

IPA and Root and Branch Review actions under Programme of Work and Budget 2010-11

Executive Summary

1. An integrated Immediate Plan of Action (IPA) package consolidating the IPA and Root and Branch Review (RBR) actions has been completed.
2. The total cost estimate for integrated IPA actions in 2010-11 is USD 64.17 million which is expected to yield USD 4.4 million of savings, to give a net cost of USD 59.7 million. Funding modality for the IPA projects in 2010-11 will be considered within the biennial planning process. As noted in the draft Programme of Work and Budget (PWB) 2010-11 (FC 128/11a), USD 12.05 million is proposed to be funded through Net Appropriations and USD 52.12 million is proposed to be funded through Core Voluntary Contributions, from which savings of USD 4.4 million are expected. If any portion of the IPA is funded through voluntary contributions, the Organization's Support Cost policy would apply (not included in the figures above).
3. Implementation of the IPA during 2010-11 will pose significant challenges. A number of very large and complex IPA projects will be introduced, and these will impact upon the working lives of FAO employees at Headquarters and in decentralized locations. These challenges warrant strong IPA Management support that delivers effective implementation of change management coupled with improved staff communications (especially with decentralized offices), and project/programme support to the IPA Project Leaders, linked to monitoring and reporting results.
4. A comprehensive report will be produced for the mid-September meeting of the CoC-IEE indicating progress across all the IPA actions and the major IPA project achievements for 2009, and also the complete breakdown of IPA across 2009/10/11.

Introduction

5. This paper provides an outline of the integrated Immediate Plan of Action (IPA), including actions resulting from agreed recommendations of the Root and Branch Review (RBR) reports. The summary of estimated costs and savings for 2010-11 is consistent with those described in document PC 102/3 – FC 128/11a Draft Medium Term Plan 2010-13 and Programme of Work and Budget (PWB) 2010-11, but with items attributable to RBR distributed into the IPA projects. .
6. Whilst this paper focuses on IPA actions in 2010-11, a comprehensive report will be produced for the mid-September meeting of the CoC-IEE indicating 2009 progress across all the IPA actions and the major IPA project achievements for 2009, and also the detailed listing of all IPA actions across 2009/10/11.

Integrated IPA

7. At the time of preparation of the draft PWB, costs and savings of RBR-originated actions had not been integrated with other IPA actions. These have been reviewed in detail and aligned with applicable IPA projects, and responsibility for implementing each agreed RBR recommendation assigned to the appropriate IPA Project Leader. Management considers that this approach of integrating the RBR implementation effort into the IPA

structure provides the best mechanism for effective implementation because the RBR recommendations are linked to, and best delivered alongside, existing IPA activities.

8. **Annex 1** indicates the PWB 2010-11 proposals for the integrated IPA, in which those actions originating from recommendations of RBR are integrated into the estimates of the applicable IPA projects. The totals of this table agree with the totals of table 2 in the draft PWB 2010-11. **Annex 2** shows the mapping of RBR actions into the specific IPA projects with which they have been integrated; the totals of this table agree with the line item “RBR actions” in table 2 in the draft PWB 2010-11.
9. As noted at the joint meeting of CoC-IEE WGs I, II and III on 5 June 2009, the estimated cost for IPA actions planned for 2009 was USD 14.27 million (USD 15.27 million including 7% Project Support Cost (PSC)).
(<http://www.fao.org/uploads/media/FINAL%20CoC-IEE%20report%205%20June.pdf>). The IPA actions *sequenced* for 2009 were estimated at USD 9.83 million (USD 10.51 million including PSC). The assumption for estimating the IPA costs for 2010-11 is that funding for 2009 sequenced IPA projects will be received in 2009. The IPA actions planned for 2009 but *not* sequenced have been carried forward to 2010-11, and their costs (USD 14.27 million minus USD 9.83 million, i.e. USD 4.4 million) have been included in the estimated 2010-11 costs.
10. The total cost estimate for integrated IPA actions in 2010-11 is USD 64.17 million which is expected to yield USD 4.4 million of savings, to give a net cost of USD 59.7 million. Funding modality for the IPA projects in 2010-11 will be considered within the biennial planning process. As noted in draft PWB 2010-11 (FC 128/11a), USD 12.05 million is proposed to be funded through Net Appropriations and USD 52.12 million is proposed to be funded through Core Voluntary Contributions, from which savings of USD 4.4 million are expected. If any portion of the IPA is funded through voluntary contributions, the Organization’s Support Cost would apply (not included in the figures above).

