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FINANCE COMMITTEE

Hundred and Fifteenth Session

Rome, 25 – 29 September 2006

Inception Report of the Independent External Evaluation of FAO

Attached for the information of the Finance Committee Members is the Inception Report of the Independent External Evaluation of FAO.

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Independent External Evaluation of the FAO

Inception Report

Submitted to
the Council Committee for the Independent External Evaluation (CC-IEE)
by the Independent External Evaluation Core Team
May 2006

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I. SCOPE AND CONTEXT

1. The Council of FAO decided in November 2004 to launch an Independent External Evaluation of FAO (IEE) to be financed from extra-budgetary contributions and aimed at “strengthening and improving FAO, taking into consideration FAO’s performance in conducting its mandate...(and considering) all aspects of FAO’s work, institutional structure and decision processes, including its role within the international system”. Detailed terms of reference were subsequently prepared by an Inter-Sessional Working Group and approved by Council in its Hundred and Twenty-ninth Session in November 2005. These underscore that this is to be an exceptionally ambitious undertaking that is:

“... expected to be forward-looking and to emphasize findings, conclusions and targeted recommendations that would allow the Membership, the Director-General and the Secretariat of the Organization to chart the way forward, to better meet the challenges of the future in an evolving global environment, including newly emerging needs of member countries, and to position FAO, based on its strengths and comparative advantages. Consequently, the evaluation has the potential of becoming a milestone for FAO, reinforcing its role in a reformed UN system and the emerging new multilateral architecture. It should help to strengthen the sense of unity and purpose among the membership of the Organization, and to make FAO fit for the twenty-first century and the challenges ahead.” (Underlining ours).

2. The TORs make clear, therefore, that this work should go far beyond the framework of a conventional evaluation which would centre on a diagnosis of institutional performance by assessing outputs, outcomes and results. They assign primary emphasis to the future and to the evaluation’s role in supporting and facilitating the Governing Bodies and FAO management in defining the future role and modus-operandi of FAO itself and achieving the political will to make this happen.

3. Few efforts of this level of magnitude and ambition have previously been attempted and certainly not within the framework of an “evaluation”. There are, however, at least some approximate parallels within the United Nations system. For example, in his address to the General Assembly in September 2003, the Secretary-General warned Member States that the United Nations had reached a fork in the road, that it could either rise to the challenges of meeting new threats or face erosion in the face of mounting discord between States and unilateral action by them. This led to the formation of the High-Level Panel on Threats, Challenges and Change with a mandate to generate new ideas about the kinds of policies and institutions required for the UN to be effective in the 21st century. The report of that Panel, *A More Secure World: Our Shared Responsibility*, tabled in December 2004, calls for major systemic changes in structure, organization, accountability and governance and presents proposals for the most ambitious reform agenda in the history of the United Nations.

4. In a similar vein, the Outcome Document of the World Summit of 2005 adopted by global leaders invited the Secretary-General to launch a new high-level panel to recommend measures that would ensure that the UN maximizes its contribution to internationally agreed goals, including the goals of the Millennium Declaration, and specifically that the Panel should develop proposals for more “tightly managed entities” in the fields of environment, humanitarian assistance and development, all of which fall within the broad mandate of the FAO.

5. The TORs for this evaluation indicate four key, interlinked components as the basic conceptual framework for analysis:

- a) **The Technical work of FAO:** Included here is both the normative and operational work of FAO in access to food, crops, livestock, forests, fisheries, commodity trade and rural development and their efficiency and effectiveness in overcoming hunger,

safeguarding the environment and improving conditions for economic and social development. The technical work is carried out through an array of different instruments, including: technical cooperation, policy development and advice, regulatory and standard setting work, information, dissemination and advocacy, in statistics, studies, emergency responses, networking and dialogue.

- b) **Management and organization of FAO:** This includes planning and programming, budget, administrative and financial systems, organizational structure, including decentralised structures, oversight, evaluation, corporate culture, human resources management and deployment, knowledge and risk management, and accountability policies and practices.
- c) **FAO governance:** Included here are the roles, efficiency and effectiveness of the Governing Bodies, the relationship between the members and the Secretariat in the determination of strategy, policy and priority setting, the financing issues of regular budget and voluntary contributions and governance relationships within the UN system; and wider participation of stakeholder groups.
- d) **FAO's role in the multilateral system:** Central to this area are the questions of the appropriate role for the FAO in an international development architecture that is vastly different from 1945 when the FAO was founded, the absolute and dynamic comparative advantages of the Organization and its ability to enter into alliances and contribute to the UN and wider international system as a whole.

6. This IEE will be conducted at a time when the UN is itself undergoing major processes of systemic examination, review and renewal, which includes the fundamental international public policy challenge of determining what justifications exist for continued financing of institutions founded decades ago in today's context of numerous new and alternative "sources of supply". Indeed, today's pressures for change and reform involve unprecedented re-examination, review and fundamental questioning of the entire institutional architecture for international development efforts and the provision of global public goods and services. This presents both major opportunities and threats to the future of the FAO, including the challenges of determining FAO's relationship to a system that is itself undergoing major transformation.

7. With specific reference to its core role as the world's "Ministry of Agriculture", the Outcomes Document of the November 2005 Summit of the UN (paragraph 46) emphasizes that the MDG on poverty reduction cannot be achieved without a much tighter integration of rural and agricultural development into national and international programmes and efforts (underlining ours). Statements such as these are clear expressions of what the world is calling for from FAO and they pose direct challenges to FAO to re-look at roles, comparative advantage, the appropriateness and adequacy of its methods, strategies and partnerships.

8. This will be no easy task. Fifty years ago, a small handful of institutions comprised the organizational arrangements of the international development system. Today that system is made up of a bewildering array of bilateral, multilateral, non-governmental, private transnational corporations, philanthropic foundations and hybrid institutions characterized by overlapping functions, duplication and a confused division of labor. Also, the development system needs to be kept in perspective in today's increasingly globalised and interconnected world. Within the international political economy, the main drivers of wealth creation and development have not been central to the development system. Excepting a few of the very poorest countries, the most important factors are internal to individual countries and the external factors that most matter are far less those of development cooperation and far more those that deal with trade and access to markets, capital and technology, human mobility, and supportive security, economic, socio-political and environmental conditions. The institutional arrangements for international development cooperation have included certain instruments designed to facilitate trade and market access (e.g. The Generalized System of Preferences – GSP- a number of Commodity Agreements, Special and Differential Treatment). In the main, however, development cooperation has traditionally been restricted mainly to official development assistance (ODA) that have focused

on individual projects through individual institutional actors which have addressed only modestly these main drivers of development.

9. This is however, changing dramatically through new arrangements and entirely new forms of partnership linking public goods with private investment, governmental with non-governmental, country ownership, the pooling and leveraging of resources in order to reach critical mass and longer term programmatic and sector-wide approaches. The systemic inadequacies of the architecture of international development are today being accorded unprecedented and priority attention. The cause of 'policy coherence' for development has become central to official discourse and recent G8 summits have given explicit endorsement to new strategic approaches to development and to the need for much expanded institutional arrangements. These larger factors must be taken carefully into account in a diagnosis of the effectiveness and relevance of the FAO and in any prognosis for its future.

10. At the same time, ODA is now increasing at its fastest rate since the 1960s and early 1970s (i.e. before the first oil shock) and is projected to exceed \$100 billion within the next 2-3 years (from just over \$50 billion in 2003). Also, many new sources of funding for development are emerging. Many bilateral donors point to the dilemma they now confront of major increases in financial resources and severe programming constraints. This may afford the most significant opportunity in decades for the renewal and achievement of the full potential of multilateral organizations such as the FAO. It seems clear, however, that this cannot come about unless such organizations can provide clear and compelling demonstration of their relevance, effectiveness and potential, can furnish strategies appropriate to the new context for development efforts and the changed realities of the international political economy and can show a very high "value for money".

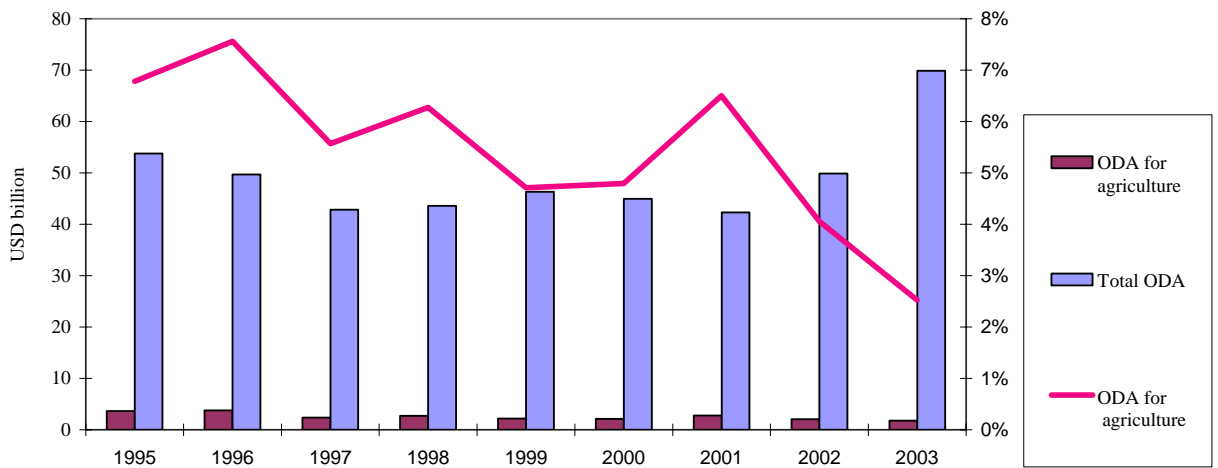
11. The food and agricultural sectors of developing countries have also evolved radically since the post World War II period when FAO was established. Profound changes have occurred since then in a variety of ways. The countries of the former soviet block have joined the market economy. The biotechnology revolution and greater recognition of indigenous rights have offered immense opportunities as well as challenges to intellectual property, environmental safety, questions of human health and international trade. New institutions and alternative sources of supply to provide finance, scientific research and technology, policy analysis, advice and technical assistance have mushroomed. Civil society has become far more active and growth of super market chains have linked agriculture to the rapidly modernizing cities where few markets existed before. Agriculture has performed well in many countries of Latin America, in East and South East Asia and parts of South Asia. In many cases, pro poor agricultural and economic development strategies were applied, leading to concurrent poverty reduction and broad based economic growth. This has caused considerable differentiation among countries and regions within the developing world.

