

Note to Working Groups on Organizational Structure

A. Introduction

1. At the Joint Working Group meeting on 3 July, Members welcomed the revised contributions from management which they considered to be in much closer conformity with the principles agreed by the Joint Working Groups and the proposals of the IEE. There was a rich discussion in the meeting on the sequencing of changes during 2009-11, dependencies with Members' discussions on programmes and the ongoing Root and Branch review. There was also an extensive exchange of views on reporting lines, the number of DDGs, the proposed continuation of a department for natural resources, and organizational responsibility for resource mobilisation.

2. Management was requested to produce its further suggestions for consideration by the Working Groups, taking account of the discussion in the meeting and the considerations of Working Group I on Strategic Objectives and Organizational Results. These further inputs are provided in this paper, and cover:

- savings targets for reprogramming to FAO's technical work;
- the arrangements for executive management;
- the responsibility structure for Strategic Objectives;
- mechanisms for improved working across organizational boundaries;
- a clear plan indicating the sequencing of change in Organizational Structure, starting in 2009 and with completion in the 2010-11 biennium;
- the need for a department for natural resources;
- arrangements for resource mobilisation.

B. Further contributions from management

3. The management contribution provided to the Joint meeting on 3 July made a clear distinction between the two stages of organizational development:

- the main high-level offices and reporting relationships;
- organizational delivery mechanisms within departments.

4. Management has previously emphasised that detailed information across the entire structure can be determined following establishment of priorities through the detailed formulation of organizational results in the next Medium Term Plan to be prepared during 2009, and after taking into account the outcome of the Root and Branch review to be completed in April 2009.

5. Accordingly, the first half of 2009 will primarily entail planning and preparation of an overall programme and human resources management plan, and the information will be developed and consolidated as part of the 2010-11 Programme of Work and Budget (PWB) formulation in mid-2009, with full implementation during the 2010-11 biennium.

(a) Savings targets at ADG, D1 and D2 level for reprogramming to FAO's technical work

6. The 3 July management contribution (see attached organizational chart) reduced the number of departments and provided a basis for achieving by the end of the 2010-11 biennium, a level of savings of the same order of magnitude as foreseen in the IEE proposal, through elimination of units and by layering at headquarters. What was foreseen in the IEE report was a reduction of 33% - from 120 staff at Director level and above to 80 staff, with resulting savings estimated at USD 25 million per biennium (USD 20 million from D-level layering and USD 5 million from abolition of related support posts). Management agrees that this is the target reduction to be achieved through

headquarters restructuring and delayering, with the resulting savings being ploughed back into the substantive programmes of the organization.

7. A reduction of 13 D-level posts has already been proposed in 2008-09 which would contribute USD 6.4 million to the achievement of the USD 22 million savings target required for the 2008-09 efficiency savings element of the PWB 2008-09. This leaves a target of 27 D-level posts to be eliminated from the headquarters' establishment by 2010-11 through restructuring and delayering.

8. The structure presented on 3 July reorganises the offices around the Director-General and reduces the number of departments through a reallocation of functions of the Knowledge and Communication Department. The structure produces a net decrease of two "D-2 and above" posts, comprising the increase of one DDG post, the decrease of two ADG posts (KC and UNC), and the decrease of one D-2 post in the new Office of Knowledge Exchange, Research and Extension (presently in two divisions, KCE and NRR).

9. The required delayering opportunities will be identified by the end of 2008 and during 2009 and implemented for the period 2010-11 as part of the PWB 2010-11. It could, for example, entail introducing a new streamlined management model at divisional level of a Division Director, a D-1 Principal Officer with a line function, and a team of Branch Heads at P-5 level. If such a model were applied across most headquarters divisions it should achieve a saving of 25 D-level and above posts. The anticipated savings to be ploughed back into the substantive work of the Organization would be USD 17.4 million (USD 13.3 million from D-level delayering and USD 4.1 million from abolition of related support posts).

10. Table 1 below provides a quantitative summary of the target reduction to be achieved through headquarters restructuring.

Table 1 - Summary of D-level delayering/restructuring actions 2008-11

Action	D-level delayering		Related support posts	Biennial savings	Ploughed back to substantive programmes
	No. of posts	Savings	Savings		
2008/9 efficiency savings	13	6.4	0	6.4	0 (efficiency savings)
2010-11 Organizational structuring and delayering	27	13.3	4.1	17.4	17.4
Total	40	19.7	4.1	23.8	17.4
IEE report comparison	40	20.0	5.0	25.0	25.0

11. It may thus be noted that management's delayering proposals would be identical in number of overall D-level and above posts to be reduced (i.e. 40 in total), while the biennial savings are comparable (i.e. USD 23.8 million per biennium versus USD 25 million estimated by the IEE). However, since USD 6.4 million of savings from delayering have already been earmarked by management to achieve the unidentified efficiency savings targets mandated by the 2007 Conference for 2008-09, these will not be available for ploughing back to substantive programmes. This would leave a balance of USD 17.4 million available for ploughing back to programmes under management's proposals versus USD 25 million envisaged by the IEE.

