

**Chairs' Aide Mémoire of Joint Meeting of CoC-IEE WG I & WG III**  
**Thursday 3 July 2008, 09.30 - 17.30**  
Ramalingam Parasuram, Chair WG III, and Vic Heard, Chair WG I

**Headquarters Organizational Structure**

- 1) Following strong reservations expressed on the previous Management submission, Members welcomed the revised suggestions from management which they considered to be in much closer conformity with the principles agreed by the Joint Working Groups and the proposals of the IEE (see Annex 1). The discussion focused on the structure down to Departmental level. Discussion of the functions to be covered by the individual technical departments was reserved for towards the end of July, pending further consideration of the framework of strategic objectives in Working Group I. For the Corporate Services Department, discussion would take place after the interim report of the Root and Branch Review, due in late September.
- 2) With regard the sequencing of change in Organizational Structure, Members agreed that a clear plan should be prepared for this, starting in 2009 and for completion in the 2010-11 biennium. Immediate changes were possible in a number of areas, including decentralized office reporting arrangements and the responsibilities of offices reporting directly to the Director-General. Members agreed with management that change would be a constant if FAO was to respond to new challenges and there must be built in flexibility for continuous reform.
- 3) The Working Group emphasised the need for effective mechanisms to ensure cross-unit work in any organizational structure, and:
  - a) Members considered that, the direct reporting relationship between the Director-General and the Governing Bodies should be explicit in the organigramme;
  - b) While many delegations supported the proposed two DDGs for corporate “operations” and “knowledge” respectively in the proposed organigramme (Annex 1), there was also concern expressed that there was a need for a DDG/Chief Operating Officer to handle the day-to-day work of the Organization as referred to in previous sessions. There was also some support for a high level of delegation to ADG and Director level with a single DDG. In this case the other roles assigned to DDG “Knowledge” in the suggested organigramme would need to be catered for (and could possibly be filled through a Coordinator with budgetary resources to support the coordination role);
  - c) Members welcomed the reporting lines for, and clear designation of, offices of;
    - i. Corporate Communications, Partnerships, Intergovernmental and Inter Agency Relations,
    - ii. Strategy, Planning and Resources Management,
    - iii. Evaluation, and
    - iv. The designation of responsibility for the new Ethics function.
  - d) FAORs could report to the Regional Representative/ADG or to the Regional Representative through the sub-regional representative depending on the local circumstances but this should not detract from the sub-regional offices functioning primarily as multi-disciplinary technical support teams to countries rather than taking on administrative and supervisory responsibilities for FAORs, which should be handled by the Regional Offices;

- e) Many Members considered that the continuation of a department for natural resources could detract from the mainstreaming of priority inter-disciplinary work. Coordination support and any inter-disciplinary specialist expertise could, in their view, be attached to the office of the DDG “Knowledge” (or Coordinator) with a budget to facilitate inter-disciplinary work. Many other Members however, shared the management view that a Natural Resources Department was necessary to give focus to areas of work such as water for agriculture and climate change mitigation and adaptation in agriculture;
  - f) In the view of some members, coordination support units should remain small and concentrate on supporting the work of the concerned technical and decentralized units, for example in knowledge exchange;
  - g) Members considered that there should be central responsibility in the suggested Office of Strategy Planning and Resources Management for resource mobilization, including coordinated liaison with extra-budgetary funders. Some Members further considered that, in the context of a decentralized approach to resource mobilization (with managers at all levels, including FAORs and Regional Representatives, playing a strong role), there could be a case for maintaining some support capacity to them for Resource Mobilization in a Technical Cooperation Department; and
  - h) The Root and Branch Review should examine whether excessive numbers of staff were involved in Corporate Services.
- 4) Management was requested to produce its further suggestions for consideration by the Working Groups in joint session on 28 July, taking account of both the discussion in the joint Working Groups at the present session and the considerations of Working Group I on Strategic Objectives and Organizational Results. Functions to be covered within Departments should not be regarded as necessarily being organizational units and management was encouraged to fit the Organizational structure of Departments both to managerial requirements and functions without applying a standard pattern.