12. At the same time, major and regionally highly varied challenges remain. The level of protection of agriculture through either tariffs or subsidies remains an unresolved issue and a principal barrier to success in trade negotiations. While many countries have achieved food security, others have either stagnated or lost ground. Sub-Saharan Africa, which was once food self sufficient when the problems of hunger centred on Asia has experienced little or no agricultural or overall economic growth and become highly food insecure. Ravages of HIV/AIDS and other diseases have decimated the productive agricultural and urban labor force in some countries, and the continent has been afflicted by conflict, and out-migration including of the educated class challenging internal capacity for development. With increased demand on limited natural resources problems of the environment and natural resource management have become more acute, not just in Africa but throughout the developing world .

13. A further and important feature of the current context is the changing place of agriculture in the international development agenda. Between 1985 and 2002, Official Development Assistance (ODA) for agriculture declined by over two-thirds in real dollar terms. Development

assistance to agriculture became marginalized in the programmes of both bilateral agencies and the multilateral development banks. To illustrate, World Bank agricultural lending fell by 75%, from 30% of lending in 1980 to only 7% in 2003. Agriculture and rural development are, however, once again a priority in ODA. In 2005, for example, World Bank lending for projects in rural areas increased by 50% to approximately US\$7.6 billion, representing 41% of total World Bank lending.

Chart 1. The Decline in ODA for Agriculture



Source: OECD, DAC

14. Yet most international development agencies have almost completely lost expertise in agriculture, and are looking to FAO, as they are to other organizations, for policy analysis, institutional and technical inputs into their aid strategies, policies and investment priorities. The World Bank, for example, is increasingly looking to FAO for inputs into agricultural strategy formulation, preparation of investment packages, appraisal and supervision.

II. APPOINTMENT OF CORE TEAM AND START-UP

15. The TORs specify that a core team is to have “sole responsibility for the direction, supervision and conduct of all substantive work of the IEE”. The team was appointed on February 14, 2006 at the second meeting of the Council Committee and comprises:

- Mr. Keith Bezanson (Canada) Team Leader
- Ms. Uma Lele (India/USA) – lead responsibility for the technical work of FAO
- Mr. Michael Davies (UK) – lead responsibility for management, organization and administration of FAO
- Mr. Carlos Perez del Castillo (Uruguay) – lead responsibility for governance of FAO
- Ms. Thelma Awori (Uganda) – lead responsibility for FAO’s role in the multilateral system

16. At the same meeting of the Council Committee, it was also decided to defer the start up date for work until 13 March, 2006, subject to firm assurance by that date that US\$2.1 million would be available for 2006 and preferably deposited with FAO. Work actually began on March 29, 2006 when medical clearances were obtained and contracts signed. Since then, the core team has moved together on the fastest track possible. This Inception Report, the endorsement of which is the precondition to moving the evaluation into its fully operational phase, has been prepared following only approximately four weeks of initial work. The core team would have preferred to take more time in preparing this, to have had the advantage of selective preliminary visits to country, regional and sub-regional offices, to have been able to expose some of our initial hypotheses to more rigorous testing and to have completed the identification and pre-contracting of regional, agriculture and nutrition specialists who will support it in its work. Such additional steps and the time required for them would, however, pose risks to the already serious time constraints on the entire endeavor and we have elected, therefore, to adhere to the fastest track possible. The presentation of the Inception Report at this very early stage is very much on a “work in progress” basis.

17. Since March 28:

- a) An extensive literature review has been conducted, including, inter alia, all major formal evaluations carried out by the FAO over the past seven years, the main strategy and policy documents (e.g. recent programmes of work and budget, implementation reports, medium term plan, the strategic framework and a wide range of sectoral publications and assessments on food security, fisheries, forestry, etc.).
- b) Five research assistants have been identified and recruited. They will assist throughout the project with data collection and analysis, literature searches, questionnaire construction, scheduling, logistics and administration.
- c) Discussions have been held with a large number of specialists in the four core areas of technical programmes, management and organization, governance and the international development system. Individuals with specialized knowledge and experience in regional issues of food and agriculture have also been contacted. A specialist on gender issues is being contracted to examine both the gender specific policies and practices of the FAO and the cross cutting nature of gender matters. Terms of reference have been formulated and contractual arrangements agreed in a large number of cases. A number of gaps remain to be filled, but at this stage the human resources for the main components of a comprehensive evaluation are either in place or almost in place.
- d) A number of key institutions have been contacted and arrangements put in place for benchmarking purposes. In addition, a close working arrangement has been established with the Secretary-General’s High-Level Panel on tightly managed

entities. This should ensure that the FAO evaluation takes into account the deliberations of the Panel and any recommendations it may make.

- e) An intensive fact-finding and initial situation assessment exercise was held in Rome over the period March 29-April 6. Open ended interviews and meetings were held with approximately one hundred FAO staff. Meetings were also held with forty country representatives. A further meeting, convened on May 4 by the Chair of the G77, was held between the core team leader and 25 representatives of the G77.
- f) A core methodology for the evaluation, a division of labour and an initial critical path were developed and agreed by the five core team members. Although these will doubtless require modification and refinement as events occur, the basic framework will allow essential work to proceed with expedition.

III. PRELIMINARY SITUATION ASSESSMENT: SOME WORKING HYPOTHESES

18. Initial interviews and conversations held by the core team with almost 100 FAO staff and with 40 representatives of governments from both South and North furnished a wealth of assessments, observations and suggestions regarding the performance of the FAO, of dilemmas, difficulties and challenges for the future. There were, of course, divergent viewpoints, but also a significant number of convergent judgments and concerns and these furnish an important initial picture and a range of working hypotheses. These are being treated as entirely anecdotal at this stage and will be subject to systematic examination in the conduct of the evaluation. The core team cannot overstate this point. What follows in this section is highly tentative in character – comprising initial propositions, working hypotheses and questions to be explored. The team also wishes to be clear that what follows is by no means an exhaustive list of potential issues and questions.

19. There would appear to be little doubt that there is a range of FAO work that is held in high regard and widely appreciated. This conclusion emerges not merely from anecdotal sources but also from a number of systematic, independent assessments and evaluations. FAO has numerous high quality, professional and dedicated staff who like working at FAO. But deep and widely-shared concerns also seem evident over the Organization's well-being, the deterioration of its financial health, directions it is taking and its future prospects. The core team is today in no position to confirm or refute such claims. The IEE, however, will aim as an integral part of its review to examine methodically the perspectives and perceptions of all major FAO stakeholders on the general health and directions of the Organization.

20. FAO has a vast and important mandate, but there appears to be a surprisingly limited systematic evidence base on which to judge its performance. Over the past 6 years, for example, only 20 corporate evaluations have been reported to the Governing Bodies. Also, although an organization-wide results based management (RBM) system is formally in place, there is some evidence that suggests that uptake may be lagging. Specifically, a comparative study conducted by DFID in 2005 of multilateral organizations assigned FAO to a 23rd position out of 24 organizations in its application of RBM. This, however, was a quite rapid, desk-based study and the IEE will need to look further into the uptake of RBM in FAO. In general, a good body of evidence is available on field-based regular and extra budgetary funding and programming and a similarly good body of evidence on emergencies. The situation with regard to systematic evidence on the regular program of FAO seems less clear at this point. At the country level, the independent review of the TCP in 2005 noted the absence of country strategies and, therefore, of a framework or systems for country performance (impact) assessments. That evaluation recommended establishment of country-specific priorities aligned with PRSPs and UNDAF and this is reflected in the current PWB, but it would appear highly improbable that matters will have changed sufficiently in one year for new and credible evaluation materials to have been produced.

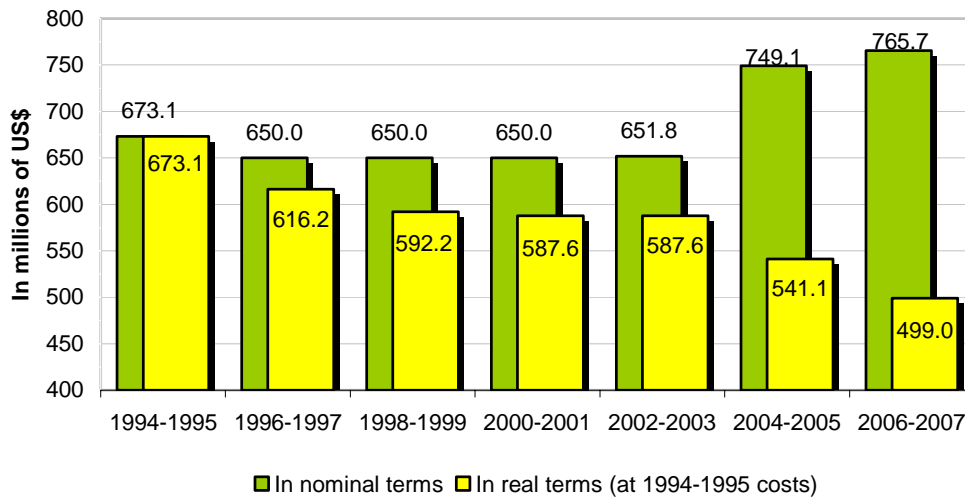
21. Thus, this evaluation may need to undertake a considerable amount of new work (certainly more than had originally been envisaged) and to deviate at least somewhat from a central assumption in the TORs that much of the required work may be predicated on existing materials. In this connection, the TORs state:

“The IEE is conceived as maximising the use of existing information. (It) will maximise the use of existing evaluations and similar work and will thus not itself examine all aspects in detail but will...rely on the work of others in forming its judgements.”

