

Chair's Aide Mémoire – Sixth Meeting of CoC-IEE WG III

Tuesday 29 April 2008

Ramalingam Parasuram, Chair

- 1) **Human Resources Policy** (Annex I): Members welcomed the strategy presented by Management and the presence and contribution of the staff bodies to the discussion. The strategy presented a vision which now needed to be converted into a concrete action plan. Although the results of the Root and Branch Review will further improve the plan, immediate improvements should proceed in parallel with this Review. Costings now needed to be developed for the action plan and proposals as to how any incremental costs may be met. In the further development of the action plan, further emphasis should be given to:
 - a) an effective policy for geographical and gender representation, which should not however detract from the primary criteria of selection on the basis of merit;
 - b) increasing staff training, including in management;
 - c) the establishment of a rotation policy (it was noted that management proposed that this should be an incentive based policy);
 - d) establishment of a joined-up and consistent system for the recruitment and development of young professionals, particularly from developing countries. This should include the intern programme and required adequate resources;
 - e) further delegation of authorities from the Office of the Director-General (the recent progress made in this regard was welcomed, while urging further progress);
 - f) transparency and competitive policies for recruitment of consultants with measures to ensure attention to geographical and gender balance;
 - g) rationalising the use of FAO retirees, which should not be used for long-term gap filling in vacant posts as a cost saving measure. Concerns were also expressed at the use of FAO retirees as senior advisers;
 - h) early introduction of an objective staff appraisal system linking staff performance to organizational objectives;
 - i) introduction of greater flexibility in recruitments through dual grading of posts at all levels; and
 - j) upgrading the Oracle systems to a) improve ease of data extraction and analysis and b) to support substantive staff management, rather than purely transaction processing;
- 2) There should be regular reporting from management to the Governing Bodies on the development and implementation of the Plan (probably through the Finance Committee). Members stressed receiving information on what had actually been implemented.
- 3) **Secretariat Culture Change** (see Annex II): Members considered the proposal prepared by the consulting firm Mannet and generally agreed with the approach presented. The importance of ensuring visibility and the crucial role of communication were stressed by many Members. In particular, it was noted that communication between Management and FAO staff on the Reform process needed to improve. Several Members stressed face to face communication in addition to the improved web-based tools. The commitment which the Director-General and other members of senior management needed to show in leading

and demonstrating culture change was also emphasised, as was the need for a monitoring process to assess the extent of culture change and staff perceptions.

- 4) Members agreed on the proposal to establish a change team, in a process led preferably by the DDG or alternatively an ADG. They also agreed on the need for external facilitation for change team members to have adequate time set aside, and that the team should reflect a cross-section of staff by units and grade, including the full involvement of decentralized staff in the team (it was noted that the formal views of the staff bodies were represented in other fora and that staff views would be reflected in the cross-section). Some members expressed varying views on how the team should be composed:
 - a) there was a request by some members that two representatives of the Governing Bodies be part of the team, while most members considered that the process should be fully owned by FAO staff and management and that the presence of Governing Body representatives would not be conducive to this; and
 - b) a view was expressed that there was an internal contradiction in the logic of members being part of the change team in a personal capacity and being representative of a cross-section of the Organization. They suggested that the only criterion for the conceptualisation stage of the process should be individual personal capacities. They also considered that for implementation it would be important to have a representative group. Some also suggested that representatives designated by the Staff Bodies should be on the change team. Most other members considered that careful selection of representatives, in their personal capacity, from across the organisation would be most conducive to the success of the work
- 5) The support of the staff bodies for the process and their contribution to the Working Group's discussion was welcomed. Management was urged to proceed rapidly in initiating the culture change process. At the same time it was recognised that this was a long term process. Culture change should be an internal institutional goal within the Strategic Framework and Governing Body oversight of the process should be exercised in periodic reporting to the Council (through the Finance Committee).
- 6) Costing of the implementation of the Culture Change Programme: Members requested to be informed of the resources needed to carry out the process of culture change (it was stressed that Regular Programme resources should not be diverted from technical and development programmes to finance this exercise).
- 7) **Root and Branch review**: Management informed the Working Group that the final review of the bids received for the Root and Branch Review was being completed and it was expected that selection would be made during the first week of May. Management proposed to invite the selected firm to one of Working Group III meetings scheduled for the month of May, as previously requested by Members.

Annex I

Human Resources Management Strategy and Policy

Background

1. In its report to the Conference, the Independent External Evaluation (IEE) team indicated that the Organization is in urgent need of a clearly-enunciated strategy covering the full range of FAO products to at least 2015, understood and endorsed by all its Members and unequivocal in its stipulation of means-to-ends requirements (recommendation 7.1). As for human resources, the Independent External Evaluation team stated that a **strategic human resources management framework** is needed to engage senior management and the Human Resources Management Division jointly in implementing key human resources objectives.

2. In view of the foregoing and in response to the request made by members of the Conference Committee Working Group III on the Reform of Systems, Culture Change and Organizational Structure, a corporate strategy and policy on human resources management has been formulated based on the key strategic HR goals underpinning the FAO Human Resources Management Model (HRMM) framework developed by Accenture consultants and introduced in 2007.

