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COUNCIL

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Immediate Plan of Action Implementation Report and Management Response to the Root and Branch Review

EXECUTIVE SUMMARY

FAO is fully embarked in the most significant reform process to date across the United Nations. An architecture ensuring adequate oversight, policy guidance, monitoring and communications was set up to implement the 260+ actions of the Immediate Plan of Action (IPA), grouped into fourteen projects.

The IPA is an integrated package of actions which are, as a whole, necessary to achieve FAO Renewal. Many of them are interdependent. The core of this package is about focusing the Organization's action in a set of results that have impact, are conducive to attain its goals, and are measurable. IPA activities have been sequenced in relation to results-based management and dependent actions.

The majority of IPA activities do not have external costs for the Organization and are being implemented. At the end of May 2009, 58% of IPA activities were under implementation, 36% had not started, 2% were on hold and some 4% had been completed.

Good progress is being made in executing the agreed IPA projects in 2009 with significant achievements in the areas of governing body reform, human resources, culture change, headquarters structure, decentralization, delayering, and procurement with related streamlining and delegation.

A Root and Branch Review recommended by the Independent External Evaluation was undertaken over a nine-month period and completed in May 2009. Management has agreed to most of its recommendations and will implement them under the relevant IPA projects. A revised summary of costs and savings was produced by the contractor, Ernst and Young, and agreed by Management, indicating a net saving of USD 7.8 million over the first 7 years and biennial net savings of USD 13 million thereafter.

IPA implementation costs were revised after the Root and Branch review, reducing the estimated funding needs for 2009 to USD 15.25 million, inclusive of programme support costs. As at May 27th 2009, a total of USD 7.1 million had been pledged by 26 member countries. USD 3.5 million of this pledged amount had been received.

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I. BACKGROUND: ARRANGEMENTS FOR IMPLEMENTATION OF THE IMMEDIATE PLAN OF ACTION

1. The Special Session of the FAO Conference that adopted a three year Immediate Plan of Action for FAO Renewal noted that this Plan must take place in a world facing interlocking crises of higher food and energy prices, volatility in commodity markets and major instabilities in financial institutions. These crises were not only increasing hunger and poverty but were making it more difficult for the world to achieve the World Food Summit and Millennium Development Goals. It emphasized that the need for FAO's input was greater than ever and FAO renewal most urgent. It reaffirmed the need of FAO reform with growth.

2. Since January 2009, FAO is fully embarked in the most significant reform process to date across the United Nations (UN). The more than 260 actions of the IPA, the preliminary recommendations of a Root and Branch Review (Stage 1) recommended by the Independent External Evaluation and outstanding early reform action items were grouped into fourteen projects and five clusters reflecting five pillars of FAO Renewal:

- Focus on member needs through **results-based programming**, monitoring, reporting and resource mobilization
- **Functioning as one organization** by aligning FAO structures, roles and responsibilities to the results framework
- Efficient use of member contributions through **reform of administrative and management systems**
- Developing a happy and motivated work force through **HR policy, practice and culture change**
- Improved articulation of member needs through **effective governance and oversight**

3. The projects are led by staff members who are experts in the relevant field and project teams include persons from decentralised offices. Clusters leaders are chosen so as to ensure a client perspective, and include representatives of decentralized offices. Wide staff consultation, including with the staff representative bodies, is of the utmost importance and is foreseen throughout the implementation process and in each of the five clusters.

4. A Senior Management Team for IPA Implementation (SMT-IPA) composed by ADGs and heads of offices, both at headquarters and in the decentralized offices, under the overall leadership of the Director-General and chairmanship of the Deputy Director General assumes overall responsibility for implementation, providing guidance, arbitration, oversight, mobilization of staff and external expertise and assurance of the application of financial resources needed for implementation. A Reform Support Group composed of a senior representative of each Department, office and Regional Office, supports the SMT-IPA and facilitates implementation of the IPA.

