

**Chair's Progress Report to the Conference Committee for IEE Follow-up**  
**CoC-IEE - 15 May 2008**  
**Update of selected sections (9 May 2008)**

- 1) **Programme and Budget Structure and Process for Consideration by the Governing Bodies** (paragraph 25): Near final conclusions have been reached with Management in the Working Groups on the revised Programme and Budget cycle and the Programme Model. Detail of this will now be summarised in one draft text for inclusion in the Immediate Plan of Action.
- 2) **Decentralized Structure of FAO** (replacing paragraphs 33-35): Members expressed general agreement with the IEE recommendations, which built on the recommendations of the previous evaluation of FAO's decentralization and stressed the need for greater decentralization of authority. The Working Group emphasised the importance of FAO having a strong decentralized presence to provide services flexibly to Members and create an effective flow of information as a knowledge organization. This presence should be specifically tailored to the needs of individual countries and regions. However, Members stressed that in practice decentralisation should not proceed further without accompanying budgetary resources and should not impair headquarters' capacity. Effective decentralisation depended upon properly resourced offices and the structural deficit could not be allowed to continue. All Members considered that the present situation of an inadequate budget to ensure the continuous staffing of Country offices was unsustainable. Some members considered that steadily improving communications were making it less necessary to have a full FAOR office in all countries and the possibilities for multiple accreditation were increasing. Some members were also of the view that in addition to technical criteria that could determine the need for an office, regional and political dimensions would also need to be taken into consideration. Members thus welcomed Management's intention to undertake a comprehensive review of the offices and looked forward to discussing the results of that review which should be incorporated in the Immediate Plan of Action.
- 3) Members welcomed Management's decision to transfer the primary reporting line for technical officers in the regional offices to the Regional Representatives (ADGs). Management agreed that this change has implications for the programme model and budget allocation, as the technical departments would cease to have the primary responsibility for the budgets. This budget allocation would better permit the regional offices to carry out their expanded planning and implementation responsibilities.
- 4) It was noted that management had stated its agreement with most of the IEE recommendations and had described the progress made since 2005 in a number of areas. Members thus emphasised full application of the principle of subsidiarity and effective delegation of authority to the regional, sub-regional and country levels, and:
  - a) Stressed the importance of fully integrating the decentralised offices into FAO's decision making processes;
  - b) Welcomed Management's agreement to further explore shared representations with other Rome-based agencies, within the UN Resident Coordinator system and with IICA or other regional organizations, as appropriate, and emphasised the potential for fully joint representation, noting that this was a measure which could improve effectiveness and was not only a question of cost;

- c) Emphasised maximum use of national expertise. In this regard Management indicated that country offices are exclusively staffed with host country nationals, with the exception of the FAO country representative (FAOR), to reduce costs and capitalise on national expertise and knowledge. It was also noted that many countries are providing support for the FAO Representations, including office premises and staff;
- d) For sub-regional offices, noted that these were intended to function as technical hubs of professional expertise rather than as a layer of management. Members from Latin America and the Caribbean did not favour closure of country offices and their replacement with additional sub-regional offices. In Asia, Members' judgement was that rather than additional sub-regional offices in the region, the functioning of the existing regional office should be strengthened. Near East regional representatives noted that the Regional Office should be strengthened and its coverage clarified; and
- e) Stressed the importance of the Regional Offices providing an effective secretariat for regional conferences, consulting closely with the Members and following-up on the outcomes of the conferences.

5) Members supported FAO country representatives (FAORs) having their primary line of reporting at ADG level and that this should probably be to the Regional Representatives. Members noted that FAORs had matrix lines of reporting for different aspects of their work to the Technical Cooperation Department, Technical Departments, etc. but that this should not be confused with their primary report (the senior staff member to whom they were operationally responsible) Management's response expressed reservations on this opinion that they should continue to report to the Director-General through a coordination unit.

6) Members emphasised that, FAOR appointments and appraisal should be professional, transparent and follow the same pattern as for other staff. FAORs were the vital point of interaction between countries and the Organization. Recruitment selection criteria should be clear and the process fully transparent. It was essential for FAO Representatives to have a good knowledge of the Organization and the issues of the country in which they served. There must be a results based assessment system for FAORs and benchmarks for the overall assessment of decentralized office performance. It was agreed that there needed to be coordination to ensure that FAORs and country office staff were appointed, appraised and transferred applying the same criteria but several Members noted that this was in fact the case for all staff of FAO and was not unique to FAORs. (Management clarified that in its view responsibility for appointment and transfer of the FAORs should rest with the Director-General.