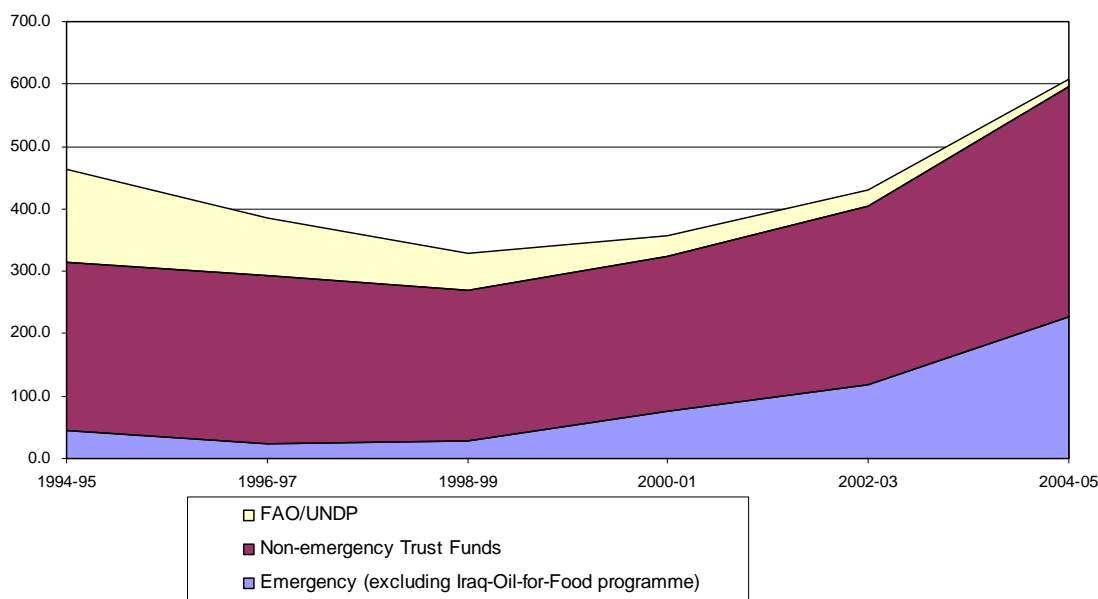
22. Since 1994, FAO has been engaged in a sequential programme of reform. Efforts have been made to refocus, reorganize and reinvigorate the Organization, including a restructuring of functions to give greater focus and to build synergies between normative and operational work. This has been driven in large measure by necessity, for, at the same time, the financial condition

of the FAO has deteriorated consistently and seriously. Management has been forced to contend with truly massive challenges. FAO's regular (core) budget, comprising mandatory contributions by members of US\$ 765.7 million for the biennium 2006-07, represents a decline of 25% in real terms from 1994-95. A zero nominal growth framework has now been in effect for over a decade.

Chart 2. The Decline in the FAO Regular Programme Budget (US\$ million)



23. Over the same period, conventional development project funding through UNDP expenditure has declined from US\$ 163.2 m in 1994-1995 to US\$ 10.7 m in 2004-05 and overall expenditure for emergencies (excluding the Iraq Oil-for-food programme) has seen a five fold increase from US\$ 44.6 million in 1994-95 to around US\$ 228 million in 2004-05. The cumulative effect of these factors has been a continuing and deepening ethos of institutional crisis.

Chart 3. Extra-budgetary Funding of FAO's Programmes (US\$ million)

24. The extent of the budgetary reductions has been very damaging. A strongly held view across a broad constituency is that the damage has been severely compounded by an institutional response that has entailed cutting across the board as opposed to a redefining of comparative advantage and the identification of key areas where impact has been and can be especially strong, assigning them the resources required for effectiveness. The counter to this argument is that management has found ways to continue to cover all relevant issues in the Organization's normative mandate despite resource cuts and a decade of zero nominal growth budgets. The exception to these cuts has been the Technical Cooperation Programme (TCP) that has been partially insulated against erosion of purchasing power. The effect of this, however, has been to impose below zero nominal growth on most other items in the budget. A key question that must be examined in this evaluation is whether the application of financing reductions has stretched resources far too thinly and whether it follows (as many have claimed) that many FAO programmes and products are now imperiled.

25. The financing difficulties of the FAO also appear to be increasing. As of February, 2006, 81 member countries (more than one third of total membership) were in arrears of US\$73 million in payment of assessed contributions, forcing FAO to borrow from commercial sources in order to meet approved operational expenditures. Such borrowing reached \$71 million at the end of 2005 and the 110th meeting of the Finance Committee pointed out that "future cash flow problems could even exceed the Organization's capacity to borrow externally."

26. An artificial boundary, together with considerable definitional and conceptual confusion, appears to have developed with regard to the "normative" and "operational" activities of the FAO. Some stakeholders express the view that FAO should have no significant role outside the normative. Others tend to see the normative as primarily of interest and benefit to developed countries, while there appears to be a large constituency that assigns the very highest value to the direct provision of technical services. If this is an accurate assessment – again a hypothesis to be examined in the evaluation – then it configures an exceedingly difficult and unfortunate situation. The centrality of FAO's "normative" work to global issues (e.g. the establishment of norms and standards, trade and access to international markets, strategies and policies relating to plant

genetic resources, the impact of agriculture on the environment and of climate change on agriculture, energy and the potential and limitations of biofuels, etc.) would seem almost self-evident, given the increasing centrality of such issues to the prospects of all humanity in the 21st century. But it also follows that there is a continuum between the production of an international public good and the capacities and resources needed to exploit or benefit from it. The theory and countless studies on public goods demonstrate unequivocally that a good becomes a public good only when it can be accessed and used effectively. This situation appears to be further compounded by a lack of performance measures for much of FAO's normative work in developing countries and of verifiable means to determine and judge the linkages between normative roles, capacity building and technical cooperation.

27. In regard to the above point, it would seem important to take into careful account that major changes have occurred over time in the key dimensions of FAO activity. In the 1970s and 1980s, for example, a majority of FAO professional staff were working in the field and Regional Offices. Even as late as 1992 only 54% of professional staff were in Headquarters. While the Organization was not designed as a programme delivery organization in the same sense that UNICEF was, in 1980 it ran at least some 850 large scale projects (> \$150,000 in 1980 dollars) and 420 small scale projects in 130 countries with slightly more than 2,000 professional staff and 620 consultants. Today, however, the FAO is not primarily a programme delivery organization. In the regular biennial budget of US\$ 765.7 million, about \$103.55 million (13.5%) goes to the TCP. For 2004-05 (the last biennium for which actual expenditures are available), the regular biennial budget was US\$ 749.1 million, of which US\$ 103 million (13.7 %) was for TCP. Extra-budgetary expenditures amounted to US\$ 623 m, of which 40% was for emergencies, 39% for technical assistance, and 21% for headquarters-based work. About 40% goes to what are commonly grouped under the heading 'normative' activities. There is also an amount for "Cooperation and Partnerships" and some of this is assigned to providing policy advice related to normative activities. From various quarters, concerns were raised with the evaluation team that the current proposals for reform which emphasize greatly increased decentralization and delegation will have the effect of shifting FAO from a knowledge-based organization to one of relatively small-scale field programme delivery. This concern was very strongly expressed to IEE team members by several of the Organization's most senior technical specialists and will be carefully examined, as required by the TORs that ask specifically: "To what extent do FAO resource levels and the application of limited resources reflect members' priorities and needs and are they commensurate with the tasks the Organization is attempting to undertake, its comparative advantages, and areas of effectiveness ...?" and "What is the ... potential for effectiveness of the ... reform proposals?"

28. With regard to corporate governance, a theme mentioned consistently by both governments of Member Countries and FAO management was the difficulty in reconciling divergent views and in establishing priorities. A comparative study of multilateral organizations conducted in 2005 by DFID reached this conclusion and stated that: "there is a failure of the governing bodies to reconcile divergent views on the organization's role and priorities." Yet the same study found that this was not the case for other multilateral organizations, whose basic governing structures are essentially identical to those of the FAO. If these are valid observations (again, they are working hypotheses only at this point), a key question to explore would be what explains the difference between the FAO and, say, UNIDO, WHO, UNDP or UNIFEM.

29. With regard to management and administrative matters, extensive benchmarking¹ will be an integral part of this evaluation. This will afford a testing of some of the assertions made during our initial interviews which have included claims that the FAO is the most highly centralized of multilateral agencies, that its institutional culture is risk averse relative to other UN entities, that its systems and patterns of managerial decision-making are unnecessarily “bureaucratic” relative to those of its comparators. There have been no formal evaluations of administrative functions in the FAO, although evaluations on other matters have reported findings regarding administration. In the main, their assessments have pointed to highly risk-averse systems, excessive centralization and lack of delegation and reliance on ex-ante repetitive controls rather than ex-post.

30. The main assessments of administrative matters within FAO are conducted not by the office of evaluation but by internal audit. The IEE has requested and has been granted full access to all internal audit reviews and assessments on financial and administrative issues other than those dealing with the conduct of individuals. This access will greatly facilitate the evaluation of managerial and administrative matters.

31. Current proposals for reform (both on a UN-wide basis and from within FAO) emphasize harmonization and integration across the systems. Our interviews to date have underscored the importance of establishing in this evaluation an ex-ante framework of norms and standards against which to measure the results of efforts of integration and harmonization. The recent evaluation on decentralization, however, contains a suggestion that FAO may be proving reluctant to assign any significant authority over FAO work at country level to Resident Coordinators and to integrate into single UN country offices (both of which are called for under the Secretary General’s ‘One UN’ proposals). This is again a highly complex matter, however. In at least some instances, for example, FAO country offices seem to be located within national Ministries of Agriculture which could well be a lower cost and higher effectiveness arrangement than relocation to a central UN office. A full and objective examination of this is called for and will be included in the challenges for the IEE.

32. Emergencies: FAO emergency work has increased five fold (ten-fold if the Iraq food for oil programme is included) over the past decade and is funded almost entirely through voluntary contributions. When disasters occur and the FAO responds, a small division often mobilizes and supervises the work of hundreds of contracted workers. A recent (2003) evaluation of FAO emergency responses identified a number of important issues, including: (i) The early warning systems are highly regarded, but capacities seem to be eroding as resources become increasingly thinly spread; (ii) FAO procedures for emergency response were viewed as bureaucratic and cumbersome and that this limited both response capability and effectiveness. Management responded to this evaluation by setting up a new mechanism for early response - SFERA (Special Fund for Emergency Response). This was in place and applied when the Tsunami struck and the 2005 Tsunami evaluation assigns high marks to the value of this. A further assessment will shortly be forthcoming of the emergency response to the locust crisis in West Africa. As this is clearly a major growth area of FAO activity, the current IEE will include a comprehensive review from operational, managerial and governance perspectives of FAO roles, capacities and performance with regard to emergencies. The assessment will also need to examine the effects of the rapid growth and dominating position of emergency work on FAO as a whole, including the Organization’s strategic and programmatic capacities and the implications for policy and comparative advantage of work in emergencies and in subsequent rehabilitation. Finally, the

¹ It is important to be clear on what is meant by the term ‘benchmarking’. The term as mainly applied in business and industry entails the establishment of rigorously agreed standards (e.g. ISO) against which organisations may benchmark themselves or be benchmarked by others. In the case of FAO and other public international organisations, including the multilateral development banks where considerable effort has been expended, however, such agreed standards generally do not exist. Thus, the benchmarking in this study will apply the more eclectic type of benchmarking that has become generally accepted practice in evaluations of this type. It will seek to compare and contrast the FAO across a wide range of indicators in relation to other reasonably similar organisations.

assessment will try to cast light on larger governance questions that arise as to whether emergencies should be a growth area for FAO and the respective roles and potentials for collaboration between the three Rome-based agencies.