5. Oversight of FAO Reform is exercised by the Member Countries through a time bound Conference Committee (CoC IEE) and its three working groups dealing with: (1) the Strategic Framework, Medium Term Plan 2010-13 and the Programme of Work and Budget 2010-11, (2) proposed amendments to the Basic Texts and any changes found desirable in the size and regional representation in the Membership of the Council, and (3) reform of systems, culture change and organizational restructuring.

II. SEQUENCING OF IPA PROJECTS AROUND MANAGING FOR RESULTS

6. The IPA is an integrated package of actions which are, as a whole, necessary to achieve FAO Renewal. Many of them are interdependent and linking these actions are the fourteen projects and five clusters described above, which reflecting five pillars of FAO Renewal. They provide an overarching direction to transform FAO to manage for results, whereby FAO clearly articulates member needs, delivers measurable results with clear impact, functions as one organization in meeting member needs, optimises the use of human resources, is efficient in the delivery of results and holds itself accountable to members on the results achieved. The results management framework and related actions constitute the core of FAO renewal and its main priority.

7. The core of this package is about focusing the Organization's action in a set of results that have impact, are conducive to attain its goals, and are measurable (in short, results-based management or RBM). There are a number of actions, for example the performance evaluation system (PEMS) and other reforms in the Human Resources area, that are critical for the implementation of RBM. IPA activities have been sequenced in relation to RBM.

8. The majority of IPA activities do not have external costs for the Organization given that they constitute improved normal staff functions, as for example preparation of the Programme of Work and Budget, streamlining procedures, etc. All activities without external costs are under implementation. Other activities have been sequenced following their relative importance to RBM and the most favourable timing for necessitating resources and are being implemented as funds are made available. As at the end of May (fifth month of a three-year implementation period), 58% of IPA activities were under implementation, 36% had not started, 2% were on hold and some 4% had been completed.

III. PROGRESS TO DATE

a. Overall progress

9. Good progress is being made in executing the agreed IPA projects in 2009. The latest "dashboard" summary of progress as reported to CoC-IEE Working Groups is in the Annex.

b. Main achievements

10. Regarding **Governing Body Reform**, a large number of the relevant actions, having almost no additional cost in 2009, are expected to be completed this year, sometimes earlier than anticipated (e.g., the Finance and Programme Committees and the CCLM being open to silent observers). Most of the Basic Text amendments needed to bring about the Governing Body reforms have been recommended by the CCLM during the four sessions it has devoted to this issue in 2009 (two in February and two in May) and endorsed by Working Group II of the CoC-IEE. The areas they cover include: definition of "Governing Bodies", Conference, Council, Independent Chairperson of Council, Programme and Finance Committees, CCLM, Regional Conferences, Technical Committees, Ministerial Meetings, Evaluation, Director-General, and Programming, Budgeting and Results Based Monitoring.

11. Regarding **Oversight** issues, the work of the Inspector General's office has been extended to cover major organizational risk areas, making use of external expertise, through audits of high risk areas identified by the IEE in 2008-2009, and through an enterprise risk assessment which will inform the audit plan for 2010-2011. The recruitment process for the Director of Evaluation is underway and expected to be completed soon. The Office of Evaluation is expected to be

established after the Charter has been approved by Council and once the ongoing recruitment process for the Director of Evaluation is completed.

12. A number of actions are underway to promote the shift to a culture of **management for results** in the Organization. These include: the formulation of a Strategic Framework including Strategic and Functional Objectives based on the enhanced results-based approach specified in the IPA, with broad participation of staff working in multi-disciplinary teams; the corporate launch of RBM by senior management; the development of a pilot module for a RBM learning programme, tested in early June; work with an external expert in RBM to define requirements for the results-based workplanning and monitoring system; and communication to staff at all locations through a variety of means to raise awareness and generate interest in the RBM initiative.

13. At inter-governmental level, a number of documents on draft elements of the Strategic Framework, Medium Term Plan (MTP) and Programme of Work and Budget (PWB) were submitted particularly to Working Group I of the CoC-IEE and the Council has before it document CL 136/16, encapsulating progress up to early May but still constituting "elements" at this stage. The latter was examined by the Programme and Finance Committees in May. Management is expanding its contents with more detailed analyses and information so as to present in July 2009 the first draft Strategic Framework and combined MTP 2010-13/PWB 2010-11 documents to the CoC-IEE and Programme and Finance Committees. The PWB 2010-11 will provide an integrated presentation of resources coming from both assessments on Members and voluntary contributions.

