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JOINT MEETING

**Hundred and Fourteenth Session of the Programme Committee
and Hundred and Fifty-first Session of the Finance Committee**

Rome, 13 November 2013

Report on structure and functioning of decentralized offices network

Suggested action by the Programme and Finance Committees and Council

- The Council, taking into consideration the views of the Joint Meeting of the Programme and Finance Committees, is requested to take note of the update on the structure and functioning of the decentralized offices network.

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1. This paper provides Members with an update on steps taken to improve the Organization's performance in producing results and impact at the country-level by all aspects of FAO's work – normative, as well as global, regional and country programmes. It builds on the guidance Members provided at the 144th session of the Council in June 2012¹ in response to the document entitled *Structure and functioning of the decentralized office network*.²
2. There has been good progress in all the areas agreed, namely to: (i) improve the performance, results and impact of all of FAO's work at the country level; (ii) reduce fragmentation and increase integration across all aspects of FAO's work, irrespective of source of funding, between decentralized offices and headquarters, between normative and global knowledge products and its actions in the field, and between emergency-rehabilitation-development activities in full coherence with the Organization resilience agenda; and (iii) promote partnerships with national and regional institutions, other UN and non-UN international agencies, the private sector, universities and research organizations, and civil society. Each of these has received deliberate focus and attention since the June 2012 Council.
3. Council endorsed proposals organized in three broad areas: (a) improved planning and priority setting; (b) improvements in the decentralized offices network; and (c) an integrated model for programme delivery, including the integration of development, emergency and rehabilitation activities, as well as more strategic use of TCP resources, and improved human resources management for enhanced performance, accountability and country-level impact. The present document updates the progress made in each of these areas.

A. Improved planning and priority setting

4. Members have highlighted the critical importance of improved planning and strengthened priority setting at country and other levels. Good progress has been made in this area, both in terms of rolling-out Country Programming Frameworks (CPFs) and their integration into broader corporate planning processes. This progress was highlighted in the recent Evaluation of FAO's Regional and Subregional Offices for Africa.³
5. Country Programming Frameworks have been concluded largely as planned, but more importantly, they now need to be seen in light of their role within the reviewed Strategic Framework and its planning and programming approach. To date, out of 150 countries expected to have a CPF, 110 countries have completed them, work is ongoing in 13 countries, while in 25 countries the existing National Medium Term Priority Frameworks (NMTPFs) are still valid. The process has not been launched only in one country due to specific country circumstances. The CPFs, as desired, provide a solid basis for identifying country priorities for FAO collaboration, in line with government strategic plans and the broader UN Development Assistance Frameworks (UNDAFs).
6. The CPFs play a key role in the implementation of the reviewed Strategic Framework. As the earlier Council document pointed out, "the decentralization process can only be truly successful when FAO's field activities are seamlessly connected to its global public goods; the two are necessary complements, not competing objectives".⁴ The reviewed Strategic Framework and programming process, including input from the CPFs, address this explicitly. Implementation of the new results-based framework will begin in 2014, but the work by the Strategic Objectives Teams that are leading the planning process and the development of the results framework is well advanced. It is the practical result of what the Council supported, "a direct line-of-sight from the top downwards and the bottom upwards [...] The revamped strategic planning process is the foundation for defining country-level

¹ CL 144/REP paragraphs 17-22

² CL 144/15

³ PC 114/2

⁴ CL 144/15 paragraph 2

“impact pathways” to ensure that global public goods are translated by FAO decentralized staff and collaborating institutions into country-level results in new settings, while the global public goods produced by FAO headquarters colleagues also build on country-level experience.”⁵

7. Each of the Strategic Objectives (SOs) has developed work plans that outline a set of corporate outputs necessary to achieve Organizational Outcomes, along with the key areas of work and indicators. The SO work plans benefited from the exercise carried out in April of this year, where CPF results were mapped to the Strategic Framework, ensuring that country demands were taken into consideration in formulating FAO's corporate-level outputs. Regional and subregional offices have also been actively engaged in this process and the Corporate Baseline Survey, against which the Organization's results will be measured, is underway initially in 40 countries.

8. On one hand, the reviewed Strategic Framework builds on input from the CPFs as part of the larger Organization-wide planning process, and on the other hand, it guides the continuous strategic focus of the Organization at the country level as new initiatives are agreed with governments and external resource partners. This includes what problems FAO addresses, the expected outcomes of FAO country-level assistance, and alignment of Organizational outcomes with commitments in the CPF and how progress in achieving results is measured. The new approach, now firmly along in all regions, addresses long-standing issues to end horizontal fragmentation across technical divisions and departments, and ensure the vertical integration among global, regional and country-level programmes.

