

# Revised UN-Habitat Evaluation Framework

September 2015

## I. Introduction

1. The evaluation function in UN-Habitat is outlined in the UN-Habitat Evaluation Policy (of January 2013). In the policy is outlined the institutional framework, roles and responsibilities for evaluation in UN-Habitat based on UN system-wide evaluation norms and standards. The Evaluation Unit is the custodian of the evaluation function and in this capacity, and after consultation with senior managers in UN-Habitat and evaluation peers in other agencies, presented a revision of UN-Habitat's Evaluation Framework for the UN-Habitat Management Board for its approval on 9<sup>th</sup> September 2015. The present framework paper incorporates comments received from members of the Board and is provision for the Board's approval.
2. This approved revision of the UN-Habitat Evaluation Framework updates the requirements for the implementation of the UN-Habitat Evaluation Policy and effectively strengthens the implementation the evaluation policy within the current organizational context. UN-Habitat's evaluation coverage, especially at project level, needs to be improved to raise accountability and performance levels, to comply with UN-Habitat strategy and policies, to respond to donor and UN system recommendations, and to prove and improve UN-Habitat's reputation for 'doing-good' urbanization. A review of the UN-Habitat project portfolio in May 2015 based on PAAS found that only 41 % (18) of 44 projects over US\$1 million closing in 2015 had planned for evaluation. The framework is intended to address low evaluation coverage, lack of systematic and risk based selection of projects for evaluation, reliance on donor-led evaluations, poor awareness and use of evaluations conducted by donors and others, failure to allocate funds for evaluation during project design and implementation, and inadequate regular funds to secure the core activities of the evaluation function.
3. UN-Habitat is a global actor in the field of sustainable urban development. It depicts global conditions and trends on urbanization, promotes global norms, supports governments in the formulation and implementation of policies and strategies for sustainable urbanization, assists in developing innovative models and interventions in urban development, helps mobilize national resources and external support for improving human settlements conditions. As a learning and knowledge-based organization, UN-Habitat needs to better use knowledge generated and stored in the organization to increase its ability to respond better to demands, meet objectives and facilitate progress towards the achievement of organizational goals. UN-Habitat intranet is not routinely updated and key information such as evaluation reports by donors and other entities are not centrally available. Learning from evaluation processes, best practices and other internal knowledge sources is also low. The framework will increase the

generation of knowledge on results and lessons learned from UN-Habitat's interventions and the sharing of such information.

4. Impact evaluations attempt to determine changes that are attributable to the intervention and can contribute to better understand and address barriers to sustainable urbanization. Methodological issues are considerable conducting impact evaluations of urban development projects; however, it is mainly lack of resources that prevents UN-Habitat from conducting impact evaluations. This framework will increase the ability to identify innovative interventions through its shared knowledge base and increased evaluation coverage thereby helping to plan for less costly small-scale impact evaluations of innovative methods used by UN-Habitat to test the effectiveness of those innovations in the field.
5. The key components of the evaluation framework are:
  - Evaluation goal and performance targets for UN-Habitat at corporate level
  - A decentralized evaluation system for evaluation of projects based on size and type of intervention and risk-based assessment
  - A system for storing and sharing all evaluation reports of UN-Habitat interventions
  - Indirect and direct evaluation costs charged to all UN-Habitat projects

## II. Framework goal, assumptions and risks

6. The goal of the framework is to increase UN-Habitat's evaluation coverage to 60 % of all UN-Habitat projects (and over 95% of its portfolio value) while ensuring high quality and credibility of evaluations conducted.

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7. The achievement of the framework's goal is based on some key assumptions and risks.
8. Key assumptions:
  - *Evaluation coverage* is understood by: 1) % of projects evaluated, 2) % of project portfolio value evaluated, and 3) number of country programme evaluations. In addition, evaluation coverage will be measured by number of Branches and Regional Offices that have conducted at least one evaluation in a 2 year period of the Programme of Work.
  - Primary focus of evaluations is projects of value USD1million and above. Value added to evaluation of all small projects (below USD500,000) due to low budget evaluation and variable quality of such evaluations, is assumed to be low and not efficient.

- 'High risk' projects are identified through the development of project risk analysis and realistic risk frameworks during project design and approval.
- Inadequate human resources capacity is assumed to be *status quo*. There is lacking adequate regular/foundation budget funded staff, especially evaluation officers to undertake core evaluation functions in the Evaluation Unit. The evaluation focal points' role assumed by Branch and Regional office staff is intended to increase the capacity.
- Effective quality assurance system for decentralized evaluation functions is based on enforcement and penalties on unit/offices that do not comply with evaluation standards/ requirements for implementation of the evaluation policy and requirements. The quality assurance system will be supported by updated RBM Handbook, an evaluation manual and additional guidelines, including training of evaluation focal points in each Branch and Regional Office.