Noteworthy IPA Actions in 2010-11

11. **Project 1. Governing Body Reform** - estimated at USD 5 million during 2010-11. Some of the noteworthy actions within this project are:
 - Review of functions and working methods of, and make any necessary changes to, Statutory Bodies, Conventions, etc.
 - Strengthening FAO governance ensuring independence, transparency and efficiency of Governing Bodies (including Conference, Council, Council Committees and Regional Conferences) and dialogue with senior management
12. **Project 3. Reform of Programming, budgeting and Results Based Monitoring** – estimated at USD 2 million during 2010/11. A noteworthy item within this is the design of the new Planning, Budgeting and Implementation Monitoring model (USD 1.5 million within 2010-11 for early activities), as recommended by RBR.
13. **Project 5. TCP Decentralization** – While a recurrent saving of USD 0.9 million is foreseen arising from the decentralization of the TCP management, a one-time investment USD 0.28 million is required during the biennium to continue supporting and building the capacity of decentralized offices to manage the TCP approval process independently (see Annex 1).

14. **Project 6. Decentralization** - estimated at USD 4.6 million in 2010-11. These resources will be used for the introduction of benchmarking, performance-based reporting and monitoring for decentralized offices, together with improvement of the ICT infrastructure and the provision of IT support to decentralized offices.
15. **Project 7. Headquarters Structure/Internal governance** – one noteworthy action resulting from RBR is implementation of the CIO Division and improved arrangements for IT governance.
16. **Project 8. Partnerships** – some of the noteworthy actions in this project are:
- Elaboration and implementation of corporate partnership strategies (Organization-wide, UN system, Civil Society and Private Sector) including assessment and launch of new or renewed partnerships and promotion of staff learning;
 - formulation of Action Plans deriving from the document “Directions for Collaboration among the Rome-Based Agencies” jointly developed by FAO, WFP and IFAD following consideration by the FAO Programme and Finance Committees in July 2009;
 - design and development of a monitoring mechanism to ensure feedback and iterative improvement of partnership collaborations and of the organization-wide strategy.
17. **Project 9. Reform of administrative and management systems** – among many actions under this Project, the following RBR recommendations are noteworthy:
- Revised Procurement arrangements to maximize inter-agency collaboration especially with other Rome based agencies¹;
 - actions to empower regional and local officers to manage local procurement;
 - implementation of the revised Manual Section governing procurement and thus of the revised process model;
 - reform of Registry operations.
18. **Project 11(a). IPSAS** – Noteworthy actions are the implementation of International Public Sector Accounting Standards (IPSAS) including the replacement of the Field Accounting System.
19. **Project 11(b). Oracle** – The following actions in this project are noteworthy:
- Enhance the Oracle Enterprise Resource Planning (ERP) system to support various other IPA requirements including decentralization and staff management;
 - Design and implement a Management Information System (MIS) as per RBR recommendation consolidating information by capturing, storing and leveraging data in order to support operations and facilitate decision making at the management and strategic levels.
20. **Project 12. Enterprise Risk Management** - estimated at USD 2 million during 2010-11, includes full Implementation of Enterprise Risk Management Structure and systems².

¹ Subject to agreement also by other agencies concerned.

² The AUD/Deloitte assessment of FAO’s approach to risk management is nearing completion and is likely to involve a revision of this figure.

21. **Project 13. Culture Change** - estimated at USD 4.1 million during 2010-11. Some of the noteworthy actions within this project are:
- Implementation of the internal vision;
 - Integration of culture change team into the reform through a change management process;
 - Implementation of culture change team proposals currently under review;
 - Development of new proposals for action;
 - Appointment of an Ethics Officer, functioning of the office, and training of staff.
22. **Project 14. Human Resources Project** - estimated at USD 20.7 million in 2010-11. It will address the main HR initiatives to be delivered within the HR Management Strategy & Policy Framework, such as the deployment of a new performance evaluation management system (PEMS), a competency framework and a package for increased staff/management training, as well as the introduction of an incentive-based corporate mobility policy (which includes rotation of staff between headquarters and decentralized offices), the implementation of a junior professional programme, the establishment of a staff redeployment fund and the development of an Oracle HR Management Information Reporting system supported by a new Business Intelligence (BI) platform. This amount will also contribute towards ensuring a major shift in the HR function towards a “business partner” approach and establishing new HR processes, such as HR Strategy, HR Communication and HR Staffing, that would strengthen the HR function and transform it into a more strategic function, as called for by the Root and Branch Review.