33. Norms, Standards and Regulations: As global public goods, these are about as pure as they come. There would appear to be no competition or accepted alternative source of supply to FAO's role as a neutral forum for standard setting in Codex, the IPPC, and the Treaty on Plant Genetic Resources. The Codex Alimentarius was evaluated two years ago with generally very positive conclusions, but also with a concern that resources were becoming very thinly spread and that staff were overstretched. Other areas where FAO is active in establishing norms, standards and regulations (e.g. IPPC, the Treaty on Plant and Genetic Resources, the Rotterdam Convention², Law of the Sea, Desertification Convention, etc.) have not had formal evaluations. Questions have also been raised with the IEE team regarding other collaborative and partnership arrangements between FAO and other entities in establishing global norms, standards and regulations (e.g. the World Organization for Animal Health {OIE}, the World Trade Organization on food and sanitation standards, the International Atomic Energy Commission on agriculture-related applications of nuclear technologies, etc.). The roles, relevance and effectiveness of FAO in all of these areas merit careful assessment. As already indicated, however, with the exception of the Codex Alimentarius, no formal evaluations have to date been conducted on these. The IEE, will not be able to undertake comprehensive assessments in all areas to fill this gap, but it will endeavor to examine the full picture, to apply rapid assessment survey techniques and possibly undertake a case study.

34. FAO's Role in Facilitating Agricultural Trade: FAO, along with other international organisations, focuses substantial attention on issues of issues of agricultural trade and investment. *The State of Food and Agriculture* report of 2005³, for example, was dedicated to such issues and the Committee on Commodity Problems and its commodity groups directly address trade issues. The Organization also works directly to facilitate agricultural trade through standard setting (Codex Alimentarius and Phytosanitary standards), in agricultural value chain analyses and in technical and policy capacity building support. There have been to date, however, no assessments of the relevance, appropriate roles, value and contribution of the Organization's work in these vital and highly topical areas except for the evaluation of the Codex. A corporate level evaluation, is currently underway on agricultural commodity and trade work and an evaluation of the IPPC has just been initiated. The IEE will address these issues by drawing from these reports and will also consider additional analysis should that appear essential.

35. FAO's Policy Assistance Role: An evaluation of FAO's policy assistance was conducted five years ago in 2001. This may now be somewhat dated and the IEE will aim to review its findings and update its conclusions as appropriate. The 2001 evaluation concluded that the quality of the policy advice was technically good (although it is not clear from the report how this was measured) but the report was also highly critical. It reported an absence of organizational and management systems for policy advice, a generalized failure to build on areas of FAO comparative advantage and an absence of linkages between normative and policy work due to a deleterious segmentation of headquarters roles. This suggests a number of obvious questions that the IEE will explore through field visits, including: (i) To what extent is policy advice demand driven? (ii) What is the source of the demand and what exactly is being sought? (iii) How is the assistance assembled, verified, validated and provided? (iv) Who provides the assistance and to whom? Does this depend on the quality and experience of individual country representatives (FAORs)?

² The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

³ The State of Food and Agriculture, Agricultural Trade and Poverty: Can Trade Work for the Poor?, FAO, 2005

36. Governance: There seem to have been no systematic evaluations, assessments or reviews either of overall corporate governance or of specific instruments of governance (e.g. Council, Committees, etc.). Leaving aside the broad issues of UN-wide reforms and the governance implications of these for FAO, a number of issues recurred in the situation assessment interviews and these will be examined in the conduct of the IEE, including:

- the institutional structure of the Governance and the respective roles of its various organs;
- the term of the Director-General and the selection process for that office and other top staff;
- the governance of extra-budgetary funds;
- the role of the Regional Conferences;
- whether an enhanced governance role should be established for non-governmental stakeholders as is now the practice in some other multilateral organizations; and
- the relationship between FAO governance and overall UN system governance.

37. Advocacy and Communication of FAO's Message: This role has been much accentuated since 1994. FAO has provided global leadership on food and food security issues through World Food Summits and active participation in other summits, especially relating to the environment. There have, however, been no formal evaluations of these, although it is claimed that, without these initiatives, the establishment of hunger reduction as a specific MDG target would not have occurred. In terms of more general communications performance an evaluation conducted in 2005 found a generally inappropriate policy and institutional structure. It made numerous recommendations that appear to have been acted on. The TeleFood initiative is currently being evaluated separately and its report is expected in June/July. FAO's knowledge management infrastructure also now forms a part of its communications and advocacy structure and needs to be benchmarked against best practice.

III. INITIAL EVALUATION FRAMEWORK

38. This evaluation will follow to the extent possible and practicable the Norms and Standards for Evaluation in the UN System, as approved by the United Nations Evaluation Group (UNEG). It will aim to ensure that its approaches and procedures adhere to the OECD-DAC Principles for Evaluation for measuring relevance, efficiency, effectiveness (responsiveness, outcomes, outputs, contributions), and sustainability. In this regard, the standard inventory of methodologies derived from the social sciences will be applied in sampling, identification and specification of indicators, open-ended, structured and semi-structured interviews, structured and weighted questionnaires, surveys, benchmarking and validation of results through triangulation, peer reviews and statistical means. It is important to be clear, however, that the standard investment projects comprise only a relatively small part of the FAO portfolio compared to the Organization's other more global public goods functions. The latter are less easily evaluated using the standard OECD prescribed evaluation methods which were designed mainly for conducting audits and assessments of investment projects. The evaluation of the technical programmes of FAO, therefore, will also draw on more eclectic methods, drawing from, for example, the techniques used in the World Bank's external reviews of natural resource management, the CGIAR, the global programmes in health and the environment and the evaluation of partnerships. In addition, since a major part of this IEE is to focus on a prognosis for the future, the views of "experts" and "expert groups" will be sought, both formally and informally, on matters of governance, the evolving shape of multilateralism, and the place of the FAO in the changed institutional architecture for international development. Consideration is being given to organizing and convening focus groups to address these issues. Finally, the sage definition of "impact" provided in the TORs approved by the FAO Council will be applied throughout this study, notably that:

"In view of the relatively small inputs of FAO to development processes at the national and global level, key questions will concern the extent to which there has been contribution to a plausible line of causality." (underlining ours)

39. Although the four key components of analysis will be approached on parallel tracks, processes for continuous exchange and coordination among the five core team members have been established. This is imperative as the areas entail huge overlaps and high levels of inter-dependency. It is also essential in order to ensure the integration and synthesis of overall findings and recommendations into a single and coherent narrative.

40. The following presents the initial framework that will be applied to the four areas of (i) FAO's technical work, (ii) administration, management and organisation; (iii) governance, and (iv) FAO in the multilateral system. Evaluation matrices will be developed for each of the four core areas but these will not be static as the evaluation is a process during which new issues and thus new demands for both questions on relevance, efficiency and effectiveness, together with the corresponding indicators will arise as the evaluation proceeds. An overall evaluation matrix will also be developed for the country level analysis which will help in ensuring a uniformity of approach.

A. THE TECHNICAL WORK OF FAO

41. The technical work of FAO currently includes the following nine functions:

- Information collection and dissemination;
- Standard setting;
- Routine Assessment of the State of the World and global surveillance on food security, pests, diseases, environmental damage--depletion of soils, fish, water, forestry, and early warning systems;
- Global Rule Setting: Agreements involving member countries on such issues as right to food, plant genetic material and sustainable fisheries management;

- Advocacy on Food Security and a wide range of other such issues;
- Policy Research at the global, regional and national level--this includes the gamut of food, agriculture, trade, forestry, fisheries, natural resources, human development--particularly of the disadvantaged groups--women, poor farmers etc.;
- Partnerships on policy and technical subjects with institutions such as the WTO, WHO, World Bank, CGIAR, OECD, WFP, IFAD, IAEA, GEF, UNEP, NGOS, WMO (these would seem to be the major ones to focus on although there may be many others);
- Technical Assistance in fighting transboundary pests and diseases and, more generally, to developing countries in all the above areas, both on its own and in cooperation with the World Bank's FAO-CP, CGIAR, bilateral donors, regional banks, IFAD etc.; and
- Technical assistance in and in emergency assessments and immediate post-emergency rehabilitation.

42. A working hypothesis (to be confirmed or rejected during the IEE) is that there are key areas included in the first four global public goods functions above that only FAO can perform, given its international character and legitimacy involving all member countries.

43. The second working hypothesis (again to be tested and confirmed or rejected) is that it is currently performing some of them well and others not so well and that the adequacy of financing is a main issue here, but that the international community continues to require that all these public goods be supplied by the FAO.

44. The last five of the nine areas are those in which numerous alternative sources of supply have emerged. This has raised numerous questions and controversies - with suggestions from some quarters that FAO has a strong role in each of these areas and questioning from other quarters of the quantity, quality, efficiency and impact of this work.

45. These are merely hypotheses based on the preliminary feedback from a very diverse group of individuals and they need to be tested, confirmed or rejected.

Initial issues and questions

46. In each of these areas the evaluation of technical areas would entail asking some standard evaluative questions:

- What is FAO currently doing, where (what in which regions and which countries within regions), how, with what sets of (financial and administrative) resources, how efficiently and with what results?—data are being collected on this but these activities will need to be prioritized and evaluated—see more on this below?
- What are the key alternative sources of supply and what are they doing?--How well is FAO doing relative to others both using objective measures of performance and in terms of perceptions of its stakeholders (i.e., all those who are directly or indirectly affected by it)?
- What do the management and staff of FAO and clients of FAO think of what it is doing, how well and what it should be doing in the future in a highly changed context both absolutely and relative to others--some of which are to be benchmarked?
- What are the technical areas of FAO's strong comparative advantage?
- What are technical areas in which FAO does not have a comparative advantage but carries out functions anyway and why? Would/could FAO gain comparative advantage by not carrying them out?
- How does FAO's UN set up give it the strengths of legitimacy, access to governments, convening power and ability to forge global agreements and how do the potential weaknesses of lack of independence, limited staff incentives relative to non-UN institutions and constrained and uncertain financial resources limit the realization of the strengths?