3. Modernization of the HR function will be an intensive and continuous process over the next two biennia which will require the preparation of a detailed workplan with demonstrable actions together with estimates of required resources and timescales for completion as part of the overall IEE action plan. It will have to be refined and dovetailed with other areas of IEE follow-up, most notably the Root and Branch Review and actions addressing culture change, but also including specific initiatives such as mainstreaming of results based management in all of the organization's activities, changes in information and communications technology, internal communication improvements, streamlining, etc.

Purpose of an HR Strategy

4. Effective human resources management is essential in the successful realisation of FAO's strategic goals. *Implementation of the HR Strategy will create an enabling environment to allow the Organization to attract, develop and motivate a world class workforce and channel its energies to achieve the corporate strategic objectives.*

The HR Strategy framework

5. The human resources management strategy and policy is founded on five key strategic goals:

- I. Aligning the HR strategy with corporate goals in a results-based management framework
- II. Attracting, recruiting and retaining a skilled and motivated workforce
- III. Ensuring high performance and excellence
- IV. Transforming HR service delivery to improve efficiency, cost-effectiveness and quality
- V. Strengthening and transforming the HR function into a more proactive and strategic partner through a greater focus on provision of policy, advisory and consultancy services and HR solutions to the Organization.

Implementation of the HR Strategy

6. The linkages between the HR strategic goals and the recommendations made by the IEE are summarized below. The expected results to be derived from the achievement of each HR strategic goal, and an outline of the required actions to be taken by the Organization to contribute to the results, are specified separately.

I. Aligning the Human Resources Strategy with corporate goals in a results-based management framework

To ensure the successful achievement of corporate strategic objectives, the Organization will align, through a Performance Management framework, the individual staff work plans and accountabilities to its corporate results hierarchy

IEE Recommendations:

Changes are needed to policies and procedures on human resources in order to ensure that they are aligned with and focused on that clearer vision, and engaged as efficiently and effectively as possible to achieving clearer goals (6.1)

Result	Actions
<p>a. A coherent human resources strategic framework with concise and clearly defined strategic HR goals with measurable objectives and indicators</p>	<p>(i) Agree an overall HR management strategy and policy with key stakeholders by November 2008, as a basis for creating a supportive and enabling HR management environment, which fosters a management culture based around results</p>
<p>b. A motivated and productive workforce driven by results-based management</p>	<p>(ii) From 2008, progressively link the competency framework to the needs deriving from organizational unit activities, outputs and results</p>
<p>c. A strong dependency relationship between Results Based Management (RBM) and Human Resources Management, through the linking of HR strategic goals with the corporate programme goals embodied in the FAO Strategic Framework</p>	<p>(iii) Design a performance management system which links overall organizational goals to individual work plans and which provides feedback and ensures accountability for the delivery of programme results, starting with a pilot in 2008</p>
	<p>(iv) Define the scope and content of Results Based Management training (RBM); provide specialized training to develop managerial competencies; develop and disseminate key RBM techniques to technical and administrative departments</p>

II. Attracting, recruiting and retaining a skilled and motivated workforce

Contribute to becoming a successful knowledge organization by attracting the best people, training them well, and create a sense of shared interest and responsibility in the success of the Organization.

IEE Recommendations:

Align recruitment, staff development and promotion criteria into a single and more coherent human resources policy framework (8.2)

Human resources policy and systems should be re-oriented to attract the calibre of people and enable teamwork in the way FAO needs to fulfil its aims (6.1)

Clear levels of responsibility for recruitment should be established (8.4)

The Director-General should continue to hold overall responsibility for achieving geographic and gender balance, but within a more inclusive framework of delegated responsibility (8.5)

IEE welcomes the Human Resources Gender Plan of Action, particularly its emphasis on integrated approaches to recruitment and retention of female staff with policies such as work-life balance (8.5)

Result	Actions
a. A grade structure and HR policies that foster career development	(i) Create a framework of HR policies that encourage junior level entry, provide increased experience through mobility and promote career advancement for well performing staff, including through less rigid position grading practices.
b. A stronger capacity to attract and recruit staff possessing the competencies and skills required in a changing environment	(ii) Complete the development of the HR Management Information Reporting system to facilitate better HR planning (iii) Introduce proactive recruitment measures to target sources of highly qualified candidates and establish an iRoster of such candidates
c. A more efficient and effective streamlined recruitment process including career development planning	(iv) Delegate authority for the recruitment of Professional staff to Heads of Departments, Regional and Independent Offices from 1 May 2008.
d. Lower the age profile of the Organization	(v) Revise the grade structure of departments with a view to selectively establishing lower graded posts (vi) Target recruitment of junior professional staff to address the current elevated average age profile of the FAO workforce
e. Progress in attaining more equitable geographic representation and working towards full gender parity	(vii) Finalize the HR Gender Action Plan to align FAO's objectives in terms of gender balance with those of other organizations of the UN common system (viii) Establish geographic and gender balance targets and assign responsibility to Heads of Departments/Offices to attain these targets
f. Creation of an enabling working environment that reinforces attraction and retention of skilled staff	(ix) Implement flexible working arrangements that promote work-life balance goals by May 2008. (x) Pursue arrangements for child-care facilities within FAO premises

