

Immediate Plan of Action for FAO Renewal

Informal Summary

- 1) Members of the Food and Agriculture Organization of the United Nations will meet in Rome in November 2008 to approve a comprehensive and ambitious package of reforms designed to make FAO fit and responsive to the needs of the 21st Century. The Special Session of the FAO Conference (18-22 November) will mark the conclusion of the most far-reaching re-examination of the agency since its founding more than six decades ago, and the launching of the first phase of implementation of its recommendations.
- 2) The recommendations, which come in the report of the Conference Committee on follow-up to FAO's first Independent External Evaluation (IEE), set the framework for a multi-year process of change, and provide a specific timetable for the first steps through an Immediate Plan of Action (IPA) with a duration of three years. By the end of that period major measurable improvements are expected to have been made in the three areas covered by the plan:
 - a) achieving greater clarity in strategic objectives and focus in FAO's priorities and programmes,
 - b) enhancing governance and oversight by Members,
 - c) improving performance through system reforms and organizational restructuring.
- 3) The first year of the plan, 2009, will see initiation of the changes approved by the Special Session of the Conference. The regular session of the FAO Conference, in November 2009, will then be in a position to reinforce this process of change and to launch a new governance cycle starting in 2010-2011. Because a longer time horizon is necessary to effect lasting change in some areas, provision is made for FAO management and the Governing Bodies to review progress in 2011 and to set the stage for the following years.

Why reform?

- 4) The Committee's report responds to the mandate given by the FAO Conference in 2007, following its consideration of the findings of the Independent External Evaluation. That exercise, described as "the most comprehensive, wide-ranging and forward-looking evaluation conducted of a UN organization," found that the world needed FAO, but a more relevant, effective and efficient FAO, with more precise priorities and a concentration of its efforts in areas corresponding to its comparative advantage. It made over 100 recommendations as a basis for Members' decision-making on a package of "*Reform with Growth*."
- 5) In 2007 the Conference welcomed the results of the evaluation and the Director-General's Management Response "In Principle". It established a Conference Committee, open to participation by all Members of the Organization, and gave it a one-year time frame within which to present proposals for the Immediate Plan of

Action and to review the implementation of all actions being undertaken by the Director-General on those areas of the IEE follow-up lying within his authority. In ten months of intensive activity, operating through three Working Groups and supported by FAO's management, the Committee carried out a detailed analysis of the IEE findings and management's response, and then elaborated its own set of recommendations which it is now submitting to the Special Session of the FAO Conference. The recommendations have the consensus of the membership and the full support of the Director-General and management.

6) The exercise has been distinguished from previous reviews of FAO by its clear focus on governance and on the role and responsibilities of Members both for developments in the past and for charting the way forward. The IEE itself was conducted under the aegis of the FAO Council, and preparation for the Special Session has also been Member-led through the Conference Committee. Significantly, a major portion of the Committee's recommendations concern FAO governance and the relationship between Members and the Secretariat. At the same time, important measures are proposed to enhance the capacity of Members, meeting in the FAO Governing Bodies, to address the major issues affecting world agriculture and food security.

7) It has been recognized that the purpose of the Organization is as relevant today as it was when FAO was founded, and that there are, in the words of the independent evaluation, "continuously emerging challenges that only a global organization with the mandate and experience of FAO can address with legitimacy and authority." At the same time, the context in which FAO operates now is vastly different from that which prevailed six decades ago, and Members must agree on how FAO should position itself within the "dramatically changed landscape" of today's international development system if it is to fulfill its role in promoting global policy and regulatory coherence for food and agriculture in the 21st Century.

8) Important efforts have been made over the past few years to begin responding to this challenge, but their success has been hampered primarily by two factors:

- a) lack of political consensus within the membership; the phenomenon is not unique to FAO—in fact it prevails in a number of UN organizations—but disagreements about what the Organization should be doing and how it should be operating have placed a severe strain on its effectiveness, and
- b) the steady decline in financial resources; total funds available from the Regular Budget and extra-budgetary sources, excluding those for emergencies, fell in real terms by 31 percent between 1994 and 2005, and the total staff complement declined by 25 percent, causing a serious erosion in the Organization's core competencies and delivery capabilities.

9) The independent evaluation saw a link between these two factors and called for a new compact among the Members, underpinned by "a shared vision of FAO's future work", and based on the political resolve to achieve "reform and growth simultaneously in a unified interdependent package."

The change package

10) In response to this challenge, Members have developed a new resolve and defined this in a statement of FAO's vision and global goals. These are contained in the box below and followed by a summary of the package of changes to achieve reform with growth.