B. Improvements in the decentralized offices network

FAO Representations

9. A key area of change has been the accelerated turnover in FAO Representatives. Since January 2012 there have been 42 new FAORs, including several who are awaiting government clearance. Of these, 36 have previous FAO experience, either at headquarters, in a regional or subregional office, as an emergency coordinator, as an FAO project coordinator in the field, or as national staff in a country office. The remaining six all have outstanding credentials and were, like the others, chosen on merit. All passed the management competency exam administered by an external firm. Of the 42 new FAORs, 12 are women, bringing the total to 19 worldwide. A new training programme for FAORs will begin implementation before the end of the year.

10. Following Council endorsement in June 2012, international Deputy FAOR posts were created for Mongolia and the Democratic People's Republic of Korea (with the FAOR China continuing to oversee their work), and the posts of heads of country programmes were created for Papua New Guinea, Kyrgyzstan and Tajikistan, awaiting finalization of their host country agreements. The new FAOR South Sudan is in place and the FAOR for Guatemala is awaiting confirmation. In addition, as mentioned below, five Deputy FAOR posts, funded through extrabudgetary resources, have been created as part of the integration between emergency, rehabilitation and development operations. These posts have already proven to be very beneficial for resource mobilization, programme delivery and engagement in interagency processes. There are plans to expand this number to an additional nine countries where the size of the programme justifies and permits such a strengthening of the office structure. In addition, Assistant FAOR (national officers) posts have been created for Moldova, Uzbekistan and four Pacific Island countries.

11. Contacts either at FAO headquarters or through missions have taken place with member countries that have requested a stronger presence of FAO and an expansion of activities through more partnership and liaison activities, possible new funding arrangements and either a new presence or a modification of the scope of the existing one. Among these are: i) 3 countries that have already signed new agreements (Equatorial Guinea, Tonga and Vanuatu); ii) 12 countries in which draft agreements are awaiting government approval (Azerbaijan, Fiji, Kazakhstan, Kyrgyzstan, Moldova, Nigeria, the Russian Federation, Solomon Islands, South Africa, Tajikistan, Turkey, Uzbekistan); iii) countries

⁵ CL 144/15 paragraph 11

with which discussions have recently started (Iran, Korea and Kuwait), iv) and countries that have preliminarily contacted the Organization (Algeria, China, India, Indonesia, Mexico and Venezuela).

12. It should be noted that this process is in line with the request from the governing bodies to ensure that member countries contribute in a significant manner to the strengthening of the decentralized network. This joint effort with member countries will be pursued throughout the 2014-2015 biennium.

Partnership and liaison

13. In line with the approach endorsed by Council in June 2012, considerable attention has been given to strengthening FAO's strategic and operational partnerships at regional and subregional levels. For example, the terms of reference and title of the Subregional Coordinator for Eastern Africa have been modified to include liaison to the Africa Union and the Economic Commission for Africa and affiliated programmes. Similarly, the FAOR in Djibouti is now also the liaison official for the Intergovernmental Authority on Development (IGAD). The placement of a Liaison Officer for the Southern Africa Development Community (SADC) is awaiting final agreement. The post of Liaison Officer to the Community of Portuguese-speaking Countries (CPLP) is operational.

Resource, office and programme management

14. In addition to these staffing changes, another major innovation has been the full roll-out of the Global Resource Management System (GRMS) in all country offices. Previously, FAO country office administrative and financial information was not part of the headquarters and regional office information system but handled separately. Up-to-date management information is a fundamental element of improved performance and vital for support to country-level operations from all parts of the Organization. The deployment of GRMS helps accomplish this. There is now complete information, for example, on the number of FAO employees, regardless of where their contracts originated. In the past, this had not been a problem for Regular Programme-funded staff but there was a very incomplete picture regarding project employees, who are far more numerous. It is now possible to monitor much more effectively the financial and administrative actions of the offices, necessary for IPSAS compliance, as well as for overall performance management of the Organization.

15. The rollout of GRMS was carried out with staff from headquarters, regional offices and in some cases other country offices providing on-the-job training. The rollout also provided an opportunity for many of the trainers to see firsthand how country offices function and understand their problems and challenges.

16. This information is now part of the enhanced performance management process, along with other elements. Building on work undertaken as part of the IPA, a new system is being put in place to systematically monitor high-level measures of FAO effectiveness at country level. This new performance assessment system uses a combination of three elements. The first is the continuing review of country office finance, administrative and programme management by the Office of the Inspector General (OIG). These reports provide a solid basis to gauge performance across a standard set of managerial and accountability compliance indicators, with a focus on eight key areas of internal control. These country audit reports also allow comparison across offices. The second element is analysis of quantitative data from other existing sources that provide performance benchmarks across countries, or groups of countries based on size and complexity of the country and the FAO programme. The third element is more qualitative, and draws heavily on the approach, and lessons learned from a number of recent external assessments and the methodologies used. In particular, the Multilateral Organization Performance Assessment Network (MOPAN) "common approach" developed by a network of 17 donor countries to assess the organizational effectiveness of the multilateral organizations they fund, includes a partner survey covering 21 key performance indicators. FAO will use a number of these indicators and related questions, along with some of the question used in other recent external assessments.