III. Ensuring High Performance and Excellence

Contribute to creating a workforce with high standards of competence, efficiency and integrity through a performance management framework that develops a culture of responsibility and accountability with due recognition for high performance and a proactive support structure to address under-performance

IEE Recommendations:

The IEE endorses the broad thrust of the new performance appraisal approach set out by the Human Resources Management Division, particularly its emphasis on staff development (8.6)

Introduce a range of staff incentives for exceptional performance linked to the stronger performance appraisal system (8.7)

Incentives to encourage recognise and reward initiative and performance at both the group and individual level (8.1)

Rotation of FAO technical staff, both as a means of ensuring effective linkages between headquarters and the field and to catalyse staff skills development (8.2)

Results	Actions
<p>a. A workforce with the high standards of competence and efficiency and possessing the requisite skills to assist the Organization in achieving its corporate goals</p>	<p>(i) Implement a fair, equitable, transparent and measurable system of performance management that supports the development of a management culture of responsibility and accountability, through implementation of a new Performance Management System (PEMS) starting with a pilot in at least two headquarters offices and one region in 2008, followed by an Organization-wide roll-out in 2009</p> <p>(ii) Provide advisory support to managers on performance issues.</p> <p>(iii) Integrate the recently developed managerial, FAOR professional, General Service and core competencies into each of the relevant modules of the HRMS and provide training to managers and staff on their use for all of the HR functions</p> <p>(iv) Develop a series of incentives to reward high performance starting in 2009, with initial emphasis given to non-financial incentives.</p>
<p>b. An interdisciplinary workforce which allows for the promotion of broader cross-organizational knowledge and experience</p>	<p>(v) Introduce a staff rotation and mobility policy to regulate the movement of staff from one post to another within the same duty station and from one duty station to another i.e. between headquarters and field offices</p> <p>(vi) Facilitate inter-agency mobility</p>
<p>c. A management cadre that is well trained, enjoys increased responsibility and decision making in terms of the management of their human resources and capable of generating improved efficiency and effectiveness of their teams in the delivery of their respective programmes</p>	<p>(vii) Increase the proportion of total staff development funds to allow the expansion of the Management Development Centre (MDC) to include more P-5 level participation. Expand existing management skills development programmes to include an assessment against FAO managerial competencies, leading to targeted training plans</p> <p>(viii) Establish an accountability and responsibility framework which defines the levels of delegated authority based on the principle of subsidiarity, that managers and staff will exercise in delivering their programmes</p>

IV. Transforming HR service delivery to improve efficiency, cost-effectiveness and quality

Achieve a higher degree of client satisfaction through cost-effective and measurable delivery of HR services

IEE Recommendations:

Administrative procedures should be fundamentally reviewed, simplified and re-oriented to be more 'client-focused'(6.1)

Focusing administrative processes and support services on the client basis (8.1)

The maximum degree of streamlining and simplification possible of rules and procedures (6.1)

Proposals should aim to advance transparency, promote and delegation of authority based on the principle of subsidiarity (8.1)

Substantial shift from *ex ante* to *ex post* controls (8.1)

Facilitate and enable horizontal and vertical communication (6.1)

Outposting administrative officers to stimulate and assure client-focus approaches to technical divisions (8.9)

Results	Actions
<p>a. A more client focused HR function whose main role is to provide strategic and policy advice to senior and line managers and staff, rather than focusing on transaction processing</p>	<p>(i) Expand the coverage of value-driven processes in the areas of human resources management strategy and advisory services, including HR planning, staffing, organizational design, communication and information management. This entails the full implementation of the processes outlined in the HRMM</p> <p>(ii) Work with the Root & Branch Review to further improve the HR function and organizational arrangements for the delivery of services</p>
<p>b. An efficient and effective HR framework enabling managers and staff to carry out their function using the latest technology</p>	<p>(iii) Streamline the approval processing chain, limiting the number of initiator and approval levels of various HR transactions. Eliminate superfluous on costly transaction initiation and approval steps based on an assessment of transaction risk and cost-benefit analysis</p> <p>(iv) Integrate the various HR service providers and introduce a system of staff and managers self-service, with a view to providing a more efficient service to departments and clients</p>
<p>c. Empowerment of line managers in Headquarters and field as well as administrative personnel officers by increasing their authority, responsibility accountability</p>	<p>(v) Progressively delegate authority in the area of Human Resources to suitably trained and well equipped line managers and personnel officers on the basis of the principle of subsidiarity (see Annex A)</p>
<p>d. Minimisation of "risk-averse" management</p>	<p>(vi) Establish an effective monitoring mechanism and strengthen <i>ex post</i> controls in support of delegations of authority</p>
<p>e. Better quality delivery of HR services, including introduction of measurable levels of service delivery (service level agreements)</p>	<p>(vii) Restructure the HR function to streamline, delayer and improve client focus and establish at least three Service Level Agreements by 31.12.08</p>

f. A HR management information reporting tool dedicated to delivering high quality HR reports	(viii) Develop and refine the Oracle HRMS system to be a single source of HR data across FAO and provide high quality HR Management Information reports
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V. Strengthening and transforming the HR function

