

Executive Summary

1. The Food and Agriculture Organization of the United Nations (**FAO**) is undergoing a crucial reform process in its history which represents an important opportunity to align internal processes and organizational structure to the strategic mission of the Organization, in order to be better prepared to accomplish its role and cope with the new challenges of the future years.
2. The Root and Branch Review (RBR) starts from the critical analysis and validation of the recommendations of the Independent External Evaluation (**IEE**) of September 2007 and concentrates on the most relevant actions of this review prioritizing the most significant initiatives to improve the efficiency of the Organization. The scope of the RBR includes the administrative and support functions and processes (finance, planning and budgeting, information technology, human resources, procurement, administrative services). Technical Departments are not included in this review. Considerations about the organizational business model of FAO have been added especially with reference to the principles of responsibility, subsidiarity, accountability, empowerment and Result-Based Management, focusing mainly on the interactions between administrative functions and overall organization.
3. The RBR is divided into 2 major stages. The current document refers to the first stage of the project which encompasses a high-level analysis conducted between June 2008 and September 2008. While some findings might be still subject to further discussion and review, this first stage represents the grounds for a more focused analysis on the major issues and areas of concern which will then be carried out in Stage 2. In Stage 1, activities have been carried out not only focusing on the specific processes incorporated in the six work-streams into which the administrative and support functions were classified in the Tender Specifications, but also adopting a cross-functional approach, based on the analysis of five dimensions: values and culture; people and organization, processes, systems and technology, and customers. To this end, a highly participative approach was adopted, involving both FAO representatives of administrative and support functions (suppliers) and representatives of technical functions and decentralised offices (customers) in several workshops and interviews, as well as external stakeholders such as other UN Organizations.
4. To define the proposal of the new high level business model, the current situation has been analyzed to identify the main critical elements and areas of improvement. The conclusions and recommendations of the IEE have also been considered as a fundamental input to the analysis of the current situation, as well as the understanding of the wide range of initiatives involving administrative and support functions taking place inside FAO as a reaction to the IEE or in conjunction with other UN projects.
5. While there is a general consensus with the IEE observation that FAO is able to provide excellent services in the technical field, a lack of efficiency and service orientation has been clearly perceived within the administrative and support area. Especially the slow decisional process seems to reduce all operations lead-time and constitutes a burden at the Headquarters level as well as in the regional and field operations.
6. Consequently, a general and strong need to transform FAO administrative and support functions into more efficient, effective and customer-oriented functions has been pointed out. A demand of greater transparency and accountability in the management of the processes has also been outlined, fostering the Organization through the implementation of key performance indicators, service level agreements

and monitoring systems. The compelling need of having an HR function more in line with the needs of a knowledge-based organization as FAO has also been emphasized.

7. Along the same line, the need and priorities of Regional, Sub-Regional and Country offices should be taken into account systematically at the Headquarters level, especially in defining and implementing the long/medium-term Strategic Framework of the Organization.

8. The major administrative and support processes (i.e. planning, budgeting, finance and HR) appear to be disjointed and should be seamlessly integrated, in order to better respond to the customer's needs, also providing for a strong and consistent corporate framework to all organizational activities. The management information systems do not support process integration, also due to a highly fragmented IT function.

9. The need of deeply evaluating alternative delivery and management options, such as the confirmation of the SSC approach, further off-shoring and outsourcing of some services/processes or the definition of systematic partnerships with other UN Rome-based Agencies, also came out during the analysis.

10. As a reaction to the mounting internal and external pressure towards change, many new projects and initiatives related to the improvement of supporting functions are currently underway in FAO. In the absence of an appropriate coordination, this might result in a lack of streamlining and prioritization, generating not only capacity issues for the involved functions, but also the risk of not producing real benefits to the Organization.

