

## Sixth Meeting of CoC-IEE Working Group III – 29 April 2008

### Progress Report on Root and Branch Review

1. **Background:** At its meeting on 30 January 2008 Working Group III Reviewed and endorsed the proposed terms of reference of the Root and Branch Review and requested management to reduce the lead time in issuing a contract and selecting the consultants for the Review. The Working Group received a progress report of the Root and Branch Review at its meeting of 20 February where it was agreed that the Working Group would meet with the consultants when they are appointed. Progress achieved to date on the issuance of a contract for the Root and Branch Review and the selection of a consulting firm is in accordance with plans, and this report provides an update on the tasks undertaken since February.
2. **Pre-selection of qualified firms (February 2008):** Initially, management conducted a pre-selection of potentially qualified firms to speed up the process of selecting the consultants who could undertake the Review. Pre-selection compresses the steps to complete the tender and limits the number of bids to be evaluated. This was specifically done in response to the desire expressed by the Working Group at its meeting of 30 January to reduce the lead time in issuing a contract from an estimated period of 100 days.
3. Pre-selection criteria were designed to ensure that the firms selected to bid would have the necessary experience, size and capacity to undertake such a major Review of FAO. The criteria required for pre-selection included:
  - Demonstration that the firm has a minimum annual turn-over in management consultancy fees of USD 20 million;
  - Experience of having conducted a Root & Branch Review of organizational processes and design within the past 5 years;
  - Experience of having conducted a business processes efficiency Review in a public organization, possibly a UN agency, within the past 5 years;
  - Experience of having worked for a UN agency within the past 5 years;
  - A declaration that the firm will be able to provide services and reports in at least 2 working languages of the Organization, including English.
4. The Call-for-Interest to firms that could match the pre-selection criteria was broadly advertised, including on the UN Global Marketplace and through direct mailings to potential firms, asking interested companies to document their qualifications and expertise in the area of Root and Branch Reviews. This advertisement resulted in nine submissions, of which five companies were evaluated to be fully compliant with the qualifications identified by FAO, and four firms were rejected as not meeting the required qualifications to participate in the bid. The five qualifying firms were subsequently advised of the opportunity to bid for the Root and Branch consultancy.
5. **Preparation of tender and submission of bids (February – March 2008):** The preparation of the tender documentation entailed finalization of the Terms of Reference for the Review based on the Working Group and FAO staff input, preparation of additional tender documentation including collection of the background material that was to be provided to the bidders. On Friday 29 February 2008 the tender was issued to the five firms who were judged qualified through the pre-selection process, with a closing date of 31 March 2008.

6. An innovation in regard to the presentation of the documentation for the tender is that it was presented on a website accessible to the bidders, eliminating the labour intensive process of duplicating and mailing documents. During this period, management also prepared the evaluation criteria that would eventually be needed to assess the qualifications of the bidders (see below).

7. During February 2008, FAO management also gave consideration to the implementation of the Enterprise Risk Management Framework. Due to some complementary features and synergies between Enterprise Risk Management and the Root and Branch Review, and the importance accorded by the organization to both recommendations of the IEE, internal discussions were held on the possibility of combining the two studies or running parallel tenders. The conclusion was that the effort to synchronise the two studies could delay the Root and Branch tender process (which was clearly a high priority for members) and the funding for an Enterprise Risk Management study was not assured<sup>1</sup>.

8. **Evaluation of bids (April 2008):** Of the five pre-selected firms, one of the firms declined the invitation to bid. The remaining four firms submitted bids by the deadline, and these were evaluated by a tender Review panel made up of senior officials representing different departments in the Organization. In keeping with standard FAO procedures the bids were Reviewed in two independent stages, first through the technical evaluation and in the second stage the financial evaluation. This procedure ensures that technical quality of the bid is assessed without the influence of the financial considerations. After the technical evaluations are completed and the ranking provided to the FAO Procurement Service, the financial bids are opened and added to the overall scoring of the bids. Given the importance of quality in this Review, it was determined that in assigning the winning bid, the technical scoring would represent 75% of the total weighting, and the financial elements would represent the remaining 25% of the total score.

9. **Result:** On 23 April 2008 the Tender Review Panel completed its evaluation of the technical bids, and the financial bids are in the process of being opened and scored. Once the scores are tabulated, the Review Panel will be requested to confirm the selected firm. The Procurement Service will then finalize the contract, and the name of the winning firm should be available to be announced by the end of April. The firm should be able to begin work on the Root and Branch Review shortly after the award of the contract.

10. **Next steps:** After the contract is signed with the selected firm, FAO management will meet with the consultants to agree on a workplan. This workplan will identify the intermediate deliverables as requested by the Working Group and will include a meeting of Working Group III with the consultants during the first part of May 2008. Thereafter, written reports or presentations are foreseen from the consultants to the Working Group between May and September 2008. The delivery of the overall study, in both its phases, will follow the original timeframe incorporated in the terms of reference, with the first phase to be completed before the November 2008 Conference.

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<sup>1</sup> It is recalled that at its meeting on 28 March, the Joint Meeting of Working Groups II and III agreed on the need for a corporate-wide Enterprise Risk Management Framework but requested clarification as to the costs.