12. With respect to the delayering beyond the 13 D-level posts already proposed in 2008-09, 2009 will be considered primarily as a planning and preparatory year, to be followed by full implementation in 2010. Thus, measures will be taken with immediate effect to review all ongoing recruitment actions

at the D-level during the remainder of 2008 and in 2009, and to limit recruitment to the extent considered consistent with effective delivery of the Programme of Work and the future headquarters structure. By these means, it may be possible to limit the social consequences of delay. The exposure to one-time separation costs is nevertheless estimated at USD 12.4 million compared with a corresponding figure estimated by the IEE of nearly USD 40 million.

(b) Number of DDGs and arrangements for executive management

13. The second DDG would be recruited in 2010, and this provides an executive management team, led by the Director-General, and comprising the two DDGs who are representatives of the knowledge base of the Organization and of the decentralized offices and operational aspects of its work. This smaller team will be more flexible, more able to make timely decisions, and with the responsibility, authority and functional scope to ensure that decisions on all aspects of the Organization's work are enacted in a timely and effective manner.

14. This small executive team will enable improved working across organizational boundaries with each participant representing more than one department, and with funds allocated to ensure cross functional work.

15. The current Senior Management Meeting (SMM) has the benefit of full representation from all departments at ADG level, including the DDG and the ADG/Directeur de Cabinet in the Office of the Director-General, with other Senior Officers reporting directly to the Director-General. Its membership is highly valuable in the context of the new additional responsibilities of ADGs for Strategic Objectives and human resources management responsibilities for programme implementation, and to more effectively involve ADGs from decentralized offices in the meetings.

16. The SMM would thus operate as a meeting of peers in a forum for ADGs to share knowledge, resolve resource issues, and plan in a collaborative manner for the best achievement of the Organization's Strategic Objectives and resolution of cross-organizational issues where individual departmental inputs are required. Involvement of the ADGs in the Regional Offices will be ensured by the introduction of comprehensive videoconferencing arrangements at most SMM meetings.

17. In addition, it is envisaged that the SMM forum will also form a corporate review body for consideration of proposals emanating from other internal committees on such matters as Information Technology and to monitor progress with the introduction of HR reforms, and in general with progress on implementation of programmes and initiatives, prior to decision making by the executive management team.

18. Rather than committing to this model as a permanent feature, management would consider cross-checking the envisaged arrangements with the recommendations of the Root and Branch review and in any event introduce the executive management team and the SMM Forum on a pilot arrangement, to be tested and evaluated, prior to full introduction.

(c) Responsibility structure for Strategic Objectives

19. Allocation of responsibilities for strategic objectives and organizational results to senior managers will be undertaken as part of the finalisation of the strategic objectives based on further guidance from Members and the preparation of the next MTP, as well as the formation of departmental structures and functions within departments during 2009, following the outcome of the Root and Branch review.

(d) Mechanisms for improved working across organizational boundaries

20. The nature of the results based management model requires that efforts be targeted to the achievement of organizational results, in support of the strategic objectives. The ADGs SMM Forum

would provide an institutional framework for inter-departmental consultation and knowledge sharing within which cross-departmental work can flourish. Achievement of many organizational results will require extensive working across organizational boundaries and geographic locations which would be facilitated by making available specific funding to ADGs and DDGs to support this cross-organizational work. Already in 2008 Department heads have been encouraged in the 2008 allotments to retain and reallocate some resources at their departmental level for cross-cutting or multidisciplinary work. In addition to this approach, ADGs and the two DDGs should be provided with specific funding to support cross-cutting work at the knowledge and operations' levels, including through ploughing back savings from restructuring and delayering.

(e) Sequencing of change in Organizational Structure

21. Subject to approval by the Special Session of Conference, the establishment of a separate Evaluation Office and a new Ethics function will take place during 2009.
22. Changes to the current Office of Programme, Budget and Evaluation (PBE) could also take place during 2009 to form the new Office of Strategy, Planning and Resources Management. While such a structure could be better equipped to guide the preparation of an integrated Strategic Framework, Medium Term Plan and PWB 2010-11 covering both RP and EB resources, its implementation would be subject to the outcome of the Root and Branch review.
23. The new Office of Corporate Communications, Partnerships, Intergovernmental and Inter-Agency Affairs and Relations is a complex change and the establishment of this office would be delayed until 2010. The establishment of this office will require the detachment of some staff from the Communication Division (KCI), ODGS, the Office of UN Coordination and Millennium Development Goals Follow-up (UNC). However, the functions performed, particularly in the Communication Division (KCI) that will not transfer will need to be restructured, and this restructuring will be informed by the results of the Root and Branch review in 2009. The detailed plans for the full establishment of this Office will therefore be included in the preparation for the PWB 2010-11 in mid 2009.
24. Following the recruitment of a second DDG as part of the PWB 2010-11, the Office of Knowledge Exchange, Research and Extension will be created, providing a small team to support the DDG (Knowledge) in the coordination of knowledge exchange across the technical departments. This office will be formed by merging selected staff from the Knowledge Exchange and Capacity Building Division (KCE) with staff from the Research and Extension Division (NRR).
25. Implementation of changes to the reporting lines of decentralized offices is a complex process involving the development and introduction of new procedures, authorities and delegations, and the transfer of resources from the Office for Coordination and Decentralization (OCD) to Regional Offices. In addition, the capacity, pace and modality of the changes will vary from Region to Region, requiring consultation to ensure that the most appropriate arrangements are made in each region. For these reasons, 2009 will be considered a year for consultation and planning, and most of the changes to the reporting lines will be introduced in 2010.
26. Planning the establishment of Technical Department structures including further definition of the functions within each Department, and determination of the number and nature of divisions, services and programmes will be undertaken in 2009 following the finalization of the strategic objectives. ADGs will be provided with target numbers of D-level posts, in accordance with the agreed delayering targets, and will make proposals for the structure of their Departments, for approval by Senior Management, and full implementation in 2010 within the framework of the 2010-11 PWB.
27. Reorganising the provision of corporate services cannot be started until the outcome of the Root and Branch review is known. This is scheduled for April 2009, and the remainder of 2009 will be used for planning for implementation of the agreed changes during 2010-11.