## **Annex 1: Note to Working Groups on Organizational structure**

### **1. Introduction**

At the joint Working Group meeting on Friday 13 June, many members expressed concern with the organization chart and supporting documentation presented by management in that it did not reflect the request made to management by the Working Groups or the principles discussed by them.

The Joint Working Group requested management to provide a revised proposal to reflect the principles discussed in previous Working Group sessions, provide an explanation and justification for the proposals (especially where these departed from the IEE), provide staff numbers for each major unit, and indicate a possible sequencing of change.

Since the meeting, management has been fully engaged in an extensive exercise to develop a further contribution for consideration by the Working Groups on 3 July. The exercise was undertaken with wide consultation amongst senior managers, taking full consideration of the principles that underpinned the IEE proposal and areas of Working Group consensus (as presented by CoC Secretariat at 13 June meeting).

The resulting proposed organizational chart is based upon clarity and simplicity. It is fully supported by this document which:

- sets out the rationale underpinning the contribution, and the areas of agreement and disagreement with the IEE proposals,
- describes the actions underway by management in the key areas of Culture Change and Delegations that cannot be described in an organizational chart, but need to be addressed in parallel for the successful transformation of the Organization;
- addresses the concerns expressed by management in terms of the relationship of a revised organizational chart with decisions still to be taken on priority setting and the results of the root and branch review.

### **2. Revised management contribution**

In its revised contribution management has responded positively to the principles in the IEE report and to the areas of Working Group consensus, with agreement on almost all areas. The management response to areas of Working Group consensus (as expressed in the Conference Committee Secretariat presentation to the joint meeting on 13 June) and descriptions of how these agreements have been incorporated in the revised management contribution appear below:

## Responses to the issues raised in the joint meeting of 13 June

Working Group views	Management Response
<ul style="list-style-type: none"> <li>Resources should be freed by organizational change and redeployed to enhance the technical work of FAO, including support to cross-cutting issues</li> </ul>	<p><b>Agreed</b> – reduced number of departments and offices, and eventually divisions, together with delayering of Director-level posts.</p>
<ul style="list-style-type: none"> <li>Consolidate units at all levels (Departments, Divisions, Services) to reduce fragmentation and silos as well as make saving on management costs</li> </ul>	<p><b>Agreed</b> – number of departments reduced. Consolidation will also occur at divisional, services and/or unit level.</p>
<ul style="list-style-type: none"> <li>Flexibility in unit structure depending upon functions and size (e.g. small Departments without Divisions, Divisions not divided in Services)</li> </ul>	<p><b>Agreed</b> – will be reflected in the eventual divisional structure, based on programme priority framework and to facilitate cross-cutting work.</p>
<ul style="list-style-type: none"> <li>Span of control, especially at the most senior level and clear lines of reporting and accountability</li> </ul>	<p><b>Agreed</b> – span of control reduced to 7 reports for the DG.. One DDG would take up 7 reports and the other DDG would take up 6 reports.</p>
<ul style="list-style-type: none"> <li>Integrate regional ADGs into the planning and management structure</li> </ul>	<p><b>Agreed</b> – Regional ADGs will be represented by the DDG (Operations) in HQ. A unit in the office of the DDG will be responsible for coordination of the representation function within the decentralized offices.</p>
<ul style="list-style-type: none"> <li>Dual grading of D2 and D1 and D1 and P5 posts</li> </ul>	<p><b>Agreed</b> – dual gradings will be introduced.</p>
<ul style="list-style-type: none"> <li>Senior managers hold a proportion of resources for cross-cutting work and to facilitate inter-disciplinarity and flexibility</li> </ul>	<p><b>Agreed</b> – resources will be made available for these purposes in the offices of the DDGs.</p>
<ul style="list-style-type: none"> <li>Managing Cross-cutting Work: FAO’s strength is in drawing all technical disciplines together and this is not facilitated by separate divisions or departments for cross-cutting issues, building up separate capacities. Mainstream cross-cutting work with small central coordination units, rather than separate Departments or</li> </ul>	

