

**Chair's Aide Mémoire – Third Meeting of CoC-IEE WG III**  
**Wednesday 20 February 2008**  
Ramalingam Parasuram, Chair

- 1) **Root and Branch Review (RBR) – Update on progress** (see Annex I): Management will continue to provide updates on progress. Closure of bids is on 28 March and thus the first meeting in April will be suitable. It was agreed that the Working Group would meet with the consultants when they are first appointed and there would subsequently be a further two or three meetings in the period May to September. At the second of the meetings the consultants would present their initial work-plan and methodology.
- 2) **Human Resource Policies and Practices**(See Annex II): It was emphasised that overall policy for human resources was a priority for Governing Body consideration which had not received adequate attention in the past. Members considered that it was an area in which there was not adequate transparency, but it was also agreed that micro-management by the Governing Bodies needed to be avoided. Issues needed also to be pursued more actively at UN Common system level. It was suggested that Working Group II should examine how improved Governing body oversight of human resource policy could be assured in future, perhaps through a clearer requirement for its consideration periodically in the Finance Committee which would provide a report to the Council.
- 3) Management agreed to present a **Human Resource Policy paper for consideration by the Working Group at its meeting tentatively scheduled for 29-30 April**. At that time a paper on Culture Change should also be presented. It would be a good opportunity for the interchange requested by members with the staff associations and unions. Management also agreed to distribute to members more detailed background information on: the numbers of person days of staff and consultants in the Organization by Organizational units and source of funds; use made of FAO retirees and on the distribution of staff by grade in relation to nationality and gender.
- 4) Members generally agreed with the IEE proposals, with the exception of the areas of divergence reflected among the points below, and which Members considered should be taken into account in developing the human resource policy:
  - a) There was a need for early introduction of an Organization wide staff appraisal system which should extend to all staff at all levels up to and including the Deputy Director-General. It was decided to approach Working Group II on the desirability of introducing performance objectives and appraisal for the Director-General;
  - b) It was agreed that decision making on human resources matters should be decentralised and delegated in the context of clear policies and requirements;
  - c) Reconsideration was needed of the application of policies on geographical and gender balance for staff and this could take account of the grades of the posts, requiring a balance also at the senior management level. Policies must ensure the quality of candidates appointed to posts but a more vigorous approach was needed to ensure adequate representation in the secretariat for the developing countries. However, some Members expressed concern that the change in the formulae for calculating representation levels now meant that even the most highly qualified candidates could not be recruited from some developed countries;

- d) Members agreed on the need for adequate resources to support flexible adjustments in staffing, as programme needs changed and several supported the concept of a fund for this;
- e) Members welcomed the idea of a junior professional programme for entry of young people from developing countries into the Organization. There should not be a requirement for two FAO languages at this level but they should receive language training as part of the junior professional programme;
- f) Staff rotation from headquarters to the decentralized offices, including for FAORs was supported. However, this should not necessarily apply to all Headquarters posts, as some were of a specialised nature;
- g) Greater facility for lateral transfer between posts in order to develop competencies and career possibilities was also supported as were improved staff incentives;
- h) A wide range of questions were raised about the use of consultants and there was a demand for better information. Some Members considered there was an over use of consultants, especially FAO retirees being employed against vacant posts. It was generally agreed that there needed to be more transparency in recruitment for consultants and more effort to ensure the widest knowledge of consultancy opportunities;
- i) The intention to appoint an ethics officer and the establishment of an ethics committee was welcomed; and
- j) It was noted that the discussion did not go fully into the subject of staff incentives and training and that this should be done while discussing the paper on Human Resource Policy mentioned in paragraph 3 above on 29-30 April.

4) **Financial Systems, Standards and Audit** (see Annex III): The Working Group considered that it needed a more in depth presentation from management in order to adequately address the issues. Particular attention was given to the following on which the Working Group requested more information:

- a) **Arrears and Late payments:** Some Members considered that the Organization's financial problems were not due to arrears but to late payments in the calendar year and biennium by some of the major contributors. They considered that the IEE had failed to adequately address this issue and that more information on its implications were needed from management. Also:
  - i) Most members agreed that there should be more publicity given to which countries were paying late and were in arrears and that voting rights and Membership in the Council and Committees should be excluded for countries in arrears, but several did not consider that such countries should be excluded from receipt of TCP as suggested by the IEE;
  - ii) It was noted that charging interest for borrowing against interest from income would have negative implications for the use to which that income was now put (replenishing after service medical coverage);
  - iii) As these issues had been discussed at length in the past without resolution, it was suggested that a possibility, after the next discussion in the Working Group, would be that, in consultation with the Finance Committee Chair, a small task force be set up to better understand the dimensions of the problem and further examine potential solutions.
- b) It was noted that management supported the concepts of Regular Programme budgeting in Euros and US dollars and accounting in multiple currencies for extra-

budgetary resources. Members requested more information on the move to IPSAS and:

- i) the volumes of transaction in different currencies;
  - ii) the potentials for and cost of multiple currency accounting; and
  - iii) the concept of functional currency and the implications of any change.
- c) Audit: Members requested information on the roles of internal audit and external audit in other international organizations (particularly of the UN system) and information on such issues as reporting lines and the appointment and period of tenure of the Inspector-General. It was requested that the External Auditors for the period 2006-07, and if possible the current External Auditor, be present at the next session at which this item was discussed.

5) **Future Agenda:** The tentative agenda for the immediate future sessions was agreed as follows:

- a) Friday 7 March: - Preliminary discussion
  - i) Resource mobilization
  - ii) Service provision, procurement, etc (opening of discussion)
  - iii) Information technology (opening of discussion)
- b) Wednesday 19 March – Resumed discussion
  - i) Resumed discussion – The Programme and Budget Structure and the Programme and Budget Process
  - ii) Resumed discussion – Decentralized structure of FAO
  - iii) Resumed discussion - Financial Systems, Standards and Audit
- c) Wednesday 26 March
  - i) Headquarters structure of FAO
- d) Tuesday 29 & Wednesday 30 April
  - i) Human Resources Policy
  - ii) Culture Change Policy

#### **Annex I Root and Branch Review - Main steps of the process**

- Send invitations to bid (26 February)
- Deadline for bids (28 March)
- Evaluation of bids (11 April)
- Letter of Intent (18 April)
- Signature of Contract (28 April)

#### **Annex II Human Resource Policies and Practices – Management Presentation**

- 1) Policy Framework
  - a) Alignment of recruitment, work planning/competencies, performance appraisal and staff development
  - b) Age profile – recruitment of Junior Professionals
  - c) Rotation Policy
  - d) Consultation with Staff Associations
- 2) Contracting Modalities
- 3) Recruitment
  - a) ADGs to approve selection of Professionals and NPOs

- b) Division Directors to approve selection of GS staff
- c) Maintain PSSC and GSSSC
- d) If PSSC/GSSSC disagree with submission, then DG/Director AFH decide
- 4) Achieving Geographic and Gender Balance
- 5) Performance Management
- 6) Staff Incentives
- 7) Training

### **Annex III Components of the Financial System – Management Presentation**

- General Ledger, Accounts Receivable, Accounts Payable, Purchase Orders, Fixed Assets, Human Resources/Payroll, Travel, Budget maintenance module (BMM), Field Office Accounting System, Data Warehouse, PIREs.