7) **Headquarters Organizational Structure** (Additional sub-paragraph in paragraph 36): The Members who spoke strongly supported the concept of much greater mainstreaming of cross-cutting issues and relatively small coordination units with funds to catalyse this. They thus supported the IEE concept of four main technical departments and not having a separate department dealing with natural resources and climate change. They similarly did not support the concept of a separate division for knowledge management or capacity building. They emphasised that FAO's strength lay in drawing all technical disciplines together and mobilizing all units and that this was not facilitated by having separate divisions or departments building up their own separate capacities. Similarly separate units could not so effectively relate issues to agriculture and the rural people which were FAO's mandate. The management opined that the IEE proposals seemed inconsistent with the effective extent of mainstreaming of cross-cutting issues within FAO and their likely priority to FAO, with some cross-cutting issues assigned small coordination units reporting to the DDGs (e.g. capacity

building and knowledge management and environment) and other areas were to be handled by divisions within the technical departments performing this function together with other programmes (e.g. climate and gender).

8) (Replacing sub-paragraph 36. 1): Several groups of Members supported the proposal of two additional Deputy Directors-General (DDGs) to free the Director-General to concentrate on policy and strategy issues, and communication of policy messages. It would ensure better integration of work and fuller representation of the decentralised offices. Decrease in number of ADGs would offset the cost implications. Other groups of Members supported an additional DDG to undertake mainstreaming of cross-cutting issues and coordination of the technical Departments. They considered that an ADG could undertake the headquarters liaison and coordination for the decentralized offices, while heading the Technical Cooperation Department providing field development support services. This would also avoid a Headquarters based coordinator outranking the regional ADGs who should be empowered (some others considered that the present DDG position could better act as their champion). Some Members further expressed concerns about an additional layer, additional cost and creation of two major silos with two additional Deputies. All agreed that if there are additional Deputy Directors-General, selection criteria should first be competence and due consideration of geographical balance should also be reflected in the appointments;

9) **Culture Change in the Secretariat, including Approach to Risk** (partial replacement of paragraph 40 and additional paragraph on culture change)

10) Members generally agreed with the proposals presented by Management on the basis of a consulting firm's report for an approach to culture change. 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. 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).

11) Members agreed on the proposal to establish a change team, in a process led by the Deputy Director-General. They also agreed on: the need for external facilitation; change team members having adequate time set aside; and the full involvement of decentralized staff in the team. 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, based on participation and improved communication horizontally and vertically. It was closely linked to human resource policies and a culture of responsibility, accountability and incentives.

12) **Human Resource Policies and Practices** (replacement of paragraphs 45-46): Members stressed the value of FAO's human resources. They 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 development of the action plan, further emphasis should be given to:

- a) An effective policy for geographical and gender representation, particularly regarding developing countries, 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 with clear criteria (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) Decentralisation and delegation of decision making within clear policies and requirements;
- f) Further delegation of authorities from the Office of the Director-General and from senior management (the recent progress made in this regard was welcomed, while urging further progress);
- g) Wider publication of FAO vacancies;
- h) More transparency in the recruitment of senior staff and FAORs;
- i) Transparency and competitive policies for recruitment of consultants with measures to ensure attention to geographical and gender balance;
- j) 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;
- k) Early introduction of an objective staff appraisal system linking staff performance to organizational objectives based on realistic performance targets and objective assessment criteria;
- l) Introduction of greater flexibility in recruitments through dual grading of posts;
- m) Upgrading the Oracle systems to i) improve ease of data extraction and analysis and ii) to support substantive staff management, rather than purely transaction processing;
- n) The Governing Bodies needed to be more involved in oversight of human resource policies through the Finance Committee; and
- o) Governing Body action and action by management was needed to also secure changes at the UN Common System level.

13) There should be regular reporting from management to the Governing Bodies on the development and implementation of the Human Resources Plan through the Finance Committee.

14) **Evaluation** (replaces paragraphs 49 & 50): Members agreed with the IEE that strong evaluation was indispensable for both the Governing Bodies and for senior management and that the conduct of evaluation must be responsive to, but operationally independent of, both. Evaluation in FAO was already of a relatively high standard and provided a strong foundation to build on further. The learning and accountability functions of evaluation were essential for both the Governing Bodies and management and for confidence in the evaluation function. Transparency was important, as well as clarity on institutional arrangements. The Organization's evaluation policy, strategy and institutional arrangements should be incorporated in a "Charter" which should be subject to Governing Body approval. Building on a large measure of agreement with Management's views, Members also considered, that:

- a) the evaluation office should be inside the FAO secretariat structure, as a separate office, reporting to the Director-General or his Deputy and to the Governing Bodies through the Programme Committee. The Deputy Director-General should continue to chair the internal evaluation committee to provide advice to the Director-General and this Committee should also interact with the Programme Committee from time-to-time;
- b) the rolling evaluation plan should be approved by the Governing Bodies, as at present, following consultation with the internal evaluation committee;
- c) the evaluation Regular Programme budget should be established as a proportion of that budget and once decided upon by the governing bodies as part of the PWB approval process, it should be fully protected and allocated to the evaluation office. A greater proportion of the regular budget should be allocated to evaluation than the current level of just over 0.5% and many Members considered that it should rise progressively to the 1.0% level proposed by the IEE. It was also emphasised that all donors should respect the Council decision that at least 1% of all extra-budgetary funds should be allocated for evaluation;
- d) the post of director of evaluation should be recruited at D2 level, in line with the other evaluation offices in the Rome based agencies and the post of Inspector-General in FAO. The process of selection and appointment should be professional and transparent and the Governing Bodies should be fully consulted in the process. The director of evaluation should serve for a fixed term with the possibility of renewal for a maximum of one further term, with no immediate possibility for reappointment within FAO to another post;
- e) all appointments for evaluation of staff and consultants, should follow transparent and professional procedures with the first criteria being technical competence but also with attention to considerations of regional and gender balance. The director of evaluation should have the main responsibility for the appointment of evaluation staff and the sole responsibility for appointment of consultants (Members were informed by Management that evaluation staff and consultants should be subject, for example to geographic and gender considerations, as applied elsewhere, and that the system of delegations was already moving towards having responsibility for the appointment of staff and consultants shift to ADGs and heads of independent offices. Management thus opined that no special procedures would be required for evaluation);
- f) quality assurance was very important and a peer and evaluation mechanism for periodic review of the evaluation function should be put in place;
- g) the follow-up processes for evaluation should be further strengthened;
- h) all evaluation reports, management responses and follow-up reports should continue to be public documents, fully available to all FAO Members. Efforts to discuss and bring the reports to the attention of all concerned Governing Body members should also be further strengthened;
- i) as recommended by the IEE, the evaluation office should have an institutionalised advisory role to management on results based management and programming and budgeting, reinforcing the feed-back and learning loop;
- j) evaluation should be well coordinated within the UN system, taking account of the work of the Joint Inspection Unit (JIU) and FAO evaluation office should continue to work closely with the United Nations Evaluation Group (UNEG); and
- k) the evaluation office should continue to work closely with the Office of the Inspector-General and where appropriate the External Auditor but it was not considered that a merger of the two offices would be appropriate.

15) **Audit** (addition to paragraph 51): The importance of the Governing Bodies receiving the reports of and being able to communicate with the Audit Committee was emphasised.

16) **Programme and Finance Committees** (addition to paragraph 56): Members agreed that:

- a) the Programme and Finance Committees should have their functions clarified in the Basic Texts and that for the Programme Committee this included consideration of field and decentralized work, global governance priorities and partnership and coordination with other organizations for technical work. The Finance Committee should cover all aspects of administration, services and human resources as well as finance;
- b) the two committees should be required in the Basic Texts to produce recommendations to the Council on the matters before them
- c) the two committees should not vote but should continue to search for consensus;
- d) the two committees should not be merged;
- e) the two Committees should hold more joint meetings and joint meetings should normally be chaired by the Independent Chairperson of the Council, who should also normally attend meetings of the Committees;
- f) Chairs should be independently elected in a personal capacity and not represent a region or country in the two Committees; and
- g) the membership of the Committees should each be increased, in addition to the Chair, to eight representatives of Africa, Asia, Latin America and the Caribbean and the Near East and four representatives of Europe, North America and the South West Pacific (1+8+4).

17) **Efficiency and Effectiveness of the Governing Bodies** (addition to paragraph 62)::

- a) Members agreed that the Council should concentrate more on making decisions and recommendations. Many Members supported the proposal to eliminate drafting of the full report of the Council, concentrating drafting on decisions which would thus become clearer. In their view, a document such as an aide mémoire of the chair or the verbatim could serve as a record of discussion, without requiring a drafting group for this but a drafting group would probably be required for decisions;
- b) Most Members considered that the Council should make a clear set of recommendations to the Conference on the proposed Programme of Work and Budget, including the budget level and that it should be the Council that transmitted the proposal to the Conference. This procedure should be reflected in the Basic Texts. This would, in their view, encourage the Council to undertake serious preparatory negotiations prior to the Conference and could reduce the extent of time that the Conference expended on the budget decision at the expense of dealing with global agricultural issues. At the same time it would not in any way impinge on the Conference's mandate in making final decisions. One Member reserved its position on this proposal; and
- c) It was agreed that the Council and Conference should continue to search for consensus in making decisions and voting should only be a last resort. In the case of the Council, if no consensus could be reached on decisions within the prerogative of the Conference, and there were substantial minority views, these would normally be transmitted to the Conference along with the views of the majority.