11. In order to understand how efficiently the administrative functions support the various areas of the FAO business at headquarters and decentralized offices, it has proved essential to analyse and understand the current economics, in terms of structure of the costs and revenues through which the organization finances its activities, covering both Regular Program and Extra-budgetary funded operations. The objective of the analysis was to set the first basis for the establishment a fully accounted cost baseline - agreed with the Organization - against which to evaluate the "addressable" cost-base and the possible opportunities for efficiency and productivity gains, setting also appropriate targets for future performance improvements. It has to be underlined that reconstructing reliable figures within FAO is per se challenging, due to the current structure of the Programme of Work and Budget which does not allow an immediate understanding of the real allocation of actual administrative spending throughout the organization.

12. The analysis carried out for the year 2007 shows that 21% of the total costs of the Organization refer to "indirect costs", whereas costs related to the "Core Programme" (activities directly related to the implementation of the FAO mission) represent 79% of the total actual expenditure. Among the indirect costs, Administrative Services (basically those related to AF and KCT) represent the highest percentage (9,1%), followed by Support to Core Programme (5% principally linked to those activities providing administrative support to technical cooperation and field programmes) and Governance functions (4,6% related to strategic planning and oversight)¹.

13. A comparison has been carried out between some UN Organizations and programmes by taking into consideration only Regular Programme types of expenditure for Administrative Services forecasted for the biennium 2006-2007. The average cost appears to position FAO approximately in line with the general trend emerging from this analysis. However this does not mean that the Organization is working

¹ Details on the actual costs and revenues structure are provided in Annex 1.

in an efficient way, especially if compared to other peers in the public and private sector. Additionally it must be underlined that the same percentage level of costs does not necessarily mean that the provided services are of corresponding high quality and value.

14. The critical evaluation of the current business model has been carried out taking into consideration FAO value drivers and their implications, as well as through the comparison with other UN organizations (WHO and ILO), other governmental organizations (EuropeAid) and the private sector.

15. FAO value drivers are the founding principles on which the delivery of administrative and support services should be based in order to bring value to the Organization and its stakeholders. The RBR has identified several key implications that lead to the elaboration of main recommendations for the new high-level business model definition:

- alignment of the support functions objectives to the strategic objectives of the Organization through the definition of key efficiency targets and service level agreements (*commitment model*);
- continuous communication and sharing of corporate values;
- clear definition and assignment of responsibilities;
- definition of an integrated Human Resources Framework;
- review of the delegation of authority;
- shift of the support and administrative functions from being process-centric to customer-centric;
- definition of specific activities for collaborative identification of customer requirements and verification of customer satisfaction;
- establishment of formal customers' feedback channels;
- continuous process monitoring and improvement provided by an integrated management information system.

16. The comparison with other organizations has been carried out in order to understand how some major processes (planning/budgeting and competency/knowledge) are currently managed in other similar organizations, as well as to understand the basic principles adopted for the definition of the overall organizational structure and the management model followed for the delivery of support activities (for SSC and procurement). Along these lines, the comparison with the planning and budgeting cycle at WHO showed the possibility of implementing a Results-Based Management approach encompassing both assessed and voluntary funds, strengthening the linkages between activities and Strategic Objectives. The comparison also highlighted an interesting model within the UN system which could be adopted by the three Rome-based agencies: the Common Procurement Activities Group (CPAG) which provides procurement services to all the Geneva-based UN agencies and organizations.

17. Knowledge and competencies should generally be considered as a strategic asset for reaching corporate and personal goals. The "classical" competency management model of the private knowledge-based companies has been therefore analyzed, highlighting an approach which considers competencies as the core element linking all the HR life cycle processes and ensuring the continuous development of organizational knowledge and skills.

18. Despite the difficulty of comparing FAO organizational structure inside and outside the UN world, some basic management principles have been identified through the evaluation, such as the importance of clearly defining key top management roles (which usually build a core management team) in order to ensure timely and effective strategic decision making, the necessity to identify an organizational unit dedicated to supporting the strategy formulation and the monitoring of corporate objectives, as well as the increasing importance given to the local/regional dimension of the organization.

19. Following all the analyses performed, the RBR has provided specific recommendations for each work-stream and for the overall organization. At a general level, within FAO and specifically within the administrative and support functions, a **cultural change** and a more **business-oriented mindset** is needed. It is recommended to create a '**commitment model**' which aligns the objectives of staff and of support functions with the strategic objectives of the Organization. FAO should also focus on **customer-centricity** and reward **efficiency and accountability**.