9. Key risks:

- Branches and Regional Offices try to influence evaluation processes. As a result they do not deliver credible decentralized evaluations that contribute towards accountability and learning. In UNDP, over 40% of decentralized evaluation consultants report some form of unacceptable measures by UNDP Managers affecting the independence of their evaluations (Baastel 2014: Review of the UNDP Evaluation Policy).
- With more than 38 project evaluations expected per year, the current evaluation resources of the Evaluation Unit i.e., two professional staff is not sufficient to provide technical support to decentralized evaluations (such as review of draft reports is only expected for projects selected by the Evaluation Unit but all decentralized evaluation reports will be rated on quality) and levy/ cost-recovery for technical support is not forthcoming from Branches and Regional Offices. Each Evaluation Professional in the Evaluation Unit can support or manage 8-10 evaluations, including corporate evaluations, in a year.

### III. Project Portfolio Development and Evaluation Trends in 2015 and after 2015

10. The UN-Habitat project portfolio is expected to develop with same pace over the next 2-4 year period with about 100 projects closing every year (Tables 1 and 2). It is expected that there will be a slight trend towards an increase in high value projects and a decrease in low value projects.

Table 1: Project portfolio in number of projects

Project value in IMIS/USD	Number of projects closing in 2015	Number of projects closing after 2015
0-500,000	51 (45%)	33 (34%)
500,001-	18 (16%)	10 (10%)

1,000,000		
1,000,000-3,000,000	26 (23%)	29 (30%)
Above 3,000,000	18 (16%)	26 (26%)
<b>Total</b>	<b>113 (100%)</b>	<b>98 (100%)</b>

Table 2: Project portfolio in value of projects

Project value in IMIS/USD	Value of projects closing in 2015/ million USD	Value of projects closing after 2015/ million USD
0-500,000	13,3 (4%)	6,9 (2%)
500,001-1,000,000	12,6 (4%)	8,0 (2%)
1,000,000-3,000,000	47,3 (16%)	51,0 (14%)
Above 3,000,000	231,7 (76%)	302,5 (82%)
<b>Total</b>	<b>304,3 (100%)</b>	<b>368,5 (100%)</b>

#### IV. Evaluation Performance Targets

11. In the framework, four evaluation performance targets are established with a view to achieve the goal of increasing UN-Habitat's evaluation coverage to 60% of all UN-Habitat projects (and over 95% of its portfolio value) while ensuring high quality and credibility of evaluations conducted.
12. **Target 1: 100% of projects of value USD1 million and above is evaluated.** This is an estimated 30-40 project evaluations per year and it includes programme evaluations. The vast majority of these project evaluations are conducted as decentralized evaluations by an external consultant and managed by the Director of the Regional Office or the Branch Coordinator with technical support of the Evaluation Unit. Evaluation of global initiatives categorized as 'high risk' or of 'high strategic, thematic or demonstration importance' will be managed by the Evaluation Unit. All evaluations will follow specified format for evaluation and rate performance of the intervention (highly satisfactory, satisfactory, partially satisfactory, unsatisfactory, and highly unsatisfactory). The quality of each evaluation report is rated by the Evaluation Unit (Unsatisfactory, satisfactory, good, and very good). In addition, the Evaluation Unit selects 10 evaluations (30% of projects evaluated) for inspection and field visit during the evaluation.
13. **Target 2: 10% of projects of value USD 0-1,000,000 bracket is evaluated.** This target translates to evaluation of about 6 projects (regional/ country level) and at least 1 project implemented by Branches at Headquarters per year. Most evaluations of these projects will be covered in country programme evaluations (see target 3).
14. **Target 3: At least one country programme evaluation for each 2 year PoW in each of the four regions.** These evaluations are managed by the Regional Office. Country programmes most in

need of evaluation are identified using a risk-based approach. The country programme evaluation should evaluate projects clustered equal to one third or exceeding one third of the overall country office portfolio. The country programme should not cover more than five projects and at least one project should be below USD1million.

15. **Target 4: Two corporate evaluations are conducted per year.** The corporate evaluations are managed by the Evaluation Unit and conducted by its staff or with support from external consultants. Corporate evaluations include thematic/special subject, a priority area, mid-term and final evaluation of the Strategic Plan. For example, pending approval by the Board of the UN-Habitat Evaluation Plan 2016-2017, in 2016 this could be evaluations of Emergency Responses and Gender Equity and Mainstreaming in UN-Habitat's work (cross-cutting issue), in 2017 mid-term / formative evaluation of the Strategic Plan (requirement).