- What are the implications for the future for FAO from four perspectives: acting alone, through reforms, collaboration with other institutions, and in comparison with benchmarked institutions?

Methodology

47. The review of technical work of FAO will start with the standard UNEG and OECD prescribed evaluation methods and criteria (relevance, efficacy, efficiency, institutional impact and sustainability). As mentioned earlier in this Inception Report, however, standard investment projects are a relatively small part of FAO's portfolio compared to other more global public goods types of functions and this calls for more eclectic methods along the lines of meta evaluation techniques used in evaluations conducted by the World Bank.

48. As the very first task the team has launched a review of previous evaluations of FAO, and will explore systematically what recommendations were made, the responses of management and the state of implementation. Where recommendations have not been implemented, the reasons and justifications will be sought. This review will shortly be completed and will form an important diagnostic foundation of the evaluation.

49. Global papers are being commissioned from several of the most experienced and highly regarded global specialists in the major areas of FAO technical activity (e.g. forestry, fisheries, agriculture, food security, food safety and nutrition, emergencies, and technical assistance). These papers will begin with a review of key changes that have taken place over the last several years in their specific areas of enquiry and spell out clearly a few best and worst case scenarios at the outset to ensure the evaluations provided in the papers are consciously forward looking and that they allow not only for a critical review of FAO processes and outputs but that they furnish the global scenario setting. This will include, for example, the changed role of agriculture in economic development across regions, the growing interregional differentiation within the developing world and their different challenges as they pertain to FAO's mandates and functions, the extent and the nature of resource depletion, population and urbanization dynamics as these affect the supply of and demand for specific commodities and services, the extent of current and projected hunger and poverty, changing international trade and climate change. Not all papers are expected to report on all these trends but to address those of direct relevance to the evaluation of FAO activities in each specific area.

50. Each of these reviews will take into account all relevant previous formal and informal, self and external independent evaluations of FAO. These are currently being assembled, but each evaluator will verify the completeness of the information with both FAO managers and the staff of the Evaluation Service. The conclusions in the papers will be integrated with and tested against findings in the member countries.

51. Following from this, the technical evaluation will combine several different approaches:
- The global papers will furnish comprehensive assessments of the state of specific areas (fisheries, forestry, food and agriculture, etc.), taking a vertical look at each from global to local and situating the work of FAO in this context (i.e. relevance, scope, adequacy, timeliness, reliability, utility, etc.).
 - With regard to the nine FAO functions listed above, the global papers will furnish a synthesis of findings, issues, questions and the identification of a suggested set of needs across regions.
 - Regional teams will then employ 1 and 2 to structure field visits so that they address issues both of diagnosis and of prognosis. Although there will be differences in emphasis and even in the applicability of different FAO products to different parts of the world and countries at different levels of development, visits to the respective regions will follow certain standard TORs that will be developed by the global team. This will ensure uniformity in the information collected across regions —both by looking at what FAO is doing in their regions and what the perceptions are among stakeholders. Included in the

hypotheses to be tested will be a range of cross cutting issues such as policy and programme measures and their effectiveness in gender, sustainable development and the mainstreaming of poverty reduction.

- The foregoing will then be integrated into global “think/evaluative piece” papers which have the benefit of the country/regional assessments and which will situate these in the larger and longer-term context of cross-cutting and forward looking views.
- Taken together, the above approaches will feed into the other overarching reviews of FAO’s governance and management and role in the international system as well as the evaluation of technical work.
- Benchmarking of FAO will be carried out as a coordinated and joint effort by the core team.
- Data collection and desk review of FAO’s output will be followed by interviews of FAO staff, FAO stakeholders, staff of benchmarked institutions, accompanied by formal surveys of stakeholders to determine outputs, outcomes and impacts of FAO.

B. ADMINISTRATION, MANAGEMENT AND ORGANIZATION

Initial issues and questions

52. Following the initial meetings of the IEE core team it has been possible to identify several over-arching themes that will need to be considered in the administrative sphere of the evaluation, as well as a number of key areas requiring examination in detail. It is clear that issues of trust and transparency are themes that have to be examined, in as much as they can be addressed through human resources activities and administrative processes in general. Another over-arching issue is the degree to which FAO has become risk adverse and subject to micro-management while at the same time moving into activities and structures that call for a culture which accepts greater accountability balanced with a degree of risk acceptance. At a macro level questions have been asked as to the cost-effectiveness of administrative support in the organization. This leads to a seeming contradiction, with some indicators showing that administrative services have, over a long period, responded well to demands to cut costs. It will therefore be necessary to assemble some comparative data on the cost of administrative support in organizations similar to FAO.

53. It has been determined that a core team of six persons will evaluate the administrative management and organizational (AMO) structure of FAO. This will comprise the team leader (who will hold the briefs for human resources and general administrative issues); a researcher who will work across all team activities, a programme budget specialist, a financial risk management and audit specialist with private sector orientation and experience in leadership and management development; an IT specialist and an evaluator from the academic sector who will examine the delivery of knowledge management and FAO communications with the general public. Of this group at least four evaluators will have some degree of cross-cutting responsibility requiring interface with other evaluation groups led by members of the core team (budget, IT and communications). Responsibility for all identified areas of work will be distributed across the team when they are collecting data from third parties. The team will be assisted by a researcher with, inter alia, experience in organizational culture and legal matters.

54. It is felt that the most sensitive aspect of the review will be in respect of management and leadership issues and that for this component a well-recognized high-level peer reviewer may be needed at a later stage in the evaluation.

Methodology

55. After reading the relevant background material some of which will be assembled in advance for the team, it is envisaged the AMO team will meet as a group for one week in Rome to arrive at a common understanding on the approach to the evaluation, develop questions and lines of investigation, define additional evaluation needs, undertake initial introductory meetings with senior managers in the areas to be investigated and initiate some focus group meetings.

Thereafter, individual team members will pursue agreed lines of investigation independently and conduct focus group meetings in their assigned areas. Some of the team may be required to join cross-cutting core teams visiting other FAO departments, field offices or other international organizations for interviews, benchmarking, etc. A mid-term meeting of the AMO team may be required to review the findings to-date, decide on further lines of enquiry and discuss the direction that the evaluation is taking in each of the major subject areas, particularly those where cross-linkages are apparent. At the end of the process in early January 2007 there will be a third but shorter group meeting to discuss preliminary conclusions and to develop a cohesive approach to the development of individual reports.

56. Essentially the AMO team will take a bottom up approach to its investigation trying to explore the strengths and weaknesses in rules and processes from the working level up through line management and then to senior management. The first round of investigation will involve focus groups and analysis of a staff questionnaire as well as the development of flow charts for some major processes which have been identified by the IEE as central to the organization's functions.

Issues needing in depth study

57. This list cannot be exhaustive or even definitive, as the final list will depend on the preliminary assessment of the full AMO team when they have had initial meetings in FAO and the first review of the relevant documentation. Furthermore it should be stressed that, as the evaluation is a moving target, given parallel considerations of reform both in FAO and the UN and the current "testing" of new decentralized structures in some FAO offices, it is even more necessary that the AMO team can adjust the list of in-depth studies as it proceeds. The following therefore, provides an illustrative listing of areas for in depth analysis:

- **Human Resources:** Grading, competencies and ICSC broad banding proposals particularly in the light of trials being undertaken for the UN Common system by IFAD and WFP; Recruitment and appointment process and objectives including nationality and gender targets and the linkages between people management and personnel decisions; Mobility and rotation (the possible scope for rotation between FAO and other UN agencies); Performance assessment and the potential for performance pay also given current ICSC proposals, which are currently being tested in IFAD and WFP; Human Resource programmes and their ability to support a flexible workforce given UN common system requirements and constraints; The use and cost of consultants in the work of FAO given that shifts have taken place in the modalities for employing short-term expertise.
- **Administration:** Security and risk; Analysis of potential and ongoing joint/third party administrative activities in Rome or elsewhere including outsourcing; Mechanisms to ensure joined-up thinking in the provision of administrative support, given the tendency to compartmentalise or decentralise activities for budgetary reasons; The feasibility of the Administration and Finance Department becoming involved in national institution building as suggested in the DG's reform proposals.
- **Finance:** Issues of financial risk; The flow of resources into FAO in the light of the payment of assessed contributions by members; The impact of the forthcoming changeover to International Accounting Standards, including the need to provision for after service liabilities, including health insurance; Benchmarking of financial and accounting procedures; Ex-post versus ex-ante controls.
- **Budget:** The strengths and weaknesses of different budget instruments, such as the Strategic Framework, the Medium Term Plan (MTP) and the Programme of Work and Budget (PWB); The utility and cost effectiveness of preparing different budget scenarios; The adequacy of existing budget instruments in priority setting; The rolling medium term plan and its "best fit" to the biennial programme of work and budget; Transparency and informed decision-making in the budget process; Appropriateness of performance

indicators used in the budget under the Results Based Management (RBM) approach adopted by the UN system; Benchmarking the budget and planning process.

- **The Relation between Regular Budget and Extra-budgetary Resources** and the management of extra-budgetary resources, including: the arrangements for agreement on receipt of funds; the efficiency and flexibility of procedures; arrangements for substantive accountability; integration of the funding under extra-budgetary and regular programme resources; benchmarking against practices of other organisations for application and management of voluntary funding.
- **Organizational Structure and Management:** Fit of structure to programme needs (cross reference to the work of the technical evaluation team and governance as well as DG's reform proposals); Structure to best support a de-layered management; Best practice review of oversight structures; Decentralization structure (cross reference to the work of the technical evaluation team as well as DG's reform proposals); Results of management training in FAO including participation in activities of the joint management centre (cross reference to knowledge); Leadership - perceptions and realities; Suitability of management information systems (cross reference to IT).
- **Information Technology (IT):** Risk assessment in IT infrastructure; Suitability of IT infrastructure for a knowledge driven and transparent organizational management (cross reference also to infrastructure); The implementation methodology and objectives for the major human resources software system under construction at the present time; The need to further incorporate legacy systems into the financial system architecture; Ability of IT systems to support a decentralized operation.
- **Knowledge:** The way in which FAO supports a knowledge environment; The FAO outreach programmes in the field of communications and public information including the publications programme and the programmes associated with fund raising activities; The degree to which knowledge management is integrated internally and externally (cross reference to inter-agency review team and technical requirements of member states); Internal training programmes (cross-reference to Human Resources); The nature of management in a knowledge environment (cross reference to management).