14. Regarding **Resource Mobilization and Management**, projected extra-budgetary resources are being integrated within the programming and budgeting process. The Field Programme Management Information System (FPMIS) has been developed to support the bottom-up mapping of existing and pipeline projects to the new results based strategic framework. The Programme Planning, Implementation Reporting and Evaluation Support System (PIRES) has been entirely redesigned to support integrated resource planning of the Organizational Results for the PWB 2010-11. In addition, seven Impact Focus Areas, have been defined for inclusion in the MTP 2010-13 to help better mobilize resources for selected groups of results formulated in the context of the MTP/PWB process.

15. **Technical Cooperation Projects** approval criteria have been modified in order to give priority attention to the neediest countries and to ensure the convergence between countries' needs and the Organization's Strategic Framework. The Programme Committee supported an increase in the scope for the use of the TCP Facility and welcomed the outline on the responsibilities and steps required for TCP approval in the decentralized environment. Consequently, new TCP guidelines and training tools are being developed. A training programme will take place as from September 2009 to facilitate the hand-over of TCP responsibilities to the decentralized offices as from January 2010.

16. Regarding **decentralization**, significant progress was made with involving the Regional Representatives/ADGs and Sub Regional Coordinators in the programming and budget process, as they have now been entrusted with lead responsibility for programming FAO's work in the (sub)regions. This will lead to modifications of the skills mix of Regional Offices and Sub regional offices in accordance with (sub)regional needs. The new competency framework for FAORs is being currently implemented. ADG/RRs are now also routinely participating in all major corporate management meetings. A dialogue is ongoing between the Secretariat and the Coc-IEE on the criteria for country coverage and options for eliminating the structural deficit of the FAOR Network. In follow-up to the final report of the Root and Branch review, a review of delegation of administrative responsibilities has been started. The definition of a system for benchmarking and performance-based reporting is currently under development and plans for improvement of the decentralized information and communications infrastructure are awaiting funding from the IPA Trust Fund. Staff training for Decentralized Offices has been strengthened (a training programme for Results-based Management for DOs, including FAO Representatives is

being designed, Management Development Centres are being institutionalized, briefings and refresher briefings are being undertaken as well as emergency-related training).

17. Papers on **Headquarters Organizational Structure – Progress Reports** were presented to the CoC-IEE Working Groups I and III on 23 March and 4 June. The work on headquarters restructuring is being undertaken as part of preparation of the PWB 2010-11, also taking account of the results frameworks. The second report presented to the CoC-IEE Working Groups on 4 June included tentative details on staff distribution across departments and offices, including D-level positions, the size and functions of corporate services, the functions and structure of Natural Resources Management and Environment Department and of various new offices – i.e. the Office of Corporate Communications and External Relations, the Office of Knowledge Exchange, Research, and Extension, and the Office of Support to Decentralization – as well as the Ethics component of the Legal Office. The findings of the Root and Branch Review, received in April, will have particular impact on the structure and function of corporate services. The restructuring process is complex, involving management and staff at all levels in an iterative and consultative process. The functions and staffing of all offices will evolve during preparation of the PWB through early July.

18. As an early achievement, one third of the headquarters D-level posts of the Organization have been identified for **delaying** in 2010-11 or actually delayed in 2009.

19. Four strategy notes on **Partnerships** and a document developed jointly between FAO, WFP and IFAD entitled “Directions for Collaboration among the Rome-Based Agencies” have been produced. The notes covered partnerships with the United Nations system, collaboration between the Rome-based UN agencies, partnerships with Civil Society and Non-Governmental Organizations and partnerships with the Private Sector. Preliminary work has already initiated in 2009 on: assessment of partnerships and the launch of new or renewed partnerships in order to support the implementation of partnership strategies; preparation of an action plan for strategy implementation, including staff learning on partnerships; development of a monitoring mechanism and incorporation of lessons learned; website on corporate partnerships.