Place the HR strategy at the heart of a new corporate culture of a knowledge based organization with due focus on provision of policy services and HR solutions to the Organization

IEE Recommendations:

Modernisation of the Human Resources Management Division to make it less a process facilitator and more a strategic partner, building human resources strategies and advising and supporting senior management (8.1)

Encouraging and supporting staff to be effective and accountable for achieving results in an efficient way (6.1)

Designing contractual arrangements for temporary non-staff human resources, including retirees, to ensure increased staffing flexibility to meet programmes needs (8.3)

Results	Actions
a. A more flexible HR management framework	(i) Review contractual modalities to provide greater empowerment and flexibility to line managers and address the issues of the changing nature of the workforce (e.g. reduction of core staff versus increasing proportion of non-core staff)
b. Reinforced HR communication strategy	(ii) Develop and implement an effective communication strategy that promotes a more client-focused approach to HR service design and delivery (iii) Review the Administrative Manual and simplify its provisions by rendering them more user-friendly, and extracting all procedural provisions (to be consolidated in a separate compendium) (iv) Work together with the Change Team as part of the Culture Change initiative on improving the HR function
c. Contribution towards Organizational Cultural change	

Human Resources Management Strategy and Policy

Progress on Delegations of Authority and Streamlining Initiatives in Human Resources Management

1. This annex provides an update on the progress in implementing HR delegations of authority and streamlining initiatives.
2. In line with the recommendations made by the Independent External Evaluation team calling for substantial administrative efficiency improvements through inter alia the streamlining of procedures and empowerment of line managers on the principle of subsidiarity, the Director-General has delegated authority on a number of issues contained in the 300 and 400 series of the Administrative Manual i.e. the Manual chapters covering all Personnel/Human Resources Management and Travel provisions. These delegations conform to the new Human Resources Management Model (HRMM) framework introduced in 2007.
3. Overall, 125 delegations have been decided upon, of which 26 items for which authority had rested with the Director-General have now been delegated. These include delegations on the appointment of Professional Staff (P1-P5) which will now fall within competence of ADGs; extension of appointment of staff at P5 and below and the approval of consultant honoraria above current thresholds which will be with HR-Servicing Officers; and the termination of Professional and General Service Staff which will be moved to the ADG, AF.
4. These delegations, which will come into force on 1 May 2008, will contribute to a shift from what the IEE termed ex ante transaction approvals and a “risk-averse management culture” towards greater use of ex post controls and management by exception. Empowerment of line managers and administrative personnel officers will also imply the delegation of both responsibility and accountability on HR activities to lower levels within the organisational structure, based on the principle of subsidiarity.
5. These delegations, and consequent streamlining of administrative processes in the area of human resources management, will contribute to improving the efficiency and effectiveness of the delivery of HR services, particularly in terms of the implementation of day-to-day HR transactions, and will reduce the administrative cost of processing these transactions. This approach will also permit a better integration of client support in the HR functions.

Annex II

Organizational Culture and Culture Change

1. In its discussions on 18 and 30 January and 7 March) it is recalled that the Working Group III acknowledged that culture change was a long-term process and that there should be a more participatory culture and improved communication in FAO both horizontally and vertically. The WG considered that change was a responsibility of management and should be led from the top and that an internal WG with wide participation would make a useful contribution.

2. The Senior Management Meeting (SMM) considered the topic of culture change during nine of its meetings since January 2008, and the Joint Advisory Committee on FAO Reform (JAC/FAR)¹ during six of its meetings held in February, March and April of 2008, reflecting the importance attached to this challenge. In both fora there were detailed discussions on the mechanism recommended by the IEE for culture change i.e. the establishment of a special internal working group, the person leading it as well as the possible appointment of a facilitator/specialist in culture change.

3. During the initial discussions in JAC/FAR on 12 and 28 February, the staff representatives tentatively expressed a preference for the existing JAC/FAR to lead the overall programme of culture change.

4. Having considered the complexity of the issue, the SMM as well as JAC/FAR as well as WG III considered that before deciding on the appropriate instrument it was essential to engage an expert on culture change to advise on the best mechanism for an internally-led development of an overall programme of culture change.

5. The Geneva-based consultancy, MANNET, which has carried out organizational development programmes for several multi-lateral organizations, was requested by FAO to advise on the approach to the IEE recommendations on organizational cultural change, with particular reference to the mechanism and action plans. The consultancy was also requested to address wider aspects of culture change and provide information on best practice and the approach taken by other UN system organizations.

6. The attached executive summary of the consultant's outlines a broad approach to the challenge of transforming the culture and argues that culture change must be driven by a shared vision of the Organization and proposes internal arrangements for culture change, some immediate initiatives and an action plan. The paper has been reviewed by the SMM and JAC/FAR.

7. The SMM agrees with all of the recommendations made in the paper and in particular, supports the development of an integrated internal change process; the establishment of a change team as well as its suggested role and composition and leadership.