Lines of investigation and contacts to be made

58. The following list is not intended to be exclusive at this stage, as additional approaches may prove desirable as the work progresses. The examination of AMO issues will, however, include the following:

- Data will be extracted from the existing FAO personnel system, HLCM personnel statistics, FAO budget and finance systems and reports, and information held by the Documentation Systems Division in WAICENT.
- A staff survey will be conducted in which questionnaires will be sent to all staff (this will be a core-team activity as questions should cover all general aspects of the FAO work environment). The survey will cover staff at Headquarters, Regional and Sub-regional Offices and Country Offices.
- Previous departmental/divisional studies on needs, policies and problem areas will be collected and reviewed, as will be evaluation reports, internal audit reports of relevance and reports of the FAO external auditor.
- In-depth structured and semi-structured interviews will be held with all Director (D) level staff and above in management positions in the departments and divisions responsible for AMO and with a large sample of other line managers in headquarters and the decentralized offices.
- At a more general level, the AMO team will meet with staff focus groups at a divisional level, selected to represent a good cross-section of job types by function, nationality and gender. Focus groups will cover:
 - P5 and P4 line staff
 - P 3, P2 and P1 staff

- General Service Staff
- At least one group of consultants covering a broad group of subject areas
- Staff in a cross-section of Programme Co-ordination and IT units in the technical departments (including fisheries and forestry) will also be interviewed in focus groups. Based on the findings of focus groups and the staff survey some individual in-depth interviews may be needed.
- Prior evaluation and other relevant material will also be assembled from UN Common Services, including: the Joint Inspection Unit (JIU), the High Level Committee for Management (HLCM), the UN Information Systems Co-ordination Committee (ISCC), the Inter Agency Procurement Service (IAPSO) and the International Civil Service Commission (ICSC).
- Deriving from the above a typology or policies, practices, assessments of relevance, efficiency and effectiveness will be formulated. The typology will then be employed in a benchmarking exercise with several other multilateral entities. Benchmarking will involve at least two other UN organisations but may also include some non-UN organisations in order to provide a broader perspective on the collected data and on the comparative effectiveness of different systems. With regard to UN agencies, WHO and UNESCO will be used since they are both specialised agencies and generally similar to FAO in size and programmatic functions. Recent major studies conducted by these institutions that may be of particular relevance may also be reviewed (such as the 1999 Review of WHO Procurement Services).
- The typology will also provide the foundation for the detailing of the specific questions on administration, management and organisation that will be used in visits to at least two Regional Offices, two Sub-Regional Offices and a selected number of Country Offices. Selection of the offices to be visited will be co-ordinated at the Core Team level.

C. GOVERNANCE

59. To be forward looking, the questions that the evaluation will have to address are what kind of FAO does the international community require today and what kind of FAO it would wish to see in the future. From a governance point of view these questions cannot be addressed by looking at FAO in isolation. A systemic approach is required, for while some of the governance difficulties faced by FAO are specific to the Organization, others are doubtless part of a larger UN system governance issue. The IEE work on governance, therefore, necessarily relates closely to the work on the place of the FAO in the multilateral system. A tightly integrated approach between the two will be followed.

60. In 1991, the seminal report that came to be known as the second “Nordic Project” on “The United Nations Issues and Options” was tabled. It was predicated on a number of “futures studies” and one of its main conclusions was that the specialized agencies of the United Nations were then “at a crossroads” of declining focus, core competencies and influence. This, it concluded, was essentially a matter of collective governance failure through consistent shortcomings in arriving at clear decisions on strategic directions and strategic choices and due to either the absence of or inconsistent policy decisions. Sixteen years later, the views and assessments gathered in the IEE’s first round of interviews with FAO staff and member governments would suggest that little has changed, at least with regard to FAO. This observation, however, is presented at this point as a working hypothesis only and subject to careful and thorough examination.

Initial issues and questions

61. The structure and roles of the Governing Bodies of FAO (Conference and Council) must be carefully examined. It is important to highlight that of all the FAO bodies listed as governing bodies only the Conference and Council are assigned decision-making powers. The others, while an integral part of the institution, function in advisory capacities. In the past, a number of FAO technical Committees (Fisheries, Forestry) met at Ministerial level. From a governance

perspective, it will be important to ascertain whether the decisions reached in those gatherings were referred for approval to the Governing Bodies of FAO or considered as final decisions. The same applies to decisions taken at Regional Conferences of FAO.

62. The analysis of institutional structure and functions will include, inter alia, to the following questions: How are the Governing Bodies integrated? To what extent are the Governing Bodies perceived as inclusive and representative of the interests of all Members of the Organization? Are the Governing Bodies able to make decisions and set priorities? Are there agreed criteria, including transparency, for establishing priorities? Are there power asymmetries in governance and, if so, how do these affect confidence in the Organization? Do the Governing Bodies measure their own performance for efficiency and effectiveness (this is becoming a standard best practice)? What might be the benefits of different types of institutional governance? How are the substantive items for governance agendas decided? How does FAO governance compare and contrast with that of other multilateral organizations? Is it desirable and feasible for new entities, such as representatives of civil society, to become more directly involved in governance as is now the practice in some other multilateral organizations such as The Global Fund (to Fight AIDS, Malaria and Tuberculosis)? If so, what modalities might apply? Are the evaluation and audit roles performed adequately and with sufficient independence and do these provide the Governing Bodies with adequate, reliable and sufficient information to ensure that these are able to meet their fiduciary responsibilities?

63. A second constellation of questions on governance concerns the relationship between governance and management. What is the nature of the relationship between governance and management in FAO, both according to statute and in practice? Are role definitions clearly specified and are they applied? Is accountability clear and adequate? In practice, do the definition of objectives, and the policy and strategy setting of the organization respond to the initiatives of Governance or of the management? Do tensions exist and, if so how are they addressed and resolved? Following the collapse of ENRON, World Com and Arthur Anderson, major changes have been introduced in governance-management relationships and these have not been limited to the corporate sector, but are now being applied increasingly to the structures of charitable foundations and non-governmental organizations. Are patterns of “best practices” either now known or emerging and would these hold possible value and application for FAO?

64. A third constellation of issues relates to the relationship between the Governance of FAO and that of the UN system as a whole, including informal elements of that governance through requests and mandates assigned by global summits and conferences, existing formal relationships with ECOSOC and the General Assembly and elements of FAO Governance which have been ceded to the “Common System”, including the ILO Tribunal.

65. A fourth constellation of issues and questions relates to the relationships between governance and financial-budgeting coherence. This would need to begin by ascertaining, over a representative period of time, the nature and trend in FAO’s funding (core budget, extra budgetary trust funding, and other supplementary funding arrangements). Some key questions to be posed from this is the extent the implications and consequences of trends in funding have been examined, understood and governed by the Governing Bodies and how impacts were examined and deleterious consequences minimised. How are the funding allocations dictating the organizations objectives and activities? Is the process of establishing a budget inclusive and representative of the interests of the members of the Organization? A specific issue in this constellation involves the governance regime for trust funds consigned to FAO. Has the lack of funding led to the reduction or elimination of some traditional FAO activities? How has it affected its global reach?

66. A fifth constellation of issues relates to efficiency of the Governance processes, including the delimitation of areas of competence of the various committees; their processes, procedures and cultures; their documentation requirements and their timings in relation to the decision making processes of the Organization.

Methodology

a) Information gathering, research and consultations

67. A comprehensive list of available materials is currently being gathered relating not only to the meetings and discussions of the Governing Bodies (and their Committees) of FAO but also those of other institutions that will be used for comparative purposes. Academic and policy research information is also being gathered on current thinking about governance, on what structures and practices appear to work best, on how best to measure it and to judge effectiveness. Information gaps will be identified and, where necessary, short term consultants.

68. This will be followed by the application of structured and semi-structured interview techniques and multiple consultations with relevant actors who are either stakeholders or leading thinkers on governance matters (e.g. governments, donors, recipients, ex-FAO staff, ambassadors, heads of international and regional organizations, civil society, think tanks, etc). A detailed framework with clear guidelines will be prepared for this purpose. Focus group techniques are also a possibility in this regard, but this will depend on the results of a first round of interviews. The possibility, desirability and potential usefulness of using structured questionnaires on governance issues will be reviewed. A final decision on this will also be made after the first round of interviews. Whatever the outcome on this matter, a number of governance and governance-related questions will be included in a wider FAO staff survey that is to be carried out as part of the IEE and in the information gathering at country level.

b) Case Studies

69. A number of specific case studies, including benchmarking, are envisaged as part of the IEE review of governance. Before deciding on and structuring these, however, a number of issues need to be addressed and resolved as these will inform the case study choices made. Included here are:

- A study of the decisions taken by the Governing bodies and other advisory Committees of FAO, in the last few years, (e.g. on the basis of the Strategic Framework, the MTP and PWBs) and their follow up, in order to give a sound basis for the selection of our case studies.
- A study of the trend regarding the funding by FAO's Members of the regular budget and extra budgetary and implications for the major issues being addressed by the Organization.
- A review of proposals for UN system reform and their possible consequences on FAO mandate and activities.
- An analysis of inter-agency governance arrangements on a regional basis, with regard, for example, to structural, representational and programme-sharing arrangements between FAO and IICA in Latin America.
- An analysis of the recent measures taken on increased decentralization and their implications for governance.

D. FAO IN THE MULTILATERAL SYSTEM

70. With regard to the role of FAO in the multilateral system, in addition to benchmarking FAO performance against that of comparable organizations, the Terms of Reference as approved by the Council state that the examination of FAO's comparative advantage may include the following:

- a) The international architecture for FAO's area of mandate and those areas of member country priority and need which:
 - i) are inadequately addressed at present by the international system;
 - ii) have adequate coverage without any input from FAO; and

- iii) are being ineffectively addressed, in part due to competition and/or lack of partnership between organizations.
- b) The extent to which FAO's areas of mandate and competence are clear and respected by other partners in the multilateral system, including the sustainability of other agencies' intervention in areas of FAO's mandate.
- c) The relation of FAO at the Governing Body and managerial level to other organs of the UN system, decisions of the major organs of the UN system and the UN Secretary-General.
- d) Partnership collaboration and integration, including:
 - i) participation and contribution in the central coordinating and partnership mechanisms of the UN system;
 - ii) work at country level (including UNDAF, PRS process and collaboration in the UN country team);
 - iii) partnering with the Rome-based organizations (IFAD and WFP);
 - iv) collaboration on treaty and international regulatory work;
 - v) collaboration on agricultural research and its application (eg. CGIAR);
 - vi) collaborative technical programmes;
 - vii) collaboration in building accessible global knowledge;
 - viii) collaboration with non-governmental multilateral organizations; and
 - ix) collaboration with regional organizations.