FAO's Vision and Global Goals: *FAO's vision is of a world free of hunger and malnutrition where food and agriculture¹ contributes to improving the living standards of all, especially the poorest, in an economically, socially and environmentally sustainable manner. To foster the achievement of this vision and of the Millennium Development Goals, FAO will promote the continuing contribution of food and sustainable agriculture to the attainment of three global goals:*

- *reduction of the absolute number of people suffering from hunger, progressively ensuring a world in which all people at all times, have sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life;*
- *elimination of poverty and the driving forward of economic and social progress for all with increased food production, enhanced rural development and sustainable livelihoods;*
- *sustainable management and utilization of natural resources, including land, water, air, climate and genetic resources, for the benefit of present and future generations.*

Achieving greater clarity in Strategic Objectives and focus in FAO's priorities and programmes

11) The greatest challenge to prioritizing FAO's efforts is not just to work in areas of the Organization's strengths, but also to respect the responsibility to promote action on all aspects of the mandate. Considering the breadth of that mandate and the limitations on resources, it is evident that working in partnership is essential, in particular with other organizations in the UN system, but also with non-UN entities, both public and private. In future Members will require evidence that work programmes have been formulated taking into account the capacities and programmes of partner organizations with similar objectives and working in the same or related fields.

12) The guiding principles applied in reformulating FAO programmes, with this in mind, are to:

- a) support countries in developing their policies and building their capacities for action in areas that can stimulate sustainable development of food production, food security and pro-poor economic growth;

¹ Agriculture encompasses all aspects of crops, livestock, forestry and fisheries.

- b) foster progress in the global and regional conditions for development through policy and regulatory coherence and the availability of information to underpin national development; and
- c) assist the global community and individual member countries in addressing emerging issues, such as those of climate change and high food prices.

13) The principles have been incorporated in a set of eight core functions of FAO, complemented by two “functional objectives,” involving effective collaboration with Members and other stakeholders and efficient and effective management and support services.

14) the change proposals identify 11 Strategic Objectives (see box below) that FAO is to help countries and their institutions to achieve over a ten-year period as a contribution to the achievement of Members’ global goals. These will be incorporated in the Strategic Framework for the coming 10-15 years. The Medium Term Plan will define the outcome of FAO’s work towards each objective over a four-year period, and present a set of indicators to measure organizational results.

Strategic Objectives:

- *Sustainable intensification of crop production*
- *Increased sustainable livestock production*
- *Sustainable management and use of fisheries and aquaculture resources*
- *Sustainable management of forests and trees*
- *Sustainable management of land, water and genetic resources and improved responses to global environmental challenges affecting food and agriculture*
- *Improved quality and safety of foods at all stages of the food chain*
- *Enabling environment for markets to improve livelihoods*
- *Improved food security and better nutrition*
- *Improved preparedness for, and effective response to, food and agricultural threats and emergencies*
- *Gender equity in access to resources, goods, services and decision-making in rural areas*
- *Increased and more effective public and private investment in agriculture and rural development*

15) The full formulation of the Strategic Objectives has involved elaboration of the issues and challenges to be addressed, identification of assumptions and risks, formulation of the organizational results expected, elaboration of the indicators for these results, and clarification of which of the core functions will be brought into play to achieve them. All financial resources from both mandatory assessed and voluntary contributions will be integrated and directed towards achievement of the FAO’s organizational results and thus the Strategic Objectives.

16) Seven “Impact Focus Areas” have been identified, addressing urgent existing and emerging challenges for which mobilization of additional resources is essential to achieve significant results. As “flagships”, they will provide a communication and

advocacy tool, and help attract extra-budgetary funding and partnerships to complement work funded from assessed contributions. They will also facilitate Governing Body oversight of the use of voluntary extra-budgetary contributions in line with the agreed priorities.

Impact Focus Areas

To come

Enhancing governance and oversight by Members

17) Important changes are envisaged in the functioning of the FAO Governing Bodies, to:

- a) strengthen focus on fostering global and regional policy and regulatory coherence and addressing emerging issues;
- b) improve the meaningful participation of the membership in policy setting and oversight for the work of the Organization, including greater ownership of their own agendas,
- c) minimize duplication and clarify the responsibilities of and division of labour between the Conference, Council and Committees, including making the Regional Conferences part of the governance structure;
- d) introduce greater flexibility and responsiveness in working methods;
- e) improve the information available to Members for decision-making in the election of the Director-General., and
- f) facilitate more effective evaluation and audit;

18) The Conference, as the ultimate decision-making body of the Organization, fulfills a dual governance function. It addresses the global issues of food and agriculture, and it exercises authority over the Organization itself. In the past few years the balance between the two functions has been lost to some extent, and the Conference has been perceived as concentrating on management of the Organization, at the expense of its engagement with major policy issues.

