which cross that boundary.
2. In May 2011 the multi-annual budget was approved for evaluations to be carried out in fiscal year 2012 and evaluations that would start in fiscal year 2012 and would continue on in fiscal year 2013. This means a balance of (already committed) funds is still available for fiscal year 2013, and the multi-annual budget will need to be replenished in order to carry out the full program of work in fiscal year 2013 and ensure that funding can be committed for evaluations that will carry over into fiscal year 2014.
3. The work program of the Office in fiscal years 2013 and 2014 consists of ongoing work in the four evaluative streams of the Office – Country Portfolio Evaluations, Impact Evaluations, Performance Evaluations and Thematic Evaluations – as well as three additional evaluations. The three additional evaluations consist of the Fifth Overall Performance Study, the mid-term evaluation of STAR and the mid-term evaluation of NPFE/CSP. These three evaluations create a temporary increase in the multi-annual budget of the Office.
4. The terms of reference and budget for the Fifth Overall Performance Study are presented separately to the Council, and approval has been asked for an overall budget of \$1.075 million. This budget has been included in the thematic budget line in the multi-annual budget of the

Office. The two mid-term evaluations have been budgeted in the performance budget line of the Office and will cost all in all \$425,000. These budgets have achieved huge nominal savings compared to the budget for OPS4 (which was \$2.2 million) and the mid-term evaluation of the RAF (which on its own was \$0.5 million). These savings have been made possible by integrating issues that would need to be evaluated in these evaluations in the regular work program of the Office. However, these budgets also lead to an additional burden on the multi-annual budget of \$1.5 million that needs to be incorporated in the budget for fiscal years 2013 and 2014.

5. Not all of the funding needs to be available up front. For this reason the Office proposes to replenish the multi-annual budget with \$3 million: \$2 million of this amount would continue the multi-annual fund on a zero growth budget for regular activities and an additional \$1 million will enable a timely execution of OPS5 and the two mid-term evaluations.

6. On the annual budget the expenditure in fiscal year 2012 is estimated to reach up to the full amount budgeted. The Office has been able to do this despite increasing costs in operations and in participation of the Office in the Extended Constituency Workshops through eliminating one professional staff position.

7. Given the international financial crisis and the slow recovery the Office proposes a zero line growth for its annual budget, which means Council is asked to approve an amount of USD 2.74 million for fiscal year 2013. However, it also notes that for the next fiscal year it will need to prepare a shift of funding from the multi-annual budget to the annual budget as it will need to expand staff to ensure that the growing work program can be handled by the Office. This shift of funding will be proposed on a budget neutral basis as regards total funding available to the Office in the GEF-5 period.

8. The Office continues to keep track of international best practices in establishing the budget for evaluation. Evaluation Offices of the UN tend to be budgeted at 0.8 to 1 percent of the overall budget of the UN agency – recently FAO has made progress in this direction. Evaluation Offices of the International Financial Institutions tend to have budgets of 0.1 to 0.2 percent of the overall budgets of the IFI, reflecting economies of scale that can be achieved with substantially higher budgets. The GEF Evaluation Office budget during GEF-4 amounted to 0.53 percent of the overall budget of GEF-4. The current budget perspective for GEF-5 would reduce this percentage to 0.43 of the overall budget of GEF-5.

9. The Boards of the World Bank and IMF continue to fund their evaluation office budgets separate from the corporate and administrative budgets of these organizations, as they feel that including them in these budgets raises issues of independence and does not reflect the proper relationship of evaluation budgets to what needs to be evaluated. The GEF Council may wish to consider whether the budget of the GEF Evaluation Office should remain in the corporate budget of the GEF in the longer run.