20. Lengthy **HR** processes are seen as one of the major reasons of frustration in an organization which perceives human resources and knowledge as a pillar of its activity. Whilst the need to have the right level of expertise and the appropriate tools to speed up the HR related processes is recognized, it is also crucial that the entire organization embrace new values and a new performance-oriented management style. As a consequence, the role of HR will have to evolve at the end of the reform process (in a three-year period) into a more strategic role which proactively aligns the recruitment, development and reward of talents in order to meet the strategic objectives of the Organization.

21. It is important to emphasize **the need to** complete the Integrated Competency Framework and to perform a strategic Review of the Accountability Framework. The full implementation of the HR Information System will facilitate and support the HR processes.

22. The **Finance** function should be positioned as a business partner for the Organization with a key responsibility in supporting management decision making. The process "Annual Work Plan" for annual budgeting and operational reporting should be centralized into a single division under the responsibility of finance function. Focus on IPSAS implementation has to be seen as a priority.

23. **PBE** should evolve into a strategic planning and result monitoring function, which standardizes and unifies regular programmes and extra budgetary resources and emphasizes accountability and Results-Based Management. In order to achieve these objectives, **Country and Regional Offices** should play a more systematic role in the strategy and medium-term planning formulation.

24. **Procurement** should play a more strategic role focusing on the core purchasing activities and increasing empowerment and training for Regional and local officers in managing local procurement.

25. In order to support the integration of the different systems and increase **IT** service delivery effectiveness, IT responsibilities and functions should be centralized. All IT services should be consolidated into one CIO organization. IT governance in the organization should be strengthened.

26. **Administrative Services**, which include several support activities (e.g. record and archiving services, language services, meeting programming, printing, etc.) should develop a business case for outsourcing, performing in partnership with other UN organizations or via a UN spin-off for selected activities.

27. In addition a modern approach to **communication style** and document management should be conceived in order to reduce the need for printing and storage.

28. As outlined, room for performance improvement seems to exist, both in terms of productivity and efficiency. Therefore, the RBR has proposed several initiatives which will require some investments to be implemented, and which are expected to achieve savings, thus contributing to improve FAO's performance.

29. Among all the proposed recommendations, the RBR grouped some in main initiatives² that can enable the Organization to obtain substantial savings in terms of productivity gains, resulting from increased effectiveness, streamlining and speeding up of processes.

FAO will be required to foresee overall investments approximately estimated at US \$ 17,000,000 that will foster the achievement of strategic objectives, operational excellence and positive growth of its internal and external reputation.

30. In terms of savings, the Organization should have a Return On Investment (ROI) within 30 months. The implementation of the recommendations should lead to a decrease in the cost of administrative activities. Considering Regular Programme costs, the analysis estimates an increase of expenses for the period 2009 - 2011³. Nevertheless, the return given by the estimated savings will start to generate a sharp decrease in the overall cost of the support functions by the biennium 2012-2013, if compared to the 2010-2011 biennium estimate. Further savings, coming from productivity improvement, are expected after 2013.

31. At this stage, it must be noted that the current availability of data does not allow for a detailed and comprehensive analysis. Therefore, the estimated figures need to be further validated in Stage 2 and can be achieved only by undertaking the entire package of inter-dependent recommendations expressed in the analysis.

32. Moreover, the RBR Team has identified other potential benefits, achievable by the Organization in six/twelve months - following relevant decisions - by undertaking some simple actions and investments⁴.

33. Furthermore, the initiatives identified outline a complex and integrated improvement programme, touching all the relevant administrative processes and to be strictly integrated with communication and change initiatives. This means that they will guarantee the achievement of the identified savings only when carried out within a unique integrated implementation plan.

34. With regard to the current and future organizational model of FAO, the RBR analysis focused more on **Management Attitude** compared to the technical emphasis given by the IEE. Leadership and organizational style should be driven more by a business and managerial approach in comparison to the current strong technical focus.