¹ The JAC/FAR is a joint advisory body comprising management and representatives of the FAO staff bodies – namely Union of General Service Staff (UGSS), Association of Professional Staff (APS), and Field Staff Association (FSA).

8. Both the SMM and JAC/FAR agreed with the consultant's advice that there should be a considerable investment in the change process and that the Organization must ensure adequate funding starting with the arrangements of the Change Team but envisaging also the necessary costs for implementing major change initiatives. This will be necessary to bring about change that will lead to greater effectiveness and efficiency.

9. The Working Group's views would be appreciated on the proposed establishment of a Change Team and its role, as well as on the integrated change process and its funding.

Quick impact wins underway to evolve the culture

In addition to the deliberations on culture change mentioned above, the Organization has taken some Early Actions which are closely associated with promoting an evolving culture within the Organization. These initiatives include:

- the creation of an HR newsletter and the design of an internal website, which is under construction, for the dissemination of information about the Organization, its staff, new initiatives, etc.
- the widespread distribution of minutes of Senior Management Meetings to keep staff informed of developments and issues discussed by Senior Management.
- the delegation of several approval authorities, including several that were previously held by the Director-General. These include the selection of professional staff, the extension of fixed-term contracts, and the approval of honoraria of consultants above established thresholds.
- the willingness of senior management, including the Deputy Director-General to enter into a 360 degree performance evaluation process as part of the piloted Performance Evaluation System (PEMS).
- removal of the security surrounding the Director-General's movements when he is in HQ building, and posting of the Director-General's activities.

IEE recommendations

The IEE report² argues correctly that there cannot be any successful organizational change unless this change is embedded in the culture of the organization. From this perspective, “organizational culture change within FAO is a prerequisite to successful reform” (paragraph 935). Everything that will be done in the follow-up to the IEE report must keep in mind the desired changes in organizational culture.

Evolving the organizational culture

However, it is generally accepted that organizational culture cannot *be changed* in the sense that the existing culture can be discarded and a new culture imposed. From this perspective, organizational cultures *evolve* and the challenge is to *shape* this evolution, building on the best elements of the existing culture.

We therefore recommend that FAO:

- drives the evolution of the culture by a shared vision of the organization that it wishes to create;
- ensures, through an integrated change process, that all change initiatives are grounded in this vision;
- maintains, at all times, the focus on the desired end-state—significant changes in the culture.

An internal vision for the Organization

The IEE report’s first recommendation on culture emphasises the importance of “a much clearer vision of how FAO will work towards its mission” (recommendation 6.1). The concept of a shared internal vision is key to cultural change.

The term *internal vision* is used to differentiate it from the external or strategic vision that is the subject of IEE’s recommendations in the first cluster *Rekindling an FAO vision*. The “external vision” therefore focuses on what the Organization wishes to achieve in terms of impact on food and agriculture.

The internal vision provides the framework for all the change initiatives in the IEE report relating to the systems, culture and structure of the Secretariat (clusters three and four of the IEE recommendations); it also helps to ensure that each initiative is grounded in the culture that FAO wishes to build. It helps the Organization to develop new language and symbols and to ensure the new desired behavioural patterns.

An integrated change process

We recommend that the Secretariat develops an integrated *internal* change process that would flow from the Immediate Plan of Action.

- Developing the internal vision in a consultative process;
- Communicating the internal vision to all staff, together with the strategic vision and all other follow-up activities to the IEE report;
- Launching and/or supporting change initiatives specifically identified by the IEE;

² We have summarised the key points of the IEE conclusions and recommendations in an Annex.

- Designing and implementing *quick impact wins* that will help bring immediate improvements in people management, communication and commitment to the change process;
- Ensuring effective leadership of the whole change process and of all the different components of change;
- Ensuring that all initiatives are coordinated and are designed to bring about the necessary cultural and systemic changes that will lead to the internal vision.

Change team

The IEE concluded that a “special working group should be constituted to lead development of and oversee an overall programme of culture change” (recommendation 6.2). The need for an entity that has a particular focus on organizational culture is essential to any programme of reform.

We recommend that a small Change Team (CT) be established to carry out, inter-alia, the activities recommended by the IEE with respect to the special working group (recommendation 6.2).

The use of the term *Change Team* is entirely compatible with IEE’s suggested special working group on cultural change. The CT concept slightly broadens the role of such a working group and places the emphasis on the change process and internal vision, leading to cultural change.

Roles of the CT

The CT would act as the engine for the change process. Its main roles would include:

- facilitate the process for the development of the internal vision;
- organize change workshops for the staff;
- advise on the *change* elements in the leadership and management development programmes being designed by FAO;
- support with the organisers of other change initiatives to ensure that the initiatives are driven by the internal vision and incorporate the desired competencies, attitudes and mindsets;
- promote and facilitate communication and dialogue in general;
- monitor all change initiatives, build linkages between them and facilitate the integration of change;
- work closely with JAC/FAR and the Reform Group;
- ensure the active participation of the decentralized offices through the change process;
- build the Organization’s capacity to understand and facilitate change, including the development of change agents/facilitators.

Membership of the CT

We recommend that the CT should be a fairly small group, around 12-15 members. We recommend that the team leader role be assumed by the DDG or alternatively an ADG.