19) In future the Conference will receive inputs from two better-defined streams. In giving more attention to promoting global and regional policy issues and regulatory frameworks, it will act on the basis of recommendations primarily from the Technical Committees and the Regional Conferences. To fulfill its function in governing the Organization, it will receive clear and action-oriented recommendations from the Council. Rather than meeting in November of the second year of the biennium, as has been the case up until now, the Conference will meet in June to permit more orderly planning and oversight of the FAO programme and budget process.

20) The Council will develop its executive governance role, drawing on more specific and dynamic advice from the Programme and Finance Committees. It will meet flexibly and for variable lengths of time, including a more operational scheduling of its sessions in relation to those of the Conference and of the Programme and Finance Committees. It will extend its oversight and monitoring to extra-budgetary resources and to human resource development and use. The Independent Chairperson of the

Council is expected to play an enhanced role in facilitating consensus and empowering the Council, and this role will be specified in the basic legal texts of the Organization. The Council itself will also be required to make more specific recommendations to the Conference, particularly as regards the Programme of Work and Budget of the Organization.

21) Changes proposed in methods of work and reporting by the Technical Committees (dealing with such matters as agriculture, forestry and fisheries), the Programme and Finance Committees and Regional Conferences largely devolve from the principles outlined above. Attention has also been paid to determining the specific need for ministerial-level meetings and to strengthening the autonomy of statutory bodies, conventions, and treaties.

22) In exercising their fiduciary responsibility for governing FAO, undoubtedly the most crucial decision the Governing Bodies make is to elect the Director-General. Candidacies, as now, will only be proposed by Members. However, the Committee recommends changing the Director-General's term of office to four years, renewable once only, and introducing changes in the procedures to attract potential candidates from their respective governments, and provide greater opportunities for Members, meeting in the Council and the Conference, to appraise candidates prior to the election.

23) Measures recommended are also designed to ensure further independence and transparency in the evaluation and audit functions, and an enhanced role of the Governing Bodies with respect to both. FAO's evaluation policy, strategy and institutional arrangements will be incorporated in a Charter which will be subject to Council approval. The Council will approve the membership of the Audit Committee, on the recommendation of the Finance Committee.

Improving performance through system reform and organizational restructuring

24) Measures to improve organizational performance constitute a major component of the reform proposals. The Director-General proposed a package of reforms in 2005, and implementation of these has proceeded in the years since. The independent evaluation devoted a great deal of attention to the need for further change. The Committee has now proposed a set of essential actions in six areas:

- a) the programme and budget process;
- b) resource mobilization and management;
- c) administrative and management systems;
- d) human resource policies and practices;
- e) restructuring of Headquarters and decentralized offices; and
- f) culture change and partnerships.

25) Programme and budget process: The long-term Strategic Framework, reviewed every four years, and the Medium-Term Plan, adjusted every two years, will provide an ongoing framework for adjustment to needs. They will incorporate a fully results-based model for planning, budgeting, monitoring and reporting which integrates

programmes from all sources of funds and separates the administrative and technical budgets. This will make managers clearly responsible for focusing and delivering on results for Members against the Strategic Objectives. It will help to shift FAO from an activity and output focus to an Organization contributing to results and impacts.

26) Resource mobilization and management: An integrated resource mobilization and management strategy, frequently called for by Members in the past, will facilitate channeling voluntary extra-budgetary funds to support agreed priorities, as well as Governing Body oversight of the totality of FAO-administered funds. Building blocks for the strategy will include the Impact Focus Areas selected by the Governing Bodies; country development priorities that could benefit from FAO action as defined in National Medium-Term Priority Frameworks; regional programmes; and a series of measures to improve the management of assessed contributions.

27) Administrative and management systems: There is general agreement that the present rigid *ex ante* controls and insufficient delegation have a negative impact in FAO, both on efficiency and on staff motivation. A number of immediate improvements have already been achieved through delegations of authority, and management is taking early action on a series of other proposals which fall within the Director-General's authority. A Root and Branch review by a leading management consultancy firm, to be concluded in 2009, is expected to provide a basis for further efficiency and productivity gains in administrative functions.

28) Human resource policies and practices: Reforms recognize the staff of the Organization as a fundamental asset and put in place a programme of change aimed at increasing transparency, professionalism and competition in recruitment and promotion at all levels, including for the most senior staff and for consultants. The measures also address issues of gender and geographical balance in staffing and include encouragement of staff mobility and rotation between Headquarters and the decentralized offices. Finally, the essential question of staff accountability at all has been initiated and must be pursued, with policies for appraising performance based on realistic targets linked to organizational results as well as job competencies and objective assessment criteria.

29) Restructuring of Headquarters and decentralized offices: Organizational changes will increase effective decentralization and responsiveness to member countries. Reporting lines for FAO Representatives in member countries will be modified, and a review will be undertaken in 2009 with the aim of rationalizing country office coverage and reducing the costs of the country office infrastructure. The elimination of at least one major department and a further integration of various organizational units at Headquarters will help to break down "silo" structures and increase the potential for interdisciplinary work. Resources will be specifically earmarked for such work. Significant savings are expected at managerial level, both through merging of units and through delayering of posts in the managerial hierarchy, with an expected 33% reduction in the number of Headquarters director-level posts to be achieved between 2008-09 and 2010-11, and redeployment of resources to priority technical work.