Initial issues and questions

71. Four key clusters of questions follow from the above:
- a) What has changed, is changing and is likely to change in the overall architecture for international development and what does this require or imply for FAO? In particular, what are the implications of system-wide UN reform efforts especially with regard to the three Rome-based agencies, of country level coordination arrangements (e.g. PRS, UNDAF, "One-UN", the role of the UN Resident Representative, developments with regard to "tightly managed entities, etc.)?
 - b) Who is now doing what (technical programmes, research, norm and standard setting, building global knowledge bases) in the area of FAO's mandate? When FAO was founded 60 years ago it was *sui generis*. That is far from the case today. A myriad of institutions and institutional arrangements and a large number of alternative sources of supply now exist. Does FAO hold comparative advantages in this changed context? What are they and how are they determined, judged, measured? Is FAO clear with regard to its comparative advantages? How does it verify and validate these?
 - c) What is the level and quality of FAO's participation in the major efforts underway to increase development coherence, build stronger and more enduring partnerships between international development organisations, governments, non-governmental actors and the private sector, and to harmonise policies, practices and organisational arrangements, especially at the country level? How does FAO decide on partnerships and what is the evidence that FAO is a valued partner? What internal mobilisation has occurred in response to ECOSOC Resolutions? What are the main perceptions and views of FAO by other actors in the UN system? Is there anything of significance in the fact that FAO was not assigned a major role when the Secretary-General set up an independent group to report on "Realising the Promise and Potential of African Agriculture"?
 - d) What are the effective demands of member states in the area of FAO's mandate? How are these determined? Have they changed and are they changing? How do they relate to greater system-wide coherence? If there are coherence weaknesses,

can the Organization's management do anything about them or does the genesis of these lie with competing and non-reconciled demands from member states?

Methodology

72. In an attempt to respond to these four clusters, this aspect of the evaluation will use several methods and approaches to its work. It will:

- Carry out a comprehensive mapping exercise of actors and activities in the area of FAO's mandate. The Oxford Policy Management Group has undertaken an initial exercise in this regard which will serve helpfully as a foundation for this work. The mapping will begin by listing all main areas of FAO activity. From this it will develop a survey instrument to obtain profiles of the activities of a range of other organizations and will aim to apply the survey to all key actors (including, for example, the CGIAR, large international NGOs (both developmental and environmental), new intergovernmental partnerships such as the recently formed OECD High Seas Task Force and the Forest Stewardship Council, new international partnership initiatives such as the Global Alliance for Improved Nutrition and the Micronutrient Initiative, etc.) and the many inter-governmental organizations at global and regional levels providing normative public goods, such as the OIE, the international commodity organizations and the fisheries bodies. Before its distribution, the survey instrument will be pre-tested, verified for clarity and accuracy through face to face meetings with a small, randomly sampled number of organizations and a scorecard system will be determined. This will be complemented by collection and analysis of the main programme and conference reports, reviews and any institution-wide evaluations pertaining to the work of the surveyed organizations.
- Using the results of the mapping exercise as a template, follow-up interviews will be conducted with a structured sample of organizations included in the survey. These interviews will aim to go beyond a classification of areas of convergence and divergence and of alternative sources of supply and to probe issues of longer-term strategies and plans, projections of the adequacy and predictability of financing for alternative suppliers to the FAO, and the possibilities for FAO in new and durable partnership arrangements. The combined results of these two actions will then be tested (triangulated) with and reactions sought from a cross-section of FAO stakeholders.
- Further verification and validation will take place as an integral part of the reviews of country, regional and sub-regional offices. This will seek the views and assessments of national scientists, technicians, administrators and managers, as well as those of other resident international development agencies and non-governmental organizations of the role and comparative advantage of FAO in the overall development system. Where possible and appropriate, this will also include a comparative examination of reported results at country level with respect to ending poverty, hunger and malnutrition.
- Similar country level verification in both developing and developed countries will take place with respect to the truly global normative public goods of the Organization.
- A close working relationship has been established with the High Level Panel on Tightly Managed Entities and the results of its enquiries and recommendations of changes to the United Nations international development architecture will be incorporated into the analysis of the IEE.
- Several of the major donor agencies (e.g. the United Kingdom, the Netherlands, Canada, and Sweden) have conducted or are now conducting strategic and policy reviews of how to strengthen multilateralism in today's changed context, including the much greater availability of ODA funding. A similar exercise is underway in OECD/DAC and a major, fully independent exercise (the "New Rules Coalition") on future needs and modalities of development financing (and the role of multilateralism in this) involving a broad consortium of think tanks and other actors has been underway for over three years. The IEE will connect with all of these, seeking particularly issues and changes that may impact on the future role of the FAO. Again, the mapping template will be used to

structure questions and issues to be explored and to ensure that a consistent and comparable approach is followed with all these actors.

- In addition, efforts will be made through interviews with main actors in the UN system and through an analysis of documents pertaining to participation to obtaining a cross section of main perceptions and perspectives on FAO as a partner and on the Organization's participation in UN system-wide activities.

IV. REVIEWS AT COUNTRY, REGIONAL AND SUB-REGIONAL OFFICES

73. The IEE will conduct field-level reviews of approximately 22-25 countries and regional offices and at least two Regional Offices and two Sub-Regional Offices. In addition to experienced evaluators, most of the Regional Teams that are being assembled will include recognized specialists in agriculture from the individual regions. At least one core team member will be included in the Regional Teams. In selecting the offices to be visited, every effort will be made to achieve broad-based representativeness of the breadth, depth and diversity of FAO operations. The number of countries per region will be determined in rough proportion to the relative size of FAO activities in that region. Thus, visits are envisaged to approximately 8 African countries, 5-6 Asian, 5-6 Latin American and Caribbean, 2 Near East, 1 Central Asia and 1 non-EU Europe. The selection of countries within these groupings will be made by applying stratified sampling techniques to (i)- the magnitude of the FAO programme in the country (excluding emergencies); (ii)- % of total population reported as under-nourished and; (iii)- % of total population engaged actively in agriculture. Weighting or segmenting by total population will also be required, for otherwise only low population countries would be selected. Population weighting will also be applied.

74. A template will be prepared as a framework for and guide to all country visits. This will draw, inter alia, from the results of the global studies, multilateral mapping, administration reviews and benchmarking and case studies on governance. It will provide a broad range of key issues to be examined at country level and hypotheses to be tested. Not all issues, of course, will apply to all countries. The template, however, should ensure both comparable approaches and comparability of results. Summary reports of each country visit will be prepared on the basis of a common format.

75. In addition, numerous visits to and discussions with donor agencies and with users of FAO's normative outputs in the South and the North are envisaged as part of the evaluation.

V. RISKS AND RISK MANAGEMENT

76. A question often posed during the initial interviews by the IEE concerned risks to the evaluation and was on the risks to the evaluation itself and measures to deal with them. In the view of the core team, there are five main categories of risk.

77. It is self-evident that the first area of risk lies in the combination of the highly ambitious magnitude of the task set and its very tight time frame. Unless appropriate measures are built in from the outset this combination could impact negatively on the thoroughness of the work and its timely completion. The approaches being taken by the core team and outlined in this document aim specifically to control these risks. The multi-faceted approaches (e.g. global reviews by acknowledged specialists and institutional core competency mapping) are front-end loaded with the aim of an early delineation of key and defining issues. As indicated earlier, contracts have already either been signed or are being negotiated with roughly 80% of the specialist consultants and technicians required. Most activities within each of the four main component areas have been situated within a sequenced, monthly critical path framework. This will allow for a continuous tracking of progress and, if necessary, for adjustments and corrective actions. The coordination of all of this comprises a most daunting challenge, given the large number of actors involved and the fact that the core team is located on four different continents. The various specialist teams (sector and region) and the core team will, therefore, meet together according to a clear schedule (final details of this are being decided, for example, the governance team will gather in Rome in mid-May, the AMO team at the end of May, the global sector specialists in July, and so on). In addition, the five core team members will share bi-weekly updates. Finally, a team of Research Assistants (five to begin with) have been recruited and will furnish essential supports throughout.

78. A second major risk lies in the availability of financing for the IEE. Annex IV of the TORs suggest a total budget of \$4,283,000, all of which is to be provided on the basis of extraordinary contributions. As of the beginning of May, however, only US\$ 3,047,000 had been committed or indicated for approval. This has meant that contracts and related financial commitments could be made only to December 2006. Yet the scope of work and processes outlined in this inception report cannot be met without full financing. Should the remaining financing required not be in place by December, either (i) the scope of work would need to be substantially altered and it would also then become very doubtful that the current timeframe could be met, or (ii) the entire project would need to be aborted. This risk is completely outside of the control of the core team and its leader.

79. A third risk is obviously that of cost containment and budgetary control. In this regard, a tight budget management system is currently being established which will ensure both ex ante controls over commitment levels and cumulative balance sheet calculations on expenditures. In addition and in most cases, fixed price contracts are being used, thereby reducing contingent liabilities. While not all contingencies can ever be foreseen in an undertaking of this magnitude and major unanticipated problems cannot entirely be ruled out, the measures for cost containment and budget control should reduce any major risks of cost overruns to a minimum.