35. With this in mind it is recommended to introduce an **Executive Leadership Team (ELT) with decision making responsibilities** which should represent the Leadership Team of FAO. This Executive Leadership Team should be constituted by five, maximum seven, members supporting the DG. This should include an Executive in charge of the Corporate Services and Finance Function, an Executive in charge of Technical Operations, and an Executive in charge of the Decentralized Operations. One of those executives should be the DDG, who will be the *primus inter pares*.

36. The **Cabinet**, should play a more strategic role which emphasizes the skills of its members and it should have a minimum involvement in administrative and support functions.

37. **Head of Functions and Departments** should report to the respective Executive and should be fully accountable for taking decisions relevant to the scope of their functions. Any restrictions (if needed) should be the exception and clearly specified in the job description.

² The details on the main initiatives are provided in Annex 2 - *Estimated impacts on costs and revenues* and Annex 3 - *Estimated early savings*

³ The analysis is based on the Zero Real Growth projection from 2008 to 2013.

⁴ The details on the estimated early savings are provided in Annex 3 - *Estimated early savings*.

38. Many decisions are currently not taken by the Head of Functions but by internal committees. While in some specific cases, using Committees in the decision-making process may be appropriate (e.g. when technical skills are required or transparency is needed), in many other cases, the use of committees is damaging as it implies longer processes, higher costs, lack of accountability of functional management and, as a consequence of the latter, a major risk exposure. With this in mind, it is advised to perform a critical revision of the number of **internal committees** present in FAO, especially with regards to administrative matters.

39. Operating Policies and Procedures should be reviewed and simplified to better meet the needs of a customer-friendly organization, and to reduce the burden on the day-to-day business. It is recommended, in this case, to develop a new manual of operating procedures, which, whilst in alignment to the UN governance policies, simplifies the understanding of rules. A Regulatory function should oversee this process and support the introduction of management principles based on subsidiarity, empowerment and “ex-post” control, as opposed to the current cumbersome “ex-ante” control processes.

40. Therefore, the RBR Team reinforces the urgency to prioritize the many initiatives and measures identified to reform the Organization which are currently underway. The aim of this is to focus and convey the energies of management and stakeholders towards the achievement of the most relevant objectives and the highest achievable benefits, avoiding fragmentation of efforts. It is therefore recommended to introduce a Programme Management Role covered by an empowered Manager able to harmonize, prioritize and drive all the current initiatives and ensure the proper degree of alignment.

41. Further in-depth analysis concerning all the above-mentioned topics is provided in the complete version of Deliverable Stage 1 and its Annex.

42. At the end of this first stage, the RBR team wishes to thank the entire group of stakeholders involved at FAO, who, sometimes under challenging conditions and a tight timeframe, have contributed to the successful completion of this highly strategic piece of work.

Annex 1 - Actual Cost and revenues structure

Revenues Structure – Source: financial statements 2006-2007

FAO - Revenues - Biennial 06/07 actuals (US \$)						
	Regular Program		Extra-Budget		Overall	
REVENUES						
Assessment on Member Nations	793.755.000	80,3%	-	-	793.755.000	42,3%
Voluntary Contributions	58.754.000	5,9%	835.521.000	94,4%	894.275.000	47,7%
Funds received under inter-organizational arrangement	1.330.000	0,1%	13.500.000	1,5%	14.830.000	0,8%
Jointly financed activities	32.348.000	3,3%	-	-	32.348.000	1,7%
Miscellaneous	23.651.000	2,4%	36.333.000	4,1%	59.984.000	3,2%
Investment income - long term	42.650.000	4,3%	-	-	42.650.000	2,3%
Information Products Revolving Funds	1.062.000	0,1%	-	-	1.062.000	0,1%
Government Counterpart Cash Contributions	1.745.000	0,2%	-	-	1.745.000	0,1%
Net other sundry income	14.345.000	1,5%	-	-	14.345.000	0,8%
Gain/(loss) on Exchange Difference	19.411.000	2,0%	-	-	19.411.000	1,0%
Total Revenues	989.051.000	53%	885.354.000	47%	1.874.405.000	100%

Total costs by clusters - Source: Oracle DWH, elaboration based on the Programme Implementation Report 2006-2007