Criteria

The most important criterion is that all CT members should share a common passion for change. They will develop a common vision for change, will want to learn about change and will devote considerable energies to their facilitating and catalytic roles.

We recommend that the team members be chosen to ensure as broad as possible a cross-section of managers and staff, taking into consideration: hierarchical levels (ADGs, Ds, Ps and Gs); departments; HQ/field experience; gender; and, length of service in FAO.

We recommend that the CT should be staffed by one full-time professional and one full-time support staff. Given the nature of the proposed CT, these staff would be *de facto* members of the CT and could indeed be full members.

**Serving in their
personal
capacity**

We believe that change teams tend to work best when they comprise individuals who serve in their personal capacity. They will be chosen because of their knowledge, experience and ability. They will be able to provide the CT with important contacts and networks which they will be able to draw on for ideas, suggestions and consultations. Team members should include people who are active in staff representative bodies, other change initiatives, and/or senior management teams. Such experience and contacts are invaluable in the change process.

The issue of representation is a critical one and not easy to define. It is important, however, that CT members feel empowered to be full members of the team in their personal capacity. This means they will convey the ideas and concerns of management, staff and staff representative bodies through their personal perspectives. They will engage in a constant dialogue with the staff on the change process—but they will not formally *represent the positions* of the SMM, their departments or staff representative bodies on any policy aspect of the change process.

This is important because, for example, the CT should not usurp any of the roles and responsibilities of existing management-staff bodies. If the staff representative bodies have formal concerns about the direction of the change process, they would raise them in the JAC/FAR and possibly other bodies.

**Commitment of
time**

Membership of the CT would imply a significant commitment of time. In the first six months, we recommend that many should work half-time and occasionally even more during the intensive initial staff consultations.

**Selection of the
CT**

The selection process for the CT is obviously critical. The final decision on the roles and membership of the CT is generally taken by senior management. The consultative process is often led by the team leader.

The important aspects of the process are, firstly, to have adequate *consultations* with different stakeholders and, secondly, to ensure a *transparent* process.

We therefore recommend that the CT be set up by senior management on the basis of a consultative process:

- . Informal consultation with all stakeholders³ to establish a list of potential members;
- . screening using the criteria above to establish a short-list;
- . a formal consultative process with the SMM, RG and JAC/FAR;
- . finalisation of the membership and establishment of the CT by senior management.

³ All stakeholders including the SMM, departments/divisions, the JAC/FAR, RG could be invited to make proposals.

Initial action steps	Once the CT is formed, its immediate priority would be to facilitate the development of the internal vision. Thereafter, it would start on the change process.
Investment in change	<p>In conclusion, we argue that there should be a considerable investment in the change process by the Organization.</p> <p>All organisations in the UN system who have carried out change programmes have found that they have to be prepared to invest considerable resources to be successful. It is a fallacy to argue that organizations can rapidly divert existing resources to bring about complex change and/or to reduce costs. This is particularly the case for knowledge organisations whose budgets are dominated by staff costs.</p> <p>Therefore, investment is needed to build the change capacity and to carry out the various change initiatives as recommended by IEE. These investments will eventually lead to greater effectiveness and efficiency which, in turn, will generate the possibility of savings and transferring resources to new priorities.</p> <p>The investment can be grouped into two broad areas.</p>
Change team	<p>The first relates to the CT and the change process:</p> <ul style="list-style-type: none"> . Managers and staff can be asked to absorb change tasks in addition to their on-going work, but there are limits to this approach, particularly for most members of the CT. This implies that staff must be released from the current jobs, which means that short-term staff/consultants have to be recruited and paid for during that timeframe (sometimes called “backfilling”); . There may be a need for short- or medium-term consultancies to accompany the change process or to provide specific support; . There are the organisational costs related to training, meetings, retreats, covering travel of field representatives, materials, residential retreats and so on.
IEE follow-up activities	<p>The second relates to the broader follow-up on the IEE recommendations. The same categories of investments as for the CT apply: staff costs, consultancies⁴ and organisational/logistical costs.</p> <p>We recommend that FAO draws up a budget for the change process until the end of 2009, covering the time of the CT members and support staff and other costs.</p>
Timeframe	We understand that this paper is being considered by the CoC/IEE and its Working Group 3 on 28-29 April. If the approach outlined in this paper is approved by the Committee and subsequently by the Director-General immediately, it should be possible to set up the CT by the end of May.

⁴ Instead of consultancies, FAO may wish to appoint for a period of one-three years, specialists in the various change initiatives, for example in process re-engineering, human resources management, leadership and management and the change team itself. In-house specialists can sometime be more effective than external consultants and may be cheaper.

We understand that it would be important to complete the main elements of the internal vision by mid-September for inclusion in the documentation for the Conference.

The timeframe would be very tight as July and August are traditionally slow months. The deadline of mid-September should be possible provided that FAO ensures:

- . firstly, adequate funding for the staffing, organisational, logistics and consultancy costs;
- . secondly, the availability of key managers and staff when they are required (including the SMM, CT and the wide range of consultative groups, from both HQ and the decentralized offices).