17. As envisaged in the IPA, this is deliberately a work-in-progress that will evolve along with the ongoing transformation of the Organization and the increased availability of relevant information in

FAO's reporting systems. The system will be rolled-out by the end of 2013 and tested in a number of countries during the first part of 2014 and to all country offices by the end of the 2014-15 biennium.

18. Skills mix reviews were undertaken by regional and subregional offices to ensure that their staffing structures matched the priorities of the countries and regions and were aligned with the work plans of Strategic Objectives. FAO management has continued work begun in 2012 to strengthen the capacity of regional and subregional offices to align staffing with the demands from countries, agreed regional priorities and the reviewed Strategic Framework and emerging workplans.

19. This follows the decentralized office post review undertaken after Council in June 2012. At that time, a series of budget-neutral adjustments to posts were made in all regions, including post establishment and abolition and changes in terms of reference, as reported to Council in November 2012.⁶ A further skills mix review was undertaken in regional and subregional offices following the June 2013 Conference and subsequent work planning by the Strategic Objective teams. This went further than the previous review in aligning technical expertise in regional and subregional offices with country and regional priorities on the one hand and the Strategic Objective work plans on the other. Regional office proposals were reviewed by Strategic Objective Coordinators and headquarters technical divisions. With only a few exceptions, there was agreement on where to fill technical gaps or reduce technical capacities where demand was less. Almost 70 changes were accepted by Senior Management, covering all regions, and including the creation of new posts, post abolitions, post regradings, post title changes and refocusing of the technical emphasis of posts.

C. An integrated model for programme delivery

20. In January 2012, the Organization decided to transfer operational responsibilities for emergency and rehabilitation programmes from headquarters under the lead of the Emergency and Rehabilitation Division (TCE) to decentralized offices, under the overall responsibilities of the ADG/Regional Representatives. A time-bound plan for the transfer to decentralized offices was endorsed by the 144th session of the FAO Council⁷ implying a gradual transfer of the emergency portfolio, which was completed by June 2013 in all regions. The only exceptions remain: i) Syria for which, due the situation prevailing in the country, management of operations has temporarily been retained at headquarters level; and ii) large-scale locust operations which are also temporarily kept at headquarters.

21. The decentralization process was carried out in a progressive manner, through a consultative process with decentralized offices, to ensure a smooth transition. Action was taken to review the structure of the recipient offices and gradually build the capacity of the concerned FAO Representations, particularly those with a large volume of emergency operations including through the establishment of Deputy FAO Representative positions in selected countries using funding from extrabudgetary/non-core resources. To date, 14 positions of Deputies FAO Representative are envisaged, of which five positions have been established and filled while the remaining nine positions are in the process of being created.

22. At the same time, the Regional Offices for Africa, Asia and the Pacific, Near East and North Africa, and Latin America and the Caribbean, have all been strengthened with additional operational personnel to provide the FAO Representatives in the region with the necessary support and to maintain the capacity to adequately respond to current and future emergency situations.

23. A new interim model for the distribution of project servicing costs (PSC) of emergency projects has been implemented which will feed into the comprehensive review of the policy regarding project support costs which is being undertaken at the request of the Finance Committee.

24. These changes also relate to the implementation of the new Strategic Objective 5 on Resilience. TCE holds the corporate responsibility to enable decentralized offices to assist member countries to prepare for, and timely respond to food and agriculture threats and crisis. A number of

⁶ CL 145/3

⁷ CL 144/15

other technical divisions at headquarters also play key roles, as do the administrative and financial support service centres and the regional and subregional offices. Following the integration of emergency operations into the common programming framework, these units are already working together well. Nevertheless, the new model of decentralized management of the emergency responses will require close monitoring and backup support to decentralized offices over the next 12-18 months until adequate capacities are in place in all locations.

25. Good progress has been made during 2012-13. More remains to be done and further enhancements will be implemented during 2014-15. In particular, strengthened work-planning at country levels will provide the platform for improved impact and effectiveness and more strategic resource mobilization. In addition, the implementation of FAO's mobility policy is expected to have positive impact on the functioning of FAO's decentralized offices.

26. Management looks forward to feedback from Members on progress that has been made and looks forward to providing updates on further progress.