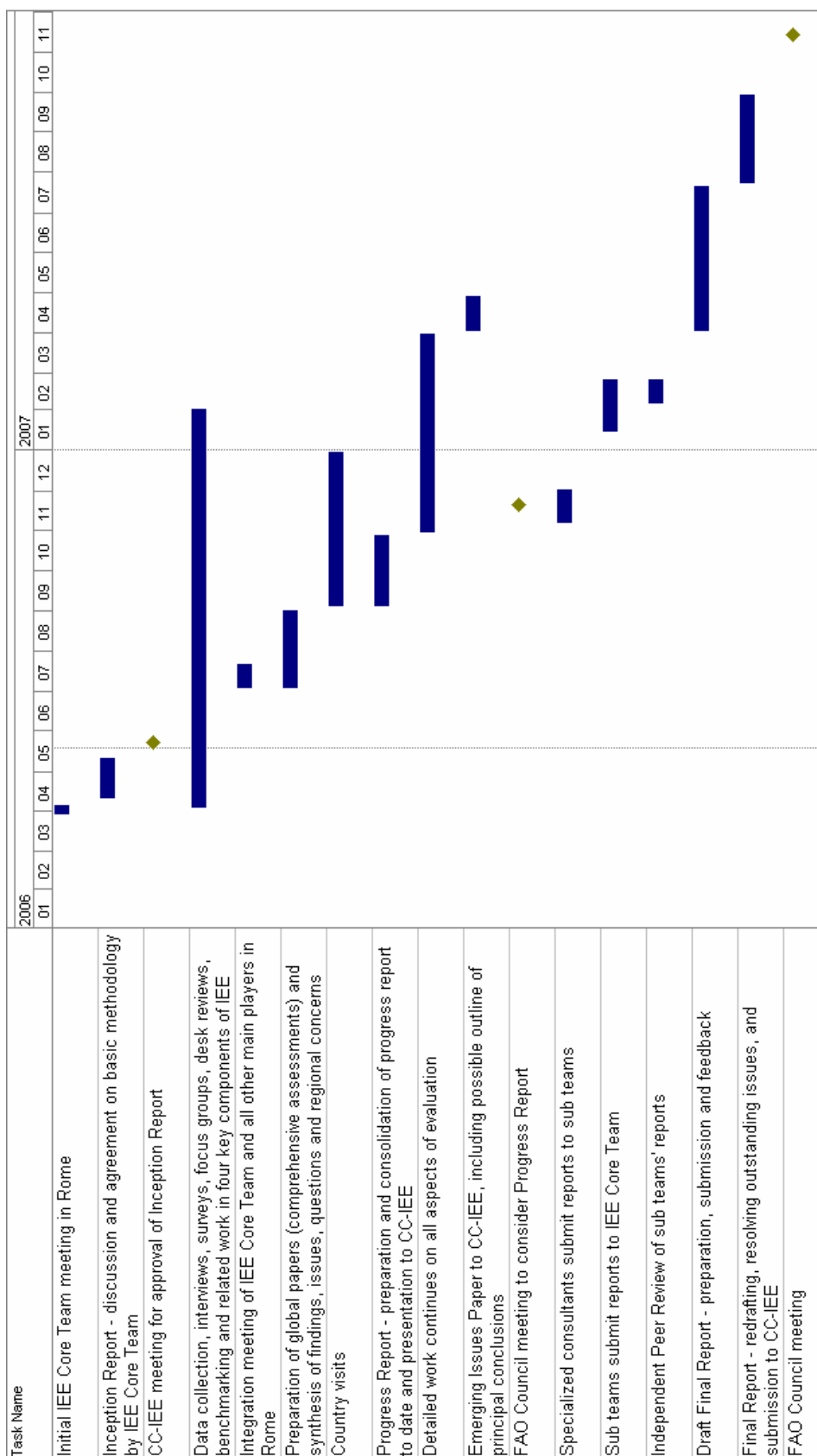
80. A fourth area of risk relates to possible expectations for ongoing reporting. The expectations for the IEE are justifiably very high. Because of this, several requests have already been received from country representatives for reporting on conclusions and recommendations on a continuous and piecemeal basis. This, however, would be incompatible with the essence of the TORs which call for a comprehensive, integrated and inter-related assessment. Such reporting would necessarily assume that results in one area would not impact on and change – perhaps completely – results from another – a patently dangerous assumption. Finally, to proceed along such a route would pose huge increases in transactions costs to the entire exercise, with attendant risks to the timeframe of the project. As stipulated in the TORs, it will be essential as an integral part of the process to ensure that the terms of reference and the requirements of quality assurance

are adhered to and that the project is proceeding within budget. It is hoped that this inception report will furnish a first basis for such assurance. Other major milestones will include:

- A report on implementation progress to date, including reports on the individual areas covered by the IEE, will be provided to the IEE Committee of the Council at least one month before the meeting of Council in November, at which point stock will need to be taken of overall available finances through extra-ordinary contributions.
- An “emerging issues” paper will be provided in April, 2007. It will outline the framework for the final report and contain an overview of the main issues and observations that have emerged from the study. It will also endeavor to include an outline of principal conclusions, although these will still at that stage be subject to further review by the core team. A workshop or workshops in Rome to discuss and obtain feedback on this paper should be arranged.
- A draft report in July 2007.
- The final report in September 2007.

81. A fifth risk, raised by many with the core team, is the relationship between the IEE and the implementation of reforms. The IEE is specifically charged in the TORs to examine the appropriateness and adequacy of current proposals for institutional reform in the four areas of programmes, headquarters structures and operations, field level structures and operations and the general streamlining of FAO administration. Concerns, however, have already been raised by representatives of countries that the conclusions and recommendations of the IEE might not accord with the current ongoing progress of implementing some of the reform proposals. A related concern that has also been raised is that there is an out of phase problem of timing between the processes of ongoing reforms and the timeline of the IEE. These concerns may well prove valid, as it cannot be ruled out that IEE conclusions could diverge – and even diverge substantially -- from basic components in the current package of reform proposals. Equally, however, the outcome of the IEE could lend increased emphasis to and urgency on implementation of the reform proposals. In the latter eventuality, any delay in implementing reforms at this stage pending IEE results could entail opportunity costs. The problem is that the outcomes cannot be judged *ex ante*. To the extent that there are major risks in this area, they are risks of governance and management and not ones that can be dealt with via risk management measures by the IEE itself.

VI. INDICATIVE TIMELINE: MAIN MILESTONES



VII. INDICATIVE BUDGET

82. At this stage the budget is purely indicative, as neither travel nor consultancies have been finalised and it will be possible to define precisely the requirements for individual areas of work only when much more initial work has been completed. The budget is based upon the best estimates of the work involved in undertaking the IEE as summarised in this Inception Report. It is intended to manage the resources within the broad envelopes indicated below, not in terms of the breakdown between travel and consultancies, etc. but in terms of the allocations in the four main areas, each led by a member of the core team. The funds for the conduct of the IEE will be managed under the supervision of the team leader, while those for the CC-IEE and central administrative support are managed by the secretariat. Funds available will be provided in order of the priority of commitments (contracting) and the budget indicates funds as spent from the time of commitment when a contractual obligation is entered into (thus for example core team consultants funds for honoraria have already been committed for the remainder of this year and will be committed at the end of 2006 for 2007, whereas travel funds are committed a few weeks before the travel is actually undertaken).

Tentative Budget IEE - US\$ (000) (figures shown at date of contractual commitment)							
	2006			2007			Total
	2nd Quarter	3rd Quarter	4th Quarter	1st. Quarter	2nd Quarter	3rd Quarter	
Budget managed by the IEE Team	1,074,000	976,000	784,000	352,000	100,000	13,000	3,299,000
Work Directly by Core Team Leader	192,000	265,000	227,000	170,000	30,000	13,000	897,000
Team leader travel and honorarium	130,000	18,000	130,000	18,000	18,000	6,000	320,000
Research support travel and honorarium	50,000	65,000	65,000	120,000			300,000
Consultants travel and honorarium		150,000					150,000
Unforeseen contingencies		20,000	20,000	20,000			60,000
Teleconferencing etc.	5,000	5,000	5,000	5,000	5,000		25,000
Miscellaneous administrative costs	7,000	7,000	7,000	7,000	7,000	7,000	42,000
Technical Work of FAO	474,000	383,000	167,000	27,000	23,000	0	1,074,000
Core Team member travel and honorarium	122,000	28,000	62,000	17,000	18,000		247,000
Technical specialists (14) travel and honorarium	170,000	150,000	40,000				360,000
Regional specialists (5) travel and honorarium	150,000	150,000	30,000				330,000
Focus groups, etc. (travel, honoraria, tele-conferencing)		20,000	25,000				45,000
Research support	27,000	25,000					52,000
Other	5,000	10,000	10,000	10,000	5,000		40,000
Administration, Organization, etc.	168,000	147,000	152,000	48,000	13,000	0	528,000
Core Team member travel and honorarium	84,000	8,000	46,000	8,000	8,000		154,000
Technical specialists (3) travel and honorarium	62,000	116,000	92,000				270,000
Research Support	16,000	17,000	9,000	35,000			77,000
Other	6,000	6,000	5,000	5,000	5,000		27,000
Governance	108,000	92,000	125,000	58,000	17,000	0	400,000
Core Team member travel and honorarium	78,000	11,000	38,000	14,000	14,000		155,000
Technical consultants (2) travel and honorarium	25,000	30,000	23,000				78,000
Focus groups, etc. (travel, honoraria, tele-conferencing)		18,000	36,000	36,000			90,000
Research support		25,000	20,000				45,000
Other	5,000	8,000	8,000	8,000	3,000		32,000
FAO's Role in Multilateral System	132,000	89,000	113,000	49,000	17,000	0	400,000
Core Team member travel and honorarium	78,000	11,000	38,000	14,000	14,000		155,000
Technical consultants (2) travel and honorarium	25,000	27,000	20,000				72,000
Focus groups, etc. (travel, honoraria, tele-conferencing)		18,000	27,000	27,000			72,000
Research support	24,000	25,000	20,000				69,000
Other	5,000	8,000	8,000	8,000	3,000		32,000
Budget Managed Centrally for the IEE	387,202	129,319	102,170	166,723	117,021	196,574	1,099,011
Quality Assurance advisers	19,000	19,000	15,000	50,000	0	0	103,000
honorarium and travel	19,000	19,000	7,000	38,000			83,000
support			8,000	12,000			20,000
Administrative Support	240,530	4,000	4,000	85,600	4,000	4,000	342,130
Evaluation operations administrator/researcher	107,000			52,000			159,000
Administrative support (1.5)	118,530			29,600			148,130
Other including equipment	15,000	4,000	4,000	4,000	4,000	4,000	35,000
Meetings of the CC-IEE including translation and interpretation	40,000	40,000	30,000		100,000	180,000	390,000
FAO central administrative support	87,672	66,319	53,170	31,123	13,021	12,574	263,881
Grand Total	1,461,202	1,105,319	886,170	518,723	217,021	209,574	4,398,011