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23 April 2008

Annex – IEE recommendations on organizational culture

Introduction

In order to help situate MANNET’s suggestions on how to implement the IEE recommendations on cultural change, we have summarised below the key points in the IEE conclusions and recommendations.

Transformational change

The IEE overarching messages (paragraphs 7- 41) talk about:

- a serious state of crisis;
- low levels of trust and mutual understanding;
- “talented staff with a deep commitment to the mission of the Organization”;
- “fragmented structures and rigidly centralized management systems”;
- “a widespread thirst and readiness within FAO for major and fundamental change, but an almost equal cynicism about whether senior management and the Governing Bodies can make this happen”.

The IEE recommends a “transformational strategy of reform with growth” (paragraph vi).

The IEE report provides a detailed analysis of the current organizational culture of FAO and argues that “organizational culture change within FAO is a prerequisite to successful reform” (paragraph 935).

Vision and culture

Recommendation 6.1 states:

Building on the high levels of commitment of staff to the mandate, goals and objectives of the Organization, and of staff motivation related to the Organization’s work (see above), management should lead in rallying this positive asset around a much clearer vision of how FAO will work towards its mission with clearly articulated objectives and measurable indicators (see Recommendation 7.1). This cannot be top down or formalistic, but must reach into the Organization for shared ideas on ways forward. It must be done through processes of genuine consultation and participation aimed at building a practical sense of common purpose and be a first step in re-orientation to a culture of high performance.

Deep and extensive changes are then needed to policies and procedures on human and financial resources in order to ensure that they are aligned with and focused on that clearer vision, and engaged as efficiently and effectively as possible to achieving those clearer goals. In other words, aligning all the Organization’s means with its ends explicitly (see Recommendation 8.1). FAO’s human resources should be treated as the primary and strategic asset they are. Human resources policy and systems should be re-oriented to attract the calibre of people and enable teamwork in the way FAO needs to fulfil its aims (see specific Recommendation 7.5 and Recommendations 8.2 through 8.8).

Administrative procedures should be fundamentally reviewed, simplified and re-oriented to be more ‘client-focused’, encouraging and supporting staff to be effective and accountable for achieving the results agreed above in an efficient way (see Recommendations 8.1, 8.9 and 8.10).

Proposals should aim to advance transparency, promote the principle of subsidiarity and facilitate and enable horizontal and vertical communication.

Working group

The IEE report goes on to recommend a working group (Recommendation 6.2):

A special working group should be constituted to lead development of and oversee an overall programme of culture change as part of the follow-up to implementation of the recommendations of the IEE. Its members should be selected from different parts and levels of the Organization. Its work should be serviced by one specially assigned member of staff who should have both management and staff acceptance. He/she should be advised and accompanied by consultant specialists in culture change. Preferably, this would be one of the consultant firms also engaged on other change processes in FAO for consistency of approach and reduced transaction costs. It would:

- a) monitor coherence between the principles outlined above and implementation of IEE recommendations (for example via annual or more frequent employee surveys);*
- b) on the basis of widespread staff consultation, advise Senior Management and the Human Resources function on complementary measures to be developed; and*
- c) act as a coach and facilitator of desired changes.*

Cross-departmental contact

Recommendation 6.3 covers the need for encouraging cross-departmental contact:

To enable and encourage cross-departmental contact and take steps towards creating a dynamic map of where knowledge lies (which is a key to the effectiveness of knowledge-based organizations):

- a) those responsible for critical technical work and divisional administration should be shown in an organizational directory on the intranet. This could be further extended by including the job titles of all employees in a division;*
- b) informal discussion groups should be facilitated by creating an easy mechanism for anyone in the FAO intranet to set up such **ad hoc** groups; and*
- c) a well-written and strictly informal staff newsletter and website page should be developed with news about the Organization, staff, managers and other matters of interest.*

Director-General

Recommendation 6.4 calls for immediate actions by the Director-General to “signal his readiness to lead and engage in change and to present a more open and accessible image”.

*Early and transparent action on the fundamental changes described above - some of which will take a long time to complete – should be supported by immediate actions by the Director-General to signal his readiness to lead and engage in change and to present a more open and accessible image. Building on the openness demonstrated in the recent seminars for Permanent Representatives to FAO and the higher frequency of other informal presentations by senior staff, these might include: actively encouraging senior staff to informally brief Permanent Representatives on technical and administrative issues; announcing, **post factum**, on the intranet the Director-General's official overseas visits and his major meetings with external contacts of importance; and meetings with small and informal groups of staff on topics of internal importance to FAO. Such meetings should not be focused only on issues of staff-management relations but should in the main relate to the work of the Organization.*

Management

The final recommendation on culture change (6.5) focuses on management culture and development.

FAO needs to accelerate development of a leadership cadre who consistently model good management practice, including “open door” styles to increase informal, direct communication; the giving and receiving of feedback; regular staff meetings to inform them of developments and solicit their ideas; and periodic retreats. To achieve this:

Expand the courses of the Joint Management Development Centre to include regular courses for senior management as well as lower levels.

Involve the Human Resources function as a strategic partner in planning and executing management training, focused on the needs of specific individuals. This might include an increase in management training or coaching.