20. In the context of the implementation of the recommendations of the Root and Branch Review, clients of **procurement** services at all levels are being consulted in order to: revise the procurement guidelines to ensure, *inter alia*, a higher delegation of authority for decentralized offices (finalized); review procurement of vehicles to outsource and streamline; empower the decentralized offices in seed procurement; revise the letters of agreement with the objective of greater empowerment of clients and streamlining the administrative process. Meetings are being held with the three Rome based agencies’ procurement and facility management officers for increased joint procurement.

21. In order to take advantage of synergies, the **IPSAS** Project Board has decided to integrate the project to replace the Field Accounting System into the IPSAS Project. Such integration is currently underway. The introduction of new processes and improved system support at field locations is a pre-requisite for IPSAS compliance. The IPSAS project continues to progress in accordance with its planned timetable to achieve IPSAS compliance in 2012.

22. Information systems (including **Oracle**) are being adapted to support IPA actions such as the Performance Evaluation Management System and the implementation of the new Headquarters structure. Management Information System activities funded by the Capital Expenditure Facility have progressed with the purchase of a corporate Business Intelligence (BI) platform, currently installed in the FAO environment.

23. Terms of reference for an external contract for an **Enterprise Risk Management (ERM)** Study to develop a suitable ERM framework for the Organization were presented to the Finance Committee in May 2009. At its request, more detailed Terms of Reference will be presented at its next session.

24. The Culture Change team is a catalyst for culture change through wide scale staff engagement at HQ as well as at Decentralized Offices. Based on an extensive data gathering

exercise involving some 1000 staff in headquarters and in the decentralized offices, the **Culture Change Team (CCT)** generated a draft internal vision statement and concrete proposals on career development and advancement, recognition and rewards and creating an inclusive work environment. The data gathered identify the aspects of the organizational culture which can be considered FAO's strengths and those which are impediments to its effectiveness and is central to understanding the actual and desired culture. The vision and the proposals are being currently discussed with key actors such as JAC/FAR¹, the Reform Support Group and the SMT-IPA. Implementation planning is underway. An interactive website has been developed to reach all staff, with periodic updates translated into multiple languages.

25. In the area of **Human Resources**, main progress and achievements to date include the development of an HR Management strategy and Policy Framework, and the endorsement by the 126th session of the Finance Committee of six key areas of action in 2009: Performance Evaluation, Management Leadership Training, HR Management Information Reporting, New HR policies, Support to Restructuring and Streamlining. The new Performance Evaluation Management System is being piloted this year with approximately 500 staff participating in headquarters and a decentralised office and the main Oracle system is being configured for the requirements of the new system. An improved Management Development Centre has been established with a coaching programme for managers as part of the Management Leadership Training initiative, and a comprehensive corporate management information reporting system on human resources is being developed. These initiatives are essential for the implementation of effective results-based management at FAO. New HR policies on flexible working arrangements and internships have been introduced earlier this year and policies on the use of non-staff human resources and retirees have been revised. A rotation policy is under development. The initial set of delegations promulgated in 2008 has been revised and new proposals for further streamlining the existing administrative processes within the Organization are being finalised.

c. Root and Branch Review

26. The IPA requested management to undertake a Root and Branch review (RBR) covering all aspects of administrative servicing, contracting, purchasing, budget and financial management and systems, human resources, and information technology and communication systems.

27. The review represented a welcome contribution to FAO Reform and management is committed to fully implementing agreed recommendations.

28. The review was completed in April 2009 with the delivery of the Stage 2 report that included detailed recommendations and cost and savings estimates. Management has agreed to implement the key RBR recommendations, which fall into the major areas of:

- (a) redesigning the Planning and Budgeting Model;
- (b) definition and implementation of a new role for the Human Resource (HR) function;
- (c) partnership with other UN agencies for procurement, especially other Rome-based Agencies, subject to agreement also by other agencies;
- (d) numerous process improvements in Procurement additional to the above;
- (e) creation of a Chief Information Officer (CIO) Division and improved IT governance arrangements;
- (f) design and implementation of Management Information Systems;
- (g) upgrading Oracle for staff management and IT infrastructure in Decentralized Offices;

¹ Joint Advisory Committee for FAO Reform

- (h) improvements in the registry process;
- (i) consolidation of external and internal printing and distribution;
- (j) changing the funding model for Translation services.

