

Chair's Aide-Mémoire

Joint meetings of Working Groups I, II and III of the Conference Committee for IEE Follow-up (CoC-IEE)

Wednesday 22, Thursday 23 and Friday 24 July 2009

Chaired by Vic Heard, Chair WG I and Noel de Luna, Chair WG III

Draft Medium Term Plan and Programme of Work and Budget

1. The Working Groups welcomed the draft Medium Term Plan (MTP) 2010-13 and Programme of Work and Budget (PWB) 2010-11 (<ftp://ftp.fao.org/docrep/fao/meeting/017/k5475e.pdf>) prepared by Management in one document attempting to define results based on the contribution to objectives and on an estimate of resource requirements. Members were generally satisfied that draft MTP/PWB document met the requirements of the Immediate Plan of Action (IPA), especially in setting out a coherent means-ends programmatic framework.
2. In the course of the discussion, the following points were made:
 - Members agreed to include more detail on Core Functions in the MTP, making use of the relevant section of the draft Strategic Framework;
 - Prioritization was an ongoing process involving Members and Management in the Programme Committee and the Technical Committees. In this regard, Members appreciated that the trend of reduction in Programme Entities was continued in the results frameworks through the more limited number of Organizational Results;
 - The need for governance to turn its attention to implementation, monitoring and reporting was stressed;
 - Members noted that, while the indicators had been improved, they were still not all S.M.A.R.T. and Management continued to refine their formulation, as well as the baselines and the targets. In this connection, an informal seminar on indicators should be organised in September 2009.

Integrated Budget

1. The Working Groups noted that, for the first time, the draft PWB presented an integrated view of the total resource requirements to carry out the Programme of Work, in the form of assessed contributions and voluntary contributions handled as a unified work programme, in line with the IPA. It was recalled that the budget level and the financial implications of the Programme of Work would be discussed at the forthcoming sessions of the Finance and Programme Committees, providing advice to the Council in this respect.
2. In discussing the integrated budget, Members noted that, as set out in the IPA, the Council at its next session should propose to the Conference the programme of work and the level of the assessed budget, and provide an estimate of extra-budgetary funding. Moreover:
 - it was recognized that the integrated budget was intended to improve governance, oversight and application to the agreed results frameworks;
 - some concern was expressed over the effects of the uncertainty and earmarking of voluntary contributions on the achievement of planned results in the unified work programme. In this

context, it was noted that the mobilization and provision of voluntary contributions needed to be more strategic, driven by results frameworks, and with less earmarking. Core voluntary contributions could provide the mechanism for this;

- the need for a clear definition of, and distinction between, the voluntary funding categories was underlined;
 - clarifications were sought for a better understanding of how the estimates of voluntary contributions had been determined, the level of certainty and risk in each category, and how the estimates compared with the current and previous biennia.
3. Members also considered that greater clarity was required as to what they were being asked to approve in the budget in terms of:
- the net appropriation, being the assessed contributions by Members;
 - the estimates of voluntary contributions; and
 - the programme of work.

IPA and RBR Actions under the PWB

1. Members welcomed the Management paper entitled *IPA and Root and Branch Review actions under Programme of Work and Budget 2010-11* (www.fao.org/uploads/media/IPAandRBRactionsUnderPWB_DRAFT_1.pdf), which presented the integrated IPA package and its funding requirements in 2010-11.
2. The Working Groups were satisfied with the progress made in the implementation of the IPA and the continued commitment of both the Staff and Management to pursue reforms. They were informed of the changing nature of the reform activities in the next biennium. While many relatively small activities would have been completed, the Organization would have to simultaneously undertake several major complex projects with a significant impact on staff and the way they work.
3. The need for a good oversight mechanism by the Governing Bodies on the reform process was emphasised. As the reform process would take three or more years, a more sustainable mainstreamed arrangement was called for. Various options could be considered, including a more permanent role for the Independent Chair of the Council, and through the Programme and Finance Committees now being open to observers.
4. The Working Groups were appreciative of the efforts made to reduce the costs for IPA implementation in 2009 and invited Management and the Finance Committee to identify further cost reductions for 2010-11.
5. Members reaffirmed their shared commitment to the IPA and attached the highest priority to reform efforts to make the Organization more effective and efficient in fighting hunger. Cognizant that funding of the IPA implementation in 2010-11 was treated under the draft PWB in the integrated budget, comprising both assessed and voluntary contributions, the source of funding for the IPA was debated at length. Many Members identified important risks in the proposed financing of 80% of IPA costs with voluntary contributions given the experience in 2009, as well as the potential inefficiencies in implementation related to unpredictable resource flows and start-stop measures. Other Members underscored that funding the IPA under the net appropriation could not be at the expense of the technical programmes, indicating that the degree of dependency of the IPA on voluntary contributions in the draft PWB 2010-11 was lower than with some of the technical programmes.
6. In order to be consistent with the urgency of reform and the priority attached to it, a suggestion was made to fully include the IPA within the net appropriation by increasing the total net

appropriation, following the IEE recommendation of “Reform with Growth”. While protecting technical programmes, such an approach would be in line with the concept of reform as an investment in the Organization and in its technical work.