Working Group views	Management Response
<p>Divisions for:</p> <ul style="list-style-type: none"> <li>○ knowledge management</li> <li>○ capacity building</li>   <li>○ natural resources</li> <li>○ climate change</li> </ul>	<p><b>Agreed</b> for knowledge management and capacity building. Senior managers should hold a proportion of resources for cross-cutting work and to facilitate inter-disciplinarity and flexibility. Consequently, at the DDG level, resources will be made available for these purposes which can be cascaded down to the ADGs. Where there is a large element of cross-cutting work that is being mainstreamed, the DDG will be supported by a division, as is the case for Knowledge Exchange with the addition of a unit associated to the DDG (Knowledge). Resources for this office will be provided by a consolidation of resources from KCE – the Knowledge Management and Capacity Building division.</p> <p><b>Not agreed</b> for natural resources and climate change. The recent High Level Conference confirmed the strategic importance of climate change and environmental factors on future food and agricultural productivity. New challenges for food security such as climate change and bioenergy are addressed through integrated management of land, soil and water, including the interfaces with forests and fisheries. For this reason the NR Department is retained in the structure.</p>
<ul style="list-style-type: none"> <li>• While it was agreed that form follows substance – the HQ Technical ADGs confirmed that pursuit of the Strategic Objectives proposed by management could be equally well placed under the existing or a revised organizational structure</li> </ul>	<p><b>Agreed</b> – although the divisional layer will depend on the formulation of strategic objectives and organizational results.</p>
<b>Specific Organizational Changes Discussed :</b>	
<ul style="list-style-type: none"> <li>• Establish an Office of Strategy, Resources and Planning reporting to DG to integrate strategy development, programme planning and resource management and mobilization for the Organization as a whole</li> </ul>	<p><b>Agreed and reflected</b> The Office of Strategy, Planning and Resources Management will integrate strategy development, programme planning and resources management and allocation across the Organization. This will enable a corporate analysis of strategic needs and the coordinated planning and monitoring of the application of assessed and extra budgetary contributions within a strengthened results-based budgetary framework. It will be formed from the previous PBE office, together with some elements</p>

Working Group views	Management Response
	of TC. The outcome of the root and branch review may contribute to further streamlining of some financial management functions.
<ul style="list-style-type: none"> <li>Establish an Office of Intergovernmental, Interagency and Corporate Communications to enhance transmission of Corporate messages and provide a focal point for all forms of partnership and liaison, including with Members</li> </ul>	<p><b>Agreed and reflected</b> Office of Intergovernmental, Interagency and Corporate Communications established by consolidation of previous UNC office with part of the previous KCI division</p>
<ul style="list-style-type: none"> <li>Establish a single Corporate Services Department bringing together all support services</li> </ul>	<p><b>Agreed and reflected (subject to root and branch review)</b> The management proposal supports the recommendation for a single Corporate Services Department bringing together all support services. This is achieved by a consolidation of divisions from KC Department (Information Technology and Conference, Council and Protocol). The composition of the department itself will be subject to the outcome of the first phase of the root and branch review, expected in September 2008. Management considers that a reporting line for Corporate Services through the DDG (Operations) will ensure a better alignment and responsiveness of support services to the operational needs of the Organization – e.g. for procurement, HR. The root and branch review will also determine the best location for a strategic HR function.</p>
<ul style="list-style-type: none"> <li>No separate Livestock Department</li> </ul>	<p><b>Agreed and reflected</b></p>
<ul style="list-style-type: none"> <li>Responsibility for Decentralized Offices including FAORs with Regional ADG-Representatives (corporate focal point in HQ with field development support services)</li> </ul>	<p><b>Agreed and reflected</b> Management agrees with the recommendation that Regional Offices should be responsible for the technical and substantive reporting of FAOR offices. However, considering span of control matters, management is of the opinion that FAORs should report to the RO on these matters through the SROs. Regional considerations however are important - one size does not fit all - and for some Regions it may be more appropriate that FAORs report directly to the Regional Offices.</p>