29. However, three of the RBR Stage 2 recommendations require further study before any action is taken: an increased outsourcing of translation, travel process improvements, and reductions in the numbers of multi-function office printers.

30. Management reported to the Finance Committee in May 2009 (FC/126/6) providing a brief response on the costs and savings estimates provided by the consultants and recommending a 7 year, rather than 5 year, assessment of costs and savings. Management raised a number of queries regarding the formulation of the summary costs and savings in the Stage 2 report, and in particular the split between Regular Programme and Extrabudgetary savings, potential omissions from the one-time investment costs, and the linkages between the Stage 1 report costs and savings and the Stage 2 report. In line with the guidance provided by the Finance Committee, Management subsequently met with Ernst & Young and clarified the costs and savings summary. A revised and jointly agreed summary of costs and savings was accordingly produced, which indicates a net saving over a 7 year assessment period of USD 7.8 million with biennial net savings of USD 13 million thereafter under the Regular Programme and extra-budgetary funds.





































































31. Management has now integrated the RBR actions with the IPA actions and will proceed with implementation during 2009-2011. Responsibility for implementing the RBR actions will be assigned to the appropriate IPA Project leader. This approach of integrating the RBR implementation effort into the IPA structure will ensure effective implementation and follow up because the RBR recommendations are linked to, and best delivered alongside, existing IPA activities.

IV. UPDATE OF THE IPA-TRUST FUND

32. The 2008 Conference resolved that FAO Renewal would be funded by extra-budgetary contributions in 2009, and that its funding for 2010-11 would be treated under the Programme of Work and Budget (PWB). The provisional 2009 costs have been subject to revisions through a bottom-up process in which all project leaders and their teams assessed costs, timing and sequencing. In addition, after receipt of the Root and Branch Review Stage 2 results, costs for 2009 were substantially revised down. The 2009 cost estimates have also been reduced, for example, through Management's decision to charge actual incurred external costs instead of standard staff rates for staff backfilling. Some activities are postponed until 2010. The result was a reduction of the estimated funding needs for 2009 to USD 15.25 million, inclusive of programme support costs.

33. As at May 27th 2009, a total of USD 7.1 million had been pledged by 26 member countries and of this pledged amount, the Trust Fund set up for IPA Implementation in 2009 had received USD 3.5 million in extra-budgetary contributions.

Annex – Progress report on IPA implementation

<u>IPA implementation dashboard</u>	Progress	Challenges	Resources	Overall
All projects				
Project 1 - Governing body reform				
Project 2 - Oversight (Audit)				
Project 2 - Oversight (Evaluation)				
Project 3 - Reform of programming, budgeting and RBM				
Project 4 - Resource mobilization and management				
Project 5 - Technical Cooperation Programme				
Project 6 - Decentralization				
Project 7 - Headquarters structure				
Project 8 - Partnerships				
Project 9 - Reform of administrative & managements systems				
Project 10 - FAO Manual				
Project 11 - IPSAS and Oracle (IPSAS)				
Project 11 - IPSAS and Oracle (Oracle)				
Project 12 - Enterprise Risk Management				
Project 13 - Culture Change				
Project 14 - Human Resources				

Footnote: the “Progress” heading refers to the progress being made in each project compared with the planned dates. Green indicates that the project is proceeding well against planned dates, amber indicates some minor foreseen slippage, and red indicates major slippage.

The “Challenges” heading refers to any challenges being faced by each project. These challenges are typically external, rather than within each project. Green indicates no foreseen external challenges, amber indicates some minor projected impact, and red indicates that there is likely to be a major impact on the project as a result of external challenges.

The “Resources” heading refers to any resource issues being faced by each project. Resource issues are typically either financial or human resource related. Green indicates that the project does not foresee any resource issues, amber indicates a minor projected impact, and red indicates a major projected impact on the project as a result of resource issues.