



Members' Update

FAO renewal



Procurement becomes more streamlined, less centralized

As part of the drive to improve administrative and financial processes, FAO's procurement procedures have been the focus of special attention. The objectives are better clarity, more efficiency and the delegation of greater authority to regional, subregional and country offices.

As a first step, the FAO Manual section dealing with procurement was completely overhauled – a three-year process, culminating in the publication of a new manual and Web page dedicated to procurement.

Previously, procurement policies and procedures were very "Headquarters-centric," often leaving field offices in doubt as to when they could take procurement actions independently. This resulted at times in unclear lines of responsibility and decision making, lessening accountability and, sometimes delaying decision making.

Now, according to procurement strategy and monitoring officer Regina Gambino, "each office has an authorized official and they make the decisions – up to the newly established limits. FAO Representatives now can authorize orders or contracts for services up to US\$100,000 (previously \$50,000); Subregional Coordinators – up to \$150,000 (previously \$75,000); Regional Representatives – up to \$200,000 (previously \$150,000)

In countries with exceptionally large field programmes, the FAO Representative may need higher levels of procurement authority. Limits can be increased for a period of time, or on an *ad hoc* basis, when the circumstances call for it and appropriate capacity is in place.

An inclusive training programme conducted by a team of three experienced procurement staff began in October 2009, to familiarize relevant staff with the new procurement procedures. To date, the five-day training programme has been provided in Accra, Addis Ababa, Nairobi, Johannesburg, Budapest and Bangkok. Still to come: Cairo, Santiago de Chile and a francophone venue.

Demand for the training is high and the feedback has been uniformly positive. Gambino explained, “The training is about procurement, but it also embeds basic concepts of culture change: inclusiveness, empowerment, accountability.”

Also in the works: a new internet site on procurement at FAO, targeting vendors and other external audiences.

New risk management approaches adopted

In line with the findings of the Independent External Evaluation and follow-up Immediate Plan of Action, FAO is adopting new approaches and practices for managing corporate risk.

“We are building on the risk management structures already in place,” said Boyd Haight, director of strategic planning and resources and project leader for risk management under the Immediate Plan of Action. “It’s all about managing uncertainty. Risks for FAO could include anything from bad weather to human error, from a change of government in a Member Country to unpredictable actions on the part of a key partner.

Risk management is an integral part of results-based management, a key aspect of FAO’s current reform and renewal process. By making risk management part of results-based management, said Haight, “we are embedding it throughout our programme of work. We identify risks in a structured way, for each of the planned organizational results. In defining the outcomes, we make certain assumptions and identify risks that could compromise those outcomes.”

As an example, “FAO provides advice. In order for this to have an impact, it has to be put into practice. To be realistic, we identify the risk, for example, that a country may not be able to take up the policy or technical advice we provide due to insufficient capacity. It doesn’t mean we don’t take risks, but we look for mitigating measures.”

There are also the traditional risks that auditors have always watched for – such as money wasted, corruption or fraud, and reputation risk.

John Fitzsimon, recently appointed inspector-general and head of internal audit, brings to FAO years of experience with enterprise risk management in other institutions. “Risk management is as much about culture as it is about systems,” he said. “It is important to create a space where people can legitimately talk about why something might not work, look at the options, have a ‘Plan B’, consider some kind of insurance.”

“FAO Members can be expected to play their part, when looking at the Organization as a whole, at the macro level,” said Haight. “Risk management gives the Members an agenda, which will help them decide what they want to focus on in the governing body debate.

Completely eradicating risk is not the goal, however. “If we don’t take risks, we can’t innovate, and we won’t be able to find new and better ways of doing things,” said Haight. “We have to live with uncertainty. Enterprise risk management will allow people to take risks in a structured, controlled fashion.”

Comments? Suggestions? Write to Members-Update@fao.org.