Working Group views	Management Response
<ul style="list-style-type: none"> <li>Evaluation – separate office with dual reporting to DG and Governing Bodies with operational independence</li> </ul>	<p><b>Agreed and reflected</b> A separate Evaluation office with dual reporting to D-G and Governing Bodies, and with operational independence has been incorporated in the chart</p>
<p><b>DDGs:</b></p>	
<ul style="list-style-type: none"> <li>Varying views on need for one or two additional DDGs: <ul style="list-style-type: none"> <li>* In favour of 2 additional DDGs: would free up DG to concentrate on policy and strategy, ensure better integration of work and fuller representation of decentralized offices. Fully address span of control issue. Costs offset by reduction in ADGs</li> <li>* In favour of 1 additional DDG: concerns about additional layer and cost. Would be responsible for mainstreaming cross-cutting issues and coordination of Technical Departments. ADG of TC Department to liaise and coordinate decentralized offices (would thus not outrank regional ADGs)</li> <li>* Prefer no additional DDGs, just a single DDG (Chief Operating Officer). No additional cost and simple line of command</li> </ul> </li> </ul>	<p>No clear guidance was provided by the Working Groups. The proposal is for two DDGs, which responds to the principle of appropriate span of control at the senior levels. Also responds to concerns expressed regarding additional layers of management.</p>
<p><b>■ DDG Chief Operating Officer</b> overseeing day-to-day work-freeing DG for policy level, advocacy, etc.</p>	<p><b>Not agreed</b> - The D-G can nominate a person in charge from the 2 DDGs during his absence. Most senior management functions will be handled by the proposed two Deputy Director-Generals. The introduction of a Chief Operating Officer would also run counter to the principle of subsidiarity, and in this regard a large number of decisions previously with the D-G have now been delegated to lower levels of management, below the DDG level.</p>

The proposed organization chart is easy to read and understand. It consolidates the organizational structures and provides clear reporting lines. It clearly follows the IEE recommendations in terms of the three streams of FAO work – (i) Operations and Capacity Building, (ii) Technical Work and Knowledge Management, and (iii) Corporate Services. The grouping of units in each stream reflects the primary unit outputs, and does not hinder the variety of inter-departmental and other cross cutting work. This is further supported by the Organizational results-based framework that provides equal support to horizontal collaboration as to vertical reporting lines in achievement of the organizational objectives.

The proposed structure consolidates units at departmental, divisional, and service levels to reduce fragmentation and silos. It reduces the number of departments and provides the opportunity to take measures to achieve, by the end of the 2010-11 biennium, a level of savings in the same order of magnitude as foreseen in the IEE proposal, through elimination of units and delayering including those in 2006-07. These savings will contribute to the unidentified savings and efficiency gains required during 2008-09. Any savings during 2010-2011 would be ploughed back into FAO's technical work.

The proposed structure provides management with the flexibility to refine the functional areas that are to be covered by each department, and the resulting divisional structure, following the outcome of ongoing discussions concerning relative programme priorities, and of the root and branch review. Following this determination, full details will be provided to Members, including an indication of the number of Director, Professional and General Service posts for each major unit. In the meantime, the 2008-09 post establishment by grade is provided in Annex A and information on the use of non-staff human resources by Departments in Annex B.

### **3. Sequencing**

Management is concerned to introduce change in a progressive and socially responsible manner. If change is introduced very quickly, there will be a greater social impact and higher up-front costs.

A possible sequencing could be to introduce revised Evaluation arrangements, the Ethics function and the Office of Corporate Communication, inter-governmental and inter agency affairs/relations in 2009, whilst allowing for other changes to be informed by the results of the root and branch review, and of the determination of programme priorities.

### **4. Areas not covered in the revised organization chart**

An organigram can only indicate a two dimensional and static view of an Organization. The myriad of horizontal reporting lines, inter-departmental fora, delegations of authority, and other aspects of culture change and change management initiatives cannot be represented within an organizational chart medium, and would serve only to confuse the messages that an Organization chart is intended to convey. However, it is important to emphasize that implementation of a revised organizational structure is but one, albeit important, element of the overall culture change programme that is a prerequisite to successful reform. This opportunity is taken to confirm the level of activity in these other related areas.