FAO - ACTUAL COSTS - YEAR 2007 (US \$)						
Clusters	COSTS		TOTAL COSTS			
	Regular Program (RP)	%	Extra-Budget (EB)	%	Total (RP + EB)	%
Governance	36.158.170,59	8,0%	4.821.418,32	1,1%	40.979.588,91	4,6%
Administrative Services	81.557.065,65	17,9%	135.007,88	0,0%	81.692.073,53	9,1%
Support to Core Programme	44.372.519,70	9,8%	716.624,57	0,2%	45.089.144,27	5,0%
Core Programme	276.167.134,91	60,7%	435.830.471,44	98,7%	711.997.606,35	79,4%
Capital Expenditure and Security	16.495.670,62	3,6%	-	0,0%	16.495.670,62	1,8%
TOTAL (percentage of Total Costs)	454.750.561,47	50,7%	441.503.522,21	49,3%	896.254.083,68	100,0%

Annex 2 - Estimated impacts on costs and revenues

All the proposed initiatives have been selected on the basis of the recommendations developed during Stage 1 of the RBR, the following initiatives/projects have been identified and analyzed considering its impact in terms of investments and expected annual savings. In defining investments, attention has been paid to implementation costs, feasibility analysis and risks assessment. Average annual savings have been defined considering the potential benefits in terms of quality and effectiveness improvement.

In general, the majority of initiatives will lead both to productivity gains linked to improvements in the quality of administrative services and to greater efficiency in process delivery. These productivity/efficiency gains will also produce actual cost reductions only after the initiatives are at the implementation stage.

It is important to specify that costs associated with investment initiatives can refer to:

- one-time investments: initiatives starting in the period 2009-2011, notwithstanding some of these will produce impact/results in the same time-frame. The majority of them will start to produce real benefits only from the 2012-2013 biennium;
- on-going investments: initiatives that could start in the period 2009-2011 but that require an investment also in the following biennium. Also in this case, the results are expected from the biennium 2012-2013.

The analyses and assumptions on which the estimate is based will be further validated during Stage 2 of the RBR.

Impacts in terms of investments and savings

N.	Main Initiatives	Impacts		Comment
		Investment	Average annual savings	
<i>Overall initiatives</i>				
1	Selection and prioritization of on-going initiatives	<p>\$\$\$\$</p> <ul style="list-style-type: none"> Definition and implementation of a Program Management approach 	<p>\$\$/year</p> <ul style="list-style-type: none"> Effectiveness in implementing all initiatives according to an overall plan 	One-Time investment The Program Management project will involve at least a senior staff member
2	Align the objectives of the support functions with the strategic objectives of the organization, defining key efficiency targets and service level agreements - SLAs (commitment model).	<p>\$\$\$</p> <ul style="list-style-type: none"> Critical and integrated review of all objectives Definition of SLAs and of a dashboard to measure and monitor key performance indicators and results 	<p>\$\$/year</p> <ul style="list-style-type: none"> Consistency in the definition of both departmental and corporate objectives Effective monitoring of organizational performances 	One-Time investment
3	Rationalize the set of policies	\$\$\$	\$\$/year	On-going investment