Progress Report on Root and Branch Review

1. **Background:** At its meeting on 30 January 2008 Working Group III Reviewed and endorsed the proposed terms of reference of the Root and Branch Review and requested management to reduce the lead time in issuing a contract and selecting the consultants for the Review. The Working Group received a progress report of the Root and Branch Review at its meeting of 20 February where it was agreed that the Working Group would meet with the consultants when they are appointed. Progress achieved to date on the issuance of a contract for the Root and Branch Review and the selection of a consulting firm is in accordance with plans, and this report provides an update on the tasks undertaken since February.

2. **Pre-selection of qualified firms (February 2008):** Initially, management conducted a pre-selection of potentially qualified firms to speed up the process of selecting the consultants who could undertake the Review. Pre-selection compresses the steps to complete the tender and limits the number of bids to be evaluated. This was specifically done in response to the desire expressed by the Working Group at its meeting of 30 January to reduce the lead time in issuing a contract from an estimated period of 100 days.

3. Pre-selection criteria were designed to ensure that the firms selected to bid would have the necessary experience, size and capacity to undertake such a major Review of FAO. The criteria required for pre-selection included:

- Demonstration that the firm has a minimum annual turn-over in management consultancy fees of USD 20 million;
- Experience of having conducted a Root & Branch Review of organizational processes and design within the past 5 years;
- Experience of having conducted a business processes efficiency Review in a public organization, possibly a UN agency, within the past 5 years;
- Experience of having worked for a UN agency within the past 5 years;
- A declaration that the firm will be able to provide services and reports in at least 2 working languages of the Organization, including English.

4. The Call-for-Interest to firms that could match the pre-selection criteria was broadly advertised, including on the UN Global Marketplace and through direct mailings to potential firms, asking interested companies to document their qualifications and expertise in the area of Root and Branch Reviews. This advertisement resulted in nine submissions, of which five companies were evaluated to be fully compliant with the qualifications identified by FAO, and four firms were rejected as not meeting the required qualifications to participate in the bid. The five qualifying firms were subsequently advised of the opportunity to bid for the Root and Branch consultancy.

5. **Preparation of tender and submission of bids (February – March 2008):** The preparation of the tender documentation entailed finalization of the Terms of Reference for

the Review based on the Working Group and FAO staff input, preparation of additional tender documentation including collection of the background material that was to be provided to the bidders. On Friday 29 February 2008 the tender was issued to the five firms who were judged qualified through the pre-selection process, with a closing date of 31 March 2008.

6. An innovation in regard to the presentation of the documentation for the tender is that it was presented on a website accessible to the bidders, eliminating the labour intensive process of duplicating and mailing documents. During this period, management also prepared the evaluation criteria that would eventually be needed to assess the qualifications of the bidders (see below).

7. During February 2008, FAO management also gave consideration to the implementation of the Enterprise Risk Management Framework. Due to some complementary features and synergies between Enterprise Risk Management and the Root and Branch Review, and the importance accorded by the organization to both recommendations of the IEE, internal discussions were held on the possibility of combining the two studies or running parallel tenders. The conclusion was that the effort to synchronise the two studies could delay the Root and Branch tender process (which was clearly a high priority for members) and the funding for an Enterprise Risk Management study was not assured⁵.

8. **Evaluation of bids (April 2008):** Of the five pre-selected firms, one of the firms declined the invitation to bid. The remaining four firms submitted bids by the deadline, and these were evaluated by a tender Review panel made up of senior officials representing different departments in the Organization. In keeping with standard FAO procedures the bids were Reviewed in two independent stages, first through the technical evaluation and in the second stage the financial evaluation. This procedure ensures that technical quality of the bid is assessed without the influence of the financial considerations. After the technical evaluations are completed and the ranking provided to the FAO Procurement Service, the financial bids are opened and added to the overall scoring of the bids. Given the importance of quality in this Review, it was determined that in assigning the winning bid, the technical scoring would represent 75% of the total weighting, and the financial elements would represent the remaining 25% of the total score.

9. **Result:** On 23 April 2008 the Tender Review Panel completed its evaluation of the technical bids, and the financial bids are in the process of being opened and scored. Once the scores are tabulated, the Review Panel will be requested to confirm the selected firm. The Procurement Service will then finalize the contract, and the name of the winning firm should be available to be announced by the end of April. The firm should be able to begin work on the Root and Branch Review shortly after the award of the contract.

10. **Next steps:** After the contract is signed with the selected firm, FAO management will meet with the consultants to agree on a workplan. This workplan will identify the intermediate deliverables as requested by the Working Group and will include a meeting of Working Group III with the consultants during the first part of May 2008. Thereafter, written reports or presentations are foreseen from the consultants to the Working Group between May and September 2008. The delivery of the overall study, in both its phases, will follow the original timeframe incorporated in the terms of reference, with the first phase to be completed before the November 2008 Conference.

⁵ It is recalled that at its meeting on 28 March, the Joint Meeting of Working Groups II and III agreed on the need for a corporate-wide Enterprise Risk Management Framework but requested clarification as to the costs.