(f) Need for a department for natural resources

28. Sustainable management of natural resources used for agriculture and addressing the global environmental challenges is a major global issue requiring governmental action in its own right, as well as cross-cutting approaches and inter-disciplinary work.

29. FAO has, for example, to provide global data and information about water resources and their optimal use, facilitate sharing of knowledge and support countries with coherent strategies and programmes for dealing with irrigation, watershed and river basin management irrespective of its specific final user, whether for livestock, crop production or aquaculture. This requires both core competencies and information to be available in a dedicated unit and providing support on strategies and policies to countries, incorporating inputs from the agricultural, fisheries (aquaculture) and forestry sectors.

30. Likewise, the effective conservation and use of biological diversity requires cooperation with, and facilitation of, the work of all concerned sectors, i.e. for the assessment of animal, plant and fisheries genetic resources and for their integration into global assessments. It also requires coordinated representation in international fora of the interests of FAO members, including dealing with fair and equitable sharing of the benefits derived from genetic resources.

31. Similar considerations hold for land use and management; tenure of and access to natural resources; international environmental agreements and instruments; monitoring, assessment and knowledge dissemination relating to the environment and the natural resource base, as well as new challenges including climate change and bioenergy.

32. An NR Department focussing on these integrative and cross-cutting areas has the capacity to both define and set up multi-year frameworks for each of the key natural resources underpinning the food and agriculture sector; it can address broad environmental challenges and provide the leadership required on cross-cutting issues of major international interest on behalf of FAO's constituency.

33. A number of benefits are expected from the NR department:

- providing a strong institutional platform to support cross-cutting work, which is to be seen against the IEE conclusions on "silos";
- facilitating coherent management of natural resources as related to food, agriculture, fisheries and forestry, and the interface with international agreements and instruments;
- integrating knowledge and supporting decision-making at all levels on natural resources management for food and agriculture;
- addressing new challenges such as climate change and bioenergy and covering in a coherent manner their impact on land/soil, water, genetic resources, forests and fisheries (e.g. ecosystem approaches);
- ensuring that solutions to cross-cutting issues are not unduly biased towards any specific sector.

(g) Arrangements for resource mobilization

34. Regarding resource mobilization, the IEE report notes that: "The use of extrabudgetary funds may not always be in line with organizational priorities on outputs and outcomes" and that: "There is no overall resource mobilization strategy in a coherent framework" (paras 1141-2.)

35. Management is of the view that the above concerns of the IEE can be addressed through a combination of organizational measures:

- on the one hand, the establishment of a new Office of Strategy, Planning and Resources Management under the direct authority of the Director-General, as proposed by the IEE, to cover integrated strategy formulation, planning, coordination and overall budgetary management of all resources entrusted to FAO (regular budget and extra-budgetary);

- on the other hand, operational aspects of resources mobilization and management including relationship-building and networking with donors continuing in the TC Department, together with its contacts with field offices in the context of a decentralized approach to resource allocations by donors.
36. This would take account of the following major factors:
- a. Regular budget and extra-budgetary resources are different in nature and ensuring the interface with respective sources (the Membership at large in one case, and a variety of donors with specific preferences and procedures in the other) requires different activities and skills.
 - b. TC's experience and familiarity with donors from TCA's leadership in coordination of fund raising for field programme development and Technical cooperation; TCE's fund mobilisation for emergency and rehabilitation operations, TCO's catalytical role through mobilisation of the Technical cooperation programme (TCP), and TCI responsibilities in mobilising investment to support agriculture and rural development;
 - c. In 2006-07, extra-budgetary resources reached USD 1.2 billion, of which 50 percent were mobilised by TCE for emergency operations. Fundraising for the latter cannot be moved out of TCE due to the special nature of emergency work, so a strong case is made that operational responsibilities for resource mobilization should not be dispersed, thus enabling TC to continue its current efforts to convince the donor community to support a continuum of field activities – from emergencies, through rehabilitation to technical cooperation and development.

Annex 1