Key Challenges in delivering IPA during 2010-11

23. In 2010-11, the FAO Renewal effort will include some very large and difficult IPA projects, and these will impact upon the working lives of FAO employees at Headquarters and decentralized locations:
- new ways of managing (Results Based Management, New Planning and Budget and Implementation Monitoring Model, etc);
 - new work processes (many changes to administrative processes);
 - new administrative services (registry improvements, printing, procurement, etc);
 - new HR policies (staff rotation, junior professionals, etc);
 - new evaluation systems and processes (e.g. PEMS).
24. Implementation of these large IPA initiatives will necessarily be in parallel with other FAO initiatives (e.g. the International Public Sector Accounting Standards, IPSAS) due to their interdependencies and overall time constraints.
25. The forthcoming challenges warrant strong IPA Management support that delivers effective implementation of change management coupled with improved staff communications (especially with decentralized offices), and project/programme support to the IPA Project Leaders, linked to monitoring and reporting results.
26. The IPA Management Follow-up project is estimated at USD 4.6 million during 2010-11. Actions within this project will reflect the priorities dictated by the challenges listed above, to provide effective Change Management, Staff Communication, and support to Project Leaders.

IPA governance arrangements

27. It should be noted that in recognition of the time-bound nature of the present Council Committee on IEE Follow-up as embodied in action 4.2 of Conference Resolution 2008/1, no provision has been made for expenditure in support of Governing Bodies under Project 15 of the integrated IPA plan in 2010-11. It is assumed that arrangements by which Member Nations will continue the work of oversight of the IPA will be through the standing organs of governance, i.e. Council, Finance Committee, Regional Conferences, and others, subject to any further decisions on this matter by the Governing Bodies.

Annex 1

Integrated 2010-11 Immediate Plan of Action Cost and Savings estimates (in US\$ 000 at 2008-09 rates)					
IPA Project	Net Appropriation	Core Voluntary			Total
		Investment Cost	Recurrent Cost	Recurrent Savings	
1 - Governing Body Reform	0	1,200	3,820	0	5,020
2 - Oversight	1,600	0	300	0	1,900
3 - Reform of Programming, budgeting and Results Based Monitoring	0	1,900	100	0	2,000
4 - Resource Mobilization and Management	0	700	700	0	1,400
5 - Technical Cooperation Programme	(900) ³	280	0	0	(620)
6 - Decentralization	1,000	400	3,200	0	4,600
7a & 7b - Headquarters Structure/Internal Governance	500	250	100	(500)	350
8 - Partnerships	0	180	1,000	0	1,180
9 - Reform of administrative and management systems	900	4,465	2,908	(3,350)	4,923
10 - FAO Manual	0	0	0	0	0
11a - IPSAS ⁴	0	0	0	0	0
11b - Oracle	7,350	0	200	0	7,550
12 - Enterprise risk management	0	2,000	0	0	2,000
13 - Culture Change	800	3,300	0	0	4,100
14 - Human Resources	800	450	20,010	(560)	20,700
15 - IPA - Governing body follow-up	0	0	0	0	0
16 - IPA Management follow-up	0	4,660	0	0	4,660
Total	12,050	19,785	32,338	(4,410)	59,763

³ The IPA tables show the savings that were realized under the TCP unit of USD 0.9 million within the IPA context. These savings were brought into the net appropriation and re-programmed under TCP projects [see draft PWB 2010-11 paragraphs 98 and 220 and Annexes VI and VII, which show TCP Projects have increased from USD 104.0 million in 2008-09 to USD 104.9 million in 2010-11.

⁴ The estimated IPSAS project cost of USD 13.9 million is not part of IPA cost estimates. The IPSAS project costs for 2008-09 is included in Chapter 8 provisions, while funding proposals for the remaining costs are included in Chapter 8 of the draft PWB 2010-11.

Annex 2

Distribution of 2010-11 RBR Recommendations within the Integrated IPA (in US\$ 000 at 2008-09 rates)					
IPA Project	Net Appropriation	Core Voluntary			Total
		Investment Cost	Recurrent Cost	Recurrent Savings	
Project 3. Reform of Programming, budgeting and Results Based Monitoring					
RBR - New Planning and Budgeting model	0	1,500	0	0	1,500
Project 7a & 7b. Headquarters Structure/Internal Governance					
RBR - IT Governance	500	0	0	(500)	0
RBR - Creation of CIO division	0	0	100	0	100
Project 9. Reform of administrative and management systems					
RBR - Plan for Registry management	900	2,450	0	(750)	2,600
RBR - New printing and distribution dept	0	0	208	(400)	(192)
RBR - Reduction of multifunction printers	0	0	0	(200)	(200)
RBR - Procurement items	0	2,015	2,700	(2,000)	2,715
Project 11b. Oracle					
RBR - Enhance Oracle ERP related functionalities	2,850	0	0	0	2,850
RBR - Design of MIS	4,500	0	200	0	4,700
Project 14. Human Resources					
RBR - Define a new role for HR function	0	270	2,300	(560)	2,010
Total	8,750	6,235	5,508	(4,410)	16,083