N.	Main Initiatives	Impacts		Comment
		Investment	Average annual savings	
	and procedures of the FAO organization (manual)	<ul style="list-style-type: none"> Review and streamlining of policies and procedures 	<ul style="list-style-type: none"> Consistency in the definition and application of policies and procedures brings along efficiency in carrying out organizational tasks 	
4	A Regulatory Unit should be established	<p align="center">\$\$</p> <ul style="list-style-type: none"> Design and implementation of roles and responsibilities of the new compliance function 	<p align="center">\$/year</p> <ul style="list-style-type: none"> Increase quality and effectiveness of operational rules and procedures 	On-going investment The new Regulatory Unit will involve two people
5	Re-define the role of the ODG with regard to administrative activities	<p align="center">\$\$</p> <ul style="list-style-type: none"> Revision and re-design of the Office's role and functions 	<p align="center">\$/year</p> <ul style="list-style-type: none"> Optimize the number of staff in the Office and streamline the decisional process in administrative matters 	One-Time investment
6	Define a new role for the HR Function	<p align="center">\$\$\$\$</p> <ul style="list-style-type: none"> Revision and re-design of the HR role providing the adequate skill mix and proper supporting tools 	<p align="center">\$\$\$ /year</p> <ul style="list-style-type: none"> Optimize the recruiting and talent management for the growth of the organization The new model will supports commitment, accountability and alignment with the objectives of the organization 	One-Time investment
7	Review the roles of internal committees and reduce their number	<p align="center">\$\$\$</p> <ul style="list-style-type: none"> Analysis of how to rationalize the current number of internal committees 	<p align="center">\$\$\$ /year</p> <ul style="list-style-type: none"> Higher accountability of functional management and faster decision making process 	One-Time investment
8	Transfer of low value	<p align="center">\$\$\$\$</p>	<p align="center">\$\$\$ /year</p>	One-Time investment

N.	Main Initiatives	Impacts		Comment
		Investment	Average annual savings	
	added/transactional activities to the SSC and consider an assessment of the current governance	<ul style="list-style-type: none"> Assessment of the current model Completion of the transition to the SSC after the 	<ul style="list-style-type: none"> Increment of customer orientation Increase of the efficiency Streamlining and standardization of processes 	Assessment of the current model and the definition of the new governance is a prerequisite for the transfer to the SSC
<i>Finance</i>				
9	Implementation of IPSAS as key initiative for the finance division and FAO as a whole.	--	\$\$\$ /year	One-Time investment Included in Capital Expenditure of the Programme of Work and Budget
			<ul style="list-style-type: none"> IPSAS is a prerequisite for many other initiatives and system changes and the fast implementation is therefore key for further streamlining and improving processes 	
10	Implementation of the Enterprise Risk Management (ERM)	--	\$\$\$ /year	One-Time investment The investment cost is totally covered by IPA
			<ul style="list-style-type: none"> ERM key enabler to find the right balance between cost of risks and costs of controls 	
<i>Budgeting</i>				
11	Design the new Planning and Budgeting Model which will manage both Regular Program and Extra-Budgetary funds. Write down the FAO Corporate Guideline for the new Planning and Budgeting Model. Define the new structure of PWB streamlining the document and eliminating the post planning exercise. Outline the new standard streamlined logical framework for "Projects" budgets. Define the requirements for the standardized new reporting system.	\$\$\$	\$\$ /year	On-going investment Partially covered by IPA: the investment cost indicated is intended as additional to the amount previewed in IPA The modeling of the new Planning and Budgeting cycle requires preliminary assessment of the processes, design of the new model, definition of the requirements of supporting tools and training activities
			<ul style="list-style-type: none"> More effective planning of global resources (Regular Program + Extra-budgetary resources) towards strategic objectives and business performance (improve on quality and productivity) 	

N.	Main Initiatives	Impacts		Comment
		Investment	Average annual savings	
	Standardized Reporting for global resources.			
12	Identify the areas of improvement and define the actions for the enhancement of the Results-Based Management (RBM)	\$	\$/year	One-Time investment
			<ul style="list-style-type: none"> More effective planning and budgeting processes for the achievement of the strategic objectives (improve on quality) 	Partially covered by IPA: the investment cost indicated is intended as additional to the amount previewed in IPA Training is needed for the enhancement of the RBM
<i>IT</i>				
13	Consolidate into one "CIO" the IT functions. Strengthen IT Governance. All functions must abide by formal processes, e.g. project/change request procedures, project management and development processes ⁵	\$\$\$	\$\$\$/year	On-going investment
		<ul style="list-style-type: none"> Revision and redesign of the current IT governance and process model 	<ul style="list-style-type: none"> Increase of productivity levels and quality delivery 	
14	Upgrade Oracle for staff Management and IT infrastructure in Dos	\$\$\$\$	\$\$\$/year	On-going investment
			<ul style="list-style-type: none"> Reduction of manual activities, duplication, mistakes Speed up of processes through an improved communication also with Dos effective functioning of the DOs and the transfer of additional responsibilities 	Partially covered by IPA: the investment cost indicated is intended as additional to the amount previewed in IPA
15	Design of the Management Information System	\$\$\$\$\$	\$\$\$/year	On-going investment
		<ul style="list-style-type: none"> Implementation of the IT infrastructure 	<ul style="list-style-type: none"> Data availability and support to strategic Reduction of manual effort in the financial 	