## V. Proposed Plan of Action and Requirements

16. The implementation of the revised evaluation framework is expected to commence immediately with the approval of the framework as of 9<sup>th</sup> September 2015 (Table 3).

Table 3: Immediate action in 2015

	Action	Responsible Unit(s)	Time Schedule
1.	Appointment of evaluation focal points in each Branch and Regional Office, including Divisions	Evaluation Unit	July 2015 (Completed)
2.	All projects over value USD 3 million closing in 2015 will be identified with the purpose of ensuring that these projects are evaluated in 2015. Currently, only 6 of 18 projects over value USD3 million closing in 2015 have scheduled an evaluation.	Evaluation Unit; Programme Division; Relevant project managers	End of September 2015 (Pending)
3.	All new projects over value USD 1 million are not approved (and coded in PAAS/ Umoja) unless the project has evaluation budget line and adequate resources allocated for end-of-project evaluation.	All Senior Managers; Programme Division (PAG); Division of Operations and Management	From point of approval of action plan, 9 September 2015
4.	Review of all projects with value over USD 1 million and closing after 2015 to retro-fit project budgets for an end-of-project evaluation conducted by external consultant.	Evaluation Unit; Operations Division; Relevant project managers	30 December 2015
5.	Identify 1 corporate evaluation and 1 country programme evaluation for inclusion in the 2015 UN-Habitat Evaluation Plan.	Evaluation Unit; Senior Management Board	30 September 2015 (Evaluation on youth in progress and Sudan evaluation completed)
6.	Develop and update common facility on Habnet for sharing and storing all evaluations of UN-Habitat interventions, including reports by donors and UN system wide initiatives. Design 'Evaluation Updates' with quarterly updates to all staff on new evaluation reports and on-going evaluations.	Evaluation Unit; Division of Operations and Management	30 November 2015 (Habnet evaluation folder completed, 'Evaluation Updates, first issue ready by December 2015)

17. In the medium-term period of the next 18 months and to be completed by end of 2016, the following outputs and activities will be delivered to implement the decentralized evaluation system (Table 4).

Table 4: Actions between mid-2015 and end of 2016

	Action	Responsible Unit(s)	Time Schedule
1.	<b>Revision of the document ‘Requirements for the Implementation of the UN-Habitat Evaluation Policy’ on decentralized evaluation, benchmarks, budgeting and quality assurance.</b>	Evaluation Unit	February 2016
2.	<b>Develop the 2016-2017 UN-Habitat Evaluation Plan based on evaluation performance targets 1-4 for approval by the UN-Habitat Board.</b>	Evaluation Unit, Senior Management Board	February 2016
3.	<b>Preparation of an evaluation handbook.</b>	Evaluation Unit	March 2016
4.	<b>Training of focal points in planning and conducting evaluations.</b>	Evaluation Unit	April-August 2016
5.	<b>Incorporating evaluation as a requirement in all project budgets. All new projects above minimum of USD 300,000 are subject to an evaluation levy, which will cover indirect evaluation costs.</b>	Programme Division (PAG); Operations Division; Evaluation Unit	From January 2016 and onwards

18. Projects under USD1million is charged a levy of USD7,000, while projects of 1USD million and above is charged USD10,000. The levy is ‘rechargeable’ if the project receives additional funding or extended to a new phase (Table 5). Total evaluation costs are calculated as indirect evaluations + direct evaluation costs.

Table 5: Project evaluation costs

Project	Evaluation Requirement	Indirect Evaluation Costs	Direct Evaluation Costs
<b>Projects under USD1 million</b>	Self-evaluation report (by template) at the end of the project is a requirement. End of project evaluation is optional. Projects under USD300,000 ( the minimum amount for UN-Habitat projects) are exempted from evaluation.	USD7,000	Min. USD25,000*
<b>Projects of and over USD1 million</b>	End of project evaluation is <u>required</u> . The evaluation is done by external consultant or the Evaluation Unit.	USD10,000	Min. USD50,000*

\*) Specific amount depends on scope and scale of the project.

19. *Indirect evaluation costs* cover for the support provided by the Evaluation Unit for the evaluation to be conducted (i.e., end-of-project evaluation and self-evaluation template). The income provide for the overall evaluation function, staff of the Evaluation Unit, including hiring of 1 additional staff (consultant) to support decentralized evaluations, and training of evaluation focal points. The indirect evaluation costs do not cover the actual costs of the evaluation of the project. The cost of an evaluation are the *direct evaluation costs*, which accounts for evaluation consultants' fees, travel, report layout and proofing (optional).