7. Therefore, while the Working Groups agreed that the costs of the IPA should be treated in the PWB 2010-11, they were concerned that funding a portion of the costs from voluntary contributions under the integrated budget would put implementation of reforms at risk. The issue of the source of funding of the IPA, as well as the level of costs, in the draft PWB were referred to the Finance Committee for further consideration.

Culture Change

Members were satisfied with the progress made in this crucial area of the reform, and noted with appreciation the work done by the Culture Change Team, following a presentation of their achievements by the Team Facilitator. The internal vision of FAO which the Team had helped to develop was illustrated to Members, who stressed the need to integrate culture change in the overall reform process and to ensure its long-term sustainability.

Human Resource Management

1. The Working Groups welcomed the Management document entitled *Progress Report on the Implementation of the Human Resources Management Strategy and Policy Framework* (www.fao.org/uploads/media/HRreportFCEnglishK5509.pdf) prepared for the forthcoming session of the Finance Committee.

2. Members recognized that further progress had been made in the area of Human Resource (HR) management, noting in particular:

- the essential role of HR strategies, plans and initiatives to bring about FAO's reform and renewal;
- the need to reflect in the PWB 2010-11 the importance accorded to the HR function, including in terms of funding, and in line with the Root and Branch Review recommendations;
- the need to adequately address the key issues of geographical representation and gender balance – the latter could require the adoption of revised targets by the Conference;
- the need for a coordinated management of the programmes involving Associate Professional Officers (APOs), junior professionals and interns.

Headquarters Structure

1. It was noted that the new Headquarters structure was addressed in the draft PWB 2010-11, which set out its main features as well as the areas where significant structural and functional changes have been foreseen.

2. Members noted that the comprehensive programme of Headquarters restructuring was a work in progress which, in accordance with the IPA, should be completed by 2012. In this connection, clarifications were sought by Members and provided by Management on various aspects. In particular, it was pointed out:

- the apex part of the Headquarters structure had already been agreed in principle in 2008 under the IPA;
- some concerns relating to the departmental structure needed to be taken into consideration;

- beneath the divisional level, indicative details could be provided to the Working Groups, but should not be included in the PWB.

Decentralized Structure

1. The Working Groups welcomed the revised version of the Management document entitled *Review of Decentralized Offices Staffing, Location and Coverage* (www.fao.org/uploads/media/DOs%20staffinglocationcoverage%2023July.pdf) and confirmed the importance of an efficient decentralized structure for the effective delivery to the field of the knowledge produced by the Organization.
2. In discussing the issues related to the Decentralized Offices, the following points were stressed:
 - still a work in progress, the business model of FAO's decentralized structure was evolving and would be significantly changed as a result of all the initiatives being undertaken;
 - the criteria for country coverage of the Offices Network required further reflection; to this effect, additional information would be provided shortly by Management to facilitate further discussion of the issues involved through the Regional Groups, for follow-up deliberation in the Working Groups in September 2009;
 - the foreseen transfer of responsibilities to Decentralized Offices needed to be matched by an adequate allocation of resources;
 - concern was expressed over the proposal to appoint Emergency Coordinators as Officers-in-Charge of FAO Representations.

Enterprise Risk Management

For the information of Members, a presentation was made by the Deloitte consultants charged to prepare, together with the Office of the Inspector General, a proposed strategy for improving FAO's approach to risk management.

Concept of "Reform with Growth"

The outcomes of previous deliberations in this area within the Finance and Programme Committees and their Joint Meeting (May 2009), then the CoC-IEE Working Groups (June 2009), and ultimately the Council (June 2009) were briefly recalled. Following this introduction, the concept of "Reform with Growth" was noted by Members, without further discussion.

Annex

Agenda for the meetings

1. Chair's introduction
2. Consideration of the draft Programme of Work and Budget:
 - presentation of the integrated budget under the results frameworks
 - IPA and Root and Branch Review actions under the PWB
 - Culture Change
 - Human Resource management strategy and plans
 - Headquarters Structure
 - Enterprise Risk Management
 - Decentralization
3. Review of the concept of *Reform with Growth*