30) Culture change and partnerships: Culture change is fundamental to the successful reform of FAO, and a process aiming to achieve it will require high levels of participation and improved communication, horizontally and vertically, within the Organization. The Committee has welcomed the establishment by management of a culture change team, as well as the appointment of an Ethics Officer and establishment of an Ethics Committee. An essential element of culture change is the development of greater openness to collaboration with other organizations, both to maximize the cost-effectiveness of services to Members and to improve business efficiency through the sharing of services. The Governing Bodies as well as management will pursue the possibilities for partnership with other organizations, in particular the Rome based food and agriculture organizations IFAD and WFP. FAO will play its role as a collaborative partner in overall reform of the UN system.

Making change happen

31) The Immediate Plan of Action is presented to the Conference for consideration and approval, after which implementation must proceed, pragmatically adjusting as necessary and going further where possible.

32) Change will be pursued urgently but will also be carefully sequenced to improve performance and ensure efficiency gains as rapidly as possible while maintaining the Organization's delivery capacity. The first year (2009) will see the initiation of restructuring within the Organization and pursuance of reforms in human resource and administrative systems. The revised Strategic Framework, Medium Term Plan and Programme of Work and Budget for 2010-2011 will be prepared, bringing together both assessed contributions and projected voluntary contributions.

33) Also during 2009, the changes necessary to the basic legal texts of the Organization will be examined by the appropriate committees prior to submission to the Conference for approval by the full membership. The Conference in November 2009 will approve the next phase of the plan and the full start of the new governance cycle. Fundamental changes in this cycle start with the move of the Conference session from November to June, in the second year of the biennium, and a corresponding shift in the dates of all other Governing Body meetings.

34) The 2008 Special Session of the Conference is expected to establish a special set of arrangements to:

- a) complete outstanding arrears of work under the Immediate Plan of Action, including finalization of the Strategic Framework and Medium Term Plan and the follow-up to the Root and Branch Review on all aspects of administration; and
- b) monitor progress and provide for full accountability through an independent review of the status of implementation of the Immediate Plan of Action at its completion in 2011.

35) Management has put in place a management and decision-support structure for implementation of the Immediate Plan of Action with a specialized internal team to implement the eventual action programme resulting from the Root and Branch

Review.

36) FAO is needed as a reformed, efficient and effective partner in the multilateral system, but the changes outlined above cannot take place without resources. Savings will be realized of at least US\$ 17 million per biennium, not including the efficiency savings expected to be identified in the Root and Branch Review, which is not yet completed. In the spirit of reform with growth, these savings will be ploughed back into the programmes of the Organization.

37) The Committee is firmly convinced of the validity of its proposals and trusts that every effort will be made to mobilize the resources necessary to implement them and thus launch a dynamic process of renewal of the Organization. Resources are needed to kick-start the process and they will provide a high return on investment, in particular by assuring early benefits to Members from concentrated delivery on Strategic Objectives and rapid progress in organizational and administrative reform. For change to happen 2009 funding must come from voluntary extra-budgetary contributions and in the future extra-budgetary funding will need to march hand-in-hand with assessed contributions.

38) Preliminary cost estimates for the implementation of the Immediate Plan of Action are approximately US\$ 27.9 million in one-time investment costs over three years, of which only US\$ 2.5 million is funded, while recurrent biennial costs from 2010-2011 onward are tentatively estimated at US\$33.5 million. The unfunded requirements for 2009 are estimated at US\$ 13 million, sought urgently from extra-budgetary sources. For 2010-2011 a comprehensive funding proposal will be included in the Programme of Work and Budget.

39) Implementation of the Immediate Plan of Action will permit FAO to become:

- a) an effective advocate for the hungry and for the economic, social and environmental contributions of the agricultural sector;
- b) a decisive, efficient and integrated Organization, which cooperates fully within the multilateral system;
- c) an Organization capable of dynamically and flexibly facing new challenges;
- d) a listening Organization, fully responsive to its Members' needs and priorities;
- e) an Organization focused on its areas of comparative advantage, while aiming to ensure that the totality of its mandate is addressed, often by partners.

40) What is at stake is clear. The 2007 Conference reaffirmed its political will and determination to seize the opportunity for early and well-considered action on a programme of FAO renewal. The Director-General of FAO has described this as "absolutely essential". The final word rests with the Members, meeting in the Special Session of the Conference, to build on the Immediate Plan of Action and decide on their contributions to making the Organization's renewal a reality.