

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

Tuesday 6 May 2008

Ramalingam Parasuram, Chair

Organizational Structure of FAO

1) **Headquarters Structure of FAO:** Members reaffirmed their general agreement with the principles set out by the IEE for Headquarters restructuring and recalled their previous conclusions, including:

- a) A manageable span of control of the number of reports to managers at all levels, including the Director-General;
- b) The Deputy Director-General becoming the Chief Operating Officer, overseeing and coordinating day-to-day work;
- c) Consolidation of units at all levels to reduce fragmentation and costs of senior posts, reducing FAO's tendency to work in silos;
- d) Budget allocations for senior management to facilitate cross-unit and cross-departmental work;
- e) Better integration of headquarters and decentralised offices with representation of the latter in senior management decision making processes;
- f) Flexibility in unit structure depending upon functions and size, noting that not all Departments required a divisional structure and all Divisions did not require a service structure;
- g) Delaying, with reduction of senior posts including D1 and D2 levels, with the introduction of dual grading of posts including D1/D2 and P5/D1;
- h) Promotion of management by results with clear frameworks for action and delegation and accountability for management within the frameworks and policy guidelines;
- i) Achievement of cost savings over the medium-term;
- j) General agreement on establishment of a consolidated Office of Strategy, Resources and Planning to integrate overall strategy development, programme planning and resource mobilization;
- k) Greater priority and focus on livestock. There should not be a separate livestock department but adequate work on the sector between the concerned divisions and departments must be assured; and
- l) The establishment of consolidated coordination offices for i) the development and implementation monitoring of strategy, programme, budget, and resource mobilization and ii) Communications, intergovernmental and inter-agency affairs.

2) Those 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), while other areas were to be handled by divisions within the technical departments performing this function together with other programmes (e.g. climate and gender).

3) 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.

4) All Members agreed that resources freed by organizational change should be redeployed to enhance the technical work of the Organization, including support to work on cross-cutting issues.

5) With respect to the timetable for organizational change, Members noted that:

- a) the more quickly any feasible changes were introduced, the higher the up-front costs for staff redeployment, training, etc., but the more quickly recurrent savings became available. It was also noted that FAO had no reserve fund for staff redeployment. Greater flexibility to meet the challenges of the future was one of the aims of FAO renewal and it would be desirable as part of the renewal process to establish such a fund and ensure its long-term replenishment, perhaps as a portion of staff costs. For the immediate future extra-budgetary funding would however be required; and
- b) reorganizations had a cost in terms of staff morale and reduced programme delivery. A balance had to be achieved between the costs of long drawn out changes and short-term dislocations.

6) **In conclusion:** Members requested Management to urgently provide its proposals for Headquarters restructuring, taking into account the views expressed by Members. The Management proposals should include indicative costings and savings, as well as suggestions for scheduling change. These management proposals would form the basis for further discussion and the drawing of conclusions by the Working Group for its suggestions to the CoC-IEE.

7) **Decentralized Structure of FAO:** Members re-emphasised points made in previous discussion and conclusions are recapitulated here for ease of reference. 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.

8) 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.

9) 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.

10) 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, opining that they should continue to report to the Director-General through a coordination unit.

11) 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).

12) **In conclusion:** Members welcomed Management's intention to undertake a comprehensive review of the decentralized offices, in particular the FAORs. The Working Group looked forward to discussing the results of that review which should be available in adequate time for the Working Group to consider and make proposals to the CoC-IEE for their incorporation into the Immediate Plan of Action.