The priority placed by management on the **culture change programme** is reflected by the personal leadership of this initiative by the Deputy Director-General. A Change Team is being established comprising a best possible representative cross-section of all staff members taking into account criteria such as hierarchical levels (ADGs, Division Directors, Ps and GS), HQ/field experience, gender, length of service, as well as regional and cultural diversity. This Change Team will be the engine for the change process, playing a lead role in development of an internal vision, promoting and facilitating communication and dialogue, monitoring the implementation of all change initiatives, and facilitating the integration of change. An external facilitator is being engaged to commence work in July 2008.

The process of **delegations of authority** is increasing in intensity with a substantial number (125) of D-G delegations recently introduced to the lowest levels of subsidiarity (this list can be made available to members if required). This also represents a major element of the root and branch review exercise. This will take a client rather than supplier focus, determining the appropriateness of administrative instruments to the changing modes of delivering the FAO programme, the appropriate level of delegations of authority to ensure empowerment of staff within an appropriate probity and control framework, and the effective and efficient arrangements for delivery of the proposed arrangements. In this regard, the structure and functions of the Corporate Services Department, which is the primary scope of the Root and Branch review, will be informed by the revised business model to be produced by this review by September 2008.

The myriad of **informal reporting and communication lines** and inter-departmental fora will be fully supported in the new arrangements and, under the new Organizational results framework, an equal emphasis will be given to the horizontal aspect of delivering the organizational results as to the vertical formal reporting lines. One of the key comparative advantages of FAO lies in its ability to successfully execute interdisciplinary work, and this is reflected in a renewed emphasis on the contribution of units to corporate rather than departmental targets and results. The grouping of Organizational entities under a particular Deputy Director-General should not therefore be interpreted as a missed opportunity for lateral working. The grouping of the main Headquarters technical departments under the “Knowledge” Deputy Director-General is indicative of the primary focus and provides an opportunity for collaboration, partnership and coordinated results-based initiatives to support Operations and Capacity Building. The very close relationship between the decentralized units and the Technical Cooperation department reflects the primary focus on operational activities, but does not diminish the contribution of these units to Knowledge Exchange, the relationship between normative and operational activities being of a cyclic rather than linear nature.

## **5. Summary considerations**

Management believes that the current proposal indicates a full consideration of all the areas of consensus of the Working Groups, and of the principles in the IEE report. It indicates clearly the many areas of agreement and the few areas of disagreement. The resulting organization chart has many similarities and synergies with the chart proposed by the IEE. It is implementable over the period 2009 – 2011 and, together with the other Culture Change initiatives, offers a solid platform to take the Organization forward in addressing its strategic objectives.

## Annex A post establishment by grade

### PWB 2008-09 Establishment by Grade as of 1 January 2008

Based on PWB 2008-09 Annex A0 C

<b>DIV</b>	<b>D and Above</b>	<b>Professional</b>	<b>NPO</b>	<b>General Service</b>	<b>Total</b>
ODG	18	67		61	146
AG	16	125		81	222
ES	15	90		78	183
FI	10	65		53	128
FO	10	37		27	74
NR	10	54		41	105
TC	19	113		89	221
AF	13	97		275	385
KC	9	166	4	156	335
FAOR	37	39	159	480	715
LO	7	13		23	43
RO	7	106	4	211	328
SO	10	80	21	70	181
Total	181	1,052	188	1,644	3,065

## **Annex B – 2007 data on the use of non-staff human resources by Departments**

Table 1 indicates the workmonths for full-time consultant assignments during 2007 by Department.

*Table 1 – Consultants*

<b>DIV</b>	<b>Work Months</b>
ODG	326
AG	1,015
ES	97
FI	292
FO	444
NR	535
TC	3,752
AF	814
KC	510
DOs	9,102
<b>Total</b>	<b>16,887</b>

Table 2 indicates the total duration in months of assignments for consultants on “When Actually Employed” contracts in 2007. The actual months worked will be less than the duration of each assignment, which is typical for “WAE” contracts.

*Table 2 - Consultants  
(When Actually  
Employed)*

<b>DIV</b>	<b>Assignment Months</b>
ODG	237
AG	1,217
ES	1,418
FI	976
FO	176
NR	436
TC	1,041
AF	719
KC	783
DOs	1,021
<b>Total</b>	<b>8,024</b>