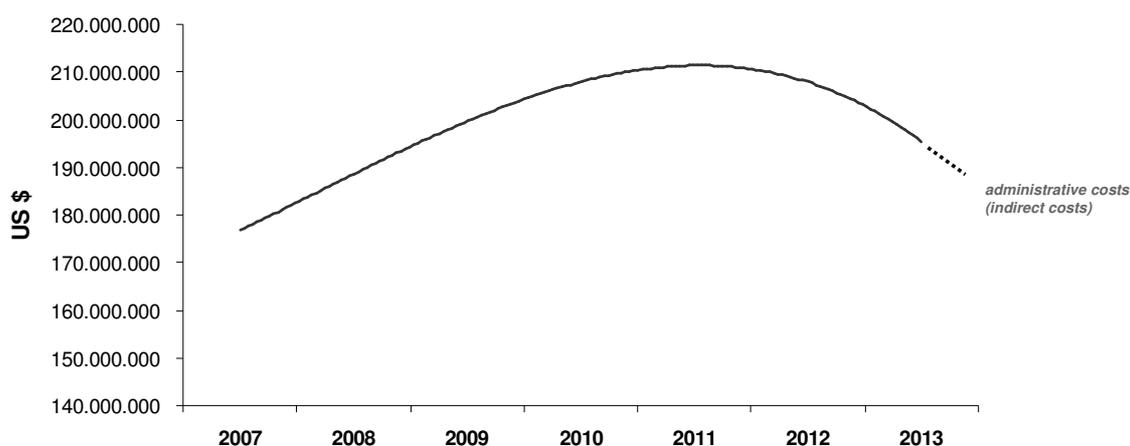
⁵ This initiative is also related to the estimated IT early saving presented in the Annex 3 - *Estimated early savings*.

N.	Main Initiatives	Impacts		Comment
		Investment	Average annual savings	
			transactional processes	
<i>HR</i>				
16	Complete the Competency Framework	<p>\$\$\$\$</p> <ul style="list-style-type: none"> A special effort could be required to complete the Competency Framework with technical competencies, to set FAO role descriptions (duties, responsibilities and competency profile) and to update it 	<p>\$/year</p> <ul style="list-style-type: none"> Integration and streamlining of processes 	One-Time investment
17	Review the Accountability Framework and unambiguous assignation of the responsibilities on each HR process among AFH and other entities (other departments, DOs, SCC)	<p>\$\$\$</p> <ul style="list-style-type: none"> A special effort could be required to improve and reengineer processes Related training activities on new processes Communication on the new accountability framework and new procedures 	<p>\$\$/year</p> <ul style="list-style-type: none"> Improvement and streamlining of processes Improvement of a customer oriented service Improvement of a result oriented culture 	<p>One-Time investment</p> <p>The review of the Accountability framework requires the Competency framework completion</p>
<i>Procurement</i>				
18	Identify and implement synergies with other UN Agencies to procure jointly common goods/services (Procurement for HQ) and to merging the facility management services	<p>\$\$</p> <ul style="list-style-type: none"> New procedures for procuring jointly 	<p>\$\$/year</p> <ul style="list-style-type: none"> Efficiency gains in procuring together 	One-Time investment
19	Involve AFSP in the initial phases and activities of the procurement actions (Procurement for projects)	<p>\$\$</p> <ul style="list-style-type: none"> Implementation of adequate planning and reporting processes and tools 	<p>\$\$/year</p> <ul style="list-style-type: none"> Efficacy in defining the procurement strategy Possibility to monitor the buying performances 	One-Time investment

N.	Main Initiatives	Impacts		Comment
		Investment	Average annual savings	
20	Develop the registered vendors management towards an active suppliers management (partnership principles)	\$\$	\$\$/year	One-Time investment
		<ul style="list-style-type: none"> • Definition of a new framework to manage the diverse suppliers 	<ul style="list-style-type: none"> • Possibility to adjust the way the suppliers are managed to the typology of purchase 	
21	Rationalize logistics and delivery processes	\$\$\$	\$\$/year	One-Time investment
		<ul style="list-style-type: none"> • Definition of the new procedures and processes to implement 	<ul style="list-style-type: none"> • Opportunity to manage all the phases of a procurement action (for project) • Timely delivery 	Requires improved/new system support
22	Pursue a higher empowerment of the Regional and local officers in managing local procurement	\$\$\$	\$\$\$ /year	One-Time investment
		<ul style="list-style-type: none"> • Implementation of the empowerment actions (training, mentoring, new resources) 	<ul style="list-style-type: none"> • Effective delegation 	
<i>Administrative Services</i>				
23	Define a plan for the registry management, considering the shift to electronic and the outsourcing of resources	\$\$\$	\$\$\$ /year	One-Time investment
		<ul style="list-style-type: none"> • Revision of the registry management processes and procedure • Training • Definition of the functional requirements and acquisition of the tool 	<ul style="list-style-type: none"> • Drastic reduction of the current number of headcounts 	
24	Define an approach to communication style and document which will reduce the need for printing and storage	\$	\$/year	One-Time investment
		<ul style="list-style-type: none"> • Revision of communication flows 	<ul style="list-style-type: none"> • Effectiveness of communication processes 	

Legend	Impact	
Very Low	Up to US \$ 200,000	\$
Low	From US \$ 200,000 up to US \$ 300,000	\$\$
Medium	From US \$ 300,000 up to US \$ 500,000	\$\$\$
High	From US \$ 500,000 up to US \$ 1,500,000	\$\$\$\$
Very High	From US \$ 1,500,000 up to US \$ 5,000,000	\$\$\$\$\$

The implementation of the recommendations will bring a decrease in the cost of *administrative* activities⁶. Considering Regular Program costs, the analysis estimates an increase of expenses for the period 2009 - 2011⁷. Nevertheless, the return given by the estimated savings will start to generate a sharp decrease in the overall cost of the support functions by the biennium 2012-2013, if compared to the 2010-2011 biennium estimate. Further savings, coming from productivity improvement, are expected after 2013 (see figure below).



The way forward

Last but not least, it is worthwhile mentioning that all the initiatives described are interrelated and have to be considered as a whole in a coordinated programme. This means that, only when carried out within a unique integrated implementation plan, they will guarantee the achievement of the identified savings.

⁶ The analysis carried out distinguishes between “indirect costs” (resources currently allocated on activities related to administrative and support functions) and “direct costs” (resources allocated on activities directly related to the implementation of the FAO mission). Administrative costs have to be considered as “indirect costs”.

⁷ The analysis is based on the Zero Real Growth projection from 2008 to 2013.

Annex 3 - Estimated early savings

In addition to the above mentioned initiatives, the RBR Team identified several potential savings, achievable by the Organization in six/twelve months - following relevant decisions - by undertaking some simple actions and investments.

Biennial estimated benefits

Initiative	Biennial estimated benefit
<i>Administrative services</i>	
Reduce printing and eliminate printed publications: would enable to save the rent of a storage place	~ US\$ 450,000
Ensure Shift to electronic and better management of registry	~ US\$ 900,000
<i>Procurement</i>	
Analyze and reinforce the opportunity to identify and implement synergies with the other Rome based UN Agencies in the procurement activities for the Headquarters (also improving and accelerating the use of the e-Tendering tool)	~ US\$ 500,000
<i>IT</i>	
Consolidation of IT staff from across the organization into a 'CIO' structure	~ US\$ 450,000
Rationalization Information Technology Officers structure	~ US\$ 250,000
<i>Other initiatives on administrative and support functions</i>	
Rationalization of other minor activities in different fields	~ US\$ 600,000
Total	~ US\$ 3,150,000

These initiatives can be classified as a separated group.